

**PROPERTY TAX
Indian Tribe Property Exemption
Modified (Medical Clinic)**

April 28, 2026

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 4678 (Davids) as proposed to be amended by H4678A1

	Fund Impact			
	F.Y. 2026	F.Y. 2027	F.Y. 2028	F.Y. 2029
	(000's)			
General Fund	\$0	\$0	\$0	(\$10)

Effective beginning with assessment year 2027.

EXPLANATION OF THE BILL

Under current law, property is exempt if it:

- (1) is located in a city of the first class with a population less than 100,000 (according to the 2010 federal census);
- (2) was on January 1, 2016, and is for the current assessment, owned by a federally recognized Indian tribe located within the state of Minnesota; and
- (3) is used exclusively as a medical clinic.

Property qualifying for the exemption is limited to no more than two contiguous parcels and structures that do not exceed a total of 30,000 square feet. The exemption expires with taxes payable in 2028.

Under the proposal, the exemption would be:

- modified to include parking lot property used exclusively to serve the medical clinic;
- expanded to include up to five parcels; and
- extended by ten years and would expire with taxes payable in 2038.

REVENUE ANALYSIS DETAIL

- The Fond Du Lac Band of Chippewa's Center for American Indian Resources medical clinic in the city of Duluth is currently receiving this property tax exemption through taxes payable in 2027.
- Under the proposal, the clinic would continue receiving the exemption through taxes payable in 2037.
- Beginning with taxes payable in 2028, the exemption would shift approximately \$110,000 in property taxes away from the eligible parcels and onto all other properties, including homesteads, increasing state-paid homeowner property tax refunds by \$10,000 in FY 2029.
- The exemption from the state general tax would have no impact on state revenues in payable years 2028 through 2037 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 & 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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