

Directors & Officers

Dale Carlton, President

Property Location: Lake Four
Aitkin County
(h) 763-420-7229

Bill Bretzke, Vice-President

Property Location: Pike Lake
Cook County
(h) 651-699-6732

Barbara Robertson, Secretary

Property Location: Leech Lake
Cass County
(h) 763-522-3274

Carole Aljadah, Treasurer

Property Location: Big Portage Lake Chain
Cass County
(h) 763-542-1056

Gary Bloedel

Property Location: Big Pine Lake
Aitkin County
(h) 612-459-2971

Jack Chaffee

Property Location: Gull Lake
Crow Wing County
(h) 218-963-4969

George Crolick

Property Location: Lake Eshquaguma
St. Louis County
(h) 952-936-0274

Roger Goeschel

Property Location: Miller Lake
Crow Wing County
(h) 952-435-7167

Dorothy Grandstrand

Property Location: South Winnie
Cass County
(h) 651-462-4669

John Nowicki

Property Location: Lake Osakis
Douglas County
(h) 651-773-5575

Nyle Zikmund

Property Location: Voyagers Nat'l. Park
St. Louis County
(h) 763-780-1433

Staff

Jeff Forester, Executive Director
jeff@msrpo.org

Judy Corrigan, Executive Administrator
judy@msrpo.org

(office) 952-854-1317
(fax) 952-854-7953
(web) www.msrpo.org



*In Support of Fair Property Taxes for All
Minnesota Lakeshore and Recreational Property Owners*

MSRPO Update

Progress Report on MSRPO Initiatives

Last year MSRPO announced the beginning of a number of important initiatives designed to increase our exposure in the media, recruit new members, energize our current members to communicate with their legislators, improve the effectiveness of those communications, and establish solid coalitions with other groups or associations.

We also formed a Political Action Committee, (PAC) in an effort to impact the political process and cultivate legislators supportive of property tax fairness in Minnesota.

The goal of all of our new initiatives is to change the Minnesota tax code to be more fair and equitable for Seasonal Recreational Property Owners. MSRPO believes that:

- Taxation without representation or the ability to vote is unfair.
- There needs to be a relationship between local property taxes and services rendered.
- Cabins should not pay more than local homesteads that use services more frequently and over a greater period of time.
- Cabin ownership is not related to wealth, and cabin property taxes should be tied to an ability to pay.
- Market value forces are beyond the control of cabin owners and should not be punitive to cabin owners.

Our first step last year was to hold Town Meetings to bring seasonal property owners and their representatives face to face to discuss the issues. It is critical that legislators are able to connect an issue with living, breathing and voting constituents. They benefit from hearing personal stories, and seeing the level of commitment and passion voters have for an issue. In the last year MSRPO held or attended Town Hall meetings in Minneapolis, Brainerd, in District 8, along the northern I-35 corridor, Rochester, District 49, (Ham Lake, Andover, Coon Rapids), District 30, near Rochester, District 63, including parts of Richfield and Bloomington, a meeting in Minnetonka that included reps and members from Minnetonka, Edina, St. Louis Park and surrounding areas, and Robinsdale. A great number of legislators were engaged at these meetings, and emerged as champions of MSRPO's agenda last session. Some even drafted legislation to address the concerns they heard at these meetings.

MSRPO's main function is to disseminate information; to legislators, the media, general public, and seasonal recreational property owners. Last year we began the long process of contacting every county in the state, acquiring their tax rolls of seasonal recreational property owners, and then collating these lists by legislative district number.

(Continued on page 8)

President's Message

Leadership gets most of the headlines, but followers do most of the work. The legislative sessions for the State of Minnesota have concluded for the year, the leaders finally having laid out a compromise.

Executive Director, Jeff Forester, did a terrific job of walking through the minefields at the state capitol and getting our points across. He was ably helped by our lobbyists. They were able to get the Limited Market Value reinstated for the next two years at the current rate and a 3.5% reduction in our share of the State General Tax, while laying further groundwork for our other objectives (i.e.) removal from the State General Tax and the Blue Waters bill. We also made some headway on assessment practices. The Department of Revenue, over the next two years, will write a report on assessment practices in Minnesota, and every assessor will be required to take a class that focuses on ethics, conflict of interest, and ways to standardize practices across the state. A panel will write these guidelines. MSRPO will be a member of this panel.

Don't get discouraged that we didn't accomplish our other objectives. Often issues are around for years without change. We have not forgotten those issues. Don't get the attitude that nothing will ever change.

I am encouraged by the membership. You really do most of the work, and our successes are largely yours. In May, we had a booth at the Lake Home and Cabin Show in Minneapolis. During the three day period several members showed up to work the booth and inform attendees of our positions. Members made nearly 200 telephone calls from our booth to state legislators about our concerns.

During the past year members have written articles to the newspapers about lake/cabin issues and have contacted their state legislators to express their views. Congratulations and good work. This level of commitment can and will provide results. This session is proof of that.

We are a small organization compared to many at the legislature. They often are at crosshairs

with our views and have much more money for lobbyists. We are not a top down organization. Everyone counts. Everyone is responsible to help. We can't just mail in the annual dues and sit back. Membership participation in the past has been great and getting larger. We must continue this effort in the future.

Do whatever you can to help. Talk to your lake cabin neighbors about our organization. Increase our membership for more power. Organize locally at your lakes to deal with local issues such as zoning or annexation. Communicate with the state legislators where you vote.

There is strength in numbers. We must all work together.

See you all at the annual meeting on Wednesday, October 5, 2005 at 7:00 p.m. in the Minnetonka Community Center. Have a great summer.

