

PILT

Payment in Lieu of Taxes for DNR Non-hunting Lands



Minnesota Department of Revenue

Property Tax Division

May 24, 2012

Outline

- **Data /Survey Results**
- **How is PILT Non-hunting land valued**
- **Problems with current method**
- **How to Improve**

The Legislature has revised the "Payment in Lieu of Tax" M.S. 477A.12 to read:

"(a) As an offset for expenses incurred by counties and towns in support of natural resources lands, the following amounts are annually appropriated to the commissioner of natural resources from the general fund for transfer to the commissioner of revenue. The commissioner of revenue shall pay the transferred funds to counties as required by sections 477A.11 to 477A.145. The amounts are:


(1) for acquired natural resources land, \$3, as adjusted for inflation under section 477A.145, multiplied by the total number of acres of acquired natural resources land or, at the county's option three-fourths of one percent of the appraised value of all acquired natural resources lands in the county, whichever is greater;"

"(c)" For the purposes of this section, the appraised value of acquired natural resources land is the purchase price for the first five years after acquisition. The appraised value of acquired natural resources land received as a donation is the value determined for the commissioner of natural resources by a licensed appraiser, or the county assessor's estimated market value if no appraisal is done. The appraised value must be determined by the county assessor every five years after the land is acquired."

THEREFORE, YOU HAVE TO NOTIFY ME NO LATER THAN DECEMBER 31, 2010:

1. If you prefer to use the \$3.00, as adjusted for inflation on all acquired land;
2. If you select three-fourths of one percent of the appraised value of all acquired natural resources land, you must appraise the value of the acquired lands based on the most recent assessment.

Survey Results

- ▶ Not well received
 - 16 non-responses
 - Survey sent during Local Board of Appeal time
 - ▶ 45 counties reconciled value
 - ▶ 24 counties did not reconcile value
 - ▶ 2 counties chose alternate method of payment (Lake of the Woods, Kittson)
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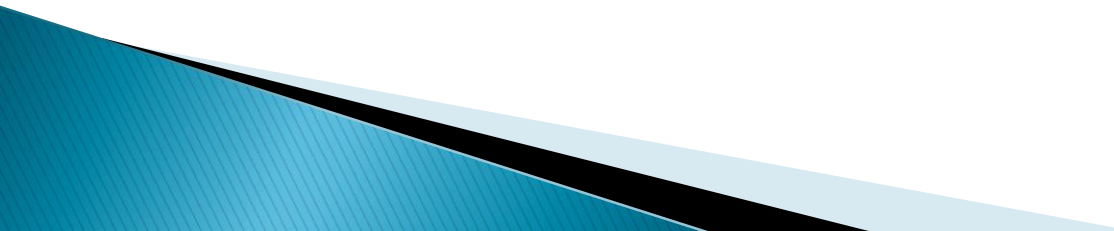
Survey Results

▶ Why not reconciled?

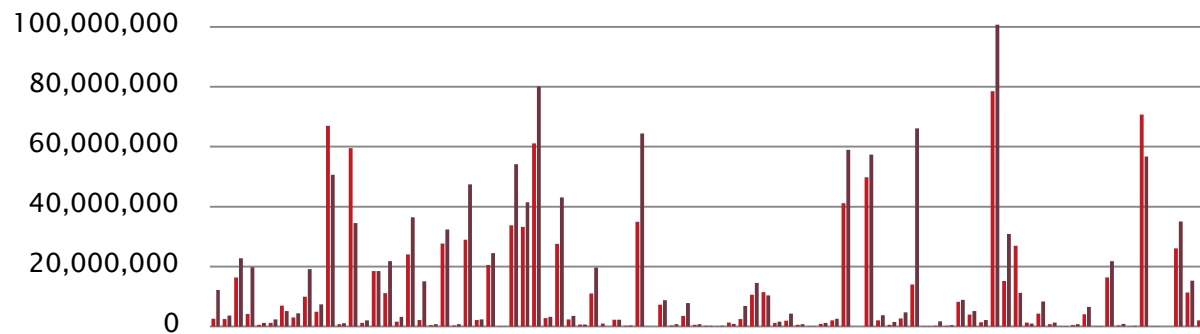
- St. Louis – Value reported to DNR was different than what appeared on the report
- Scott –List of affected properties is “cumbersome”; the same parcel can be on the list multiple times; can lead to mistakes/missing parcels
- Washington – Identifying parcels on DNR list is difficult, list is “far from user friendly.”

