

PILT Overview

Presentation to PILT Report
Commissioners' Advisory Group
Feb. 3, 2012



Three Topics

1. Overview of PILT under current law

- a. Applicable laws
- b. Land classes and administrators
- c. Payment rates
- d. Distribution

2. Minnesota PILT History

3. Statistics and Trends

PILT Laws

M.S. ch. 477A

477A.11

477A.12

477A.13

477A.14

477A.17

**M.S. §
97A.061**

Land Classes & Administrators

M.S. § 477A.11

1. Acquired Natural Resources Land



DNR

Acquired by state through purchase, condemnation or gift, previously privately owned

Con-con lands designated as state parks, SRA's, SNA's & WMA's

Land Classes & Administrators

M.S. § 477A.11

2. Other Natural Resources Land

DNR

All state-owned, DNR-administered land that is not “acquired natural resources land”

County

Tax-forfeited land excluding platted lots within a city

Land Classes & Administrators

M.S. § 477A.11

3. Land Utilization Project (LUP) Land



DNR

Land leased from the federal government
and managed for wildlife (82,266 acres in FY2010)
Beltrami, Lake of the Woods and Roseau Counties

Land Classes & Administrators

M.S. § 97A.061

**Acquired Hunting Land
& Game Refuges**

➔ DNR

Goose Management Croplands

➔ DNR

**Camp Ripley
Game Refuge**



**Department of
Military Affairs**

Source, Timing of Payments

- M.S. ch. 477A
 - Open appropriation from general fund to commissioner of natural resources for transfer to commissioner of revenue
 - Paid on July 20 (with first installment of LGA)
- M.S. § 97A.061
 - Open appropriation from general fund to commissioner of natural resources
 - Paid in August (except goose management croplands, which are paid upon receipt of invoice)

Payment Rates: M.S. ch. 477A

- Acquired Natural Resources Land
 - The greater of \$5.133/acre or $\frac{3}{4}$ of 1% of appraised value of all acquired natural resources land within county
- DNR-Administered Other Natural Resources Land
 - 64.2 cents/acre
- County-Administered Other Natural Resources Land
 - \$1.283/acre
- LUP Land
 - \$1.283/acre
- Lake Vermilion, Soudan Underground Mine State Parks
 - 1.5% of appraised value of the land

Payment Rates: M.S. § 97A.061

- Acquired hunting land and game refuges

The greater of:		
35% of gross receipts from special use permits & leases	50 cents/acre	$\frac{3}{4}$ of 1% of appraised value

- Goose management croplands
 - Equal to taxes assessed on comparable, privately owned adjacent land
- Camp Ripley
 - 50% of amount under M.S. § 477A.12 for acquired land

M.S. ch. 477A & M.S. § 97A.061 Relationship

- Acquired hunting lands and game refuges are eligible for payments under both laws
- Payments to county under section 97A.061 are reduced by amount paid under section 477A.12
- Additional payments under section 97A.061 are rare (FY10 total was \$2,712.16, two counties)
- Main effects of section 97A.061:
 - Camp Ripley (\$129,931.63 FY10)
 - Goose management cropland (\$61,451 FY10)
 - Distribution of payments

Distribution of PILT: M.S. § 97A.061, subd. 2

Acquired Hunting Land/Game Refuges



Payments for these lands under either section 477A.12 or 97A.061 are distributed under M.S. § 97A.061, subd. 2 (allocated among county, towns and school districts as if they were taxes on the land)

Distribution of PILT: M.S. § 477A.14

Distribution of payments made under sec. 477A.12 (for all lands except acquired hunting land/game refuges)

