

# MINNESOTA • REVENUE

## PROPERTY TAX Commercial Seasonal Recreational Valuation and Tax Deferment

April 5, 2005

Department of Revenue  
Analysis of S.F. 821 (Sams) / H.F. 794 (Howes)

	Yes	No
Separate Official Fiscal Note Requested	X	
<b>Fiscal Impact</b>		
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>
			(000's)	
General Fund	\$0	(Unknown)	(Unknown)	(Unknown)

Effective for taxes payable in 2006 and thereafter.

### EXPLANATION OF THE BILL

The bill would allow special valuation treatment and property tax deferment for class 1c commercial seasonal recreational property. Property owners must apply to county assessors for the special valuation and deferment. Assessors will keep two sets of values for qualifying property: one value will be at highest and best use, and the other (lower) valuation will be as class 1c commercial seasonal recreational property. Taxes will be computed on both values, and the difference will be the tax amount deferred. The current and last three years of deferred taxes without penalty or interest are due when the property no longer qualifies for the deferment. A lien is imposed against deferred taxes. Special assessments may also be deferred. Deferment may continue after a sale if the property is still qualifies as class 1c and the new owner applies for the deferment.

### REVENUE ANALYSIS DETAIL

- An unknown number of class 1c property owners would take advantage of this provision.
- The use of a higher tax rate computed on a reduced class 1c property value would shift taxes onto other property types in the jurisdiction. This would result in increased taxes on homestead property and a consequent increase in property tax refunds.

**Number of Taxpayers:** Unknown.

Source: Minnesota Department of Revenue  
Tax Research Division  
[http://www.taxes.state.mn.us/taxes/legal\\_policy](http://www.taxes.state.mn.us/taxes/legal_policy)

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