

PROPERTY TAX

Exempting certain property owned by an Indian tribe

March 16, 2021

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue
Analysis of H.F. 1812 (Becker-Finn) as introduced

	Fund Impact			
	FY2022	FY2023	FY2024	FY2025
	(000's)			
State General Tax	(\$20)	\$0	\$0	\$0
Property Tax Refund Interaction	\$0	(\$10)	(\$10)	(\$10)
General Fund Total	(\$20)	(\$10)	(\$10)	(\$10)

Effective retroactively from assessment year 2019.

EXPLANATION OF THE BILL

The proposal would exempt property in Cass County that: i) is owned by a federally recognized Indian tribe; ii) was on January 2, 2016, erroneously exempted under subdivision 7 (the exemption for institutions of public charity); and iii) is used for the same purpose as it was used on January 2, 2016. For assessment years 2019, 2020, and 2021 an exemption application must be filed by August 1, 2021. For property exempted under the proposal, the county would refund tax payments for taxes paid in years 2020 and 2021 by September 1, 2021.

REVENUE ANALYSIS DETAIL

- According to information provided by Cass County, approximately 35 parcels would qualify for the exemption.
- Taxes paid on these parcels in 2020 and 2021 would be refunded by the county, including state general tax payments. This would reduce state general tax collections in fiscal year 2022 by approximately \$20,000.
- There would be no impact on state general tax collections in payable year 2022 and thereafter because the tax rate would be adjusted to yield the amount of revenue required by statute. The tax reduction for parcels receiving the exemption would be shifted onto the other properties subject to the state levy.
- Beginning with taxes payable in 2022, the proposal would shift approximately \$170,000 in local property taxes onto other property types, including homesteads, resulting in an increase in state-paid homeowner refunds.
- Tax year impact is allocated to the following fiscal year.

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

<i>Transparency, Understandability, Simplicity & Accountability</i>	Decrease	Additional type of exemption.
<i>Efficiency & Compliance</i>	Neutral	
<i>Equity (Vertical & Horizontal)</i>	Neutral	
<i>Stability & 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
[www.revenue.state.mn.us/research_stats/
 pages/revenue-analyses.aspx](http://www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx)

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