40%



County general revenue fund
for property tax levy reduction

60%

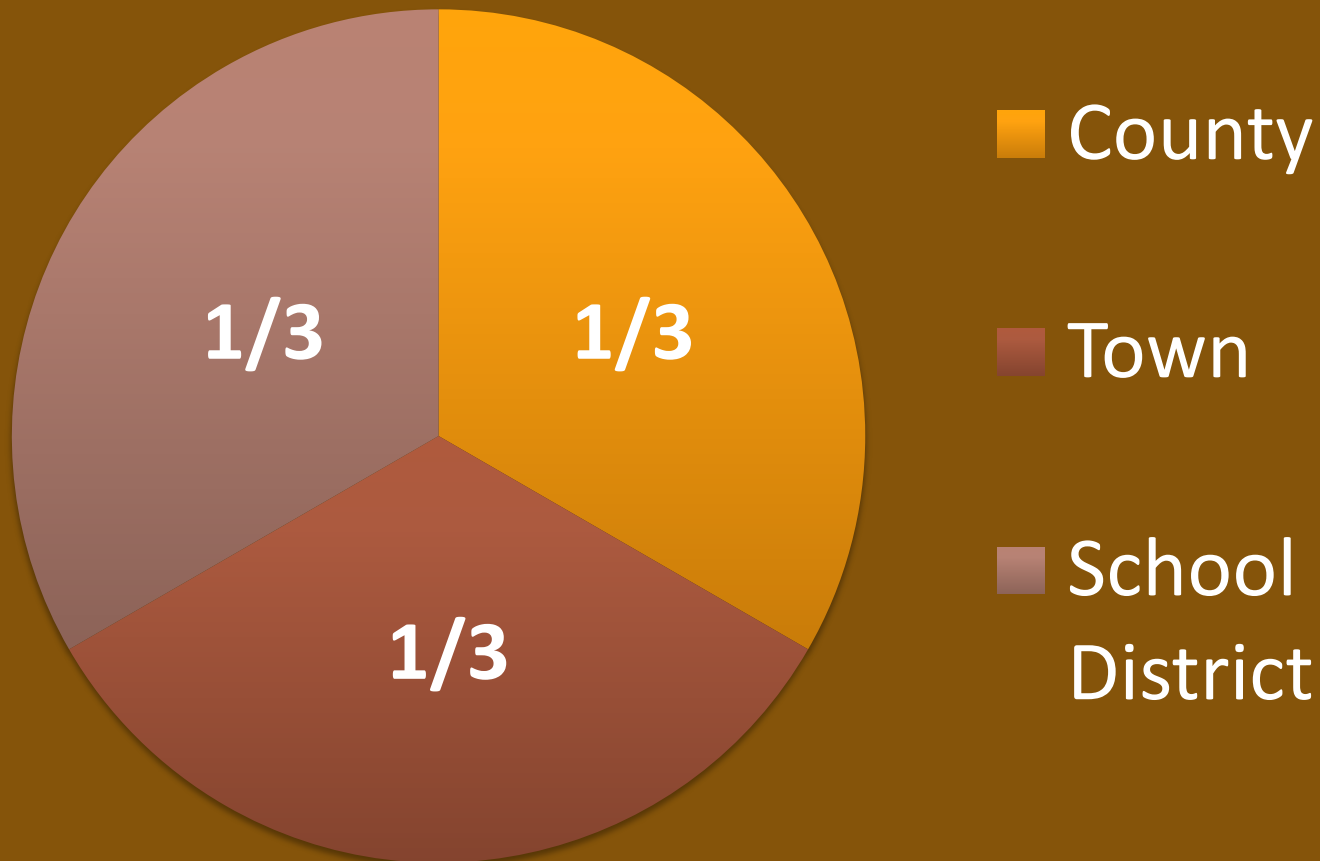


Remainder (by priority):

