

PROPERTY TAX
Payment in Lieu of Taxes (PILT)
Other Lakeshore Land

April 2, 2025

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of S.F. 2108 (Hauschild) / H.F. 1780 (Skraba) as introduced

	Fund Impact			
	F.Y. 2026	F.Y. 2027	F.Y. 2028	F.Y. 2029
	(000's)			
PILT Increase	\$0	(\$8,870)	(\$8,950)	(\$9,040)
Property Tax Refund Interaction	\$0	\$260	\$260	\$260
Income Tax Interaction	\$0	\$90	\$90	\$90
General Fund Total	\$0	(\$8,520)	(\$8,600)	(\$8,690)

Effective beginning for aids payable in calendar year 2026.

EXPLANATION OF THE BILL

Under current law, the payments in lieu of taxes (PILT) program provides local government units with state aid based on the amount of state-owned natural resources land located in the county. Other natural resources land administered by the state or county, including lakeshore land, receives a \$3 per acre payment, adjusted annually for inflation.

The bill would create a separate land type for other lakeshore land that would receive \$5.133 per acre or three-fourths of one percent of the appraised value of other lakeshore land in the county, whichever is greater.

REVENUE ANALYSIS DETAIL

- Under current law, the total amount of other natural resources land receiving PILT is 6.9 million acres. Of this total, approximately 8% is estimated to be lakeshore land.
- Under the proposal, lakeshore lands would receive an increase in PILT. It is assumed most counties would receive the payment based on three-fourths of one percent of appraised value.
- The increase in PILT is estimated to increase state general fund costs by \$8.87 million beginning in fiscal year 2027.
- It is assumed that local governments receiving more aid from PILT would reduce property tax levies by a portion of the increase. Lower levies would reduce property taxes on all property, including homesteads.
 - Lower property taxes would reduce homeowner property tax refunds paid by the state by \$260,000 beginning in fiscal year 2027.
 - Lower property taxes would reduce deductions on income tax returns, increasing state tax collections by \$90,000 beginning in fiscal year 2027.

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

<i>Transparency, Understandability, Simplicity & Accountability</i>	Neutral	Creates an additional land type in the PILT formula.
<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.

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

sf2108(hf1780) PILT Add Lakeshore Land_pt_1/nrg, jtb