DEPARTMENT OF REVENUE

PROPERTY TAX
House Property Tax Division Report
Articles 1-7

April 5, 2023

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 1377 (Lislegard), 1st division engrossment

	Fund Impact				
	F.Y. 2023	**F.Y. 2024**	**F.Y. 2025**	**F.Y. 2026**	**F.Y. 2027**
			(000's)		
Article 1: Property Taxes					
Airport Exemption Modified		$0	($30)	($30)	($30)
Solar Real Property Classification		$0	negligible	negligible	negligible
Tribal Land Exemption					
State General Tax		($10)	$0	$0	$0
Property Tax Refund Interaction		$0	(negligible)	(negligible)	(negligible)
Elderly Living Facilities Exemption		$0	($10)	($10)	($10)
Community Land Trust Classification		$0	$0	$260	$260
Exclusion for Veterans with a Disability Modified					
Surviving Spouse Eligibility Modified		$0	$30	$40	$40
Surviving Spouse Reapplication Allowed		$0	negligible	negligible	negligible
Homestead Market Value Exclusion Increased		$0	$0	$1,310	$1,310
Senior Deferral Program Modified		$0	($260)	($640)	($650)
Northwest MN Multi-County Housing and Redevelopment Authority Levy Authority		$0	$0	$0	$0
Article 2: Minerals Taxes					
Gross Proceeds Tax		$0	$0	$2,000	$1,400
State Distribution of Gross Proceeds Tax to Local Units		$0	$0	$0	($2,000)
Repeal Net Proceeds Tax		$0	$0	$0	$0
Repeal State Distribution of Net Proceeds Tax to Local United		$0	$0	$0	$0

Article 3: Property Tax Aids, Credits, and Refunds

Electric Generation Transition Aid Established		$0	($2,120)	($5,020)	($2,930)
Property Tax Refund Interaction		$0	$70	$160	$90
Income Tax Interaction		$0	$20	$60	$30
Homestead Credit Refund Increased		$0	($41,800)	($42,300)	($42,600)
LGA Appropriation Increased		$0	($100,000)	($127,700)	($153,900)
Mahnomen Reimbursement Aid		$0	($160)	($160)	($160)
Property Tax Refund Interaction		$0	$2,730	$3,490	$4,210
Income Tax Interaction		$0	$980	$1,250	$1,510
CPA Appropriation Increased		$0	($100,000)	($115,300)	($129,500)
Property Tax Refund Interaction		$0	$2,730	$3,150	$3,540
Income Tax Interaction		$0	$980	$1,130	$1,270
PILT Modified and Report Required		$0	($9,300)	($10,200)	($11,000)
Property Tax Refund Interaction		$0	$250	$280	$300
Income Tax Interaction		$0	$90	$100	$110
Soil and Water Conservation District Aid		($16,000)	($16,000)	($16,000)	($16,000)
LGA Penalty Forgiveness – Echo	($46)	$0	$0	$0	$0
LGA Penalty Forgiveness – Morton	($79)	$0	$0	$0	$0

Article 4: Renter's Credit

Renter Income Tax Credit Established		$0	($378,600)	($382,300)	($386,000)
Renter Property Tax Refund Repealed		$0	$0	$245,500	$247,300

Article 5: Tax Increment Financing

TIF Administrative Updates		$0	$0	$0	$0
TIF Housing Districts Income Restrictions		$0	$0	$0	$0
TIF – Bloomington		$0	$0	$0	$0
TIF – Savage		$0	$0	$0	$0
TIF – Chatfield		$0	$0	$0	$0
TIF – Duluth Port Lot D		$0	$0	$0	$0

TIF – Duluth Medical Exchange		$0	$0	$0	$0
TIF – Fridley		$0	$0	$0	$0
TIF – Small Cities		$0	$0	$0	$0
TIF – Plymouth		$0	$0	$0	$0
TIF – Shakopee		$0	$0	$0	$0
TIF – West St. Paul		$0	$0	$0	$0
TIF – Woodbury		$0	$0	$0	$0
Article 6: Local Taxes					
Duluth Lodging Tax Extended		$0	$0	$0	$0
Cook County Local Tax Modified		$0	$0	$0	$0
Article 7: Miscellaneous					
Property Tax Service of Petitions		$0	$0	$0	$0
Delinquent Property Tax Interest Rate Changed		$0	$0	$0	$0
Tourism Improvement Districts		$0	$0	$0	$0
Virginia Debt Limit Exemption		$0	$0	$0	$0
Ramsey County Tax Judgment Sales		$0	$0	$0	$0
General Fund Total	**($125)**	**($16,010)**	**($640,400)**	**($430,890)**	**($483,410)**

Various Effective Dates

***Non-General Fund Impacts**

Iron Range School Consolidation Account				
Make Permanent Additional Distribution	$870	$1,730	$1,730	$1,730
Taconite County Road and Bridge Fund				
Make Permanent Reduction Distribution	($850)	($1,690)	($1,690)	($1,690)
Taconite Environmental Protection Fund				
Make Permanent Reduction Distribution	($10)	($20)	($20)	($20)

Gross Proceeds and Assistance Area	$0	$0	$0	$130
Douglas J. Johnson Economic Protection Fund				
Make Permanent Reduction Distribution	($10)	($20)	($20)	($20)
Gross Proceeds and Assistance Area	$0	$0	$0	$50
Taconite Property Tax Relief Account				
Transfer to IRRR Account	($6,000)	$0	$0	$0
Gross Proceeds and Assistance Area	$0	$0	$0	$90
Iron Range Resources and Rehabilitation Account				
Transfer to IRRR Account	$6,000	$0	$0	$0
Gross Proceeds and Assistance Area	$0	$0	$0	$540

REVENUE ANALYSIS DETAIL

Article 1: Property Taxes

Airport Exemption Modified (Section 1)
The effective date is beginning with property taxes payable in 2024.
Under current law, if airport property owned by a unit of local government is leased to or used by any person or entity in connection with a business conducted for profit, then the property is taxed as if the lessee or user was the owner of the property. However, the property is exempt from property taxes if:

1) it is not owned or operated by the Metropolitan Airports Commission, nor by a city of over 50,000 in population or such a city's airport authority; and
2) it is used as a hangar for the storage or repair of aircraft; or used to provide aviation goods, services, or facilities to the airport or general public; or used as a passenger check-in area or ticket sale counter, boarding area, or luggage claim area.