Dale L. Carlton
President

Farewell

It is with the deepest regret that I must announce the death of one of MSRPO's first Board of Director members, William John Peterson. Bill was a very involved board member, always ready to volunteer for even the most unpleasant tasks. During difficult or contentious discussions, Bill's warm personality and astute observations were like oil on troubled waters—calming. The Board and MSRPO deeply regret his loss, and will miss him greatly as we face the challenges ahead of us. Every seasonal property owner in the state owes Bill a deep gratitude for all of the work he did over the last eleven years for our cause. Below is Bill's obituary from the Minneapolis Star Tribune:

William John Peterson of Burnsville, died suddenly and went to be with the Lord Saturday, March 12, 2005, while visiting friends and family in Phoenix. Preceded in death by parents, Fred & Margaret Peterson. Survived by loving wife of 49 years, Rozanne; children, William of S. CA, Steven (Cherri), Mary Ellen (Lou) Ellis; grandchildren, Kelsey, Nicole, Christine and John; brother, Fred Peterson of Southern, CA; and sister, Susan (Ron) Burger; niece, Anna; and nephew, Ben. Devoted husband, father, and grandpa extraordinaire. Bill was a great listener,

who impacted the life of all those he touched. Although Bill struggled with physical ailments, he never skipped a beat. He was always there for family, friends, business, and AA, as a role model of what a man should be. He enjoyed wintering on Maui, summers at Farm Island Lake, and world travel with loving wife. But his greatest joy was being in the presence of his grandchildren. Retired Pillsbury Sales Exec of 35 years. Member of Masons and MSRPO. Served in Korea 1953 to 1955. 1952 graduate from Patrick Henry and the U of M. Visitation 5-8 PM Thursday, March 17 at

Washburn-McReavy Edina Chapel, West 50th St. & Vernon Ave. at Hwy 100, Edina. Funeral service 11:00 AM Friday, March 18 with visitation beginning 10 AM at Faith Covenant Church, 130th & Nicollet Ave., Burnsville. Interment Ft. Snelling National Cemetery. In lieu of flowers, memorials preferred to Faith Covenant Church or donor's choice. Washburn-McReavy Edina Chapel 952-920-3996

Published in the Star Tribune from 3/14/2005 - 3/17/2005.

Cabins are where family happens in Minnesota

In Your Corner

Greetings. I am Jeff Forester, and it has been my honor to serve as MSRPO's Executive Director since May 2003. I have a long association with MSRPO, and began serving on the Board of Directors in 1994, the year after MSRPO was formed.

I am a writer by training. My last book, Forest for the Trees, How Humans Shaped the Northwoods, was released June, 2004. Doing the research for that book, I quickly came to the conclusion that in addition to logging, converting forest to farmland, and fire suppression, Minnesota's property tax code has had the most far-reaching impact on our environment. MSRPO's issue is an issue of fairness and equity, but there are critical environmental and ecological implications in taxing Minnesota's forestlands and lakeshore more aggressively than any other property type. Local government often tries to write zoning and building regulations to protect lakeshore, but then taxes the land so highly they force the sale and development of those critical lots. Meanwhile, the state spends hundreds of millions of dollars trying to improve water quality in the state, yet the tax code forces the rapid development and redevelopment of our lakeshores. The DNR reports that one of the biggest sources of surface water contamination in the state is shoreline development.

The average size of a seasonal recreational parcel has shrunk in recent years from almost 80 acres to just under sixty. More than 80% of

the cabin owners in the state do not want to sell their land. They did not buy it as an investment and would rather hold onto it for their families. Yet many of these are afraid they will not be able to stand against the outrageous tax and market pressures they face today. I learned that it is better to provide incentive (more equitable taxation) and include seasonal property owners in the local process (i.e., no taxation without representation) so that people can preserve their land themselves, than regulate the development as it occurs. This interest and realization led me to MSRPO more than ten years ago.

I believe that my role as Executive Director is first and foremost to serve you, our members, and your interests. My biggest job is communication, and to that end I initiated our broadcast email system last year. This allows me to communicate with our members very quickly and inexpensively. It also provides members with a good opportunity to respond. By corresponding with the MSRPO membership I will get a better understanding of our member's needs and concerns, and be able to better represent you at the Legislature. I personally answer every letter or email I receive as quickly as I can. You can reach me at jeff@msrpo.org. If we do not have an email address for you, please send it along so that you can be more informed and involved in our work. With over six thousand members, electronic communication saves us tens of thousands of dollars a year in mailing costs,

and allows us to get the word out about upcoming events in a matter of minutes rather than days or weeks. In addition, these emails usually contain links to news articles, government sites, on-line reports and web pages important to our members

Each of these emails also contains a link to a secure site where people can become members of MSRPO. I encourage you to forward MSRPO emails to anyone else you know who would be interested in our work.

The best way to communicate is directly, face to face. Last summer I spoke at fifteen lake association meetings, and got a good understanding of the issues lakeshore owners face in Minnesota. Members of our Board made presentations at a number of other local lake association meetings, and many of our members distributed literature at their groups. I encourage you to get involved. Please call if you would like me to make a presentation at your lake association meeting. I value the opportunity.

Thank you for the opportunity to serve you these last three years. It has been a real learning experience. I am grateful for the chance to work on an issue that is so personally important to me.

Jeff Forester

Executive Director

Lake Home and Cabin Show

This was the first year of the Minnesota Lake Home and Cabin Show. MSRPO's membership committee decided to have a booth there, and the show promoters provided one gratis.