Survey Results

▶ Why not reconciled?

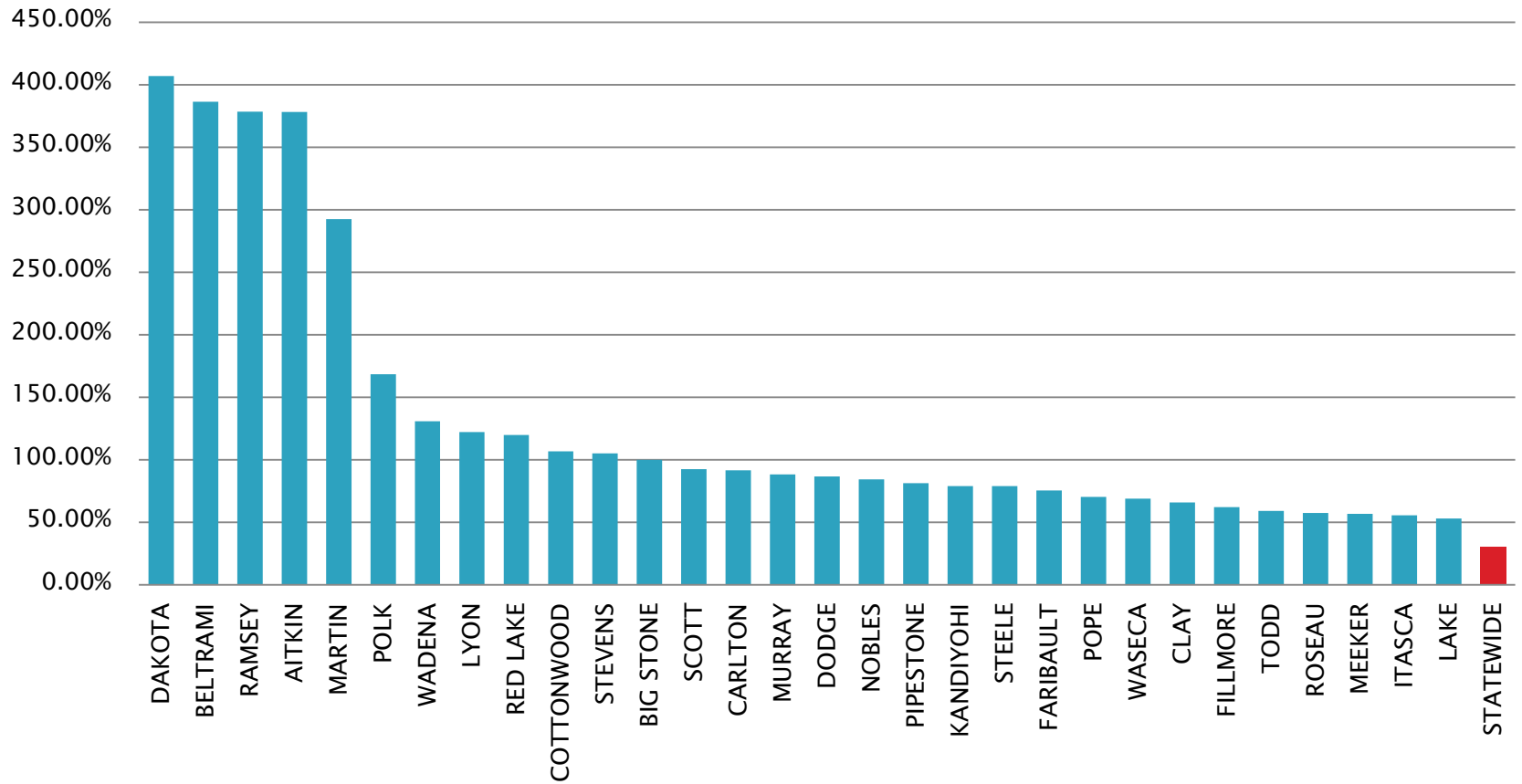
- New Assessor, change in staff
 - Assessors not certain how values are split once the county submits the report.
 - Split-Parcels
 - Some assessors questioned where the numbers came from.
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DATA



