

## Payment in Lieu of Taxes (PILT)

- Under state law, Payments in Lieu of Taxes (PILT) are made to local governments for state-owned natural resources land located within a county.
- These PILT payments help counties pay for local services like law enforcement, fire safety, and schools, just as property taxes do.
- The state of Minnesota distributes PILT payments from its main operating general fund. Counties receive PILT payments based on requirements in Minnesota statute. Counties distribute PILT payments to Townships and school districts.
- The DNR calculates PILT amounts to each local government and the Department of Revenue is responsible for distributing PILT payments to counties for disbursing funds to the townships and school districts that receive them.
- In Fiscal Year 2018, the state paid nearly \$36 million in PILT to counties, townships and some school districts related to about 8.5 million acres of state owned land.

## State lands PILT eligibility and payment determination

Under current law, PILT payments are reserved for natural resources lands. County population, revenue-sharing payments, and the amount of state-owned land within its boundaries help determine PILT payments. The highest rate (1.5% of the lands appraised value) is paid for Lake Vermilion-Soudan Underground Mine State Park. County's pay rates are set forth in statute. They are based on the following land classification.

Land classification	Land description	PILT payment rate
DNR-administered lands	All lands held by the state in fee title, and administered by the commissioner of natural resources, that were not on tax rolls when acquired.	\$2.00 per acre
County-administered, tax forfeit lands	Tax-forfeited lands, other than platted lots within a city, administered by counties.	\$2.00 per acre
Land Utilization Project (LUP) lands	Lands owned by the United States, leased by the state, and managed by the DNR for wildlife, forestry, and other conservation purposes.	\$5.133 per acre
Camp Ripley Game Refuge	Land administered by the Department of Military Affairs where hunting or trapping of some or all wild animals is prohibited.	\$2.5665 per acre
Wildlife management lands	Lands acquired from a private landowner for wildlife management purposes, and designated as a Wildlife Management Area (WMA).	Greater of \$5.133 per acre or 0.75% of the appraised value of all wildlife management land within the county.

Land classification	Land description	PILT payment rate
Acquired natural resources land	Land, besides wildlife management land, privately owned at the time of acquisition and consolidated conservation lands designated as state parks, state recreation areas, scientific and natural areas or wildlife management areas.	Greater of \$5.133 per acre or 0.75% of the appraised value of all acquired natural resources land within the county.
Transportation wetland acres	Land acquired by the state from private owners, and administered by the Department of Transportation, for the purpose of replacing wetland losses caused by transportation projects	Greater of \$5.133 per acre or three-fourths of one-percent of the appraised value of all transportation wetland within the county.
Vermilion/Sudan State Parks	These parks have their own PILT statute.	These parks have a special PILT rate of 1.5% of the appraised value of the land within the parks.

## PILT distribution

There are three general PILT distribution systems:

- PILT payments for wildlife management lands and military game refuge lands are distributed among counties, townships, and school districts as if they were property taxes on the land
- PILT payments for Lake Vermilion- Soudan Underground State Park are distributed 1/3 each to the county, township and school district
- All other PILT payments are distributed among counties and townships per a formula set forth in [Minnesota Statute 477A.14](#)

## How does PILT compare with property tax revenue?

Example: The DNR proposes to purchase 110 acres to use as a Wildlife Management Area

This is just one example of PILT payments. PILT payments can be higher or lower depending on the county assessed value, and the DNR's appraised value.

- The acquisition consists of 110 acres (70 acres in Stearns County and 40 acres in Kandiyohi County)
- The anticipated purchase price is \$285,670. The price paid per acre is \$2,597 (\$285,670/110)
- PILT is calculated for Stearns and Kandiyohi counties by multiplying .0075 times the value

Stearns County PILT:

70 acres proposed for purchase x \$2,597 per acre = \$180,665 for the value of Stearns County lands acquired

*Estimated annual PILT Payment* = \$180,665 x .0075 (PILT rate) = **\$1,355**

*2015 Property Tax Payment* = **\$645**

Stearns County is estimated to receive \$710 more from PILT than from property taxes.

## Contact

Katherine Giel, DNR Division of Lands and Minerals 651-259-5377, [katherine.giel@state.mn.us](mailto:katherine.giel@state.mn.us)