

CHAPTER 273

TAXES; LISTING, ASSESSMENT

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273.01 LISTING AND ASSESSMENT, TIME.

All real property subject to taxation shall be listed and at least one-fourth of the parcels listed shall be appraised each year with reference to their value on January 2 preceding the assessment so that each parcel shall be reappraised at maximum intervals of four years. All real property becoming taxable in any year shall be listed with reference to its value on January 2 of that year. Except for the

corrections permitted herein, all real property assessments shall be completed two weeks prior to the date scheduled for the local board of review or equalization and no valuations entered thereafter shall be of any force and effect. In the event a valuation and classification is not placed on any real property by the dates scheduled for the local board of review or equalization the valuation and classification determined in the preceding assessment shall be continued in effect and the provisions of section 273.13 shall, in such case, not be applicable, except with respect to real estate which has been constructed since the previous assessment. The county assessor or any assessor in any city of the first class may either before or after the dates specified herein correct any errors in valuation of any parcels of property, that may have been incurred in the assessment; provided, that in the case of such correction it increases the valuation of any parcel of property, the assessor shall notify the owner of record or the person to whom the tax statement is mailed. Not more than two percent of the total number of parcels in his jurisdiction may be corrected after the dates specified herein and in the event of any corrections in excess of the authorized number of such corrections, all corrections shall be void. Real property containing iron ore, the fee to which is owned by the state of Minnesota, shall, if leased by the state after January 2 in any year, be subject to assessment for that year on the value of any iron ore removed under said lease prior to January 2 of the following year. Personal property subject to taxation shall be listed and assessed annually with reference to its value on January 2; and, if acquired on that day, shall be listed by or for the person acquiring it.

History: *RL s 802; 1945 c 485 s 1; Ex1959 c 70 art 1 s 1; 1965 c 624 s 1; 1969 c 709 s 1; 1971 c 564 s 5; 1975 c 437 art 8 s 2 (1984)*

273.011 [Repealed, 1977 c 423 art 2 s 20]

NOTE: Section 273.011, Subdivision 4, was also amended by Laws 1977, Chapter 434, Section 4, to read:

"Subd. 4. **Base tax.** (a) Except as provided in clauses (b) and (c), the term "base tax" means the ad valorem tax legally due with respect to "qualified property" in the year preceding the year in which the "qualified home owner" thereof attains such status prior to June 1, unless such "qualified home owner" qualified for such status at an earlier date by reason of subdivision 2, clause (a) (ii); provided that where such status is attained on or after June 1, except as provided in the preceding sentence, the "base tax," notwithstanding the provisions of subdivision 5, shall be the "ad valorem tax" legally due in such year.

(b) In the case of property purchased by a person 65 years of age or older for homestead purposes with title held as provided in this section, the "base tax" shall be the tax which would have been due in the year following the year in which the property was purchased, computed as if the property had been homesteaded on January 2 of the year purchased.

(c) In the case of property constructed for homestead purposes by a person 65 years of age or older with title held as provided in this section, the "base tax" shall be the tax which is due in the year following the year in which the property was substantially completed and homesteaded as of January 2."

273.012 [Repealed, 1977 c 423 art 2 s 20]

NOTE: Section 273.012, Subdivisions 2 and 3, were also amended by Laws 1977, Chapter 434, Section 5 and Laws 1977, Chapter 386, Section 1, respectively, to read as follows:

"Subd. 2. Where the "current tax" on "qualified property" is in excess of the "base tax" as established by the present "qualified home owner" on such property, there shall be allowed to the "qualified home owner" thereof a credit equal to the excess of current tax over base tax times the percentage specified in subdivision 3 as hereinafter provided under chapter 290. In the event that a "qualified home owner" entitled to the credit provided herein dies prior to the receipt thereof, his surviving spouse shall be entitled to such credit. If there be no spouse surviving him, the right to such credit shall lapse.

Subd. 3. The percentage of the excess of current tax over the base tax allowed as a credit shall be 100 percent for incomes up to and including \$10,000 and shall decline 5 percentage points for each additional \$500 of income or portion thereof over \$10,000. "Income" means income of the qualified homeowner and spouse domiciled in the same homestead as defined in section 290A.03, subdivision 3."