Top 30 – 2005 to 2010

Percentage Difference in Value per Acre



Explanations – Top 5

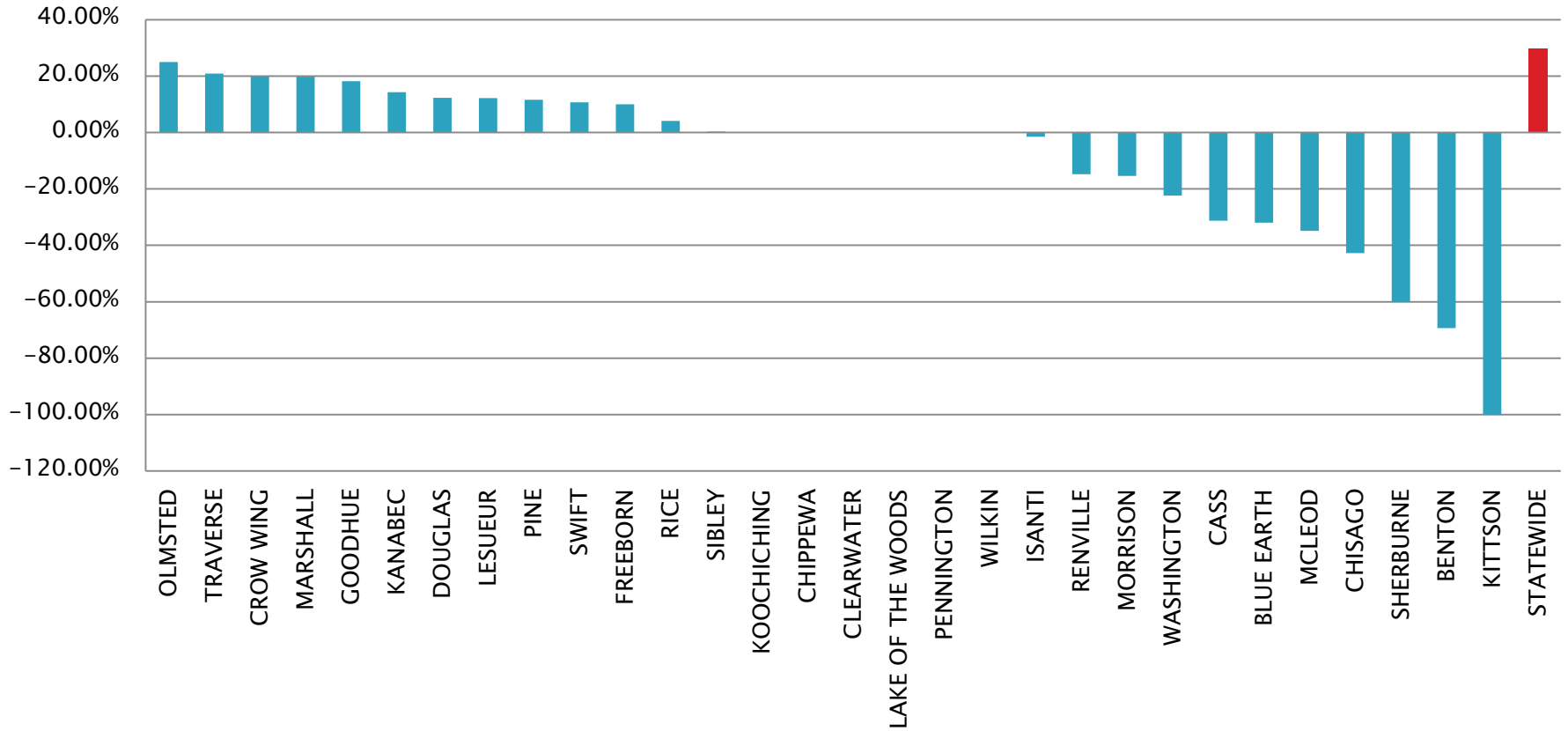
- ▶ **Dakota** – Reported value actually less than what appears on DNR report.
 - Riverfront and river view property
 - ~\$800 difference between DNR and DOR reports (average per acre value)
- ▶ **Beltrami** – Lakeshore acres carry high value
 - ~\$,9,200 difference between DNR and DOR reports (average per acre value)
- ▶ **Ramsey** – 2005 = \$14 million
 - 2010 = \$66 million
 - \$156,669 difference per acre from 2005 to 2010
 - Will be using 2005 value moving forward
 - “Priceless”

