

# MINNESOTA • REVENUE

## PROPERTY TAX Resort Property Assessment Appeals and Late Payment Penalties

April 9, 2003

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

Department of Revenue  
Analysis of S.F. 321 (Ruud) / H.F. 364 (Fuller)

	<u>Revenue Gain or (Loss)</u>			
	<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:** Owners of property who claim that such property has been partially, unfairly, or unequally assessed in comparison with other property may appeal the assessment to district court or tax court. If the proceedings instituted by the filing of the petition have not been completed before May 16 following the filing, the petitioner shall pay 50% of the tax levied for the year unless permission to continue prosecution of the petition without such payment is provided.

If taxes are not paid when due, and permission to continue prosecution without payment has not been granted, a 2% penalty shall accrue for unpaid homestead taxes until May 31, and 4% on June 1. The penalty on nonhomestead property is 4% until May 31 and 8% on June 1. This penalty shall not accrue until June 1 of each year, or 21 days after the postmark on the envelope containing the property tax statement, whichever is later, on commercial seasonal recreational residential property classified as 1c or 4c, and on class 3a commercial and industrial property.

Most property tax payments are due and payable in two equal payments on May 15 and October 15. The second-half payment for agricultural homestead and nonhomestead property is due on November 16.

**Proposed Law:** The deadline for owners of class 1c or 4c commercial seasonal recreational residential property to file an assessment petition is extended from May 16 to July 16, and request for continuation of prosecution of an appeal without partial tax payment may be made within 10 days of July 16.

**Proposed Law (Cont.)**

In the case of commercial seasonal recreational residential property, no penalties shall accrue to the first one-half property tax statement if paid by July 15. On July 16, the penalty for unpaid taxes on class 1c resort property (with a homestead) shall be 2% until July 31, and 4% on August 1. For class 4c resort property, the penalty shall be 4% until July 31 and 8% on August 1. Thereafter for both types of resort property, an additional penalty of 1% shall be charged on September 1 and October 1. The remaining one-half payment shall be paid and penalties accrue based on current law.

**REVENUE ANALYSIS DETAIL**

- Although the proposal could have the effect of delaying and reducing penalties for late payment of first-half property tax by resort property owners, the possible effect of reduced late payment penalties on local levies is unknown and is likely to be minimal.
- Class 4c property is subject to the state levy. Extension of the first-half payment of class 4c resort property from May 15 to July 16 will delay payment of the state levy proceeds by county auditors to the state on June 29, but the state revenue impact of the delay is likely to be small. The later payments by counties of class 4c state levy revenue will not have an impact on state revenue received by fiscal year because payments to the state made up to September 30 accrue to the fiscal year ending the previous June 30.

**Number of Taxpayers Affected:** All owners of commercial seasonal recreational residential property would be affected by the proposed extension of the first-half payment dates and reduction of penalties.

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

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