

MINNESOTA • REVENUE

PROPERTY TAX

Natural Resources PILT

April 16, 2013

	Yes	No
DOR Administrative Cost/Savings		x

Department of Revenue

Analysis of S.F. 1536 (Skoe) / H.F. 1757 (Anzelc) as introduced

Fund Impact

	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>
			(000's)		
General Fund	\$0	(\$5,080)	(\$5,180)	(\$5,490)	(\$5,800)

Payment rate inflation adjustment is effective retroactively for aids payable in CY 2012 and thereafter. All other PILT modifications are effective beginning for CY 2013 payments.

EXPLANATION OF THE BILL

Under current law, the per acre payment rates for natural resource lands receiving payments in lieu of taxes (PILT) are fixed. Prior to CY 2012 the payment rates were adjusted annually for inflation.

The proposal would increase the per acre payment rates for certain PILT lands beginning with CY 2013. The proposal would also reinstate the inflation adjustment to per acre payment rates for PILT lands effective retroactively for aids payable in CY 2012. The CY 2012 payment adjustments would be added to the CY 2013 PILT payments.

REVENUE ANALYSIS DETAIL

- Increasing the per acre payments rates for county-administered, DNR-administered, and land utilization project lands would increase annual PILT payments by approximately \$4.45 million beginning in FY 2014.
- Based on current inflation projections, adjusting PILT payment rates would increase state costs beginning in FY 2014.
- The FY 2014 payment would include an adjustment increase of approximately \$170,000 for CY 2012 in addition to the current year increase of \$460,000.

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

<i>Transparency, Understandability, Simplicity & Accountability</i>	Increase	Various PILT payments would be combined under one program.
<i>Efficiency & Compliance</i>	Neutral	
<i>Equity (Vertical & Horizontal)</i>	Neutral	
<i>Stability & Predictability</i>	Neutral	
<i>Competitiveness for Businesses</i>	Neutral	
<i>Responsiveness to Economic Conditions</i>	Neutral	Payment rates would be indexed to inflation.

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)

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