

**PROPERTY TAX
Valuation Reductions Allowed
for Conservation Easements**

March 21, 2023

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 1674 (Nadeau) / S.F. 2805 (Dibble) as introduced

	Fund Impact			
	F.Y. 2024	F.Y. 2025	F.Y. 2026	F.Y. 2027
	(000's)			
Property Tax Refund Interaction	\$0	\$0	(unknown)	(unknown)

Assumed effective beginning August 1, 2023.

EXPLANATION OF THE BILL

Under current law, the assessor may not adjust the value of real property subject to a conservation restriction or easement, except when:

- 1) the conservation restrictions or easements cover riparian buffers along lakes, rivers, and streams that are used for water quantity or quality control; or
- 2) the easements are in a county that has adopted, by referendum, a program to protect farmland and natural areas since 1999 (Dakota County); or
- 3) the conservation restrictions or easements were entered into prior to May 23, 2013.

Under the proposal, the assessor would be allowed to adjust the value of real property subject to a conservation restriction or easement in these additional circumstances:

- 1) the conservation restrictions or easements are in a metropolitan county; or
- 2) the conservation restrictions or easements are in a nonmetropolitan county that has, by resolution, authorized the assessor to consider the impact of conservation restrictions or easements on the property's value.

REVENUE ANALYSIS DETAIL

- Prior to assessment year 2014, the assessor was allowed to adjust the value of real property subject to a conservation restriction or easement.
- Since assessment year 2014, the assessor may not adjust the value of real property subject to a conservation restriction or easement, except as noted in the explanation above.
- Beginning with assessment year 2024, the proposal may reduce land values on property subject to a conservation restriction or easement.
- Reduced land values on eligible property would shift property taxes onto all other property, including homesteads, increasing state-paid homeowner property tax refunds by an unknown amount beginning in fiscal year 2026.
- Tax year impact is allocated to the following fiscal year.

Number of Taxpayers: Unknown

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

<i>Transparency, Understandability, Simplicity & Accountability</i>	Neutral
<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>

hf1674(sf2805) Conservation Easements_pt_1/jtb