

**PROPERTY TAX  
Red Lake Nation Property Tax  
Exemption**

March 12, 2024

Department of Revenue  
Analysis of H.F. 4301 (Gomez) as proposed to be amended by H4301A1

	<b>Yes</b>	<b>No</b>
<b>DOR Administrative Costs/Savings</b>		<b>X</b>

**Fund Impact**

	<b>F.Y. 2024</b>	<b>F.Y. 2025</b>	<b>F.Y. 2026</b>	<b>F.Y. 2027</b>
	(000's)			
General Fund	(\$122)	\$0	\$0	\$0

Effective the day following final enactment.

**EXPLANATION OF THE BILL**

Under the proposal, property located in the city of Minneapolis and acquired by Red Lake Nation in either August 2021 or September 2021 would be exempt from property taxes payable in 2022, and from the portion of property taxes payable in 2021 due after the property was acquired.

The county auditor would certify to the commissioner of revenue the total payment amount for the property taxes attributable to the exemption, and the commissioner of revenue would make the payment to the county.

The amount needed to make the payment would be appropriated from the general fund to the commissioner of revenue in fiscal year 2024.

**REVENUE ANALYSIS DETAIL**

- Two parcels acquired by Red Lake Nation in 2021 to be used for Red Lake Nation College would be eligible for the retroactive exemption.
- As part of a private college, both parcels are currently exempt from property taxes.
- Approximately \$122,000 in delinquent taxes are due on the eligible parcels for taxes payable in 2021 and 2022, including approximately \$24,000 of state general tax.
- Under the proposal, the state general tax amount would not be collected, and the state would pay the remaining \$98,000 to Hennepin County in FY 2024.
- Approximately \$40,000 in penalties and interest are currently due on the eligible parcels. Under the proposal, the state would not be responsible for paying the accumulated penalties and interest.

## PROPERTY TAX BENCHMARKS (Minn. Stat. § 270C.991)

<i>Transparency, Understandability, Simplicity &amp; Accountability</i>	Neutral
<i>Efficiency &amp; Compliance</i>	Neutral
<i>Equity (Vertical &amp; Horizontal)</i>	Neutral
<i>Stability &amp; Predictability</i>	Neutral
<i>Competitiveness for Businesses</i>	Neutral
<i>Responsiveness to Economic Conditions</i>	Neutral

*The bill is scored on a three-point scale (decrease, neutral, increase) for each principle in comparison to current law.*

Source: Minnesota Department of Revenue  
Property Tax Division – Research Unit  
<https://www.revenue.state.mn.us/revenue-analyses>

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