

Determination and County Apportionment of PILT Payment Amounts

These instructions describe the determination, payment, and appropriation of the amount of your county's Payment in Lieu of Property Taxes (PILT) for Natural Resource Lands PILT payment for 2024.

Section I: Changes and Important Notes

There were no changes introduced by the 2024 Legislature regarding DNR payment in lieu of taxes (PILT) for natural resource lands; however, significant changes were implemented by the 2023 Legislature were put into effect this year.

Legislative Changes

- The per acre payment rate for DNR and County Administered Other Natural Resource Lands increased from \$2.00 per acre to \$3.00.
- A new payment based upon the percentage of PILT Natural Resource Land acreage to the total county acreage has been created. Depending on the percentage a different rate amount may be applied:
 - a. Greater than or equal to 25% has a payment rate of \$0.18 per acre.
 - b. Greater than or equal to 10%, but less than 25%, has a payment rate of \$0.08 per acre.
 - c. These acreages do not include Lake Vermillion/Soudan Underground Mine lands or Ditch Assessments of State-Owned Lands in Consolidated Conservation (Con-Con) Areas
- The appraised value of PILT natural resource lands shall not be reduced below their AY2022 appraised values or subsequent appraised values, if higher.
 - a. Lake Vermillion/Soudan Underground Mine lands remain set at AY2010 and AY2021 for the Granelda Unit.
- The Minnesota Department of Revenue will annually adjust PILT payment amounts by a cost-of-living adjustment as provided in M.S. 270C.22, Subd. 1 each payment year after August 31st, 2024. These amounts will be rounded to the nearest tenth of a cent.
 - a. Lake Vermillion/Soudan Underground Mine lands payment amounts are excluded.
 - b. Further calculation information will be available in the instructions for next year.

Section II: Determination of Payment Amounts

The final payments by the Department of Revenue to the counties are to be made July 20, 2024, at the same time as the payment of the first half installment of county program aid to the counties. The counties must distribute any township, city, and school PILT payments within 30 days of this date, or the first business day prior to, August 19th, 2024.

The amounts determined are based on information certified by the Department of Natural Resources (DNR) to the Department of Revenue by March 1 of the payment year. The total payment for a county in 2024 is equal to the sum of the following natural resource land types:

- (1) **Acquired natural resources lands:** The total acreage of acquired natural resources land within the county multiplied by \$5.133, or at the county's option, 0.75% of the appraised value of such lands, whichever is greater.
 - Acquired natural resources land is land that was previously privately owned and which has been acquired by the Department of Natural Resources by purchase, condemnation, or gift.

- (2) **Transportation Wetlands:** The total acreage of transportation wetlands within the county multiplied by \$5.133, or at the county's option, 0.75% of the appraised value of such lands, whichever is greater.
 - Transportation wetlands currently exist solely within Polk County.
- (3) **Wildlife Management Lands:** The total acreage of wildlife management lands multiplied by \$5.133, or at the county's option, 0.75% of the appraised value of such lands, whichever is greater.
- (4) **Military Refuge Lands:** The total acreage of military refuge land within the county multiplied by \$2.5665 (50% of the acquired natural resources land per acre value).
 - Military refuge lands currently exist solely within Camp Ripley.
- (5) **County administered other natural resources lands:** The total acreage of county administered other natural resources land within the county multiplied by \$3.00.
 - County-administered other natural resources land includes tax-forfeited land in towns and tax-forfeited un-platted land within cities.
- (6) **Land utilization project (LUP) lands:** The total number of acres of land utilization project land within the county multiplied by \$5.133.
- (7) **DNR administered other natural resources lands:** The total acreage of DNR administered other natural resources land within the county multiplied by \$3.00.
- (8) **Lake Vermillion and Soudan Underground Mine lands:** 1.50% of the appraised value of the Lake Vermillion and Soudan Underground Mine park lands. The appraised value of the state-owned land within the park shall not be reduced below the 2010 appraised value of the land.
 - The Lake Vermillion and Soudan Underground Mine State Park is located within St. Louis County.
 - The appraised value of the state-owned land within the Granelda Unit shall not be reduced below the 2021 appraised value of the land.
- (9) **Ditch Assessments of State-Owned Lands in Consolidated Conservation (Con-Con) Areas:** \$300,000 is appropriated annually for local assessments under section M.S. 84A.55, subdivision 9. The amount shall be divided and distributed to the counties containing such assessments in proportion to each county's percentage of the total annual ditch assessment.
- (10) **Total PILT Natural Resource Land Coverage within a County:** A percentage-based payment based upon the total acreage of all DNR-PILT Natural Resource Land acreages in comparison to the total county acreage, provided by the US Census. The rate applied to a county's total PILT acreage is determined by the following percentage:
 - Greater than or equal to 25% has a payment rate of \$0.18 per acre.
 - Greater than or equal to 10%, but less than 25%, has a payment rate of \$0.08 per acre.
 - Less than 10% will not receive any per-acre payment.
 - These acreages do not include Lake Vermillion/Soudan Underground Mine lands or Ditch Assessments of State-Owned Lands in Consolidated Conservation (Con-Con) Areas