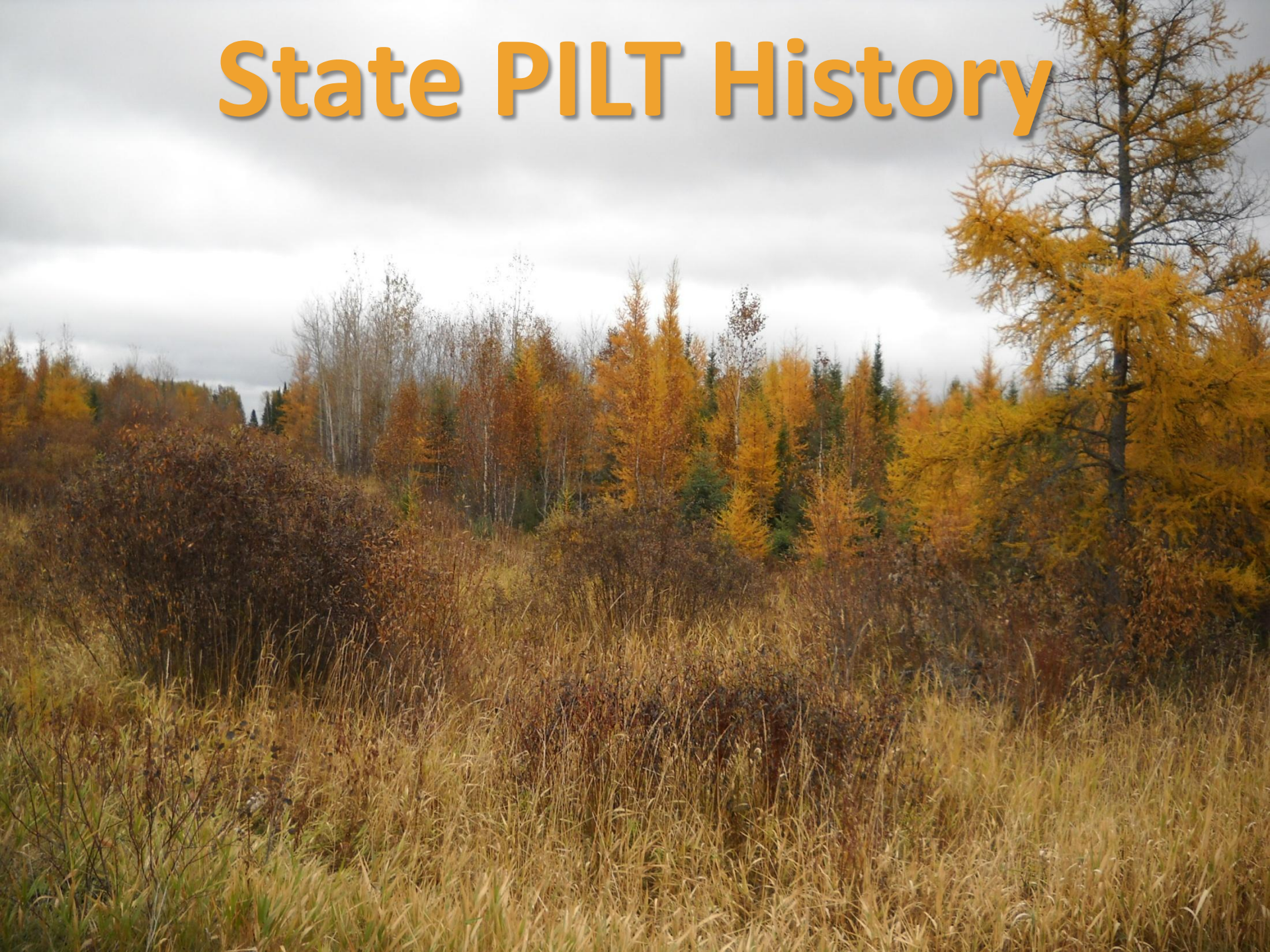
- County resource development fund (64.2 cents/acre for each acre of county-administered other natural resources land)
- Organized townships with natural resources land
- County general revenue fund

Distribution of PILT: § 477A.17

Lake Vermilion, Soudan Underground Mine State Parks



State PILT History



Origin of M.S. § 97A.061

- **1933 M.L. ch. 392 sec. 22 (5630)**
 - “The State of Minnesota shall hereafter pay annually to each county in which there are now, or hereafter shall be situated, any public shooting grounds and game refuges ... the sum equal to 35 per cent of the gross receipts of aforesaid public hunting grounds and game refuges located within such counties which payment shall be received and distributed by the County Treasurer among the various funds of the county, the respective towns and school districts therein and wherein such grounds and refuges lie, payable on the same basis as if the payment had been received as taxes on such lands the current year; provided, however, that this act shall not apply to state trust lands.” (Emphasis added).

