DEPARTMENT OF REVENUE

PROPERTY TAX
Agricultural riparian buffer credit established

February 15, 2022

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 2868 (Goggin) as introduced

Fund Impact

	F.Y. 2022	F.Y. 2023	F.Y. 2024	F.Y. 2025
		(000's)		
Riparian Buffer Credit	$0	$0	($9,070)	($9,070)
Income Tax Interaction	$0	$0	$320	$320
General Fund Total	$0	$0	($8,750)	($8,750)

Effective beginning with taxes payable in 2023.

EXPLANATION OF THE BILL
The bill would create a property tax credit for class 2a agricultural land and class 2b rural vacant land. To be eligible for the credit, land must contain a riparian buffer as required by statute. The credit would equal the amount of net tax capacity-based property tax attributable to riparian buffer land. Eligible land would be certified by the local soil and water conservation district.

REVENUE ANALYSIS DETAIL
- The estimate is based on the November 2021 forecast.
- Based on data from the Department of Natural Resources, it is estimated that there are approximately 708,000 acres of riparian buffer land in the state.
- It is assumed that, of that total, approximately 460,000 acres of land would be eligible for the proposed credit.
- The credit is estimated to be $9.07 million annually beginning with taxes payable in 2023.
- Lower property taxes for property owners receiving the credit would reduce deductions on income tax returns, increasing state tax collections by $320,000 beginning in fiscal year 2021.

PROPERTY TAX BENCHMARKS (Minn. Stat. § 270C.991)

Transparency, Understandability, Simplicity & Accountability	Decrease	Creates new property tax credit.
Efficiency & Compliance	Neutral	
Equity (Vertical & Horizontal)	Neutral	
Stability & Predictability	Neutral	
Competitiveness for Businesses	Neutral	
Responsiveness to Economic Conditions	Neutral	

The bill is scored on a three-point scale (decrease, neutral, increase) for each principle in comparison to current law.