

**PROPERTY TAX  
Indian Tribe Property Exemption  
(Class 3a)**

March 4, 2025

Department of Revenue

Analysis of H.F. 1126 (Sencer-Mura) / S.F. 1579 (Mohamed) as introduced

	Yes	No
DOR Administrative Costs/Savings		X

**Fund Impact**

	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
	(000's)			
Property Tax Refund Interaction	\$0	\$0	(\$10)	(\$10)

Effective beginning with assessment year 2026.

**EXPLANATION OF THE BILL**

The proposal would create a property tax exemption for property that:

- (1) was classified as class 3a for taxes payable in 2025;
- (2) is located in a city of the first class with a population greater than 400,000 (as of the 2020 federal census);
- (3) was on January 1, 2024, and is for the current assessment, owned by a federally recognized Indian Tribe that is located within the state of Minnesota; and
- (4) is used exclusively for Tribal purposes or institutions of purely public charity.

Eligible property would be limited to one parcel that does not exceed 40,000 square feet.

Property used for single-family housing, market-rate apartments, agriculture, or forestry would not qualify for the exemption.

**REVENUE ANALYSIS DETAIL**

- The estimate is based on the November 2024 forecast.
- Property in Minneapolis owned by the Leech Lake Band of Ojibwe would be eligible for the proposed exemption.
- Beginning with taxes payable in 2027, the exemption would shift property taxes away from the eligible parcel and onto all other properties, including homesteads, increasing homeowner property tax refunds by \$10,000 in FY 2028.
- For taxes payable in 2027 and thereafter, the exemption from the commercial-industrial state general tax would have no impact on state revenues, because the tax rate would be adjusted to yield the amount of revenue required by statute.
- Tax year impact is allocated to the following fiscal year.

## 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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