Under the proposal, the same conditions for exemption would also apply to an airport hangar used for the manufacture of aircraft.
In addition, the proposal would reduce by 50% the net tax capacity of airport property leased to or used by any person or entity if the property is:

1) owned or operated by a city over 50,000 but under 150,000 in population or such a city's airport authority; and
2) used as a hangar for the storage, repair, or manufacture of aircraft; or used to provide aviation goods, services, or facilities to the airport or general public; or used as a passenger check-in area or ticket sale counter, boarding area, or luggage claim area.

The 50% reduction in net tax capacity would be applied to taxes payable in 2024 through 2035.

- The proposal would reduce the net tax capacity of the Cirrus manufacturing hangar located at the Duluth International Airport as well as other airport property in the cities of Duluth, Rochester, and St. Cloud.

- This would reduce the commercial-industrial state general tax on the eligible properties. However, the reduction in state general tax would have no impact on state revenues in payable years 2024 through 2035, because the tax rate would be adjusted to yield the amount of revenue required by statute.
- For taxes payable in 2024, an estimated $470,000 in local property taxes would be shifted onto other properties, including homesteads, increasing state-paid homeowner property tax refunds by $30,000 in fiscal year 2025.
- Based on information provided by St. Louis County, property leased to Cirrus would account for approximately half of the total tax shift.
- Over the twelve-year period from taxes payable in 2024 through 2035, the total reduction in local property taxes on the eligible properties is estimated to be approximately $6.7 million.
- Three percent annual growth is assumed.

Solar Real Property Classification Modified (Section 2)
The effective date is beginning with property taxes payable in 2024.
Solar energy generating systems with a capacity greater than one megawatt alternating current are subject to the solar energy production tax. For the purposes of determining the production tax, system capacities are combined if the systems:
1) were constructed within the same 12-month period, and
2) exhibit characteristics of being a single development.

Under current law, if a solar energy generating system is used primarily for solar energy production subject to the solar energy production tax, then the real property underlying the system is classified as class 3a. However, if a solar energy generating system has a capacity of one megawatt or less, then the underlying real property is classified without regard to the system.

Under the proposal, if real property contains two or more solar energy generating systems that in aggregate are over one megawatt but cannot be combined for the purposes of the production tax, then the real property upon which the systems are located must be classified as class 3a.

- It is assumed that “property” refers to land containing two or more solar energy generating systems constructed as part of a single project or belonging to a single owner but deemed as not meeting the requirements for the solar energy production tax.
- Under this assumption, it is estimated that approximately 150 solar energy generating systems are located on land that would be subject to reclassification under the proposal.
- Reclassifying the underlying land to class 3a would shift property taxes onto the impacted parcels and away from other property, including homesteads, decreasing homeowner property tax refunds by less than $5,000 in FY 2025.

Tribal Land Exemption (Section 3)
The effective date is beginning with property taxes payable in 2023.
Under current law, an exemption from property taxes is granted to property that:
1) was classified as 3a for taxes payable in 2013;
2) is located in Minneapolis;
3) was on January 2, 2012, and is for the current assessment owned by a federally recognized Indian tribe; and

4) is used exclusively for tribal purposes or institutions of purely public charity.

Qualifying property is limited to no more than two contiguous parcels and structures that do not exceed in the aggregate 20,000 square feet.

Under current law, this exemption expires with taxes payable in 2024.

Under the proposal, the exemption would expire with taxes payable in 2034. In addition, eligible property would not be required to file a statement of exemption with the assessor.

- Property in Minneapolis owned by the Chippewa Tribe would be eligible for the exemption.
- This property last received the exemption (under current law) for taxes payable in 2020.
- It is assumed that the exemption was removed beginning with taxes payable in 2021 due to failure to meet the statement of exemption filing requirement.
- The proposal would reinstate the exemption beginning with taxes payable in 2023.
- The estimated tax due on this property in 2023 includes approximately $10,000 of state general tax which would not be paid under the proposal.
- For taxes payable in 2024 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.
- For taxes payable in 2023, there would be no shifting of property taxes because taxes have already been determined.
- For taxes payable in 2024, the proposal would shift approximately $20,000 in local property taxes onto other properties, including homesteads, increasing state-paid homeowner refunds by less than $5,000 in fiscal year 2025.

Elderly Living Facilities Exemption (Section 4)

The effective date is beginning with property taxes payable in 2023.

The proposal would exempt an elderly living facility from property taxes if:

- the facility is located in a first class city with a population less than 110,000;
- the facility is owned and operated by a nonprofit organization with tax exempt status under section 501(c)(3) of the Internal Revenue Code;
- construction of the facility was completed between January 1, 1963 and January 1, 1964;
- the facility is a state of Minnesota licensed assisted living facility;
- residents are at least 55 years of age or disabled;
- and at least 30 percent of the units are occupied by persons whose annual income does not exceed 50 percent of the median family income for the area.

To receive the exemption for taxes payable in 2023, an initial exemption application must be filed with the county assessor by June 15, 2023.

- Saint Ann's Seniors' Residence in the city of Duluth would be eligible for the property tax exemption.
- For taxes payable in 2023, there would be no shifting of property taxes because taxes have already been determined.
- Beginning with taxes payable in 2024, the proposal would shift property taxes away from the exempted facility and onto all other properties, including homesteads, increasing state-paid homeowner refunds by approximately $10,000 in fiscal year 2025.

Community Land Trust Classification Modified (Sections 5-6, 8-9)
The effective date is beginning with assessment year 2024.
Under current law, property owned by a community land trust and used as a homestead by qualifying individuals is classified as 1a residential homestead property with a classification rate of 1.00% for the first $500,000 of market value and 1.25% for any remaining value.

The proposal would create a new classification for property owned by a community land trust and used as a homestead by the occupant. These properties would be classified as 4d(2) community land trust units with a classification rate of 0.75%. The community land trust must certify to the assessor by December 15 each year that the community land trust owns the real property on which the unit is located and the owner is a member in good standing of the community land trust. Additionally, the assessor must determine the market value of these properties without regard to any restrictions that apply because it's a community land trust property. Properties classified as 4d(2) would maintain homestead status for the purposes of qualifying for property tax refunds and would continue to receive the homestead market value exclusion.