This was the first time MSRPO has had an event booth, and we were amazed at the number of people who stopped by. The show was at the end of April, close to the end of the session. We had two cell phones on hand so that people could call their legislators directly to ask for cabin tax relief. We made over 200 phone calls in three days. At times both phones were going and people were waiting in line to use them.

We also got a chance to talk with many hundreds of people, perhaps thousands, who are concerned about their seasonal property taxes. It was an

excellent opportunity to get out the message. We distributed a lot of information about property taxes in Minnesota, and picked up a number of new members. It was a big, big weekend.

Special thanks to the volunteer members who took the time to come down and work the booth with us: John Bogard, Shari Arneson, and Ron and Margaret Berg. These members really worked hard on our behalf, and I am very, very grateful for their energy and commitment.

A number of our board members also deserve a big thank you: Roger and Jane Goeschel who contributed their time, as well as some beautiful hand-carved fish decoys which we raffled off; Jack and Libby Chaffee, who drove in all the way from Nisswa to work the booth, and then drove home

the next day; Carole Aljadah, Bill Bretzke, Dorothy and Chuck Grandstrand, John Nowicki, and Dale Carlton, all who took turns working the booth, talking with people, and explaining the complexities of Minnesota's tax code. MSRPO is blessed with a wonderful board and great members. We could not succeed without them. Thank you.

Mark your calendars now. The 2006 Minnesota Lake Home and Cabin show is April 21-23. Please call or email us if you would be interested in working this fabulous event.

Seasonal Owners are not “Rich Folks”

We often hear at the Capitol that cabin owners should pay higher taxes because they can afford to pay. So MSRPO hired an independent researcher to study the demographics of the typical seasonal property owner in Minnesota, not MSRPO members, mind you, but ALL cabin owners. Here are the results of that survey, and they are startling.

1. Minnesota resident seasonal property owners have an average age of 62 years. In 1999, the average Minnesota seasonal property owner age was 58.
2. 55% of seasonal property owners are retired and over the age of 62 and 45 % live on fixed incomes and are over the age of 65.
3. Seasonal property owners do not have “higher incomes” and thus are not financially “more able to afford higher property taxes.” Average seasonal property owner HOUSEHOLD income in 2005 was \$58,383. In 1999, the average seasonal property owner household income was \$58,504, and in 1995, \$53,682.
4. 86% of seasonal properties have homes, cabins or trailers on their property and 62% are not winterized and not inhabited during the winter months.
5. Average length of seasonal property ownership is 24 years. The average ownership in 1999 was 19.5 years and in 1995 was 25 years.
6. Minnesota resident seasonal property owners occupy/utilize their properties, on average, only 55 days per year. They use far less of the tax funded services and facilities than year around residents.
7. The 2005 average assessed market value of seasonal property is \$119,637.
8. 8% of Minnesota seasonal property owners purchase recreational property as an investment. 2% sell their property to make a profit.
9. 72% purchase their seasonal property for recreational and retirement use while 20% of seasonal property owners inherited their property or purchased it from a family member.
10. On an average, Minnesota seasonal property owner's tax bill for 2004 was \$1,183.
11. 75% of Minnesota seasonal property owners do not believe that there is a correlation between their tax bill and the services received.
12. 86% of Minnesota seasonal property owners indicated that they would not sell their property in the next three years. In fact, 30% of the 86% said that they would pass or have passed their property on to a family member. Some seasonal property owners are fourth generation owners of their seasonal property.
13. 6% of property owners, over 7,000 Minnesota families, said they may possibly sell their property in the next three years because it is no longer affordable for them to keep their property.

Cabins are where family happens in Minnesota

Good News—Success at the Legislature!

Seven months ago, MSRPO's Legislative Action Committee met with our lobbyists Robert Johnson and Henry Erdman to devise our 2004/2005 agenda, and our strategy for getting it passed. The agenda was:

- 1) Removal of Seasonal Recreational Land from the State General Tax.
- 2) Extension of the Limited Market Value (LMV) phase-out.
- 3) Passage of Blue Waters Legislation.

We achieved some success on the first two. The results mark a seven-month strategic effort that has paid dividends for MSRPO and its members. See the examples of a sampling of tax bills to see how these changes will impact a property similar to yours.

At session opening MSRPO focused on grass roots activism and targeted lobbying. Executive Director Jeff Forester, Robert Johnson Governmental Relations and a number of MSRPO members met with members of the House and Senate Tax committees early to set up a base for our arguments and outline our concerns with the current property tax system as it relates to seasonal properties. To supplement these efforts, emails and mailings to the membership generated numerous communications to legislators by *their* constituents to further fuel our agenda in what one legislator dubbed "one of the most effective

grass roots efforts" he had ever seen.

As bills were introduced we began to witness the fruits of our labor. Legislators were contacting both MSRPO and the lobbying team to offer solutions and assistance with our plight. Some forwarded the names of constituents who were concerned about their property taxes to MSRPO. In one case, a legislator's grandmother signed up with MSRPO. In subsequent discussions with these and other tax committee members we successfully lobbied for the inclusion of a 2 year Limited Market Value (LMV) extension in the House and a permanent LMV provision in the Senate. In addition lobbying efforts also produced the inclusion of a fixed share apportionment of the State General Tax in the House bill.

