

MINNESOTA • REVENUE

PROPERTY TAX Non-Commercial Seasonal Recreational Residential Leased Land

April 16, 2010

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 1767 (Saxhaug) / H.F. 2234 (Dittrich)

	Fund Impact			
	<u>F.Y. 2010</u>	<u>F.Y. 2011</u>	<u>F.Y. 2012</u>	<u>F.Y. 2013</u>
		(000's)		
General Fund	\$0	\$0	(\$45)	(\$45)

Effective for taxes payable in 2011, and thereafter.

EXPLANATION OF THE BILL

This bill makes several changes to leased seasonal recreation land provisions. The county board approval requirement is eliminated. The requirement that the property be exempt in 2008 is eliminated.

REVENUE ANALYSIS DETAIL

- A 2008 survey of county assessors was used to determine the estimated value of land on leased cabins. About \$108 million of market value would be exempted.
- The removal of the restrictions is assumed to make all qualifying property eligible for exemption.
- The exempted land value as a result of this bill would raise tax rates on all property in affected jurisdictions. Net taxes on homestead property would be higher, resulting in increased property tax refunds of \$45,000 in FY 2012 and thereafter.

Number of Taxpayers: About 3,600 parcels would be directly affected by the exemption.

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

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