- According to the Minnesota Community Land Trust Coalition, there are 13 community land trust organizations in Minnesota that have a portfolio of about 1,400 homes throughout the state.
- It is assumed that about $350 million of market value would change from class 1a residential homestead to class 4d(2) community land trust units under the proposal
- Property taxes would shift away from properties becoming class 4d(2) and onto all other properties, including homesteads. As a result, property tax refunds paid by the state would increase by $50,000 beginning in fiscal year 2026.
- As a result of properties receiving a reduced classification rate under class 4d(2) and keeping the homestead market value exclusion, property tax refunds paid by the state would decrease by $310,000 beginning in fiscal year 2026.

Exclusion for Veterans with a Disability Modified (Section 7)
The effective date is beginning with assessment year 2023.
Surviving Spouse Eligibility Modified
Under current law, the surviving spouse of a deceased veteran may make a first-time application for the $300,000 Homestead Exclusion for Veterans with a Disability only if the veteran died after December 31, 2011, and the application is filed within two years of the death of the service member or by June 1, 2019, whichever is later.

The proposal would allow the surviving spouse of a deceased veteran to apply for the $300,000 Homestead Exclusion for Veterans with a Disability at any time after the veteran's death, even if the veteran died at a time when the exclusion did not yet exist.

- The Homestead Exclusion for Veterans with a Disability was created by the 2008 Legislature and was first available for property taxes payable in 2009.
- It is estimated that at the time the program was created, there were approximately 1,000 surviving spouses of deceased veterans whose homesteads would have met the qualifications for the $300,000 exclusion.

- By assessment year 2023, it is estimated that under the proposal approximately 200 surviving spouses would still be eligible for the exclusion.
- A 50% participation rate is assumed for assessment year 2023.
- The proposal would result in a net savings to the state of $30,000 in fiscal year 2025 due to a reduction in state-paid homeowner property tax refunds (PTR) to qualifying homesteads.
- For taxes payable in 2024, the proposal would reduce PTR to qualifying homesteads by an estimated $40,000, resulting in a savings to the state general fund.
- At the same time, the proposal would shift an estimated $280,000 in property taxes onto other properties, including other homesteads, increasing PTR by $10,000. The overall savings to the state general fund is net of this cost.
- Number of Taxpayers: Approximately 100 homesteads.

Surviving Spouse Reapplication Allowed

Under current law, the number of years that a surviving spouse may continue receiving the exclusion is not limited. However, prior to legislation passed in 2019 for taxes payable in 2020, the surviving spouse benefit was limited to no more than eight years. Any surviving spouse that received the exclusion for taxes payable in 2019 was eligible for the extension to a lifetime benefit.

The proposal would allow a surviving spouse to reapply for the exclusion if the exclusion expired prior to assessment year 2019 (for taxes payable in 2020) due to the eight-year limit that was in effect at the time.

- The exclusion has been in existence since taxes payable year 2009.
- For some homesteads, the surviving spouse benefit may have been in its eighth year as early as taxes payable year 2017 or 2018, resulting in the exclusion being removed for taxes payable in 2018 or 2019, respectively.
- Under the proposal, it is assumed that fewer than ten homesteads would reapply for the exclusion, resulting in a net savings to the state of less than $5,000 in fiscal year 2025.
- Number of Taxpayers: Assumed to be fewer than ten.

Homestead Market Value Exclusion Increased (Section 8)

The effective date is beginning with assessment year 2024.

Under current law, the homestead market value exclusion reduces the taxable market value for all homesteads valued below $413,800. The exclusion is 40% of the first $76,000 of market value, yielding a maximum exclusion of $30,400. For homestead value between $76,000 and $413,800, the exclusion is $30,400 minus 9% of the value over $76,000. Homesteads valued at $413,800 or more do not receive the exclusion.

The proposal would increase the homestead market value exclusion for most homesteads. The exclusion would equal 40% of the first $80,300 of market value, yielding a maximum exclusion of $32,120. For homesteads valued between $80,300 and $437,100, the exclusion would be $32,120 minus 9% of the value over $80,300. Homesteads valued at $437,100 or more would not receive the exclusion.

- Under current law, 1.18 million homesteads qualify for the homestead market value exclusion for taxes payable 2023. The total exclusion statewide is $16.63 billion.

- Under the proposal, all homesteads over $76,000 and less than $413,800 of market value would receive an increased homestead market value exclusion. This represents 96% of homesteads that currently receive the exclusion.
- An additional 53,000 homesteads would qualify for the homestead market value exclusion under the proposal due to the increase in maximum qualifying market value from $413,800 to $437,100.
- The total homestead market value exclusion would increase by $2.40 billion statewide.
- The proposal would reduce the taxable market value and net tax capacity for homesteads newly qualifying for the exclusion and those receiving a larger exclusion. Property taxes would shift away from these homestead properties and onto all other properties, including other homesteads.
- The net impact of property taxes shifting away from and onto homesteads would be a $11.4 million decrease in homestead taxes statewide.
- As a result of property taxes shifting away from homesteads, property tax refunds paid by the state would decrease by $1.31 million beginning in fiscal year 2026.
- Number of Taxpayers: Approximately 1.18 million homesteads would newly qualify or receive a larger homestead market value exclusion under the proposal.

Senior Deferral Program Income and Tenure Changes (Sections 10-13)
The effective date is beginning with application for deferral of taxes payable 2024.
This proposal would make two changes to the senior deferral program:

1) Under current law, the eligibility requirements for participation in the senior citizen property tax deferral program include owning and living in their homestead for at least 15 years.

The proposal would modify the number of years a senior citizen would be required to live in their home from 15 to 5 years to be eligible for a property tax deferral.

2) Under current law, the eligibility requirements for participation in the senior citizen property tax deferral program include having a household income of $60,000 or less.

The proposal would increase the household income level from $60,000 to $96,000 to be eligible for a property tax deferral.

- According to U.S. Census data, approximately three-quarters of senior citizen homeowners have lived in their homes for at least 15 years.
- Under the proposal, reducing the requirement from 15 years to 5 years would increase eligibility for the senior citizen property tax deferral program.
- According to the U.S. Social Security Administration, approximately three-quarters of senior citizen homeowners have incomes under have incomes under $60,000.
- Under the proposal, increasing the requirement from $60,000 to $96,000 years would increase eligibility for the senior citizen property tax deferral program.
- It is assumed that participation would increase approximately 35% under the proposal, increasing state general fund costs during the forecast period.
- The first partial year of impact is assumed to be fiscal year 2025. Applications received between June 2023 and October 2023 would be eligible for deferral under the new

requirement beginning for taxes payable in 2024. The first full year of impact would be fiscal year 2026.