With the groundwork laid in both tax bills, MSRPO went into conference in great shape. But, as you are no doubt aware, the legislature again broke down, for the second year in a row, and adjourned the regular session without a tax bill. The legislature went directly into special session and proceeded to spin its wheels. The tax working group, as they were referred, proceeded to meet for weeks on end with no resolution in sight. Once again MSRPO turned to its members who increased their grass roots correspondence with the working group members. Jeff Forester and the MSRPO lobbyists worked at direct lobbying during the working group meetings. Day after day the

group failed to address our initiatives. We seemed to be in trouble. Adding more uncertainty was the resignation of Rep. Krinkie from Chair of the House tax group; Rep. Abrams was assigned to replace him.

Finally a "global agreement" was reached at the leadership level and the committees were charged with completing their bills. On the very day and evening before the bills were to be completed MSRPO put on a full court press understanding it was now or never. Jeff Forester and members of Robert Johnson Governmental Relations met with a number of key legislators. Constituent members called in and emailed their legislators. Our efforts produced meaningful results. In a true political dance between the House and Senate, each not wanting to blink first, MSRPO's two pieces of legislation headed for final passage and on July 14th were enacted into law.

The resulting major accomplishments:

- **Extension of the phase-out schedule for limited market value (LMV) by two years.**
- **Freezing the shares of the State General Tax between commercial-industrial and seasonal recreational property classes based on their relative shares of the tax in payable 2002.**

	Taxes Payable in 2005				2006 Est. Market Value	Taxes Payable in 2006 (old law)					Taxes Payable in 2006 (new law)				
	Limited Market Value	Local Tax	State General Tax	Total Tax		Limited Market Value	Local Tax	State General Tax	Total Tax	% Tax Change from 2005	Limited Market Value	Local Tax	State General Tax	Total Tax	% Tax Change from 2005
Low-value cabin	\$70,000	\$635	\$143	\$778	\$110,000	\$83,200	\$705	\$183	\$888	14.1%	\$80,500	\$697	\$101	\$798	2.5%
Mid-value cabin	\$150,000	\$1,361	\$534	\$1,895	\$220,000	\$173,100	\$1,467	\$620	\$2,087	10.2%	\$172,500	\$1,494	\$365	\$1,859	-1.9%
High-value cabin	\$300,000	\$2,722	\$1,301	\$4,022	\$450,000	\$349,500	\$2,962	\$1,478	\$4,440	10.4%	\$345,000	\$2,988	\$862	\$3,850	-4.3%

House Research Dept. 7/25/2005

Note: These are estimates intended to give you a benchmark only. Actual savings or increases will vary from area to area depending on local levy increases and rates, and market pressure.

(Continued from page 5)

So, if you own a cabin with a Limited Market Value of about \$70,000, your property tax bill will be about \$90 less in 2006 than it would have been without our legislation. If your property has a Limited Market Value of about \$150,000 your 2006 tax bill should be about \$36 less than it was in 2005, or \$228 less than it would have been without our legislation. And if your property has a Limited Market Value of \$300,000, your 2006 property tax bill should be

\$172 less than 2005, or \$590 less than it would have been. These are remarkable results, particularly during a deficit.

Almost as important as what bills we were able to pass were bills that did not pass. On the last few days, legislators hatched a plan to shift property tax burden onto non-resident cabin owners, about a third of MSRPO members. There was also tax language in the Environmental bill that would have raised taxes

on seasonal recreational lands. Neither measure made it into the final bill. MSRPO believes that the property tax system should be fair, and stinging owners with no voice at all violates this principle.

That week the House Research Department generated two reports that outline the effects of these provisions. See sidebar for excerpts from those reports:

House Research Department report #1 (simulation #5E1)

compares property taxes payable in 2005 to projected property taxes payable in 2006 under the provisions of the compromise E-12 and tax bills. The payable 2005 portion of the simulation is based on actual data reported by the counties. The baseline payable 2006 projections result from a joint House-Senate-Administration working group. Market value projections are based on growth patterns for the previous year, adjusted for the change in limited market value limits for pay 2005, and partially refined based on input from county assessors.

Key Points—

- **Statewide, property taxes are projected to increase by \$590 million, or 10.4%**, according to the simulation. Approximately \$148 million of the \$590 million increase is borne by new construction - property appearing on the tax rolls for the first time in 2006. The overall tax increases are projected to be 10.1% in Greater Minnesota and 10.5% in the Metro area.
- **On a statewide average basis, property tax impacts by property type vary** from -2% on seasonal recreational property to +13% on residential non-homestead property. Impacts on the largest property types (existing properties only) are 11.6% on residential homesteads, -0.6% on apartments, 3.8% on commercial - industrial property, and 10.3% on agricultural property.

House Research Department report #2(simulation #5E2)

compares taxes payable in 2006 under current law to taxes payable in 2006 under the compromise E-12 and tax bills. The baseline payable 2006 projections derive from a joint House-Senate-Administration working group. Market value projections are based on growth patterns for the previous year, adjusted for the change in limited market value limits for pay 2005, and partially refined based on feedback from county assessors.

Key Points—

- **Statewide, property taxes will be \$128.2 million (2.1%) higher than they otherwise would be**, according to the simulation. Overall, taxes are estimated to be 0.9% higher in Greater Minnesota and 2.7% higher in the Metro area as a result of the bills.
- **The simulation predicts that on a statewide average basis taxes on most types of property will be 2% - 3% higher**, because of the bills. Taxes on those properties qualifying for the new low income housing classification will be 37.5% lower than they otherwise would be. Taxes on seasonal recreational property will be 11% lower.

The following is a short summary written by House Research. It includes a number of secondary provisions that MSRPO supported along the way. Many of these are a result of our conversations with legislators regarding unfair assessment practices, a key concern of members.

