

# MINNESOTA • REVENUE

## Property Tax Reclassification of Shooting Ranges

February 15, 2002

	Yes	No
Separate Official Fiscal Note Requested		X
<b>Fiscal Impact</b>		
DOR Administrative Costs/Savings		X

Department of Revenue  
Analysis of H.F. 2977 (Hackbarth)/S.F. 2985 (Johnson,Debbie)

	<b>Revenue Gain or (Loss)</b>			
	<b><u>F.Y. 2002</u></b>	<b><u>F.Y. 2003</u></b>	<b><u>F.Y. 2004</u></b>	<b><u>F.Y.2005</u></b>
		(000's)		
General Fund		\$0	(Negligible)	(Negligible)

Effective for homeowners PTR increase on taxes payable in 2003 and thereafter

### EXPLANATION OF THE BILL

**Current Law:** Shooting ranges, under current law, which are classified as commercial/industrial have a class rate for the first \$150,000 of market value at 1.5% and the amount over \$150,000 of market value at a rate of 2.0%. Many shooting ranges are currently classified as agricultural, residential non-homesteaded and tax-exempt based upon size and location.

### Proposed Law:

Real property used as a shooting range will be classified as 4c property with a class rate of 1.0% on the first \$500,000 of market value and 1.25% over that value, if all the following criteria are met:

- the property is owned and operated by a non profit entity as defined under the Internal Revenue Code section 501 (c) (3)
- the property is at least 40 acres in size and is designated or operated for the use of firearms;
- the shooting range is available to governmental agencies for providing firearms safety training;
- the shooting range is open to the public on a regular basis for firearms safety training; and;
- the property qualifies for valuation and deferment under the Minnesota Open Space Property Tax Law under section 273.112.

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Any structure on the property used as a clubhouse in conjunction with the shooting range is also classified as class 4c property, except that any portion of the structure containing a restaurant or place of refreshment open to the public shall be classified as class 3a property.

The owners of the property eligible for treatment under this clause have until September 1, to contact the county assessor to determine if the property qualifies for treatment under this clause for the current tax year and for taxes payable in the following year.

## **REVENUE ANALYSIS DETAIL**

- The only shooting ranges that would benefit from this reclassification are those that are currently rated commercial/industrial.
- Reduction of the net tax capacity of currently taxable property will cause a shift in tax burden to other taxpayers. The increase in homeowner property tax may increase state costs for homeowner property tax refunds, though the amount is negligible.
- According to a database maintained by the DNR, there are approximately 200-300 shooting clubs/ranges in Minnesota. There is no legal registration process required for most of these clubs. Many of these shooting ranges are small organizations and have no permanent facilities. They use county land for shooting locations which is tax-exempt. In some instances, the land is classified as agriculture or homesteaded property. This is especially true for out-state shooting club/ranges.
- Metro Shooting Clubs

In the 7 county metropolitan area, there are 19 public shooting ranges registered with the DNR. Of the nineteen, only nine of them have actual legal addresses. Property tax information was located for five of them. Only two of the five are classified as commercial/industrial. The EMV of these two properties is \$1,227,600. If these two properties meet all the listed criteria, the reclassification would decrease the NTC by approximately 60 %.

- Non-Metro Shooting Ranges

There are 152 registered shooting ranges/clubs according to the DNR database. Of these 152 clubs, only 45 have legal addresses associated with them. Of these 45 shooting ranges, property tax information was located on 6 of them. Only 1 of the 6 is currently rated commercial/industrial. It has a EMV of \$67,600. If this property meets all the listed criteria, the reclassification would decrease the NTC by approximately 33 %.

**Number of Taxpayers Affected:** The homeowners in the counties where shooting ranges meet the criteria would see an increase in the property taxes. However, due to the limited number of shooting ranges that meet the listed criteria, the increase is negligible.

#### **ADMINISTRATIVE/OPERATIONAL IMPACT**

There will be no significant administrative or operational costs or savings to DOR in administration of this bill.

Source: Minnesota Department of Revenue  
Tax Research Division  
<http://www.taxes.state.mn.us/polic.html#analyses>

