

# MINNESOTA • REVENUE

## PROPERTY TAX Resort Property Tax Payment Delay

February 22, 2002

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

Department of Revenue  
Analysis of H.F. 3549 (Fuller)/S.F. 3294 (Kinkel)

	<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>
General Fund		(000's)	\$0	\$0

Effective for taxes payable in 2003 and thereafter.

### **EXPLANATION OF THE BILL**

**Current Law:** Owners of real property who claim that such property has been partially, unfairly, or unequally assessed in comparison to other property may petition the valuation to district court or the tax court. If the proceedings instituted by the petition have not been completed before the following May 16, the petitioner shall pay 50 percent of property taxes due unless permission is granted to continue the proceedings without the payment. If the proceedings have not concluded by the following October 16, the petitioner shall pay 50 percent of the unpaid balance if the balance is \$2,000 or less, or 80 percent of the balance if the balance is over \$2,000, unless permission is granted to delay the payment. Agricultural homestead or nonhomestead property is allowed to wait until November 16 to make the payment. Failure to make the payment when due results in automatic dismissal of the proceedings unless payment is waived.

If payment is not made as required by nonhomestead property, a penalty of 4 percent will be charged until May 31 and 8 percent on June 1. For property classified a 1c or 4c, the penalty does not accrue until June 1.

**Proposed Law:** Owners of commercial seasonal recreational residential property (class 1c and 4c) who file a petition regarding valuation would have the May 16 deadline for payment of property tax extended to July 16. No penalty would accrue on the first one-half payment if made by July 15. On class 1c property the penalty is changed from 4 percent to 2 percent until July 31, and from 8 percent to 4 percent on August 1. On class 4c property the effective date of the penalty is changed from June 1 to July 31. Thereafter for both class 1c and 4c property, an additional 1 percent penalty will be charged on September 1 and October 1.

### **REVENUE ANALYSIS DETAIL**

- Although the proposal could somewhat reduce penalties for late tax payment to local governments, the proposal will have no effect on the state general fund.

### **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>

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