

MINNESOTA REVENUE

PROPERTY TAX Add Auto Racing Tracks to Open Space Definition

April 9, 2003

Department of Revenue
Analysis H.F. 421 (Buesgens) S.F. 1189 (Day)

	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	(Negligible)	(Negligible)	(Negligible)

Effective beginning with taxes payable in 2004.

EXPLANATION OF THE BILL

Current Law: The Minnesota recreational property tax law (also known as the open space property tax law) provides for the deferment of higher valuations and consequent taxes payable on private outdoor recreational, open space, and parklands. The property is valued at its current use rather than a higher value which would reflect the potential residential or commercial land values of the property. The property must be actively and exclusively devoted to recreational activities such as golf, skiing, lawn bowling, croquet, archery, or firearms range recreational use. Taxes for the previous seven years are paid when the property no longer qualifies.

Proposed Law: The proposal would add auto racing tracks to the list of eligible properties.

REVENUE ANALYSIS DETAIL

- For properties that qualify under this bill, property taxes would be lower than without the bill. Taxes would shift onto other property types. Property tax refunds would slightly increase due to higher taxes on homesteads.
- There are approximately 10-15 auto race tracks that potentially qualify under this bill. Many dirt tracks are located on county fairgrounds, and are therefore already exempt. Most others are located in isolated rural locations and have little potential for development pressure.

Number of Taxpayers Affected: Property owners in jurisdictions with race tracks.

Source: Minnesota Department of Revenue
Tax Research Division

<http://www.taxes.state.mn.us/polic.html#analyses>