Explanations – Top 5

- ▶ **Aitkin** – Increased value of lakeshore property
 - \$3,800 difference between DNR and DOR reports (average per acre value)
- ▶ **Martin** – Change based on one lakeshore property (boat landing and parking lot) in area that has seen a lot of development in the last 6 years.
 - No 2b/2c value reported

Bottom 30 – 2005 to 2010

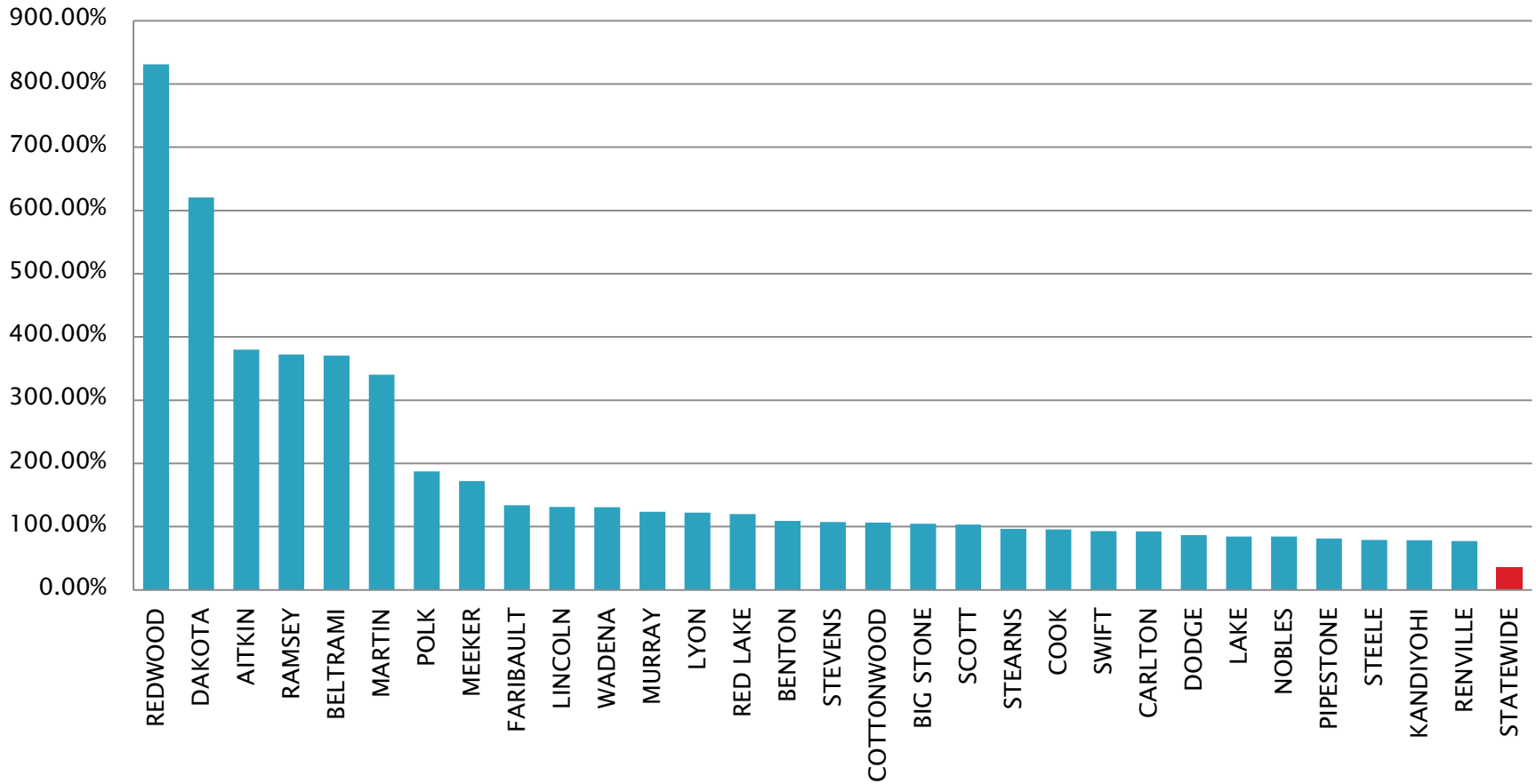
Percentage Difference in Value per Acre



Explanations – Bottom 5

- ▶ **Kittson** – Accepted alternate payment
- ▶ **Benton** – No Response.
 - Gained 165 acres, value not raised to same degree
- ▶ **Sherburne** – No explanation of decrease
- ▶ **Chisago** – Poor Market Conditions
- ▶ **McLeod** – Time adjusted 2005 values for 2010

