

PROPERTY TAX

Adding parcels and modifying payment for Lake Vermilion-Soudan Underground Mine State Park

June 23, 2021

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of 2021, 1st Special Session S.F. 0005 (Bakk) / H.F. 0019 (Ecklund) as introduced

Fund Impact

	FY2022	FY2023	FY2024	FY2025
	(000's)			
PILT Granelda Lands	\$0	(\$8)	(\$8)	(\$8)
Property Tax Refund Interactions	\$0	negligible	negligible	negligible
Income Tax Interactions	\$0	negligible	negligible	negligible

Effective the day following enactment.

EXPLANATION OF THE BILL

Under current law, state park land qualifies for the Payment in Lieu of Property Taxes (PILT) program. Local governments with state park land in PILT receive a state-paid aid equal to either \$5.133 per acre or 0.75 percent of the appraised market value.

The Lake Vermilion-Soudan Underground Mine State Park land currently receives a PILT payment equal to 1.5 percent of the appraised market value, and the value used to determine the PILT cannot be less than the 2010 appraised valuation.

The proposal would add additional areas of land to the Lake Vermilion-Soudan Underground Mine State Park for the purposes of PILT and would refer to this new land as the Granelda Unit. Beginning for aids payable 2022, the Granelda Unit would receive a PILT of 1.5% of the appraised value. Future appraised values used to determine PILT aid could not be lower than the 2021 appraised valuations.

REVENUE ANALYSIS DETAIL

- The estimated appraised value of the Granelda Unit is \$1.1 million for assessment years 2021 through 2023.
- Under current law, the Granelda Unit of state park land would provide local governments with approximately \$8,000 in PILT aid starting in FY2023.
- Under the proposal, local governments would receive approximately \$16,000 in PILT for lands in the Granelda Unit starting in FY2023. The cost to the state general fund would be the difference in PILT aid under current law compared to what would be paid under the proposal.
- It is assumed that local governments receiving an increase in aid would reduce property tax

levies by a portion of the increase. Lower levies will reduce property taxes on all property.

- Lower property taxes will result in lower homeowner property tax refunds, reducing costs to the state general fund.
- Lower property taxes will result in lower income tax deductions, increasing revenues to the state general fund.

Source: Minnesota Department of Revenue
Property Tax Division - Research Unit
<https://www.revenue.state.mn.us/revenue-analyses>

ss1-sf0005(hf0019)_pt_1/css

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
<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.