

HOUSE RESEARCH

Bill Summary

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Subject: Providing for inflation adjustments in PILT payments

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Overview

The state has paid flat per acre payments in lieu of taxes (PILT) aid on natural resource land since 1979. The statutory per acre amounts were never adjusted for inflation. In 2000, the legislature added an inflation adjustment that reflects growth in state and local spending since 1994. During the 2011 special session, the legislature adjusted the statutory per acre payment amounts to reflect the inflation through 2011, but eliminated any future increases due to inflation.

This bill retroactively reinstates the same inflation adjustment eliminated in 2011, beginning with calendar year 2012 payments. The starting point for the inflation adjustment is moved from 1994 to 2011 to reflect that the inflation between those years was permanently added to the statutory per acre payment amounts.

The extra payment the state owes on each acre in 2012 due to reinstating the inflation adjustment retroactively will be paid with the CY 2013 payments.

Section

- 1** **Types of land; payments.** Reinstates an inflation adjustment for flat per acre payments on the different types of natural resource land eligible for payment in lieu of tax (PILT) payments from the state. Effective retroactively to CY 2012 payments.
- 2** **Inflation adjustment.** Sets the inflation adjustment for PILT payments for calendar year 2012 and thereafter equal to the growth in the implicit price deflator for state and local government purchases since the first quarter of 2011 to the third quarter of the year prior to when the aid is paid. This is similar to the inflation factor calculation that existed prior to its repeal in the 2011 special session. Effective retroactively to CY 2012 payments.

Section

- 3** **General distribution.** Reinstates the inflation adjustment for flat per acre distributions of the state payment between counties and townships in which the PILT eligible land is located. Effective retroactively to CY 2012 payments.

- 4** **2012 Payment adjustment.** Provides that the additional CY 2012 payment retroactively owed to counties and townships after adjusting for inflation in that year will be paid with the CY 2013 payments.