Top 30 - 2005 to 2010 Percentage Difference in Value



Explanations – Top 5

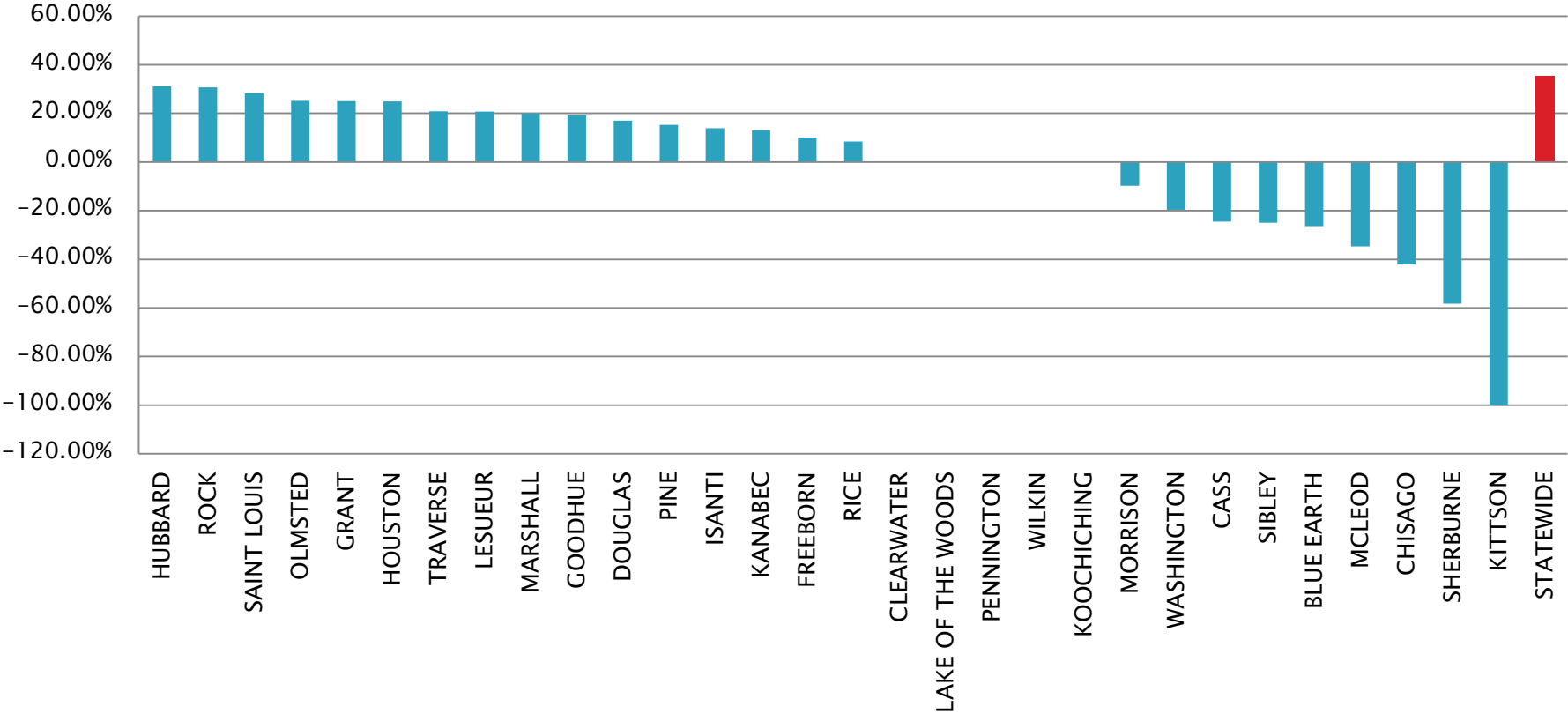
- ▶ **Redwood** – No response. Gained 603 acres
- ▶ **Dakota** – Reported value actually less than what appears on DNR report.
 - Riverfront and river view property
- ▶ **Aitkin** – Increased value of lakeshore property

