

**PROPERTY TAX
Class 2c Classification
Eligibility Modified**

April 13, 2026

Department of Revenue

Analysis of H.F. 2109 (Warwas) as proposed to be amended by H2109DE1

	Yes	No
DOR Administrative Costs/Savings		X

Fund Impact

	F.Y. 2026	F.Y. 2027	F.Y. 2028	F.Y. 2029
	(000's)			
Property Tax Refund Interaction	\$0	\$0	\$0	(unknown)

Effective beginning with assessment year 2027.

EXPLANATION OF THE BILL

To be eligible for class 2c managed forest land classification under current law, a property must be no less than 20 and no more than 1,920 acres statewide per taxpayer, be managed under a forest management plan that meets all the requirements of M.S. Chapter 290C, and not be enrolled in the sustainable forest resource management incentive program.

The proposal would remove the requirement that a property’s forest management plan meet all requirements of M.S. Chapter 290C to qualify for 2c classification. Instead, the forest management plan would only need to meet the definition under M.S. 290C.02, subd. 7 and be written by an approved plan writer as defined M.S. 290C.02, subd. 2. The proposal would allow land wholly or partially subject to a conservation easement to qualify for 2c classification.

REVENUE ANALYSIS DETAIL

- Under current law, one of the requirements of forest management plans under M.S. Chapter 290C is that a property meet the definition of “forest land” to qualify for 2c classification. This definition states that, among other things, forest land does not include certain land enrolled in state and federal easement programs.
- The proposal would allow land enrolled in easement programs to be eligible for 2c classification. The amount of land that would become class 2c under the proposal is unknown.
- The classification rate for class 2c is one of the lowest at 0.65%. Properties changing from other property types to class 2c under the proposal would likely receive a lower classification rate than under current law.
- The proposal would cause a shift in property taxes away from properties newly qualifying for class 2c managed forest land and onto all other properties, including homesteads.
- As a result of property taxes shifting onto homesteads, property tax refunds paid by the state would increase by an unknown amount beginning in fiscal year 2029.

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

<i>Transparency, Understandability, Simplicity & Accountability</i>	Neutral
<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
<https://www.revenue.state.mn.us/revenue-analyses>

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