Major Amendments Before 1977

- **1945 M.L. ch. 248 sec. 1**
 - Recodified as M.S. § 97.49, subd. 3; scope narrowed to “[a] sum equal to 35 per cent of the gross receipts from all special use permits of those lands actually used for public hunting grounds and game refuges” (emphasis added)
- **1953 M.L. ch. 741 sec. 38**
 - “15 cents per acre on purchased land” added as alternative to 35% of gross receipts from special use permits
 - Provision requiring payment of the 15 cents/acre out of game and fish fund added
- **1961 M.L. ch. 470 sec. 1** – Goose management croplands added
- **1961 M.L. ch. 587 sec. 1** – Leases of land added to 35% of gross receipts provision; flat rate increased to 25 cents/acre
- **1971 M.L. ch. 562 sec. 1** – Flat rate increased to 50 cents/acre

Public Lands Impact Study 1977

- Laws of Minnesota 1975 directed LCMR to report findings and recommendations regarding payments in lieu of taxes
- Report references USFWS and U.S. Forest Service payment formulas that include $\frac{3}{4}$ of 1% of appraised value (p. 47)

1979 Amendment to M.S. § 97.49

- **1979 M.L. ch. 301 sec. 8** – $\frac{3}{4}$ of 1% of appraised value alternative added to payment formula

	The greater of:	
35% of gross receipts from special use permits & leases	50 cents/acre	$\frac{3}{4}$ of 1% of appraised value

Ch. 477A PILT Provisions

- Enacted in 1979 (1979 M.L. ch. 303 art. 8 secs 1-4)
- As enacted:
 - Only two land classes:
 - Acquired natural resources land
 - Other natural resources land
 - Acquired land definition did not include con-con lands
 - Payments made for hunting lands under section 97.49 deducted
 - All payment rates were flat rates
 - Acquired = \$3/acre
 - DNR-administered other = 37.5 cents/acre
 - County-administered other = 75 cents/acre
 - Distribution generally the same as under current law

Purposes of ch. 477A PILT

- **No purpose statement in law as enacted**
- **Based on distribution provisions of law, major purposes are:**
 - **Property tax levy reduction**
 - **Funding for natural resource management and development on county-administered tax forfeited land**

Purposes of ch. 477A PILT

- “[Testimony] centered on a number of related issues, including ... the loss of public land through sales ... the need for more personnel and equipment in land departments, the cost to local governments for services on public lands and the unfair tax burdens to residents in counties with large percentages of tax exempt lands. ... The need for additional funds to develop and manage tax-forfeited lands was a concern expressed in much of the testimony.”
Northern counties urge passage of ‘in lieu of taxes’ legislation, Bemidji Pioneer, May 12, 1978

Purposes of ch. 477A PILT

- “Currently, local governments across-the-state—and especially in Northern and North Central Minnesota—lose significant property tax revenues due to the presence of tax-exempt lands within their boundaries. And, local property owners end up paying higher property taxes to compensate for those lost revenues. My payment-in-lieu of taxes bill would spread the cost of maintaining lands for public use across-the-state—a much fairer approach....”
Sen. Gerald Willet, *Willet Senate Report*, Park Rapids Enterprise, May 5, 1979

Purposes of ch. 477A PILT

- “The rationale for such payments ... is simple yet truly equitable. State-held lands, often designated as parks or forest preserves and used extensively by citizens from throughout the state and nation, are now exempt from local governments’ taxing powers ... Thus, county, city and township governments must tax the remaining private property at excessively high rates to raise needed tax revenues.” *Equitable land law*, (Editorial) Duluth News-Tribune, May 26, 1979

Major Amendments to ch. 477A

- **1990 M.L. ch. 604 art. 4 sec. 16** – LUP lands added (same rate as DNR-administered other)
- **1995 M.L. ch. 220 sec. 125** – $\frac{3}{4}$ of 1% of appraised value added as payment option for acquired land
- **2000 M.L. ch. 485 sec. 18; ch. 490 art. 6 sec. 14** –
 - “Acquired” land definition changed to add con-con lands designated as state parks, state recreation areas, scientific and natural areas, or wildlife management areas
 - Inflation adjustment added for lands paid at flat rate

Major Amendments to ch. 477A

- **2000 M.L. ch. 490 art. 6 sec. 11 –**
 - Purpose statement added to M.S. § 477A.12
 - Requirement that appropriation be transferred to commissioner of revenue for payment added
- (a) ~~There is~~ 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 ~~payment to counties within the state an amount equal to~~ transfer to the commissioner of revenue.

