

MINNESOTA · REVENUE

March 19, 2013

PROPERTY TAX SFIA Payment Modification

	Yes	No
DOR Administrative Cost/Savings		x

Department of Revenue

Analysis of S.F. 0492 (Skoe) as proposed to be amended (SCS0492A-2)

Fund Impact

	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>
	(000's)			
General Fund	\$0	(\$1,200)	(\$1,200)	(\$1,200)

Effective beginning for payments made in calendar year 2014.

EXPLANATION OF THE BILL

Under current law, land enrolled in the sustainable forest resource management program is eligible for an annual per acre incentive payment. The current payment rate is \$7.00 per acre, up to a maximum of \$100,000 per land owner.

As proposed to be amended, the bill would eliminate the maximum \$100,000 per land owner payment limit and create a second payment rate. Landowners with no more than 1,920 acres enrolled in the SFIA program would continue receiving \$7.00 per acre and landowners with more than 1,920 acres enrolled would receive \$5.00 per acre. The proposal would also require motorized public access be allowed year-round on lands with more than 1,920 acres enrolled in the SFIA program.

REVENUE ANALYSIS DETAIL

- Estimates are based on the February 2013 forecast.
- Approximately 769,000 acres were enrolled in the SFIA program in 2012.
- Under the proposal, more than 99% of current land owners enrolled in the program would continue receiving \$7.00 per acre and have no change in their SFIA incentive payment.
- Currently there are three landowners with a combined 328,000 acres enrolled in SFIA who are impacted by the maximum \$100,000 payment limit. Eliminating the maximum payment limit and changing the payment rate to \$5.00 per acre would increase state payments to these landowners by approximately \$1.3 million beginning in FY 2015.
- Another six landowners have more than 1,920 acres enrolled but are not capped by maximum \$100,000 payment limit. Reducing the payment rate from \$7.00 per acre to \$5.00 per acre would reduce SFIA incentive payments to these landowners by approximately \$90,000 beginning in FY 2015.
- An additional 175,000 acres were removed from the SFIA program in 2012 by land owners impacted by the maximum payment limit. If these acres were reenrolled in the program, state payment costs could increase by an additional \$900,000 per year.

Number of Taxpayers: 2,208 taxpayers with land currently enrolled in the program.

PROPERTY TAX BENCHMARKS (Minn. Stat. § 270C.991)

<i>Transparency, Understandability, Simplicity & Accountability</i>	Neutral	
<i>Efficiency & Compliance</i>	Neutral	
<i>Equity (Vertical & Horizontal)</i>	Neutral	Creates a second payment rate for lands enrolled in the program.
<i>Stability & Predictability</i>	Neutral	
<i>Competitiveness for Businesses</i>	Neutral	
<i>Responsiveness to Economic Conditions</i>	Neutral	

The bill is scored on a three point scale (decrease, neutral, increase) for each principle in comparison to current law.

Source: Minnesota Department of Revenue
Property Tax Division - Research Unit
[www.revenue.state.mn.us/research_stats/
pages/revenue-analyses.aspx](http://www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx)

hf0554(sf0492)_pt_2/nrg