

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 421

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**Version:** As introduced

**Authors:** Buesgens and others

**Subject:** Extending open space property tax valuation to auto racing tracks

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### Overview

Extends the open space valuation and tax deferral to auto racing tracks.  
Effective beginning with the 2003 assessment.

#### Section

- 1 Requirements for valuation and tax deferral.** Adds auto racing to the recreational uses eligible for the valuation and tax deferral of open space.

The "Minnesota Open Space Property Tax Law" provides for a valuation deferral on private outdoor recreational open space and park lands, whose valuations have been increased by assessors to reflect the "highest and best" use of the land, which is typically a potential residential or commercial value of the property. The law specifies exactly what types of recreational use qualify for this deferral-i.e., golf, skiing, lawn bowling, croquet, archery and firearms ranges. H.F. 421 proposes to add auto race tracks to the qualifying recreational property category.

Under the open space law, the assessor continues to value the property at its highest and best use, as well as a market value based upon its current use (as one of the qualifying recreational uses). As long as the property continues to be used for one of these specific recreational purposes, the property taxes actually imposed are based on the lower current use value. The deferred taxes (often referred to as "additional taxes"), defined as the tax amount resulting from the difference in the two valuations, times the appropriate class rate, times the current tax rates, are annually determined by the county. The "additional" taxes constitute a lien on the property. The "additional" taxes, due when the property no longer qualifies for the

**Section**

deferment, are levied for the last seven years that the property was valued and assessed under the open space law. No interest or penalties are levied on the additional taxes if timely paid.

There are 5 asphalt tracks and 10 dirt race tracks in Minnesota that could potentially qualify for this treatment. However, this valuation deferment only benefits property if the property that is used for the race track has a highest and best use for something other than as a race track. If, for example, a race track is located in a rural area, it is possible that its highest and best use is as a race track. Therefore, there would be no benefit to be in this program.

Section 1 is effective beginning in assessment year 2003, except that for the 2003 assessment year, the application for deferment must be filed with the county assessor in which the property is located within 60 days after final enactment of this act.