273.015 TAX COMPUTED TO NEAREST EVEN NUMBERED CENT.

Subdivision 1. All tax page items computed by the county auditor for collection by the county treasurer, shall be adjusted individually and in their aggregate to the nearest even numbered cent. Further, all items which are certified to the county auditor for collection by the county treasurer shall be first adjusted to the nearest even numbered cent by the governmental subdivision which submits such certifications. For the purposes of this section whole odd numbered cents shall be adjusted to the next higher even numbered cent.

Subd. 2. MS 1971 [Expired]

History: *1961 c 414 s 1,2*

273.02 OMITTED PROPERTY.

Subdivision 1. **Discovery.** If any real or personal property be omitted in the assessment of any year or years, and the property thereby escape taxation, or if any real property be undervalued by reason of failure to take into consideration the existence of buildings or improvements thereon, or be erroneously classified as a homestead, when such omission, undervaluation or erroneous classification is discovered the county auditor shall in the case of omitted property enter such property on the assessment and tax books for the year or years omitted, and in the case of property undervalued by reason of failure to take into consideration the existence of buildings or improvements thereon, or property erroneously classified as a homestead, shall correct the valuation or classification thereof on the assessment and tax books; and he shall assess the property, and extend against the same on the tax list for the current year all arrearage of taxes properly accruing against it, including therein, in the case of personal property taxes, interest thereon at the rate of seven percent per annum from the time such taxes would have become delinquent, when the omission was caused by the failure of the owner to list the same. If any tax on any property liable to taxation is prevented from being collected for any year or years by reason of any erroneous proceedings, undervaluation by reason of failure to take into consideration the existence of buildings or improvements, erroneous classification as a homestead, or other cause, the amount of such tax which such property should have paid shall be added to the tax on such property for the current year.

Subd. 2. **Limitation.** Nothing in subdivisions 1 to 3 shall authorize the county auditor to enter omitted property on the assessment and tax books more than six years after the assessment date of the year in which the property was originally assessed or should have been assessed and nothing in subdivisions 1 to 3 shall authorize the county auditor to correct the valuation or classification of real property as herein provided more than one year after December 1 of the year in which the property was assessed or should have been assessed.

Subd. 3. **What rights not affected.** Nothing in subdivisions 1 to 3 shall affect any rights in undervalued or erroneously classified property, acquired for value in good faith prior to the correction of the assessed value thereof by the county auditor as provided in this section. Any person whose rights are adversely affected by any action of the county auditor as provided in this subdivision may apply for a reduction of the assessed valuation under the provisions of section 270.07, relating to the powers of the commissioner of revenue.

Subd. 4. **Iron ore.** Newly discovered iron ore shall be entered on the assessment books for the six years immediately preceding the year of discovery and taxed as omitted property. The tax on such omitted property shall be determined by applying the rates of levy for the respective years in which the property was omitted.

Subd. 5. **Refunds for iron ore not found.** Any taxpayer having paid real estate taxes on valuations of iron ore, considered to be commercially mineable, which was believed to have existed, and was subsequently determined not to exist, may apply to the commissioner of revenue for a refund of taxes paid thereon, as provided herein. Such application for refund shall be filed in the year in which it is determined that the iron ore does not exist. No refund shall be made for taxes paid or payable more than six years previous to the date of said application. The refunds shall be paid from the special fund established in subdivision 6, and so much as is needed to pay such refunds is hereby appropriated.

Subd. 6. **Special fund.** The taxes collected in accordance with subdivision 4 shall be transmitted by the county treasurer to the state treasurer and deposited in a special fund. There shall be paid from this special fund the amount of refunds determined in accordance with subdivision 5. In the event the amount in such

fund is not sufficient to pay such refunds, the refunds shall be paid as soon as sufficient amounts are available in the fund.

The balance in such fund shall be distributed at the end of each fiscal year to the iron range resources and rehabilitation board account.