Explanations – Top 5

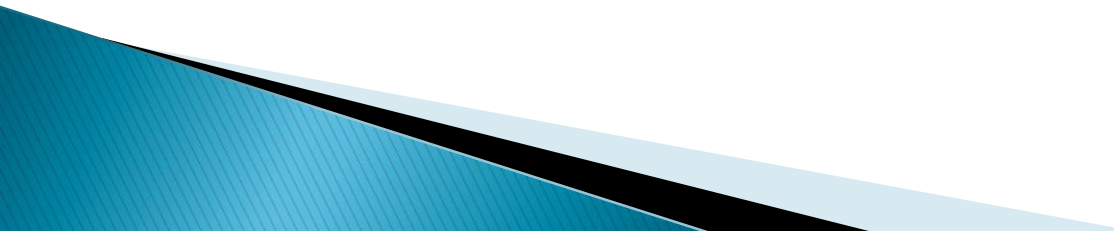
- ▶ Ramsey – 2005 = \$14 million
 - 2010 = \$66 million
 - \$156,669 difference per acre from 2005 to 2010
 - Will be using 2005 value moving forward
- ▶ Beltrami – Increased value for lakeshore acres

Bottom 30 – 2005 to 2010

Percentage Difference in Value

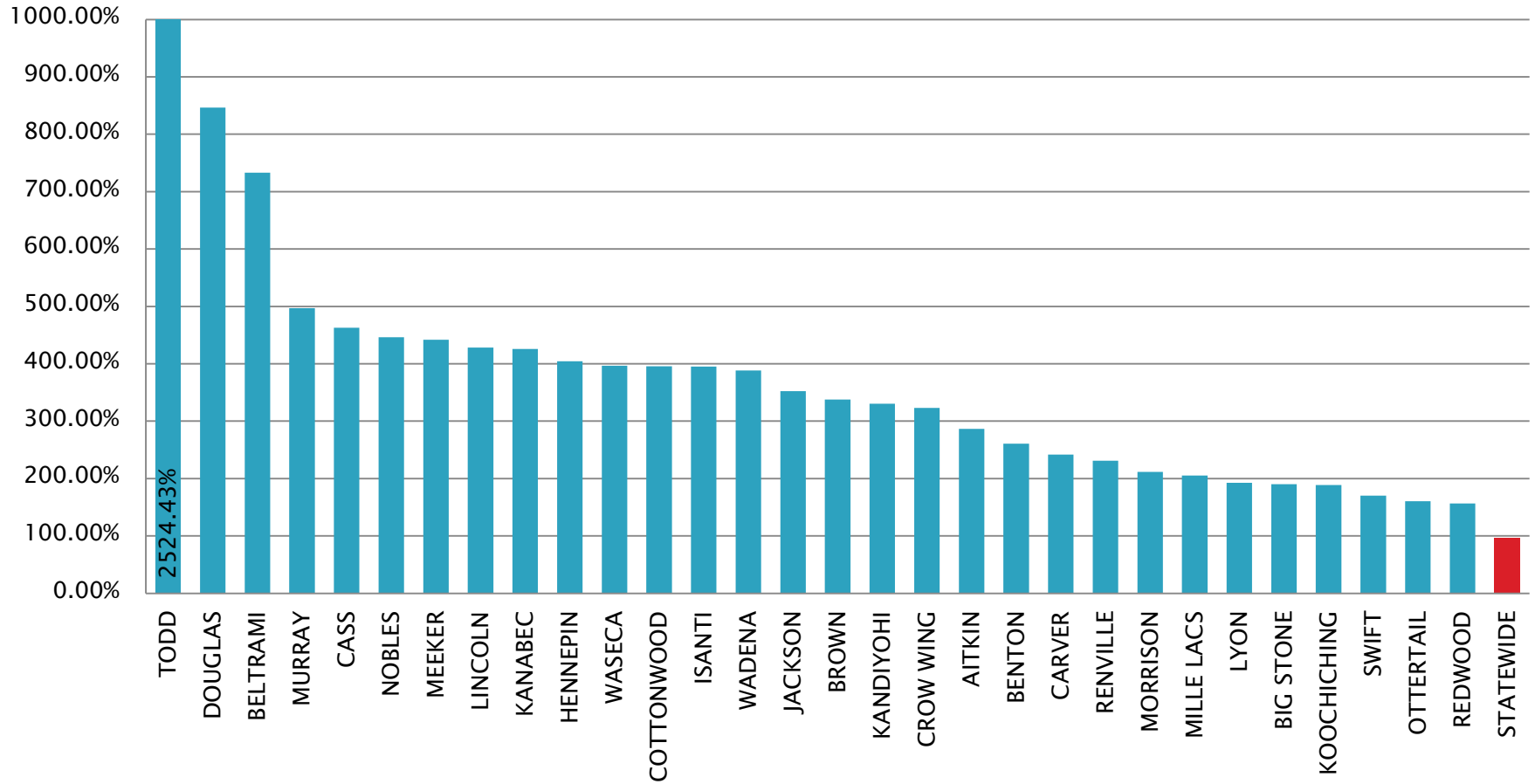


Explanations – Bottom 5

- ▶ **Kittson** – Accepted alternate payment
 - ▶ **Sherburne** – No explanation of decrease
 - ▶ **Chisago** – Poor Market conditions
 - ▶ **McLeod** – Time adjusted 2005 values for 2010
 - ▶ **Blue Earth** – No explanation of decrease
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Top 30 - 2010

