

Greetings Assessors,

The tax treatment of agricultural containment facilities has been an area of inconsistent property tax administration in the State of Minnesota. The enclosed bulletin provides guidance on administering the agricultural containment facilities exemption. The guidance clarifies the current law and was developed after input from the assessment community and property owners.

We realize this guidance will affect counties in different ways depending on their current treatment of agricultural containment facilities. We are issuing this guidance now to clarify current law and allow counties time to properly administer the exemption for assessment year 2016.

Minnesota's exemption for certain real property items that contain agricultural chemicals has been in place since 1992. While the law has not changed, farming technology and practices have changed over the past 23 years. In particular, reliance on liquid agricultural chemicals has diminished since that time, while the storage and containment for dry agricultural chemicals has increased dramatically. Also, many large facilities have been constructed to store and contain dry agricultural chemicals in recent years.

Assessors brought forward questions about how current law applies to these modern practices in 2012. We said we would listen and gather information and then issue guidance. After collecting data and hearing input from the assessment community and property owners, it is our responsibility to require consistent administration of current law for the 2016 assessment. In keeping with that responsibility, we are issuing this guidance.

No matter how current law might change in future legislative sessions, the department supports assessors in effective and consistent property tax administration. Assessors are well-equipped to respond to legislative changes, even if it impacts a property's status during the same assessment year.

If you have further questions on how to administer the exemption, please contact our division at proptax.questions@state.mn.us.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Rowley', with a stylized flourish at the end.

Cynthia Rowley, Director

Property Tax

Phone: 651-556-4814

Fax: 651-556-3128

Email: cynthia.rowley@state.mn.us

Website: www.revenue.state.mn.us

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