Major Amendments to ch. 477A

- **2005 M.L. 1st Special Session ch. 3 art 1 sec. 33** – LUP rate changed to same as county-administered other
- **2008 M.L. ch. 368 art. 3 sec. 2** – Special rate and distribution for Vermilion State Park (M.S. § 477A.17)
- **2010 M.L. ch. 389 art. 1 sec. 25** – Soudan Underground Mine State Park added to sec. 477A.17
- **2011 M.L. 1st Special Session ch. 7 art. 6 secs. 20, 27** – Elimination of inflation adjustment; flat rates changed, frozen at 2010 inflation-adjusted levels

Post-1979 Amendments to M.S. § 97.49

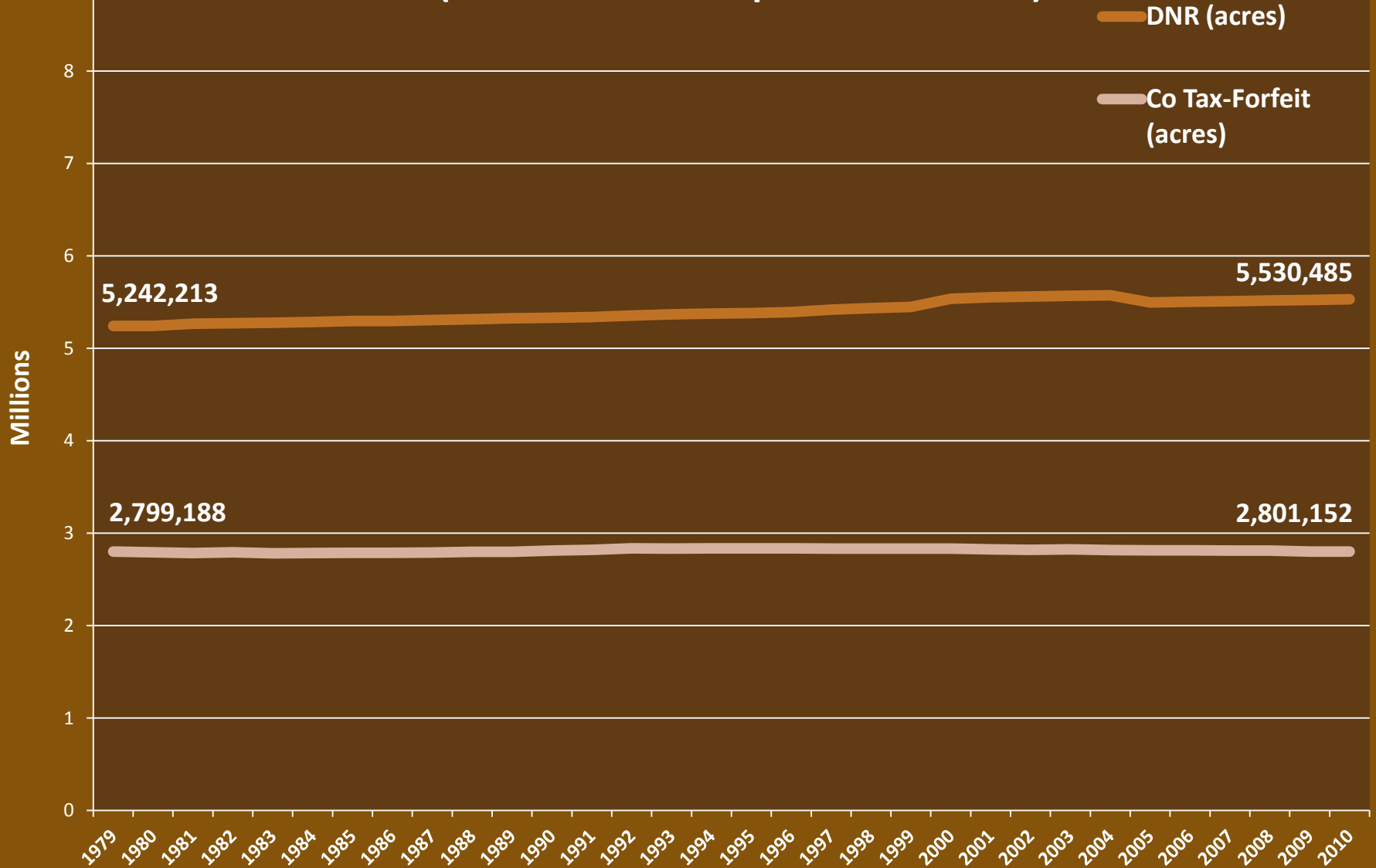
- **1986 M.L. ch. 383 sec. 15** – Recodified as section 97A.061
- **1994 M.L. ch. 561 sec. 4** – Payment source changed from game and fish fund to general fund
- **2005 M.L. 1st Special Session ch. 1 art. 2 sec. 96** – Camp Ripley Game Refuge added to lands eligible for PILT

