

**PROPERTY TAX
Indian Tribe Property Exemption
(Class 2b)**

March 25, 2024

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 4486 (Hauschild) / H.F. 4540 (Kozlowski) as introduced

Fund Impact

	F.Y. 2024	F.Y. 2025	F.Y. 2026	F.Y. 2027
	(000's)			
School Building Bond Credit	\$0	\$0	\$0	negligible
Property Tax Refund Interaction	\$0	\$0	\$0	(negligible)

Effective beginning with assessment year 2025.

EXPLANATION OF THE BILL

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

- (1) was classified as class 2b for taxes payable in 2024;
- (2) is located in a county with a population greater than 5,580 but less than 5,620 (according to the 2020 federal census);
- (3) is located in an unorganized territory with a population less than 800 (according to the 2020 federal census); and
- (4) was on January 2, 2023, and is for the current assessment, owned by a federally recognized Indian Tribe located within the state of Minnesota.

REVENUE ANALYSIS DETAIL

- Property in Cook County owned by the Grand Portage Band of Chippewa would be eligible for the proposed exemption.
- Beginning with taxes payable in 2026, the eligible parcels would no longer receive the School Building Bond Credit, resulting in a savings to the state general fund of less than \$5,000 in FY 2027.
- Beginning with taxes payable in 2026, the exemption would shift property taxes away from the eligible parcels and onto all other properties, including homesteads, increasing homeowner property tax refunds by less than \$5,000 in FY 2027.
- 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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