HOUSE RESEARCH

Bill Summary =

FILE NUMBER: H.F. 2234 **DATE:** April 20, 2010

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Subject: Exempting leased seasonal-recreational land

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Overview

Exempts from property taxation all land that is owned by the federal government, the state government, or by a county, city, or town and leased for noncommercial seasonal-recreational or noncommercial seasonal-recreational residential use. The improvements continue to be subject to tax. Effective for taxes payable in 2011 and thereafter.

Section

Leased seasonal-recreational land. Exempts from property taxation all land that is owned by the federal government, the state government, or by a county, city, or town and leased for noncommercial seasonal-recreational or noncommercial seasonal-recreational residential use. The improvements continue to be subject to tax. Taxpayers holding these leases pay annual lease payments to the local governments or to the federal or state governments, depending on who owns the land. The lease payments vary. In the case of federal property, the county where the property is located gets 25 percent of this money returned to them as a federal payment.

As a result of a law change made in 2008, leased noncommercial seasonal-recreational land and noncommercial seasonal-recreational residential land is exempt from property taxation only if (1) the county board adopts a resolution to exempt the land, and (2) the land was rented for those purposes and was exempt from property taxation for taxes payable in 2008. The 2008 law became effective for taxes payable in 2009. St. Louis County was the primary county affected by the 2008 law change.

H.F. 2234 expands the 2008 exemption to all property owned by any governmental subdivision, including the federal government, that is used for these purposes; it also eliminates the county board approval for the exemption and the requirement that the property needed to be exempt for taxes payable in 2008.

According to a survey done in 2008, it is estimated that there were about 3,500 to 3,600

parcels of leased seasonal land in the state. Some of these parcels (about 1,000 to 1,300) were probably affected by the 2008 law change. H.F. 2234 extends the exemption to the rest.

Effective for taxes payable in 2011 and thereafter.