Northwest Minnesota Multi-Housing and Redevelopment Authority Levy Authority (Section 14)
The effective date is the day following local compliance.
Under current law, the Northwest Minnesota Multicounty Housing and Redevelopment Authority (HRA) is a special taxing district operating in Kittson, Polk, Marshall, Pennington, Red Lake, and Roseau counties. Levy amounts are limited to 0.0185 percent of the estimated market value within the district.

The HRA has authority to levy 25 percent of the total permitted levy amount without approval from the governing bodies. This authority will expire starting for taxes payable 2024. The bill would preserve this authority through taxes payable 2034.

- It is assumed that there would be no state revenue impact from the proposal. It is assumed that increasing the special taxing district levy authority would result in an equal reduction in its governing bodies levy authority, so the net change in levy authority is zero.

Article 2: Minerals Taxes

Gross Proceeds Tax and Taconite Production Tax Distributions Modified (Sections 1-10)
Various effective dates.
Gross Proceeds Tax
Under current law, the production of non-ferrous minerals is subject to a net proceeds tax of 2.0% in lieu of property taxes. Non-ferrous minerals include copper and nickel; precious metals such as gold, silver, and platinum; and energy resources such as coal, oil, and gas. The net proceeds tax is determined by calculating the gross proceeds from non-ferrous mining minus any allowable expenses, including payroll and equipment. The tax is paid to the state general fund on May 1 of the year following production and distributed to local governmental units and Iron Range Resources and Rehabilitation (IRRR) funds by December 15.

The proposal would make the following changes to the net proceeds tax on non-ferrous mining:
- Replace the current net proceeds tax with a gross proceeds tax of 0.4%.
- Create a $2.0 million minimum tax amount for companies that have obtained all required mining permits but are not actively mining.
- Expand the number of municipalities in the taconite assistance area.
- Change the distribution formula for mining tax proceeds.

Effective beginning for taxable years beginning after December 31, 2022.

Taconite Production Tax Distribution
Under current law, the county road and bridge fund receives 10.525 cents per taxable ton of taconite production for distribution years 2015-2023 and 15.525 cents per taxable ton starting in distribution year 2024 and thereafter. The iron range school consolidation and cooperatively operated school account receives 10 cents per taxable ton of taconite production for distribution years 2015-2023 and 5 cents per taxable ton starting in distribution year 2024 and thereafter.

The proposal would make permanent the 2015-2023 distribution rates to these funds. The iron range school consolidation and cooperatively operated school account would continue to receive a distribution of 10 cents per taxable ton of taconite production and the county road and bridge fund would continue to receive 10.525 cents per taxable ton of taconite production.

For the 2023 distribution only, the proposal would transfer up to $6 million of the excess balance from the taconite property tax relief account to the iron range resources and rehabilitation account.

Gross Proceeds Tax

Non-Ferrous Mineral Production

- There are currently no non-ferrous mining activities in Minnesota. The proposed New Range Copper Nickel mine project near Hoyt Lakes is anticipated to begin production in 2026.
- According to information included in the Environmental Impact Statement from the Minnesota Department of Natural Resources, the New Range Copper Nickel mine would produce approximately 130,000 tons of copper/nickel in a normal production year. Production is projected to last for 20 years.
- The New Range Copper Nickel mine does not yet have all required permits. This estimate assumes the remaining permits will be acquired in 2025.
- Based on the 6-month average market spot prices for copper-nickel, this analysis assumes the gross proceeds in a normal year would total approximately $1 billion. Similar to other commodities sold on the market, mineral prices can be volatile over the short and long terms

Current Law Net Proceeds Tax

- During the first two years of production, it is assumed that deductible expenses would exceed the amount of gross proceeds. Therefore, zero net proceeds tax would be collected following the first two years.
- The amount of deductible expenses is expected to be higher during the initial years of the project when start up and new equipment costs are higher. The amount of deductible expenses as a percentage of gross proceeds is assumed to decline over time.
- Beginning with the third year of production, deductible expenses are assumed to total approximately 90% of gross proceeds, which at a 2.0% tax rate would yield a net proceeds tax of approximately $2.0 million beginning in FY 2029.
- After the first five years of production, the amount of deductible expenses are assumed to total approximately 80% of gross proceeds, which is assumed to be a normal year going forward. The amount of net proceeds tax would be estimated to total approximately $4.0 million in a normal year

Proposed Gross Proceeds Tax with Minimum

- It is assumed New Range Copper Nickel will obtain all necessary permits in 2025 and begin production in 2026.
- With no production in 2025, the tax due in 2026 would be the $2.0 million minimum payment. The $2.0 million would be collected on May 1, 2026 (FY2026) and distributed to local units and IRRR on December 15, 2026 (FY2027).
- The gross proceeds tax would be due after the first year of production because there would be no allowable expenses to deduct.

- The first partial year of production in 2026 would produce an estimated $360 million in gross proceeds, which at a 0.4% tax rate would yield approximately $1.4 million in gross proceeds tax in FY 2027.
- The first full year of production would result in gross proceeds of $1 billion and an estimated gross proceeds tax of approximately $4.0 million beginning in FY 2028.
- Changing the municipalities in the taconite assistance area and the distribution formula changes would not impact the state general fund.

Taconite Production Tax Distribution

- The production tax distribution changes would have no effect on the state general fund; however, they would impact some local taconite distribution funds.
- Making permanent the 2015-2023 production tax distributions rates would shift approximately $1.7 million annually to the iron range school consolidation account and away from the county road and bridge fund.
- For the 2023 distribution only, up to $6 million would be transferred from the taconite property tax relief account to the iron range resources and rehabilitation account.

Article 3: Property Tax Aids, Credits, and Refunds

Electric Generation Transition Aid Established (Sections 1, 19)

The effective date is beginning with aids payable 2024.

The proposal would create an electric generation transition aid program. Counties, cities/towns, and school districts would be eligible to receive aid in the event a publicly utility electric generating unit powered by coal, nuclear, or natural gas is retired. Local jurisdictions with electric generating units that were retired after 2016 would be eligible to receive aid.

Jurisdictions where the tax capacity of electric generating property is greater than 4% of the jurisdiction’s total tax capacity would receive an initial aid amount equal to the reduction in tax capacity resulting from the unit/units being retired multiplied by the local jurisdiction’s tax rate in the year prior to the retirement. Each subsequent year the aid amount would decrease by 5% of the initial aid until it is below $5,000 at which point the aid would be zero. Jurisdictions with plants retirements after 2022 would also stop receiving aid when their current total net capacity becomes larger than 90% of their tax capacity before the retirement multiplied by the state’s tax capacity growth ratio.

