

PROPERTY TAX
Congressionally chartered
veterans organization exemption

February 1, 2023

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
 Analysis of S.F. 121 (Nelson) / H.F. 446 (Davids) as introduced

	Fund Impact			
	F.Y. 2024	F.Y. 2025	F.Y. 2026	F.Y. 2027
	(000's)			
General Fund	\$0	(\$50)	(\$50)	(\$50)

Effective beginning with assessment year 2023.

EXPLANATION OF THE BILL

Under current law, property that meets the qualifications of section 273.13, subdivision 25, paragraph (d), clause (3), and is owned and operated by a congressionally chartered veterans organization, has a classification rate of one percent.

Under the proposal, this property type would be exempt from taxation.

To receive the exemption for assessment year 2023, eligible organizations must file an initial application with the county assessor by August 1, 2023.

REVENUE ANALYSIS DETAIL

- Beginning with taxes payable in 2024, the proposal would shift property taxes away from the exempted parcels and onto all other property, including homesteads.
- The additional property tax burden on homesteads would increase state-paid property tax refunds by an estimated \$50,000 beginning in fiscal year 2025.
- For organizations classified as 4c(3)(ii) “donations”, the exemption from the state general tax would have no impact on state revenues in taxes payable year 2024 and thereafter, because the tax rate would be adjusted to yield the amount of revenue required by statute. The portion of the state general tax not paid by the exempted parcels would shift onto other properties subject to the seasonal residential recreational state general levy.
- Tax year impact is allocated to the following fiscal year.

Number of Taxpayers: Approximately 350 parcels would qualify for the exemption.

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

<i>Transparency, Understandability, Simplicity & Accountability</i>	Neutral	Reduces the total number of tax classifications, but increases the total number of exemptions.
<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>

sf0121(hf0446) Veterans Organization Exemption_pt_1/jtb