Overview

This bill establishes a new property class for certain unimproved real estate bordering public waters. The new class 4f has a class rate of 1.0 percent of market value if certain requirements are met. Under current law the class rate on this property varies, depending upon ownership, from 1.7 percent to 2.2 percent. The owner must sign a covenant agreeing to keep the land in its undeveloped state for the duration of the covenant. An owner may terminate the covenant, but needs to give a 10 year notice of termination. Upon termination of the covenant, additional taxes are due relating to the last 10 years that the property was valued and assessed as class 4f property.

1 Class 4f Undeveloped lakeshore. Provides a new class 4f for certain unimproved real estate, not including agricultural land, that meets the requirements of clauses (1) to (4). Class 4f has a class rate of 1.0 percent. The requirements are:

(1) the property consists of at least 200 contiguous feet of unimproved real estate that borders a meandered lake as defined under section 103G.005, subdivision 15, clause (3);

(2) the unimproved real estate is located within 400 feet from the ordinary high water elevation of the water;

(3) the owner of the property files an application with the county assessor for classification under this section; and

(4) the owner of the property signs a covenant agreement and files the covenant with the county assessor in the county where the property is located. The covenant agreement must include all of the following:

(i) legal description of the area included in the covenant;
(ii) name and address of the owner;
(iii) a statement that the land described in the covenant must be kept as undeveloped land for the length of the covenant;
(iv) a statement that the landowner may initiate expiration of the covenant agreement by notifying the county assessor. The date of expiration must be at least 10 years from the date of the expiration notice;
(v) a statement that the covenant is binding on the owner or owner's successor or assignee, and runs with the land; and
(vi) a witnessed signature of the owner covenanting to keep the land in its undeveloped state as it existed on the date of the covenant was signed.

Upon expiration of the covenant, additional taxes are due. The amount of additional taxes due equals the difference between the taxes actually levied and the taxes that would have been imposed if the property had been valued and assessed if class 4f did not apply for the last 10 years that the property was class 4f. No interest and penalties are levied on the additional taxes if timely paid. The tax imposed is a lien on the property to the same extent as other real property taxes.

2 **Effective date.** Provides that section 1 is effective for the 2000 assessment and thereafter, taxes payable in 2001 and thereafter.