Statistics & Trends



State Natural Resources Land Ownership by FY

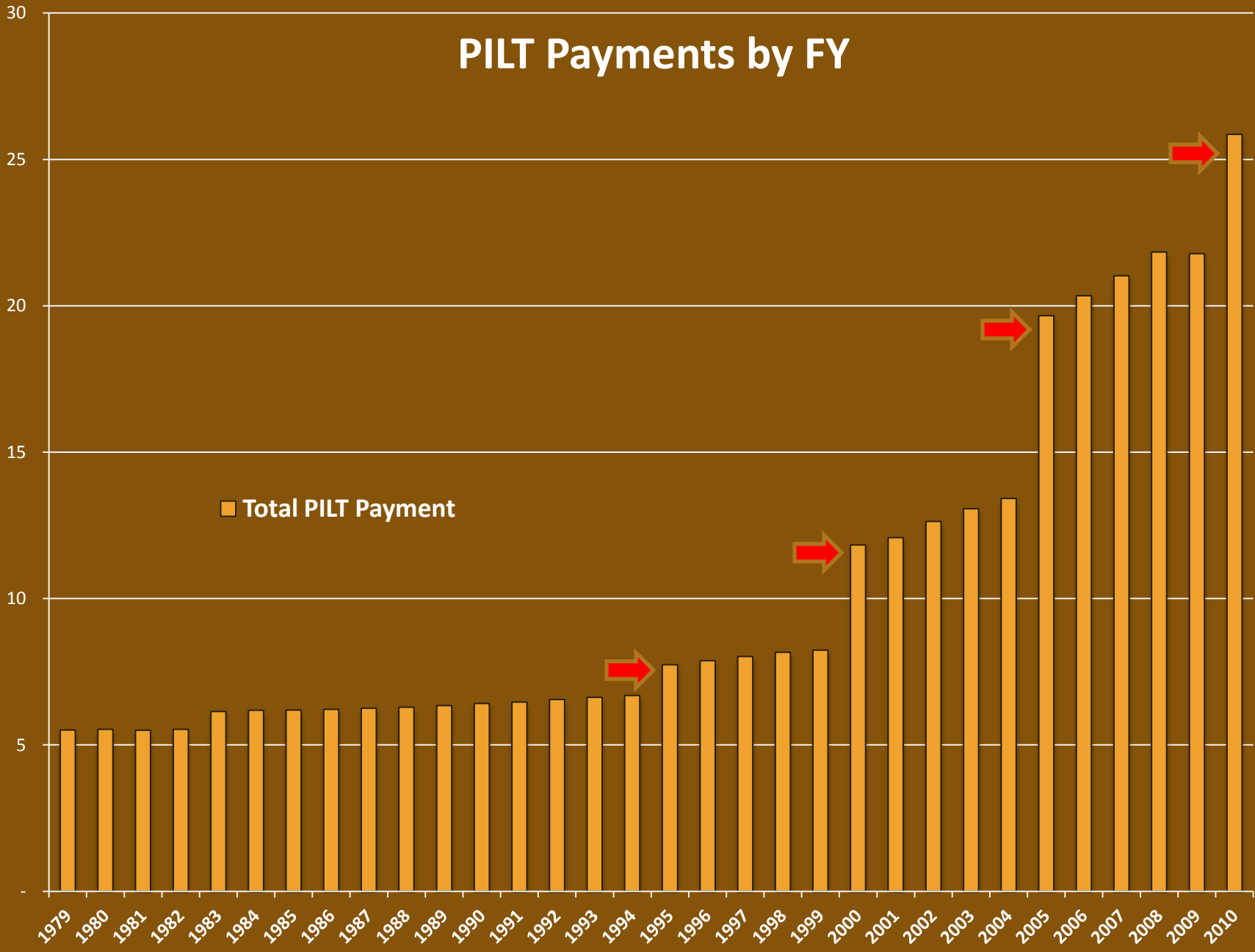
(Data from PILT Reports 1979-2010)