- Since 2016 there are three retired electric generating units that are estimated to qualify local jurisdictions for aid under the proposal: Clay Boswell in Itasca County, Fox Lake in Martin County, and Granite Falls in Chippewa County.
- Five local jurisdictions would begin receiving aid in FY 2025 with a combined $2.12 million cost to the state general fund. This amount would decrease five percent annually for the next 20 years.
- Two additional plants are expected to have units retire in 2023: Hoot Lake in Otter Tail County and a unit at the Sherburne County plant.
- Four additional local jurisdictions would begin receiving aid in FY 2026, increasing state general fund costs by an additional $3.0 million to a total of $5.02 million. Three of these four jurisdictions would no longer qualify for aid beginning in FY 2027 due to current tax

capacity exceeding the 90% threshold for aid elimination, which would reduce the total combined aid to $2.93 million.

- It is assumed that local jurisdictions receiving the new aid would reduce property tax levies by a portion of the aid increase. Lower levies would reduce property taxes on all property.
  - Lower property taxes would result in lower homeowner property tax refunds, reducing costs to the state general fund beginning in FY 2025.
  - Lower property taxes would result in lower income tax deductions, increasing revenues to the state general fund beginning in FY 2025.
- In the future, additional electric generating units are expected to be retired and qualify for aid under the proposal. The aid increases from these retirements are outside the current forecast window.

Homestead Credit Refund Increased (Sections 2-3)
Effective for refunds based on property taxes payable in 2024 and thereafter.
Under current law the copay percentages for homeowners claiming a property tax refund range from 15% to 50% depending on household income.

The proposal would lower the homeowner copay percentages for all income ranges by 5 percentage points.

- By lowering the copay percentages for homeowners, state-paid property tax refunds to homeowners would increase by $41.8 million beginning in FY 2025.
- Under the proposal, approximately 89% of homeowner PTR claimants would receive an increased refund, with the average refund increase being approximately $83.
- Number of Taxpayers: 506,000 homeowner PTR claimants would receive an increased refund.

LGA Appropriation Increased (Sections 4-12, 14, 20-21, 25)
The effective date is beginning with aids payable in calendar year 2024.
Under current law, the appropriation for local government aid (LGA) is $564,398,012 for aids payable in 2024 and thereafter.

The bill would increase the LGA appropriation by $100 million for aids payable in 2024.

For aids payable in 2025 and thereafter, the LGA appropriation would be increased annually by an inflation adjustment. The inflation adjustment would be equal to the sum of (1) the percentage increase in the implicit price deflator for state and local government purchases, and (2) the percentage increase in total city population. The annual inflation adjustment would not be less than 2.5 percent or more than 5.0 percent.

The bill would also modify the LGA distribution formulas and increase the city of Mahnomen property tax reimbursement.

- Increasing the appropriation for LGAA would increase state general fund costs by $100 million in calendar year 2024. With annual inflation adjustments, the LGA appropriation increases are estimated at $127.7 million in calendar year 2025 and $153.9 million in calendar year 2026.

- The proposal would also increase the annual property tax reimbursement to the city of Mahnomen by $160,000.
- It is assumed that the permanent increase in aid to cities would reduce property tax levies by a portion of the increase. This would reduce property taxes on all property including homesteads.
- The reduced property tax burden would reduce state-paid homeowner property tax refunds and income tax deductions beginning in fiscal year 2025, resulting in a savings to the state general fund.
- Because total aid is set to a fixed appropriation level, there would be no state cost associated with the changes in the revenue need formulas. However, the revenue need formula changes would shift aid to some cities and away from other cities.

CPA Appropriation Increased (Sections 13-14)
The effective date is beginning with aids payable in calendar year 2024.
Under current law, the appropriation for county program aid (CPA) is $118,795,000 for need aid and $145,873,444 for tax base equalization aid for aids payable in 2024.

The proposal would increase the CPA appropriation by $100 million for aids payable in 2024. The appropriation increase would be split with need aid increasing $44.9 million and tax base equalization aid increasing $55.1 million.

For aids payable in 2025 and thereafter, the CPA appropriation would be increased annually by an inflation adjustment. The inflation adjustment would be equal to the sum of (1) the percentage increase in the implicit price deflator for state and local government purchases, and (2) the percentage increase in total city population. The annual inflation adjustment would not be less than 2.5 percent or more than 5.0 percent.

- Increasing the appropriation for CPA would increase state general fund costs by $100 million in calendar year 2024. With annual inflation adjustments, the CPA appropriation increases are estimated at $115.3 million in calendar year 2025 and $129.5 million in calendar year 2026.
- It is assumed that the permanent increase in aid to counties would reduce property tax levies by a portion of the increase. This would reduce property taxes on all property including homesteads.
- The reduced property tax burden would reduce state-paid homeowner property tax refunds and income tax deductions beginning in fiscal year 2025, resulting in a savings to the state general fund.

Payment in Lieu of Taxes Modified and Report Required (Sections 15-17, 22)
The effective date is beginning with aids payable 2024.
Under current law, the payments in lieu of taxes (PILT) program provides local governments with state aid based on the amount and type of state-owned natural resources land located in the county.

The proposal would make the following changes to the PILT program:
- Increases the payment per acre from $2 to $3 for commissioner and county administered PILT lands

- Creates a new payment based on the total amount of PILT land in the county. Counites where PILT land is 25% or more of the total land in the county would receive an additional 18 cents per acre for all PILT land in the county. Counties where PILT land is more than 10% but less than 25% of the total land in the county would receive an additional 8 cents per acre for all PILT land in the county
- Changes the appraised value formula to be based on either the current assessed value of the land or the most recent appraised value of land, whichever is greater
- Adds an annual inflation adjustment to the per acre PILT payment rates

The proposal would also require the Department of Revenue to produce a report on the valuation methods used to value state-owned lakeshore property.

