House Property Tax Division Revenue Impact Summary for Selected Property Tax bills -Wednesday, February 8, 2023

Note: This table reflects expenditure changes to the base budget reflected in the November 2022 forecast. Positive numbers are an expenditure increase, negative numbers are a reduction/cost savings.

- [Bill	Bill		General Fund Expenditure Change (000's)						
	No.	Sponsor	Bill description	FY 2024	FY 2025	FY 24-25	FY 2026	FY 2027	FY 26-27	
	Property Tax	changes								
	HF 0178	Stephenson	Energy storage system tax exemption established							
N	v/DE2		Creates a property tax exemption for renewable energy <u>storage</u> system property (solar panels) and provides for a property tax refund for taxes paid (local and state general levy) on exempt property for pay years 2022 and 2023 only. To be eligible for the exemption, a taxpayer must file an application by February 15 of each assessment year.							
			Primary beneficiary woulbe be Connexus Energy with two large battery storage systems: 6MW site in Anoka Cty and 9MW site in Isanti County. Other smaller systems may qualify. Fewer than ten taxpayers are assumed to be impacted.							
			Effective beginning assessment year 2024/ pay year 2025							
			Property Tax Refund State General Levy (tax rate adjusted annually)		0		20	20	40	
			General Fund	0	0 0	0	0 20	0 20	0 40	
2	HF 1099	Anderson	Solar generating system real property classification							
ľ	1 1055	Anderson	provisions modified							
			Clarifies that the land beneath a solar energy <u>generating</u> system with capactity of more than one megawatt is taxable class 3a land.							
			Approx 150 solar energy generating systems are located on land subject to this reclassification							
			Effective for taxes payable in 2024 and beyond							
			General Fund	0	(negliglble)	(negligible)	(negligible)	(negliglble)	(negligible)	
3 İ	HF 307	Richardson	Community land trust property classification modified.							
ŕ	41		Creates a new 4d(2) class for community land trust property; with a class rate of 0.75%.							
			Effective for assessment year 2024.							
			With 1,250 homes located in MN's 12 community land trust organizations, about \$320 million in market value would change from class 1a to 4d(2), shifting the property tax burden to other properties. PTR impact				40	40	80	
			Properties changing to class 4d(2) but remaining eligible for homeowner property tax refunds. PTR impact				<u>(290)</u>	<u>(290)</u>	(580)	
			Total General Fund	0	0	0	(250)	(250)	(500)	

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No.	Sponsor	Bill description	FY 2024	FY 2025	FY 24-25	FY 2026	FY 2027	FY 26-27	
HF 875	Becker-Finn	Tribal land - Extend property tax exemption Two contiguous parcels in Minneapolis owned by the Chippewa Tribe have a 10 year exemption, due to expire with pay year 2024. The bill would extend this exemption 10 y, through 2034. Additionally, removes the need to file an exempiton with the assessor.							
		Effective Pay 2023							
		State General levy	10	0	10	0	0	0	
		Property Tax Refund interaction		negligible	negligible	negligible	negligible	negligible	
		General Fund	10	0	10	0	0	0	
HF 259	L Olson	Elderly living facilities exempted from taxation (St. Mary's)							
A1		St. Ann's Seniors' Residence in Duluth, an assised living facility owned by 501c(3) nonprofit organization.							
		Effective for assessment year 2023, payable in CY 24/ FY 25.							
		General Fund	0	10	10	10	10	20	
Property Ta	Property Tax Aids								
HF 1061	Hill	Electric generation transition aid established, local government aid formula modified							
(sf 897)		Creates a 3-year electric generation aid for cities, to offset sudden negative impacts on local property taxpayers when generating units at an electric generating plant powered by coal are retired and removed from the local tax base.							
		1. Aid is calculated using a) the change in net tax capacity from the base assessment year to the current year, times b) the jurisdiction'a tax rate							
		2. Modifies LGA formula for an eligible city: Aid is equal to the greater of: (1) the amount calculated under paragraph (a); (2) xx percent of the current unmet need calculated for the city; or (3) \$1,000,000.							
		Only Allen S. King Generating Station, Oak Park Heights, MN Effective for aids payable 2024 and after							
		Electric Generation Aid payments (unknown \$, to begin 2030) Property Tax Refund interactions		0 0	0 0	0 0	0 0	C	
		Income Tax interactions		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
		General Fund	0	0	0	0	0	0	

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HF	1377	Lislegard	Local Government Aid (LGA) / County Program Aid (CPA) formula changes and appropriation increases; Mahnomen Property Tax Reimbursement Aid appropriation modified							
			Increases LGA from \$564.4 million in pay 2023 to \$714.4 million in pay 2024 and after, times inflation adjustment							
			Increases CPA from \$264.4 million in pay 2023 to \$414.4 million in pay 2024 and after times inflation, adjustment							
			Effective CY 2024/FY 2025							
			LGA appropriation increase + inflation	0	150,000	150,000	180,400	208,300	388,700	
		Nov-22	City of Mahnomen, Property Tax Reimbursement Aid	0	160	160	160	160	320	
		Forecast	LGA chg - PTR interaction	0	(4,100)	(4,100)	(4,930)	(5,690)	(10,620	
		inflation	LGA chg - Income tax interaction	<u>0</u>	(1,510)	(1,510)	<u>(1,810)</u>	(2,090)	(3,900	
		CY 25 - 2.0%	Subtotal - All LGA changes	0	144,550	144,550	173,820	200,680	374,500	
		CY 25 - 2.2%	CPA County need aid increase	0	67,400	67,400	75,350	82,600	157,950	
			CPA County tax-base equalization aid increase	0	82,600	82,600	92,350	101,200	193,550	
			Subtotal CPA increase + inflation adjustment	0	150,000	150,000	167,700	183,800	351,500	
			CPA chg - PTR interaction	0	(4,100)	(4,100)	(4,580)	(5,020)	(9,600	
			CPAchg - Income tax interaction	<u>0</u>	(1,510)	(1,510)	(1,680)	(1,850)	(3,530	
			Subtotal - All CPA changes	0	144,390	144,390	161,440	176,930	338,370	
			General Fund - LGA + CPA Changes	0	288,940	288,940	335,260	377,610	712,870	
Pro	operty Tax	Administration								
HF	514	Lislegard	City of Virginia exempted from net debt limit							
			Exclude from city's limit on net debt the construction of public safety building that's financed with a loan from US Dept of Agriculture, secured by general obligation pledge.							
			Effective day following enactment (DFE)							
			General Fund - No State Impact	0	0	0	0	0	0	
HF	675	Agbaje	Service of Petition changes							
(sf 5	580)		Updates taxpayer communications options, including electronic submissions, for defense or objection to property tax assessments or other property tax services.							
			Effective August 1, 2023 General Fund	0	o	0	0	0		
		1	E General Fund	U	U	0	U	٥	0	