



S.F. No. 199 – Establishing a Redevelopment Area Homestead Property Tax Credit

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SF 199 establishes a redevelopment area homestead property tax credit.

Section 1. Redevelopment Area Homestead Credit – provides a property tax credit for residential homestead property 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. Only homestead properties in the city of South St. Paul would qualify for this credit. The credit is equal to 70% of the property’s property tax attributable to repayment of 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 2026.

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 2027.

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 2026.

Section 4. Notice of proposed property taxes – requires that the new property tax credit appear on the truth-in-taxation (TNT) statement. Effective beginning with taxes payable in 2026.

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 2026.

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 2026.