- Increasing the per acre payment rates from $2 to $3 for commissioner and county administered PILT lands and creating new payments to counties with over 10% PILT land would increase costs to the state general fund beginning in FY 2025.
- Adjusting the per acre PILT payment rates for annual inflation would increase costs to the state general fund beginning in FY 2026.
- It is assumed that the increase in PILT would reduce property tax levies by a portion of the aid increase. Lower levies would reduce property taxes on all property.
    - Lower property taxes would result in lower homeowner property tax refunds, reducing costs to the state general fund beginning in FY 2025.
    - Lower property taxes would result in lower income tax deductions, increasing revenues to the state general fund beginning in FY 2025

Soil and Water Conservation District Aid (Section 18)
The effective date is beginning with aids payable 2023.
The proposal would create an aid program for soil and water conservation districts. The aid program would have an annual appropriation of $16 million. 70% of the appropriation would be split evenly between all soil and water conservation districts, 20% apportioned based on a soil and water conservation district’s share of nonpublic lands, and the remaining 10% would be based on a soil and water conservation district’s share of state population.

- There are 88 soil and water conservation districts in Minnesota, with at least one district in each of the 87 counties except for Hennepin and Ramsey Counties. Three of the larger counties have two districts: Otter Tail, Polk, and St. Louis. Hennepin and Ramsey Counites have special legislative authority to carry out soil and water conservation district authorities and would therefore be included in aid payments.
- The new aid program would increase annual state general fund costs by $16 million for fiscal year 2024 and thereafter.

LGA Penalty Forgiveness – Echo (Section 23)
Effective the day following final enactment.
The bill would allow the city of Echo to receive payment for the portion of its 2021 Local Government Aid (LGA) and 2021 Small Cities Assistance payments withheld for failing to meet financial reporting requirements with the state auditor. The city must have filed its financial reports for 2020 before June 1, 2023.

The payments totaling $46,060 would be made before the end of FY 2023 by June 30, 2023.

- Under current law, unpaid LGA payments cancel to the state general fund.
- The bill provides for payment of the withheld amount at a cost to the state general fund.
- The city of Echo would receive a payment of $46,060 in FY 2023.

LGA Penalty Forgiveness – Morton (Section 24)
Effective the day following final enactment.
The bill would allow the city of Morton to receive payment for the portion of its 2021 Local Government Aid (LGA) and 2021 Small Cities Assistance payments withheld for failing to meet financial reporting requirements with the state auditor. The city must have filed its financial reports for 2020 before June 1, 2023.

The payments totaling $79,476 would be made before the end of FY 2023 by June 30, 2023.

- Under current law, unpaid LGA payments cancel to the state general fund.
- The bill provides for payment of the withheld amount at a cost to the state general fund.
- The city of Morton would receive a payment of $79,476 in FY 2023.

Article 4: Renter's Credit

Renter Income Tax Credit Established, Property Tax Refund Repealed (Sections 1-35)
The repeal of the renter PTR is effective beginning for refunds based on rent paid in 2024.
The new renter income tax credit is effective beginning in tax year 2024.

Under current law property tax refunds (PTR) are calculated based on a definition of household income that includes federal adjusted gross income (FAGI) and adds other non-taxable income sources including social security, contributions to retirement plans, and government assistance payments.

Claimants file form M1PR by August 15 to claim the refund.

The bill repeals the renter property tax refund and replaces it with a refundable income tax credit. The bill also changes the definition of income for calculating the new credit to be FAGI. Current law subtractions and exclusions would be eliminated, except the subtractions for dependents, disability, and age +65 would be preserved.

Taxpayers would file form M1 generally by April 15 to claim the credit.

- Based on the February 2023 forecast, the current renter property tax refund is projected to total $245.5 million for fiscal year 2026.
- Changing the definition of household income to FAGI would narrow the measure of income used for calculating renter property tax refunds. On average, FAGI is estimated to be approximately 14% lower than household income as currently defined. As a result, more renters would become eligible for the proposed credit compared to the current law refund.

- Changing the refund to an income tax credit would shift the timing in which the payment is made. The analysis assumes a 100% shift to the previous fiscal year.
- The analysis assumes that 100% of current renter PTR filers would file M1 to get the credit.
- Among people who did not file for renter PTR but were eligible for the refund under current law and for the credit under proposal, the analysis assumes 10% do not currently file an M1 and would not file the M1 to claim the credit.
- Under the proposed renter income tax credit, tax year 2024 payments are estimated to be $378.6 million.
- Fiscal year 2026 would be the first full year impact from the repeal.

Current PTR Claimants

- Under the proposal, just under half of current renter property tax refund claimants would have no change in the net income amount used to calculate refunds. The credit they would receive would be equal to the current refund.
- Approximately half of renter property tax refund claimants would have a lower net income amount for calculating refunds and would receive a credit that is higher than the current refund under current law. These 50% of renters currently receiving a refund would receive an average credit that is $204 higher than their current refund.
- A smaller percentage of current renter refund claimants would have a higher net income amount for calculating credits due to the elimination of certain income subtractions and exclusions, including those for retirement contributions and paid alimony, and would receive a credit smaller than the existing refund under current law. Approximately 5% of renters currently receiving a refund would be estimated to receive a credit that is $64 lower than their current refund.
- In fiscal year 2026 the total increase in property tax refund credits to current renter claimants would be $32 million.

Additional Filers Receiving the PTR Credit

- It is assumed that approximately 119,000 renters currently eligible but not claiming a property tax refund would receive the proposed income tax credit totaling approximately $86 million.
- The change in the definition of income would increase the numbers of renters qualifying for a credit, with an additional 33,000 renters estimated to receive a credit. Newly eligible renters are estimated to receive $14 million.

Number of Taxpayers: Approximately 325,000 taxpayers would be affected.

Article 5: Tax Increment Financing

TIF Administrative Updates (Sections 1-5, 7-13)

The effective date is the day following final enactment.

The proposal would make several changes to tax increment financing (TIF) laws. These changes include:

- Updating the definition of administrative expenses
- Adding a definition for a pay-as-you-go contract and note
- Clarifying the limitation on administrative expenses

- Clarifying the calculation of minimum percentage of expenditures for activities in the district and maximum percentage of expenditures allowed on activities outside the district for pooling limits
- Clarifying which expenditures are considered activity within the district for the five-year rule
- Updating the use of revenues for decertification
- Clarifying the calculation of a deficit of a district with respect to pooling permitted for deficits
- Expanding the definition of increment collected due to violations
- Clarifying the increment held by the county auditor due to violations
- Expanding the sources of permitted purposes of TIF expenditures

The proposal is effective the day following final enactment. However, some proposed changes only apply to districts whose request for certification was after certain dates.

- The proposed changes to the general TIF provisions would have no impact on the state general fund.

TIF Income Restrictions Removed for Non-Metro Housing Districts (Section 6)
The effective date is July 1, 2023.
Under current law, a housing project financed with increment from a housing tax increment financing (TIF) district must meet certain income limits.