History: *RL s 803; 1943 c 632 s 1; 1945 c 415 s 1; 1965 c 624 s 7; 1973 c 582 s 3; 1974 c 556 s 10-12; 1975 c 271 s 6; 1977 c 423 art 10 s 1; 1979 c 50 s 28,29 (1985)*

273.03 REAL ESTATE; ASSESSMENT; METHOD.

Subdivision 1. The county auditor shall annually provide the necessary assessment books and blanks at the expense of the county, for and to correspond with each assessment district. He shall make out, in the real property assessment book, complete lists of all lands or lots subject to taxation, showing the names of the owners, if to him known; and, if unknown, so stated opposite each tract or lot, the number of acres, and the lots or parts of lots or blocks, included in each description of property. The list of real property becoming subject to assessment and taxation may be appended to the personal property assessment book. The assessment books and blanks for real and personal property shall be in readiness for delivery to the assessors on or before the first Monday in December of each year.

Subd. 2. Any county in this state which employs a county assessor who maintains in his office a unit card ledger system or similar system of real estate and the market and assessed valuations ascertained by him affecting such real estate, and which county has established an electronic data processing system or similar system to perform the processing of assessment and tax accounting, may discontinue the preparation of assessment books as provided in subdivision 1. The election to discontinue the preparation of assessment books as defined in subdivision 1 shall be made by the county auditor with the written approval of the commissioner of revenue.

Subd. 3. All laws or parts of laws, now or hereafter effective, not inconsistent with sections 273.03, 273.17, 274.04, 274.05, 275.28, and 276.01, as amended, shall continue in full force and effect.

History: *1905 c 86; 1913 c 503; 1917 c 297; 1921 c 86; 1947 c 331 s 1; 1963 c 781 s 1; 1965 c 624 s 2; 1969 c 709 s 2; 1973 c 582 s 3; 1975 c 339 s 8; 1975 c 437 art 8 s 3; 1980 c 423 s 3 (1986)*

273.04 ASSESSORS, COMPENSATION.

In cities other than cities of the first class and cities having home rule charters authorizing compensation in excess of that permitted by this section which are situated in counties having not less than 450,000 inhabitants and an assessed valuation, including money and credits, of more than \$450,000,000, the assessor and each deputy assessor shall be entitled to a rate of compensation established by the governing body, of not less than \$7.50 and not more than \$12.50 for each days service necessarily rendered by him, not exceeding 120 days in any one year, and for each mile necessarily traveled by him in making his return of assessment to the proper officer of such county. When the county auditor shall direct an assessor to perform work additional to the work performed within the 120-day period, the assessor shall be paid for such additional work at the rate of \$1.20 per hour, but not to exceed \$200 in addition to the compensation hereinbefore provided. When the county auditor shall instruct an assessor to perform work in addition to the 120-day period and where the assessor has exceeded an amount of \$200 in addition to the compensation provided for work performed outside of the 120-day

period, such assessor shall be reimbursed at the rate of \$1.20 per hour by the county auditor from county funds.

The duties of the assessor in such cities shall be as now prescribed by law.

History: 1935 c 118 s 1,2; 1941 c 248 s 1; 1947 c 388 s 1; 1949 c 119 s 111; 1951 c 474 s 1; 1953 c 590 s 1; 1965 c 624 s 3; 1969 c 9 s 67; 1973 c 582 s 3; 1975 c 71 s 2; 1977 c 434 s 6; 1980 c 423 s 4 (1986-1, 1986-2)

273.05 ASSESSORS; APPOINTMENT, TERM, AND OATH.

Subdivision 1. **Appointment of town and city assessors.** Notwithstanding any other provision of law all town assessors shall be appointed by the town board, and notwithstanding any charter provisions to the contrary, all city assessors shall be appointed by the city council or other appointing authority as provided by law or charter. Such assessors shall be residents of the state but need not be a resident of the town or city for which they are appointed. They shall be selected and appointed because of their knowledge and training in the field of property taxation. The term of all town and statutory city assessors shall expire on December 31, 1968. Thereafter all town and statutory city assessors shall be appointed for indefinite terms. Vacancies in the office of town or city assessor shall be filled within 90 days by appointment of the respective appointing authority indicated above. If the vacancy is not filled within 90 days, the office shall be terminated. When a vacancy in the office of town or city assessor is not filled by appointment, and it is imperative that the office of assessor be filled, the county auditor shall appoint some resident of the county as assessor for such town or city. The county auditor may appoint the county assessor as assessor for such town or city, in which case the town or city shall pay to the county treasurer the amount determined by the county auditor to be due for the services performed and expenses incurred by the county assessor in acting as assessor for such town or city. The term of any town or statutory city assessor in a county electing in accordance with section 273.052 shall be terminated as provided in section 273.055.