Also note that Tier III of resort property (high value only) is now included in the share of seasonal recreational property for the purposes of the State General Tax, which will spread our burden and reduce our payments into this tax.

H.F. 138, Section 7

Training and education of property tax personnel. Requires every assessor to attend and participate in a seminar that focuses on ethics, professional conduct and the need for standardized assessment practices at least once every four years (The four-year educational licensing period which started July 1, 2004.). The seminar is to be developed and given by the commissioner of revenue. Effective the day following final enactment.

H.F. 138, Section 8

Limited market value. Extends the phase-out schedule of LMV for two years, applicable to the same types of property as under current law (residential, agricultural and seasonal recreational only). For taxes payable in 2006 and 2007, increases in taxable property value are limited to 15 percent, or 25 percent of the difference between the current value and the previous year's limited value. These are the same parameters that are in effect for taxes payable in 2005. Under the revised phase-out

schedule, the last year of limited market value is assessment year 2008 (taxes payable year 2009).

H.F. 138, Section 15

Class 1c; homestead resorts. Restructures the classification and taxation of homestead resort (1c) property. Currently, class 1c is at a uniform class rate of one percent and is limited by area—all property value within an area of 800 feet by 500 feet in depth measured away from the lakeshore (an area often referred to as "the box"), but not exceeding 100 feet of lakeshore for each cabin or campsite, qualifies as class 1c, with the remaining value classified as 4c. This section includes all of the resort value in class 1c and provides a three-tier structure based on value only: the first \$500,000 of market value has a class rate of 0.55 percent, the next \$1,700,000 has a class rate of one percent, and any remainder has a class rate of 1.25 percent. Any portion in the third tier is subject to the state general levy.

H.F. 138, Section 20

Apportionment and levy of the state general tax. Provides that the state general tax will be

permanently apportioned into a commercial-industrial share at 95 percent and a seasonal recreational share at 5 percent. (This is the approximate breakout of the state general tax for taxes payable in 2002, the first year of the state general tax. The breakout for taxes payable in 2005 is 92.8 percent commercial-industrial versus 7.2 percent seasonal recreational. Projections for 2007 were 8.5% for seasonal rec. Our burden was expected to near \$60 million dollars in 2007, almost double what it was in 2002 when the law came into affect.)

Provides that the commissioner of revenue shall annually certify separate state tax rates for commercial-industrial property and seasonal recreational property.

H.F. 138, Section 37

Report; proposed standardized assessment and classification standards. Requires the commissioner of revenue, in consultation with appropriate stakeholder groups, to issue two reports to the chairs of the House and Senate Tax Committees. The reports shall include an analysis of existing practices and shall contain recommendations, where necessary, for achieving

higher quality and uniform assessments and consistency of property classifications.

The first report, to be issued by February 1, 2006, will address the following types of property: agricultural, rural, timber, and resorts. The second report, to be issued by February 1, 2007, will address the following types of property: low income rental housing, state and federal agricultural/environmental programs, seasonal recreational, and commercial/industrial. Effective the day following final enactment.

H.F. 138, Section 38

Code of conduct and ethics; assessors. Directs the commissioner of revenue to develop a code of conduct and ethics for assessors to ensure public confidence in property assessment. The commissioner shall consult with appropriate groups. The code must include language that promotes fairness and uniformity and recommends assessment practices that do not promote the perception of a conflict of interest. The code must be completed and recommended to the state Board of Assessors for adoption by January 1, 2006. Code must be presented as part of a course taught by the department.

MSRPO “Booby Prize” Winner for 2005

The Booby, a bird now extinct from excessive hunting pressure, seems to be a good metaphor for Minnesota Seasonal Property Owners – who are the targets of unfair and over aggressive taxation.

In 2003, MSRPO, a bit tongue in cheek, began offering a “Booby Prize” to the cabin owner with the biggest percent increase in their property tax bill in a single year. The “prize” is a one year free membership in MSRPO. (Again, the prize is also somewhat tongue in cheek as our membership dues are flexible. We encourage people to give what they can afford. The average is about \$50.) In this case though, the more you give in membership

contributions, the more you might win!

This year’s winners/losers are Lynn and James Barbeau, who suffered an amazing 123.4 % property tax INCREASE between 2004 and 2005. This award, however, could not have been won without the assistance of the St. Louis County Assessor, and so special “thanks” are due.

Please continue to send MSRPO copies of your 2005/2006 property tax statements. Beyond a bit of fun for our annual “Booby Prize” winner, these tax statements are invaluable to MSRPO as we make our case at the legislature. Legislators are often floored when they see these bills. They cannot argue with them. Nothing

makes the case more clearly that seasonal property has endured extreme tax pressure in the last few years than actual tax statements.

While Mr. And Mrs. Barbeau’s bill is truly remarkable, MSRPO members mailed in many tax statements that showed increases of more than 30%, with a good number in the 50% range. There were very few who had less than a 10% increase last year. We hope that with the recent changes to the State General Tax, and the extension of the Limited Market Value phase-out, MSRPO will receive far fewer “remarkable” property tax statements, and none as grossly exaggerated as Mr. & Mrs. Barbeau’s.

Finally, MSRPO Gets a Voice in Assessment

One of our greatest accomplishments this last year was to make legislators aware of, what Rep. Ray Vandever called, “Over zealous assessment of the politically vulnerable.” What he was describing is well known to any MSRPO member who has visited their assessor, or appeared before a local Truth in Taxation hearing to discuss their property taxes. We have no voice in local government, and so have no voice with local assessors. Some assessors and officials are downright rude. Others patronizing. A few mildly sympathetic – to a point.