The proposal would apply the income limits only to housing projects financed by housing districts in the metropolitan area. Any housing projects financed by housing districts outside of the metropolitan area would no longer be subject to the income limits.

- The proposed changes to the general TIF provisions would have no impact on the state general fund.

Tax Increment Financing – Bloomington (Section 14)
The effective date is following local approval.
Under current law, the Port Authority of the City of Bloomington's Tax Increment Financing (TIF) District 1-I, Bloomington Central has an extended five-year rule duration of 21 years. The proposal would further extend the five-year rule to 26 years for the district.

The proposal would also allow the city of Bloomington or its port authority to extend the duration limit of the district for undeveloped parcels only from December 31, 2039 to December 31, 2049.

- The proposed changes to this special TIF provision may have an impact on the local tax base and tax rate in the future and may result in a small change in property tax refunds paid by the state.

Tax Increment Financing – Savage (Section 15)
The effective date is following local approval.
Minnesota Session Law 2014 allowed the city of Savage establish a soil deficiency tax increment financing (TIF) district. Some special rules applied to this district, including extending the five-year rule to eight years. The geographic area of a TIF district may not be enlarged after five years following the date of certification of the original net tax capacity.

The proposal would extend the five-year rule to 12 years for any TIF districts established under the 2014 Session Law. The proposal also extends to nine years the rule on the geographic enlargement of a district.

- The proposed changes to this special TIF provision may have an impact on the local tax base and tax rate in the future and may result in a small change in property tax refunds paid by the state.

Tax Increment Financing – Chatfield (Section 16)
The effective date is following local approval.
The proposal would authorize the city of Chatfield or its economic development authority to establish an economic development district to construct a multilevel hotel in a defined area. The first floor of the hotel must not exceed 15,000 square feet.

- The proposed changes to this special TIF provision may have an impact on the local tax base and tax rate in the future and may result in a small change in property tax refunds paid by the state.

Tax Increment Financing – Duluth Port Lot D (Sections 17-18)
The effective date is following local approval.
The proposal would authorize the creation of redevelopment tax increment financing (TIF) districts in the city of Duluth within a defined area. The proposal makes a number of special rules for any districts established under its authority. These include removing requirements for establishing a redevelopment district, removing limitations on property acquired by the district, and including seawalls and pier facings adjacent to the district as eligible expenditures. The proposal would also extend the duration of any TIF district created under this authority from 25 years after the receipt of the first increment to 35 years.

- The proposed changes to this special TIF provision may have an impact on the local tax base and tax rate in the future and may result in a small change in property tax refunds paid by the state.

Tax Increment Financing – Duluth Medical Exchange (Section 19)
The effective date is following local approval.
The proposal would allow the economic development authority of the city of Duluth or the city of Duluth to establish one or more redevelopment tax increment financing (TIF) districts within a defined area classified as the Medical Regional Exchange District and East 1st Street Corridor. The

proposal would provide special rules for the district. The following requirements, definitions, limitations, or restrictions would not apply:

- Requirements for establishing a redevelopment district
- Restrictions on how increment may be used
- Restrictions on which facilities increment may be used to fund
- Limitations on property acquired by the district
- Requirements for expenditures outside the district
- Five-year rule restrictions
- Limitations on the use of revenues for decertification

All the special rules applied under this proposal would expire after December 31, 2051.

- The proposed changes to this special TIF provision may have an impact on the local tax base and tax rate in the future and may result in a small change in property tax refunds paid by the state.

Tax Increment Financing – Fridley (Section 20)

The effective date is following local approval.

The proposal would allow the city of Fridley or its economic development authority to transfer tax increment accumulated from Fridley Tax Increment Financing (TIF) District No. 20 to the Fridley Housing and Redevelopment Authority. Transferred increment may only be used to make grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing or to match other funds from federal, state, or private resources for housing projects. The city of Fridley would be required to provide two reports to the legislature, in 2024 and 2026, including detailed information relating to each program financed with increment under this proposal. The authority to make transfers under this proposal expires December 31, 2026.

- The proposed changes to this special TIF provision may have an impact on the local tax base and tax rate in the future and may result in a small change in property tax refunds paid by the state.

Tax Increment Financing – Lafayette, Nicollet, and Spicer Added to Small Cities Definition (Sections 21-22, 25)

The effective date is following local approval.

Under current law, although the general rule does not permit it, small cities may use economic development tax increment finance (TIF) districts for small commercial developments, such as retail and office developments. A small city is a city with a population of 5,000 or less and is located 10 miles or more from of a home rule charter or statutory city with a population of 10,000 or more.

The proposal would change the definition of a small city to include the cities of Lafayette, Nicollet, and Spicer.

- The proposed changes to this special TIF provision may have an impact on the local tax base and tax rate in the future and may result in a small change in property tax refunds paid by the state.

Tax Increment Financing – Plymouth (Section 23)
The effective date is following local approval.
The proposal would authorize the creation of one or more redevelopment tax increment financing (TIF) district within specified parcels in the city of Plymouth. The proposal makes some exceptions for the district established under its authority. These include removing limitations of property eligible to be in a redevelopment district, extending the five-year-rule to ten years, removing limitations on the permitted use of increment from the district, and allowing no more than 75 percent of increments from the district to be used for improvements to Chankahda Trail, formerly known as Hennepin County Road 47, outside the project area. The authority to approve a TIF plan to establish a TIF district under the proposal expires December 31, 2030.

- The proposed changes to this special TIF provision may have an impact on the local tax base and tax rate in the future and may result in a small change in property tax refunds paid by the state.

Tax Increment Financing – Shakopee (Section 24)
The effective date is following local approval.
The proposal would allow the city of Shakopee to establish soil deficiency districts as a type of tax increment financing (TIF) district. The city or a development authority acting on its behalf would be allowed to establish one or more soil deficiency districts within the defined project area, providing that the area meets the specified conditions. The proposal provides special rules that would apply to these districts.

The proposal would also extend the five-year rule to ten years and the six-year rule to 11 years for any districts established under its authority.

- The proposed changes to this special TIF provision may have an impact on the local tax base and tax rate in the future and may result in a small change in property tax refunds paid by the state.

Tax Increment Financing – West St. Paul (Section 26)
The effective date is following local approval.
The proposal would allow the economic development authority of the city of West St. Paul or the city of West St. Paul to establish one or more redevelopment tax increment financing (TIF) districts within a defined area. The proposal would provide special rules for the district. These include removing restrictions on redevelopment districts and deeming any expenditures incurred in connection with development of the property as allowable uses of tax increment.

