

# MINNESOTA • REVENUE

## PROPERTY TAX Unimproved Shoreland Class

March 9, 2007

Department of Revenue  
Analysis of S.F. 1420 (Chaudhary)

	Yes	No
DOR Administrative Costs/Savings		X

### Fund Impact

	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>	<u>F.Y. 2010</u>	<u>F.Y. 2011</u>
General Fund	\$0	(Unknown)	(Unknown)	(Unknown)

Effective for assessment year 2007, for taxes payable in 2008, and thereafter.

### EXPLANATION OF THE BILL

The bill creates a new classification for 2c unimproved shoreland with a class rate of 0.6%. Most residential and seasonal recreational residential property is classed at 1.0%. To qualify for class 2c, property must be unimproved, not agricultural, include 200 feet of shoreline within 400 feet of ordinary high water, can be homesteaded or in possession of the owner for seven years. Ownership may include spouses, sons, and daughters. The owner must file an application with the county auditor by July 1 for classification in the subsequent year. A covenant agreement to not develop the land must be filed. Upon termination of the covenant, the difference between the taxes levied and taxes computed as if the property were not class 2c is due, for up to seven years. The difference in taxes is a lien on the property.

### REVENUE ANALYSIS DETAIL

- The number of qualifying properties for which the owners would apply under the provisions of the bill is not known.
- For properties that would come under the class 2c provisions, net taxes would decrease. Property taxes would shift onto other property types, including homesteads.
- Property tax refunds would increase by an unknown amount for taxes payable in 2008 through 2010.

**Number of Taxpayers:** Owners of qualifying residential and seasonal recreational residential property would be directly affected.

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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