Last session, Minnesota passed a new law, requiring the Commissioner of Revenue, “in consultation with appropriate stakeholder

groups, to issue two reports to the chairs of the House and Senate Tax Committees. The reports shall include an analysis of existing practices and shall contain recommendations, where necessary, for achieving higher quality and uniform assessments and consistency of property classifications.”

The new law also, “Directs the commissioner of revenue to develop a code of conduct and ethics for assessors to ensure public confidence in property assessment. The commissioner shall consult with appropriate groups. The code must include language that promotes fairness and uniformity and recommends assessment practices that do not promote the perception of

a conflict of interest.”

On August 2nd, the Governor’s Office confirmed that MSRPO is a stakeholder in these issues, and said that we will be one of the groups conferring with the Commissioner of Revenue on these issues.

Again, this success is due to you, the members, who wrote in to legislators and the governor’s office concerning unfair assessment practices. Without having heard from all of you, the law would never have passed in the first place, nor would a representative of MSRPO have been invited to participate.

(Continued from page 1)

Each county has their own recording system, (and assessment practices – but more on that later) and we received this data in a wide variety of formats. We finished reformatting and organizing this critical information last fall, just prior to the legislative session. Some interesting facts we derived from this information: there are more than 199,000 seasonal recreational parcels in Minnesota owned by 120,113 families. Roughly 73% of these owners are Minnesota residents. The 27% of Minnesota cabin owners that reside outside Minnesota are scattered across almost all of the 50 states.

This data is important for organizing letter writing and phone call campaigns, and direct mail efforts. It also revealed some surprising information. Many people assume that most cabin owners have their permanent residence in Minneapolis or St. Paul. Not true. The legislative district with the most cabin owners is District 3, which includes Lake of the Woods, International Falls. Three thousand eighty six cabin owners live in District 3. District 4 has two thousand six hundred and ninety cabin families who make their permanent residences in the area around Leech Lake and Lake Winnibigosh. Other lake Districts also have a huge number of seasonal recreational property owners: District 6, along the North Shore, has two thousand one hundred and eighty six cabin owners, District 5, around Virginia and Hibbing, has almost three thousand.

These numbers indicate that many, many seasonal recreational property owners live in the small towns and hamlets of greater Minnesota, and keep a modest cabin on a nearby lake or a hunting shack back in the woods, or own vacant forest land.

District 11, which surrounds Alexandria, has the fewest cabin owners, eighty-two.

Using this updated data base, MSRPO will send a letter to every family that owns seasonal property in Minnesota. Due to the cost of these mailings, we will mail in segments. The goal is to gain new members, people who see not only the poor public policy and environmental impacts of Minnesota’s property tax code, but also the unfairness and inequity. This year our energies will be focused on getting the word out that we can take action against this system, and with organized and consistent effort, change it for the better. This is your organization, and you can help increase its effectiveness by talking to your friends, family and neighbors about MSRPO. If each MSRPO member can convince just one person to join MSRPO and work for property tax fairness, our successes will also double. Please call our office and we will send you brochures and membership forms to distribute at lake association meetings, coffee clubs, book clubs, neighborhood gatherings or family reunions at the lake.

Sustainable Forest Incentive

In 2001 the Legislature passed the Sustainable Forest Incentive Act (SFIA) which provides annual payments to enrolled owners of forested land as an incentive to practice long-term sustainable forest management.

In 2006/2007 MSRPO will be pushing, along with a coalition of Environmental groups, to write into statute that land enrolled in the Sustainable Forests Initiative be reclassified from Seasonal Recreational to Timber Land, thereby reducing the tax burden on this land substantially.

Some local assessors resist changing the tax classification even though state law requires

them to classify according to a parcel's "first, best use." Land enrolled in SFI cannot be developed or used for recreation, and so should be reclassified from seasonal recreation to timber.

To be eligible you must:

- Own 20 or more contiguous acres of land in Minnesota, of which at least 50 percent is forested. The program is open to both residents and nonresidents of Minnesota.
- The land must have an active forest management plan in place (the DNR can provide such plans free of charge).

- The enrolled acres of land cannot be used for residential or agricultural purposes. A three-acre easement can be made around any non-complying structures and will be removed from the total.

- You agree to be enrolled in the program for a minimum of eight years.

Once enrolled and active, the state will pay, based on their formula for the amounts distributed each year, a per acre amount for the enrolled land. The base amount is \$1.50 an acre per year.

Check the MSRPO website at www.msrepo.org for more information on this program.

Natural shorelines work best, but they are disappearing

Minnesota lakeshore development is booming like never before, threatening the health of the state's lakes and the fish and wildlife that depend on near-shore habitat for survival, reports the Department of Natural Resources' July–August *Minnesota Conservation Volunteer* magazine.

According to the magazine's cover story, "New Visions for Lakeshores," critical aquatic vegetation is disappearing as growing numbers of Minnesotans buy lakeshore property and replace natural shorelines with mowed lawns and sand beaches.

The result is the loss of aquatic vegetation crucial to keeping lakes healthy, said DNR research specialist Paul Radomski. Using aerial photographs of 44 Minnesota lakes, he

found that developed shorelines had on average 66 percent less aquatic vegetation than undeveloped ones.

"It has consequences to fish. It has consequences to wildlife, amphibians, ducks, herons," said Radomski, who has been studying aquatic plants on Minnesota lakes for nearly a decade.