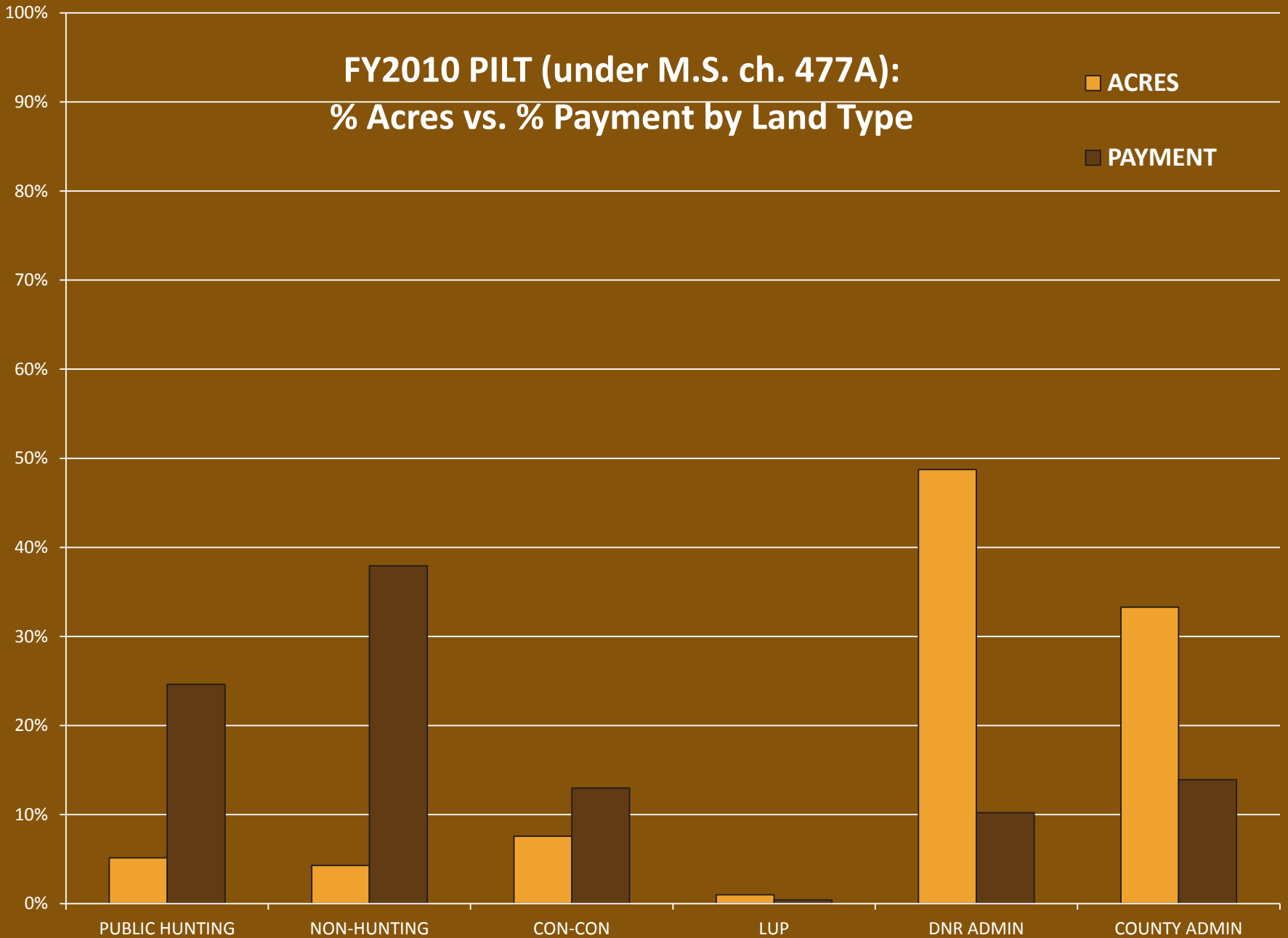
PILT Payments by FY

Millions

Total PILT Payment



FY2010 PILT (under M.S. ch. 477A): % Acres vs. % Payment by Land Type



Questions?

