

MINNESOTA • REVENUE

PROPERTY TAX Commercial Seasonal Recreational Classification Rate

March 11, 2005

Department of Revenue
Analysis of S.F. 779 (Skoe)/ H.F. 972 (Howes)

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

Fund Impact

	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
General Fund	\$0	(\$42)	(\$42)	(\$42)

Effective for taxes payable 2006 and thereafter.

EXPLANATION OF THE BILL

The bill would change the classification rate for Class 1c commercial seasonal recreational property from 1% to 0.55%, and increase the bracket from \$500,000 to \$600,000.

REVENUE ANALYSIS DETAIL

- The proposal was simulated on a taxes payable 2005 property tax model.
- Due to the lower class rate on Class 1c property, taxes would be shifted onto other property types. Some of the shift would be onto homesteads and result in higher property tax refunds. Property tax refunds are estimated to increase \$42,000 per year.

Number of Taxpayers: Unknown.

Source: Minnesota Department of Revenue
Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy

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