Subd. 2. **Oath of assessors.** Every person elected or appointed to the office of assessor, at or before the time of receiving the assessment books, shall take and subscribe an oath that he will be diligent, faithful, and impartial in performance of the duties enjoined on him by law. Failure to take the oath within the time prescribed shall be deemed a refusal to serve.

History: RL s 805; 1963 c 799 s 1; 1965 c 254 s 2; 1967 c 282 s 1; 1969 c 823 s 1; 1969 c 989 s 6; 1973 c 123 art 5 s 7; 1977 c 434 s 7,8 (1987)

273.051 CITY ASSESSORS, TERM.

The term of elected city assessors shall not expire until a vacancy occurs in the office or upon the completion of the present term for which an assessor is elected. Thereafter the term of such city assessors shall be for the period provided in the charter. The terms of all other city assessors shall continue as provided by charter or as otherwise provided by statute. The term of any city assessor in a county electing in accordance with section 273.052 shall be terminated as provided in section 273.055.

History: 1965 c 254 s 3; 1969 c 989 s 7

273.052 APPOINTMENT; APPLICATION.

Any county in the state of Minnesota, notwithstanding any other provision of law to the contrary, is hereby authorized and empowered to provide for the assessment of all taxable property in the county by the county assessor.

This section shall not apply to Ramsey county, or property assessable in cities whose assessor has the powers of a county assessor pursuant to section 273.063, or property which is by law assessed by the commissioner of revenue.

History: 1969 c 989 s 1; 1973 c 123 art 5 s 7; 1973 c 582 s 3; 1974 c 435 art 5 s 1

273.053 ASSESSMENT; EXPENSES.

Any county electing in accordance with section 273.052 is authorized and empowered to appropriate sufficient money to defray the expenses of making a proper assessment of all property in such county for the purpose of general taxation. The county board shall by resolution authorize the county assessor to employ such additional deputies, clerks, fieldmen, appraisers, and employees as it may deem necessary for the proper performance of the duties of the office of county assessor; such expenditure to include the hiring of experts in property valuation for any period deemed necessary, the payment of the transportation expense of such experts or other employees in traveling from place to place in the county, and generally any expense reasonably and directly tending to the procurement of a fair and true assessment of property within such county; but all such shall be made under the supervision of, and with the consent of, the county assessor.

History: 1969 c 989 s 2

273.054 DUTIES AND POWERS OF ASSESSOR.

A county assessor appointed in an electing county shall have all the duties and powers provided by statute, except those inconsistent with Laws 1969, Chapter 989.

History: 1969 c 989 s 3

273.055 RESOLUTION TO APPOINT ASSESSOR; TERMINATION OF LOCAL ASSESSOR'S OFFICE.

The election to provide for the assessment of property by the county assessor as provided in section 273.052 shall be made by the board of county commissioners by resolution. Such resolution shall be effective at the second assessment date following the adoption of the resolution. Notwithstanding any other provisions contained in any other section of law or charter, the office of all township and city assessors in such county shall be terminated 90 days before the assessment date at which the election becomes effective, except that if part of such taxing district is located in a county not electing to have the county assessor assess all property as provided in section 273.052, the office will continue but shall apply only to such property in a non-electing county.

No township or city assessor in another county shall assess any property in an electing county, but shall turn over all tax records relating to property to the county assessor 90 days before the assessment date at which the county's election becomes effective.

History: 1969 c 989 s 4; 1973 c 123 art 5 s 7

273.056 REVOCATION OF COUNTY ASSESSOR'S ELECTION; LOCAL ASSESSORS.

If after electing in accordance with section 273.055, the board of county commissioners shall determine that the interests of the county may be better served through valuation by local assessors, it may revoke the election. Such revocation may not be made within four years after the election. In the event of

revocation, it shall be effective at the second assessment date following such revocation. The offices of all township and city assessors shall be filled as provided by charter or law 90 days before such effective date.

