

MINNESOTA • REVENUE

PROPERTY TAX State Levy Exemption for Cabins

March 7, 2003

Department of Revenue
Analysis of H.F. 369 (Erhardt)

	Yes	No
Separate Official Fiscal Note Requested		
Fiscal Impact		
DOR Administrative Costs/Savings		

Revenue Gain or (Loss)

	<u>F.Y. 2004</u>	<u>F.Y. 2005</u>	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>
	(000's)			
General Fund	\$0	\$0	\$0	\$0

Effective for taxes payable in 2004 and thereafter.

EXPLANATION OF THE BILL

Current Law: The state general property tax levy is imposed on commercial-industrial, public utility, railroad, mineral, and seasonal recreational property.

Proposed Law: The proposal would exempt non-commercial seasonal recreational property from the state levy. Commercial seasonal property would remain subject to the state levy.

REVENUE ANALYSIS DETAIL

- The exemption would have no impact on state revenue. The tax rate would be adjusted to yield the amount of revenue required by statute, thereby shifting the tax to the other properties subject to the state levy.
- Of the total state levy of \$595 million for taxes payable in 2003, the tax on non-commercial seasonal recreational property was \$32.6 million, or about 5.5% of the total.

Number of Taxpayers Affected: The estimated 240,000 owners of property subject to the state levy.

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