For county auditors: The Department of Natural Resources will send you the acreage and appraised values they used to determine your county's 2024 natural resources land PILT. The appraised value of PILT natural resource lands (not including Lake Vermillion/Soudan Underground Mine, see above)

shall not be reduced below their AY2022 appraised values or subsequent appraised values, if higher.

Section III: County Apportionment of Payment Amounts

The different PILT types shall be separated into four distinct distribution groups

- Wildlife management lands and military refuge lands PILT payments
- Lake Vermillion and Soudan Underground Mine State Parks land PILT payments
- Ditch assessments of state-owned lands in consolidated conservation areas
- General Distribution of all other natural resources land PILT payments:
 - Acquired natural resource lands
 - Transportation wetlands
 - County administered other natural resource lands
 - DNR administered other natural resource lands
 - Land utilization project (LUP) lands
 - Total PILT Natural Resource Land Coverage within a County

Wildlife Management Lands and Military Refuge Lands Distribution

Except as provided in sections (a) and (b) the wildlife management land and military refuge land PILT payments shall be distributed to the county, townships, and schools (but not to a city or to special taxing districts or TIF districts) where the property is located on the same basis as the current year net tax capacity based real property tax collections are distributed (M.S. 477A.14 Subdivision 3a).

Within a county subject to the metro area or Iron Range fiscal disparity laws, there is no area-wide distribution of such amounts. If the wildlife management land is located within a city, except those situations listed in 2(b), then this payment shall be allocated among the county and school districts only. The county's share of the payment shall be deposited in the county general revenue fund.

- (a) The county of Winona shall only allocate this payment among the towns and school districts (M.S. 477A.14 Subdivision 3b)
- (b) The city of Columbus and the city of Nowthen within Anoka County, the city of Rice Lake within St. Louis County, the city of Credit River in Scott County, and the city of Scandia within Washington County shall continue to receive PILT payments as if they were still a township provided that the city does not pass an ordinance prohibiting hunting within the boundaries of the city (M.S. 477A.14 Subdivision 3c)

Lake Vermillion and Soudan Underground State Park Distribution

The Lake Vermillion and Soudan Underground State Park natural resource land payments are distributed to the taxing jurisdictions containing the property as defined in M.S. 477A.17.

- 1/3 to the county for their general purposes
- 1/3 to the town for their general purposes
 - For the unorganized township 63-17 the amount should be transferred by the county to the governing body of the public safety facility located within the township and should be used for ongoing operations and maintenance of the facility.
- 1/3 to the school districts for their general purposes
 - The school payment is not a county apportionment under M.S. 127A.34 and is not subject to aid recapture

Consolidated Conservation Ditch Assessment Distribution

The payments received for ditch assessments of state-owned lands in consolidated conservation areas as defined in 477A.12 Subdivision 1, clause 8 are to be distributed as follows:

- 15% shall be paid to the county for use as provided in M.S. 84A.51, subdivision 4, clause 1.
- The remainder is to be distributed and used for those local assessments.

General Distribution of all other natural resource land PILT payments

The general distribution of all other natural resource land PILT payments (comprised of acquired natural resource lands, transportation wetlands, county administered other natural resource lands, land utilization project natural resource lands, and DNR administered other natural resource lands) are as follows:

- 40% of the gross PILT payments for these lands is to be distributed to the county and used for property tax levy reduction.
- 10% of the gross PILT payments for these lands is to be distributed to the townships where the PILT natural resource lands are located. The method of distribution is discussed further in Section IV: Township Distribution.
 - If the township is organized the funds received shall be used to provide for property tax levy reduction.
 - If the township is unorganized the funds are to be deposited in the county general revenue fund and used either for property tax levy reduction, or used for maintenance of roads within the township.
 - If the land is located within a city, then the 10% is not applied.
- 15% of all consolidated conservation (con-con) payments from the acquired natural resources lands and DNR administered other natural resource lands shall be paid to the county for use as provided in M.S. 84A.51, Subdivision 4, clause 1.
- \$0.642 for each acre of county-administered other natural resources land is to be deposited in a county resource development fund for use in resource development, forest management, game and fish habitat improvement, etc.
 - If this amount is less than \$5,000, the county has the option of depositing the entire amount in the county general revenue fund.
- All remaining 'General Distribution' PILT payment funds after the above reductions are to be distributed to the county.
 - The first \$35,000 of these funds is to be deposited into the county's general revenue fund.
 - Any funds in excess of \$35,000 shall be used by the county for property tax levy reduction.

