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S.F. No. 2509 - Establishing the Redevelopment Area Homestead Property Tax Credit (as proposed to be amended by A-1)

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SF 2509 establishes a redevelopment area homestead property tax credit.

Section 1. Redevelopment Area Homestead Credit – provides a property tax credit for residential homestead properties if the property is located in a city of the second class that was designed as a redevelopment area by the United States Department of Commerce under the Public Works and Economic Development Act of 1965. Under this designation, homestead properties within the city of South St. Paul are eligible for the credit. The credit is equal to 70% of the property's property tax attributable to repayment of city capital improvement bonds. The commissioner of revenue shall reimburse each taxing jurisdiction for the reductions granted under this section from an open appropriation from the general fund. Effective beginning with taxes payable in 2025.

Section 2. Payment; school districts – adds a reference to the new property tax credit to the list of credit certifications made by the Department of Revenue to the Department of Education. Effective beginning with fiscal year 2026.

Section 3. Computation of net property taxes – adds the new property tax credit to the list of credits used to determine the amount of net property taxes owed. Effective beginning with taxes payable in 2025.

Section 4. Notice of proposed property taxes – requires that the new property tax credit agricultural credit appear on the truth-in-taxation (TNT) statement. Effective beginning with taxes payable in 2025.

Section 5. City capital projects levies – requires cities containing property eligible for the new credit to certify to the county auditor the portion of the city levy attributable to repayment of capital improvement bonds. Effective beginning with taxes payable in 2025.

Section 6. Computation of tax rates – requires county auditors to determine the city capital debt tax rate for each city containing properties eligible for the new property tax credit. Effective beginning with taxes payable in 2025.