

# MINNESOTA • REVENUE

March 01, 2011

## PROPERTY TAX Class 4c Modification

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of H.F. 0022 (Davids) as proposed to be amended by H0022DE2

### Fund Impact

	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>
	(000's)			
General Fund	\$0	(negligible)	(negligible)	(negligible)

Effective for taxes payable 2012 and thereafter.

### EXPLANATION OF THE BILL

The bill adds a subcategory to class 4c resort classification. The new category qualifying for class 4c would have 20 or fewer rental units, have occupancy less than 250 days per year, and be located in a municipality of less than 2,500 outside the metro area that contains a portion of a state trail administered by the Department of Natural Resources.

New language is added to re-codify the commercial and non-commercial seasonal recreational residential classifications in the 4c statute, so that cabins become class 4c(12).

### REVENUE ANALYSIS DETAIL

A few properties are expected to qualify for the new state trail provision.

Taxes will shift from preferred properties to other classes.

Property tax refund increases due to tax shifting onto class 1a or 2a homesteads is expected to be negligible.

Number of Taxpayers: Few.

Source: Minnesota Department of Revenue  
Property Tax Division - Research Unit  
[http://www.taxes.state.mn.us/legal\\_policy](http://www.taxes.state.mn.us/legal_policy)

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

<i>Transparency, Understandability, Simplicity &amp; Accountability</i>	Decrease	Creates a new subcategory.
<i>Efficiency &amp; Compliance</i>	Decrease	New classification category for assessors.
<i>Equity (Vertical &amp; Horizontal)</i>	Neutral	
<i>Stability &amp; Predictability</i>	Neutral	
<i>Competitiveness for Businesses</i>	Increase	Net increase for business properties statewide.
<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.*