

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 551

DATE: April 5, 2005

Version: First engrossment

Authors: Anderson, I. and others

Subject: Payments in lieu of taxes on land utilization project (LUP) lands

Analyst: Karen Baker, 651-296-8959
Pat Dalton, 651-296-7434
John Helland, 651-296-5039

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

Increases payments in lieu of taxes for land utilization project (LUP) land. The bill affects 81,700 acres located in the counties of Lake of the Woods, Beltrami, and Roseau. Currently, payments for LUP lands are \$0.375/acre, adjusted for inflation. The bill increases payments on LUP land to \$3/acre, adjusted for inflation. The new payment is at the same rate as the payment for acquired natural resources land. The 2005 payment (FY 2006) would increase about \$285,215 (from \$40,768 to \$325,983).

Effective for payments made in 2005 (FY 2006) and thereafter.

Section

- 1 Other natural resources land.** Takes LUP land out of the "other natural resources land" category.
- 2 Land utilization project land.** Establishes "land utilization project land" as a separate category.
- 3 Types of land; payments.** Adds a separate payment rate of \$3/acre, adjusted for inflation, for LUP lands, which is the same rate as acquired natural resources land. With inflation, the \$3.00 category is \$3.99 per acre for 2005.

Currently, LUP lands are classified as commissioner-administered "other natural resources land" which receives in lieu payments of \$0.375/acre, adjusted for inflation. With inflation,

Section

the \$0.375 category is \$0.499 per acre for 2005.

4 **Procedure.** Requires the Commissioner of Natural Resources to annually certify to the Commissioner of Revenue the number of acres in each county of LUP land.

5 **General distribution.** Payments for LUP lands will be treated in the same manner as payments for acquired natural resources land when the county makes distributions to organized townships.