"New Visions for Lakeshores" describes efforts by the DNR, counties and cities, lake associations, lakeshore property owners and others to maintain and restore native aquatic plants. It offers suggestions about what individuals can do to help protect lakeshore habitat, lists DNR shoreland regulations and permit information, and provides lakeshore management resources.

Also in the July–August magazine, readers will find stories about the big appeal of smallmouth bass, the thrills and chills of exploring Minnesota's Mystery Cave, and highlights of Itasca State Park. The issue's Young Naturalists story introduces young readers to the wonder of water.

Minnesota Conservation Volunteer is supported entirely by readers' donations. Subscriptions are free to Minnesotans, \$20 for out-of-state subscribers. To request a copy or subscribe, call 888-646-6367. To read the magazine or subscribe online, go to:

www.dnr.state.mn.us/magazine.

Find "New Visions for Lakeshores" at:

www.dnr.state.mn.us/volunteer/julaug05/newvision.

My fellow cabin owners:

An open letter to seasonal recreational property owners from Representative Morrie Lanning.

There is good news coming from the Minnesota legislature! Property tax relief is on the way for seasonal recreational property!

One of my priorities for the 2005 legislative session was to bring much needed property tax relief to seasonal recreational property. I am very pleased to report that two of my bills bringing property tax relief to cabin owners were included in the Omnibus Tax Bill passed by the House and Senate and signed into law by the Governor.

The first bill approved extends the Limited Market Value (LMV) relief for two more years.

Previously, LMV was scheduled to end in 2007, and now it will be 2009. LMV is a policy that protects property owners from rapidly increasing values by delaying the date by which property is taxed at its full estimated market value. While LMV is still being phased out in 2009, it will continue to provide tax relief until then.

The second bill of mine that is now law fixes the percentage of the state general property tax to be paid by seasonal recreational property to 5% of the total tax. Commercial/industrial (C/I) property will pay the remaining 95%. The 2001 tax reform first imposed the State General Tax on seasonal recreational property as a trade off for a tax rate reduction and for removal from

local school excess operating levies. In 2002 seasonal recreational property paid 4.56% of the total State General Tax. Because seasonal recreational property values have been increasing at a much greater rate than C/I, by 2005 the seasonal recreational share grew to 7.22% and was headed for over 8% in 2006. Without this change in law, the percentage could continue to grow in future years. The net effect of this change in law is to provide significant property tax relief to cabin owners in 2006 and beyond.

The table below gives some examples of the tax savings that will be realized as a result of these two changes in law.

Estimated Market Value	Total Tax Payable in 2006 (Old Law)	Total Tax Payable in 2006 (New Law)	Tax Savings under new law
\$110,000	\$888	\$798	\$90
\$220,000	\$2,087	\$1,859	\$228
\$450,000	\$4,440	\$3,850	\$590

Thanks to all of you who contacted your legislators to express support for efforts to bring property tax relief to cabin owners.

Your efforts were most effective, and you were very well represented by MSRPO.

While the 2005 legislative session was an

ordeal that lasted way too long, the job got done and with good results! Enjoy the fruits of our work!

Rep. Morrie Lanning
District 9A

Cabins are where family happens in Minnesota...

One of the main themes I heard from legislators is that cabin owners are rich people who can afford two homes, and so deserve to pay higher taxes. Last year MSRPO set out to create a book of pictures and stories telling about the families that own Minnesota cabins, and their history. Our goal is to show legislators just how important these places are to Minnesotans.

Each page will have a beautiful photo of a Minnesota cabin, and a short description of what this cabin means to the family. We have

had to switch photographers, and are now working with outdoor and nature photographer Mark Palas. It will be a beautiful book. Mark began shooting this August, and will continue shooting throughout the fall, winter and spring. We hope to catch these heirloom buildings during the many different seasons.

Send us the story of your cabin. Tell us when/how it was built, how long it has been in your family, what it means to your family. Add fun, touching anecdotes. Short notes will do. We

will follow up with a longer interview. Include a snapshot if possible. All contributors' privacy will be strictly protected in the final publication. A number of you have already submitted, and we are very grateful. Do not despair! The project is not dead, but with the legislature going through much of the summer, and all of the other work we are doing, our progress has been slow. Thank you for your patience.

Help us show Legislators that ***Cabins are where family happens in Minnesota.***

Volunteer Opportunities at MSRPO

Volunteers are starting to play a big role in the work here at MSRPO. Three years ago, the Board formed sub-committees to work on specific action areas of our long-range plan.

These committees are open to all of our members, and provide a real opportunity to get involved in our work. When people tell you there is nothing you can do about death or

taxes, tell them that isn't true for taxes. There is much that can be done, and the work is a lot of fun. Please call the office if you would like to get more involved, or if you would like to serve on one of our committees.

Membership Committee: plan strategies for increasing and maintaining membership; develop informational materials to attract new

members; attend local lake association meetings and regional events, etc.

Legislative Action Committee: create 18 month legislative agenda; survey membership for legislative priorities; attend meetings at the legislature during session, etc.

Thanks to Our Legislative Champions

We wish to acknowledge and thank all legislators who originated or carried MSRPO legislation in 2005. These public servants are our champions, so if you see them, or if you feel compelled, please make sure to thank them for all of the work they have done on your behalf.

Rep. Ron Erhardt, Dist. 41A, (R) and Sen. Dallas Sams, Dist. 11, (DFL) – long supporters of MSRPO's initiatives, these legislators introduced bills that would have exempted seasonal property from the State General Tax. Sen. Becky Lourey, Dist 8, (DFL) also drafted a bill that removes cabins from the State General Tax with provisions. Rep. Tom Rukavina, Dist. 5A, (DFL) also initiated debate on the unfairness of the State General Tax as it relates to cabins, and wrote legislation that provided some relief for cabin owners under the State General Tax.