An example showing the county apportionment of the 2024 natural resources land PILT payment, and the determination of the county share required to be used for property tax reduction is located on the Department of Revenue's website at www.revenue.state.mn.us. Type "PILT" in the search box, the amounts shown in the example are fictitious and do not represent the actual amounts for your county.

Section IV: Township PILT Distribution

No specific guidelines exist in statute for counties to follow regarding the 10% township distribution referred to in M.S. 477A.14, Subdivision 1, clause 2, other than that the distribution to the townships must be done within 30 days of payment receipt. After further review by the Department of Revenue and Department of Natural Resources, it has been determined that the most fair and equitable practice would be to distribute the PILT payment by whatever method was used to calculate it.

Distribution by acreage for the following PILT payments is consistent as they are always calculated on a per acre basis:

- DNR Administered Other land
- County Administered Other land
- LUP Lands
- Transportation Wetlands

Distribution of the Acquired Natural Resource Lands PILT payment depends upon the calculation method used for the county. The DNR uses whichever method (acreage or appraised value) that results in the highest payment for the county as a whole, not what each land transaction would generate separately. As a result, if a county’s Acquired Natural Resource Lands are calculated and paid based on acreage then the township distribution should also be by acreage, and similarly if appraised value is used. Which method was used for your county can be determined from lines 13, 14 and 15 in the ‘Natural Resources PILT Amounts by County’ document shown on the Department of Revenue’s website.

The reason for this distribution method for townships can be seen in the following examples. In these examples Spruce County is comprised of two townships that only receive PILT payments on DNR Acquired Natural Resource Lands:

Acreage Distribution Method

Because the total PILT payment is higher using acreage (\$2,054 vs \$1,350) then the payment for the county is calculated using acreage. Since each township has the same number of PILT acres then both Aspen and Oak Township should receive the same distribution amount of \$1,027; however, if the township distribution is done by value, then Oak Township will be overpaid at \$1,369 while Aspen Township would be underpaid at \$685.

Aspen Township	Oak Township
200 acres	200 acres
\$60,000 appraised value	\$120,000 appraised value
$5.133 \times 200 = \$1,027$	$5.133 \times 200 = \$1,027$
$\$60,000 \times .0075 = \450	$\$120,000 \times .0075 = \900
Acreage Distribution: $\$2054 \times 50\% = \$1,027$	Acreage Distribution: $\$2054 \times 50\% = \$1,027$
Value Distribution: $\$2054 \times 33.33\% = \685	Value Distribution: $\$2054 \times 66.67\% = \$1,369$

Appraised Value Distribution Method

Because the total PILT payment is higher using the appraised value (\$6,750 vs \$2,054) then the payment for the county is calculated using appraised value. Since each Oak Township’s PILT lands are valued higher they should receive a larger share of the distribution (\$4,500) compared to Aspen Township (\$2,250); however, if the township distribution is done by acreage then Oak Township will be underpaid at \$3,375 and Aspen Township would be overpaid at \$3,375.

Aspen Township	Oak Township
200 acres	200 acres
\$300,000 appraised value	\$600,000 appraised value
$5.133 \times 200 = \$1,027$	$5.133 \times 200 = \$1,027$
$\$300,000 \times .0075 = \$2,250$	$\$600,000 \times .0075 = \$4,500$
Acreage Distribution: $\$6,750 \times 50\% = \$3,375$	Acreage Distribution: $\$6,750 \times 50\% = \$3,375$
Value Distribution: $\$6,750 \times 33.33\% = \$2,250$	Value Distribution: $\$2054 \times 66.67\% = \$4,500$

Section V: Questions or Concerns

If you have any questions or concerns regarding the detail information on acres and appraised values provided to the county auditor by the Department of Natural Resources, please contact Katherine Giel at 651-259-5377.

If you have any questions or concerns regarding the determination of the payment amounts, the county apportionment of the payment amounts, or the payment received by the county provided to the county auditor by the Department of Revenue, please contact Data and Analysis at dataanalysis.mdor@state.mn.us or 651-556-3097.