Percentage Difference between DOR/DNR Value per Acre

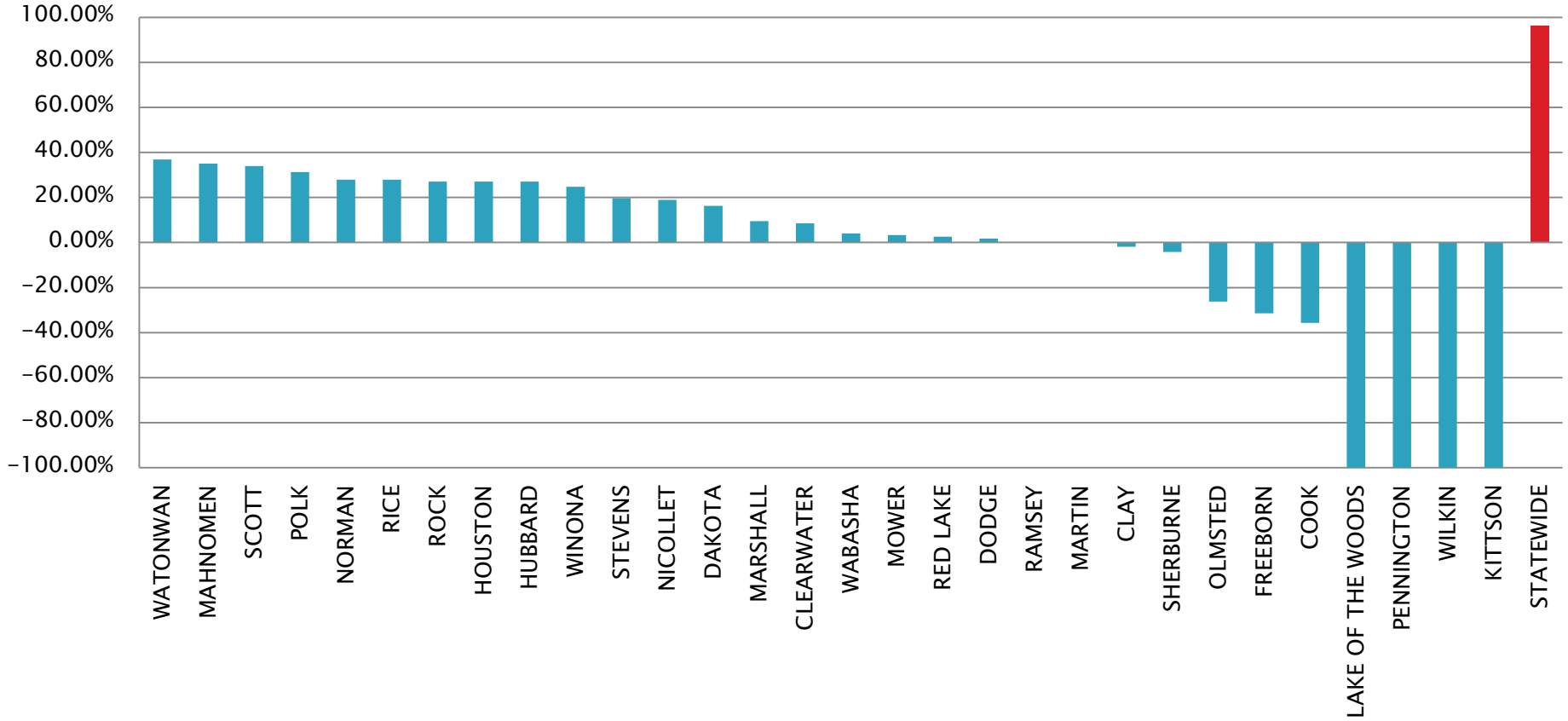


Explanations – Top 5

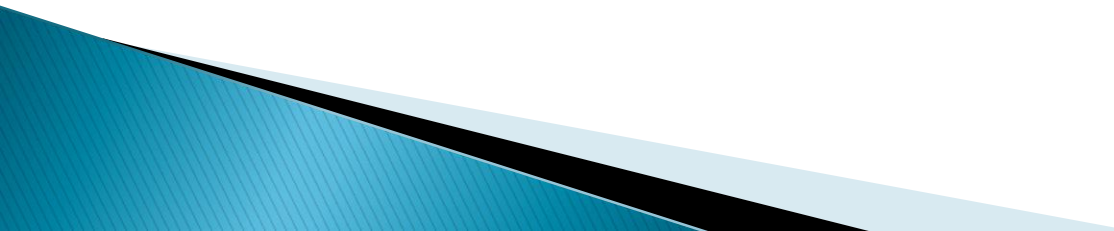
- ▶ **Todd** –2,524% difference.
 - 181 acres with 10,150 feet of lakeshore
- ▶ **Douglas** – 846% difference
 - 37,170 feet lakeshore
- ▶ **Beltrami** – 733% difference
 - High lakeshore values – no footage provided
- ▶ **Murray** – 497% difference
 - Used average ag value of \$3,600 per acre (comparison was made using class 2b/2c)
- ▶ **Cass** – 463% difference
 - No response; lakeshore??

Bottom 30 - 2010

Percentage Difference between DOR/DNR Value per Acre



Explanations

- ▶ **Kittson** – Reported no value. Alternate. Payment
 - ▶ **Wilkin** – Reported no value. No response
 - ▶ **Pennington** – .10 acre
 - ▶ **Lake of the Woods** – Reported no value. Alternate payment.
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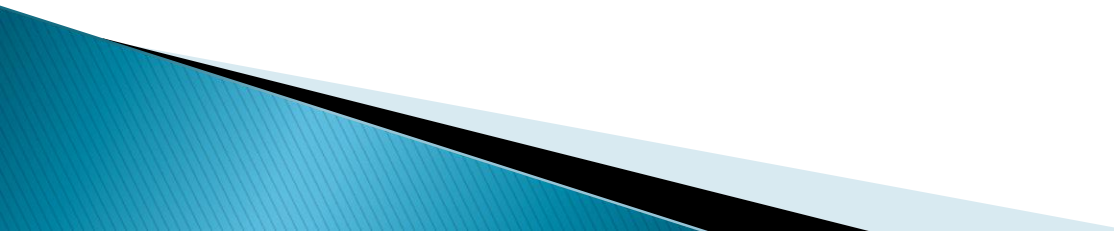
How is PILT Land Valued?

- ▶ Unfortunately, there is not one good answer
- ▶ The most common method is to value it the same as you would taxable property.
 - Land schedules, adjustments for water, site values, etc.
- ▶ However, confirming if this is true would require a much more detailed investigation.
 - Review by parcel


How is PILT Land Valued?

- ▶ Other methods of valuing PILT land include:
 - Using a straight per-acre value
 - Sales of similar property
 - DNR Land Sales
 - Average woods/waste value
 - Average Meadow/Pasture value
 - Average Agricultural Value
 - Average Class 2b Rural Vacant Land value
 - Average nonproductive woods value (?)
 - Crop Equivalency Rating
 - Exempt Land Value – *Traverse County*

Valuation: Factors to consider

- ▶ Water influence (front foot)
 - ▶ Unimproved site value
 - ▶ Market Areas (different land schedules)
 - ▶ Land Quality
 - ▶ Type of land
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Problems with Current Method

- ▶ No consistent method for valuation of PILT land
 - ▶ Assessors find listing difficult to work with
 - ▶ No measures of compliance/cross checking valuations
 - ▶ Difficult to measure accuracy of valuation
 - Would require a parcel level review
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How to Improve

- ▶ Provide a standard method of valuation for all PILT land
 - ▶ Create maps of the land in PILT
 - ▶ Identify lakeshore/front foot by parcel
 - ▶ More user friendly reporting system
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