Rep. Morrie Lanning, Dist. 9A, (R) drafted and introduced a bill that rolled back seasonal owner's share of the State General Tax to 2001 levels and fixed them there, stopping the shift of that tax off of Commercial/Industrial property and onto cabins. This shift happens because seasonal property is increasing in value more quickly than commercial property, thereby acquiring a great

percentage of the burden. Rep. Lanning's bill, I am happy to say, went to the Governor and was signed into law.

There were many legislators who introduced legislation to either reinstate Limited Market Value, or extend the phase-out as a compromise position. Special thanks to Sen. Richard Cohen, Dist. 64 (DFL), Rep. Michael Paymar, Dist. 64, (DFL), Rep. Ray Vandever, Dist. 52 (R), Rep. Morrie Lanning, 9A, (R), and Rep. Joe Mullery, 58A, (DFL). Rep. Dean Simpson, Dist. 10B, (R) offered much support of our issues in Tax Committee as did Rep. Rukavina, Rep. Katie Sieben, 57A, (DFL), Rep. Joe Atkins, 39B, (DFL), Rep. Jim Davnie, 62A, (DFL), Rep. Kurt Zellers, 32B, (R), Rep. Dan Dorman, 27A, (R), Rep. Peter Nelson, 17B, (R) Rep. Jim Knoblach, 15A, (R) Rep. Paul Kohls, 34A, (R) Rep. Paul Marquart, Dist 9B, (DFL), and Rep. John Lesch, Dist. 66A, (DFL).

Rep. Mary Ellen Otremba, Dist. 11B, (DFL) was a strong champion of our Blue Waters legislation this year. Rep. Torrey Westrom, Dist. 11A, (R) testified on behalf of this measure.

Rep. Laura Brod introduced legislation that would lower the share of the spread of bond referendums

seasonal recreational must pay. As the cabin owners typically use far fewer services, Rep. Brod's bill lowers the percentage portion of their value that is applied to the payment of the bonds used to fund much of the discretionary local infrastructure. Rep. Brod also introduced a bill that extends the Circuit Breaker protection homesteads receive to cabins.

Rep. Ray Vandever, Dist. 52, Chair of the Property Tax Committee, was a strong supporter of our work this session. Our bills came up for hearing early, and received strong support from the Committee. Rep. Vandever often quoted our literature, repeatedly reminding Committee members that, "Cabins are where family happens in Minnesota."

Likewise Senator Larry Pogemiller, guided our issues through not only the Senate Tax Committee, but then through the conference committee and the special session. During the regular session a number of Senators including Sen. Belanger, Sen. Betzold, Sen. Skoe, Sen. Moua, Sen. Bakk, Sen. Marty, Sen. Tomassoni and Sen. Limmer were strong advocates for MSRPO issues.

Thank you to all of our champions.

All Politics is Local...The 2005 MSRPO Annual Meeting

The 2005 Annual Meeting will be October 5th, 7-9 PM at the Minnetonka Community Center, (14600 Minnetonka Blvd, just north of Hwy 494 and Hwy 7.)

Mark your calendars now. A strong showing will send a big message to our "public servants" that seasonal property owners expect continued property tax reform in 2006. The room can hold 500 people, and a capacity crowd will make a lasting impression on lawmakers as they head into the next legislative session.

The theme of this meeting is **Political action and Grass Roots Organization**. The time has come for

MSRPO members to be single-issue voters, to vote in a block, and to let legislators know we are united.

This year we've invited:

Rep. Morrie Lanning
Member House Tax Committee,
MSRPO Champion

Sen. Larry Pogemiller
Chair of the Senate
Tax Committee

Dan McElroy
Governor Pawlenty's Chief
of Staff

The AmeriSuites in Bloomington, near the MSRPO offices will give members a \$52 rate on a suite, complete with kitchenette. Ask for MSRPO member Jane Serrano when making your reservation, and let her know that you are also an MSRPO member. Shuttles to the Mall of America, IKEA, and the Mississippi National Wildlife Refuge run on the quarter hour. The new Light Rail runs from a few blocks of the AmeriSuites to downtown Minneapolis, including stops at the Metrodome. Use the MSRPO Annual Meeting as an excuse to get in a little early holiday shopping and sightseeing. All MSRPO members are encouraged to attend, and to take advantage of this special rate.

Please give this membership application to a cabin/lakeshore property owner neighbor or friend and encourage them to join MSRPO now!

Yes, I want to help in the effort to achieve tax fairness for cabin/lakeshore properties!

Name _____
Address: _____
City: _____
State: _____ Zip: _____
Phone: () _____
Email address: _____

Lakeshore Property Information:
Lakeshore Address: _____
City: _____ MN, Zip: _____
County: _____ Phone: _____
Lake/River Name: _____

Mail this form and make check payable to:
MSRPO Coalition, Inc.
PO Box 50868
Mendota, MN 55150

Membership is not conditioned on any level of dollar contribution but any amount you can give is greatly appreciated.

Enclosed is my contribution of:

- \$50.00 (14¢ a day)
 \$75.00 (21¢ a day)
 \$100.00 (27¢ a day)
 \$200.00 (54¢ a day)
 Other _____

As we call on you to advise/discuss issues and events that are relevant to your particular seasonal property locale, it is important that you complete all this information. Since MSRPO is a lobbying organization, according to IRS rules your contribution is **not tax deductible**.