

Chair Burdick, Members of the Committee:

My name is Bruce Hanna, and I have the honor of representing House District 7 to the Legislative Assembly. Diamond Lake is in my district – and their future is directly impacted by this bill.

This issue is so important to me that I have introduced a twin to SB 549 on the House side: HB 2703.

SB 549 simply reinstates a tax exemption for recreational businesses that operate under a special use permit on federally owned land. That tax exemption has been in place since 1975. Despite the somewhat alarming term, “tax exemption,” taxes are still very much part of the equation.

These businesses lease their land from the federal government. As part of their lease payment, they pay property tax to their lease-holder, the federal government. The federal government returns that property tax to the impacted county.

Without this exemption in place, Diamond Lake and other locations like it will have to pay property tax twice – once to the federal government and once to the county.

Douglas County has notified my office that they fully support SB 549 (and HB 2703 – my twin bill) because they are, and have been, receiving property tax revenues directly from the federal government for the Diamond Lake Resort property.

One last note of interest: County tax appraisers will have great difficulty assessing these properties. The value must be determined based on the remaining years left in the lease; and it should be noted that a county would not be able to foreclose on the property.