- The proposed changes to this special TIF provision may have an impact on the local tax base and tax rate in the future and may result in a small change in property tax refunds paid by the state.

Tax Increment Financing – Woodbury (Section 27)
The effective date is following local approval.
Under current law, pooling rules require that a certain percentage of tax increments must be spent on activities within each tax increment financing (TIF) district.

The proposal would allow the city of Woodbury to expend increments generated from TIF District No. 13 for the maintenance and facility and infrastructure upgrades to Central Park. These expenditures would be considered activities within the district. Additionally, the proposal would allow the city to extend the duration of the district by five years.

- The proposed changes to this special TIF provision may have an impact on the local tax base and tax rate in the future and may result in a small change in property tax refunds paid by the state.

Article 6: Local Taxes

Duluth Lodging Tax Extended (Sections 1-2)
The effective date is following local approval.
Duluth has imposed a 1% special lodging tax on lodging facilities with more than 30 rooms, in addition to the 3% lodging tax allowed under general law, since 1970. An additional 1.5% lodging tax was added in 1980 to facilities with more than 30 rooms. In 2014, revenue from 0.5% of the lodging tax was dedicated to public facility capital improvements to support tourism and recreational activities. The 0.5% portion of the tax would expire after $18 million was raised to cover debt service on bonds.

The bill would increase the amount of revenue required to repay the debt service from $18 million to $54 million, extending the 0.5% portion of the tax. Revenue from the tax is to be used to finance capital improvements to park-based public athletic facilities to support sports tourism.

- The proposal would have no impact on any state fund.

Cook County Local Tax Modified (Section 3)
The effective date is the day following final enactment.
Cook County has imposed a non-transit sales and use tax of 1% since 2010 and a transit sales and use tax of 0.5% since 2017.

Cook County currently has the authorization to impose a lodging tax of up to 1% and an admissions and recreation tax of up to 3% to finance a new Event and Visitors Bureau. Both taxes terminate 15 years after imposition.

The bill repeals the authority to impose an admissions and recreation tax in Cook County. The lodging tax authorization remains, and the tax would terminate 30 years after imposition.

- The proposal would have no impact on any state fund.

Article 7: Miscellaneous

Property Tax Service of Petitions (Section 1)
The effective date is August 1, 2023.
The proposal would make several changes to the defense or objection of property taxes services and filings process. These changes include how a petition may be filed, and when and who needs to receive a copy of the petition.

- Changing the petition service requirements would have no effect on the state general fund.

Delinquent Property Tax Interest Rate Adjusted (Sections 2-3)
The effective date is January 1, 2024.
Under current law, the interest rate on delinquent property taxes is equal to the prime rate charged by banks during the six-month period ending on September 30 of the preceding year, rounded to the nearest full percent, but no lower than 10% and no higher than 14%.

Also under current law, the unpaid balance on any contract to repurchase tax-forfeited property is subject to the same interest rate as delinquent property taxes.

Under the proposal, for both delinquent property taxes and the unpaid balance on any repurchase contract:
1) the 10% minimum interest rate would be removed, and
2) counties would be granted the authority to set an alternative interest rate that is lower than the rate based on the prime rate charged by banks.

Interest collected on delinquent property taxes is distributed to the county (50%) and to the school districts within the county (50%). When property taxes are delinquent for one year or more, school districts continue to receive 50%, but the county share is reduced by an amount distributed to the city or town in which the property is located.

Proceeds from a repurchase agreement are apportioned to the county (40%), the school district (40%), and the town or city (20%) in which the property is located.

- The current interest rate on delinquent property taxes is 10%.
- The current interest rate based on the prime rate charged by banks is 5%.
- By removing the 10% minimum interest rate, the total amount of interest distributed to counties, school districts, and towns and cities would be reduced.
- This would not impact local government aids administered by the Department of Revenue.
- However, the amount of interest distributed to school districts reduces state-paid general education aids, so the proposal would increase Department of Education payments to school districts by an unknown amount.

Tourism Improvement Districts Established (Sections 4-13)
The effective date is beginning the day following final enactment.
The proposal would allow municipalities to create tourism improvement districts. A district could only be created upon request by a majority of impacted business owners. Qualifying businesses would need to be a lodging business.

Municipalities would be allowed to collect service charges from businesses within the tourism improvement districts. Funds would be used to promote or improve businesses within the districts.

- The proposed service charges are assumed to have no impact on the state general fund. Tourism improvement districts would not have property tax levy authority.

Virginia Debt Limit Exemption (Section 14)
The effective date is the day following final enactment.
Under current law, municipalities, with some exceptions, are limited to a net debt of three percent of the estimated market value of taxable property in the municipality.

The proposal would allow the city of Virginia to finance the construction of a public safety building by obtaining a loan from the United States Department of Agriculture secured by its general obligation pledge. Any bonds related to this construction project or repayment of the loan would not be included in the computation of the city's limit on net debt.

- The expanded bonding authority for the city of Virginia is assumed to have no state cost impact. The city has the option to levy for the cost of the project in the overall city levy under current law.

Ramsey County Tax Judgment Sales (Section 15)
The effective date is following local approval, which must be completed by December 31, 2023.
Under current law, before a parcel of real property is forfeited to the state, there is a redemption period during which delinquent taxes, penalties, and interest may be paid, allowing a property owner to regain title to the parcel free and clear of the delinquent tax lien.

- In most cases, the redemption period is three years.
- However, the period of redemption for all lands located in a targeted community as defined in section 469.201, subdivision 10, except homesteaded lands as defined in section 273.13, subdivision 22, is one year.

Under the proposal, the period of redemption would be three years for all lands that are, or previously were, located in a targeted community in Ramsey County and are subject to possible forfeiture resulting from delinquent property taxes for taxes payable in 2023 or later.

- Under the proposal, Ramsey County might collect more delinquent property taxes, penalties, and interest while potentially forgoing the proceeds from some sales of tax-forfeited property.
- The proposal would not impact local government aids administered by the Department of Revenue.
- However, distributions of local revenue to school districts reduce state-paid general education aids, so the proposal may impact Department of Education payments to Ramsey County school districts by an unknown amount.

Source: Minnesota Department of Revenue
Property Tax Division – Research Unit
https://www.revenue.state.mn.us/revenue-analyses