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S.F. No. 3451 – Modifying Property Tax Exemption for Certain Airport Property (as proposed to be amended by A-1)

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SF 3451 modifies the property tax exemption for certain airport property. Under current law, when exempt property is leased, loaned, or otherwise made available and used by a private individual, associated, or corporation in connection with a for-profit business, the property becomes taxable in the same amount and to the same extent as though the user was the property owner.

This proposal authorizes a property tax exemption for an airport hangar owned by a local unit of government and leased or used by another person or entity if the hangar is used for manufacture of aircraft and not operated by the Metropolitan Airports Commission or by a city with a population greater than 50,000. If, however, the hangar, or other airport property constituting or used as a passenger check-in area or ticket sale counter, boarding area, or luggage claim area, is owned by a city with a population greater than 50,000 but less than 150,000, the hangar is taxable but the net tax capacity of the hangar is reduced by 50% for taxes payable in 2023 through 2034.

Effective beginning with taxes payable in 2023.