History: 1969 c 989 s 5; 1973 c 123 art 5 s 7

273.06 DEPUTY ASSESSORS.

Any assessor who deems it necessary to enable him to complete the listing and valuation of the property of his town or district within the time prescribed, with the approbation of the county auditor, may appoint a well-qualified citizen of his town or district to act as his assistant or deputy, and may assign to him such portion of his district as he thinks proper. Each assistant so appointed, after taking the required oath, shall perform, under the direction of the assessor, all the duties imposed upon assessors by this chapter.

History: RL s 806; 1977 c 434 s 9 (1988)

273.061 ESTABLISHMENT OF OFFICE FOR EACH COUNTY.

Subdivision 1. **Office created; appointment, qualifications.** Every county in this state shall have a county assessor. The county assessor shall be appointed by the board of county commissioners and shall be a resident of this state. He shall be selected and appointed because of his knowledge and training in the field of property taxation and appointment shall be approved by the commissioner of revenue before the same shall become effective. Upon receipt by the county commissioners of the commissioner of revenue's refusal to approve an appointment, the term of the appointee shall terminate at the end of that day.

Subd. 2. **Term; vacancy.** (a) The terms of county assessors appointed under this section shall commence January 1, 1967, and shall expire December 31, 1970. The next term shall begin January 1, 1971, and end December 31, 1972. The succeeding terms shall be four years. When any vacancy in the office occurs, the board of county commissioners, within 30 days thereafter, shall fill the same by appointment for the remainder of the term, following the procedure prescribed in subdivision 1. The term of the county assessor may be terminated by the board of county commissioners at any time, on charges of inefficiency or neglect of his duty by the commissioner of revenue. If the board of county commissioners does not intend to reappoint a county assessor who has been certified by the state board of assessors, the board shall present written notice to the county assessor not later than 90 days prior to the termination of his term, it does not intend to reappoint him. If written notice is not timely made to the county assessor, he will automatically be reappointed by the board of county commissioners.

(b) In the event of a vacancy in the office of county assessor, through death, resignation or other reasons, the deputy (or chief deputy, if more than one) shall perform the functions of the office. If there is no deputy, the county auditor shall designate a person to perform the duties of the office until an appointment is made as provided in clause (a). Such person shall perform the duties of the office for a period not exceeding 30 days during which the county board must appoint a county assessor. Such 30 day period may, however, be extended by written approval of the commissioner of revenue.

Subd. 3. **Oath.** Every county assessor, before entering upon his duties, shall take and subscribe the oath required of public officials.

Subd. 4. **Assistants.** With the approval of the board of county commissioners, the county assessor may employ one or more assistants and sufficient clerical help to enable him to perform the duties of his office.

Subd. 5. **Offices; supplies.** The board of county commissioners shall provide suitable office space and equipment at the county seat for the county assessor,

his assistants and clerical help, and shall furnish such books, maps, stationery, postage and supplies as may be necessary for the discharge of his duties of the office.

Subd. 6. Salaries; expenses. The salaries of the county assessor and his assistants and clerical help, shall be fixed by the board of county commissioners and shall be payable in monthly installments out of the general revenue fund of the county. In counties with a population of less than 50,000 inhabitants, according to the then last preceding federal census, the board of county commissioners shall not fix the salary of the county assessor at an amount below the following schedule:

- In counties with a population of less than 6,500, \$5,900;
- In counties with a population of 6,500 but less than 12,000, \$6,200;
- In counties with a population of 12,000 but less than 16,000, \$6,500;
- In counties with a population of 16,000 but less than 21,000, \$6,700;
- In counties with a population of 21,000 but less than 30,000, \$6,900;
- In counties with a population of 30,000 but less than 39,500, \$7,100;
- In counties with a population of 39,500 but less than 50,000, \$7,300;
- In counties with a population of 50,000 or more, \$8,300.

In addition to their salaries, the county assessor and his assistants shall be allowed their expenses for reasonable and necessary travel in the performance of their duties, including necessary travel, lodging and meal expense incurred by them while attending meetings of instructions or official hearings called by the commissioner of revenue. These expenses shall be payable out of the general revenue fund of the county, and shall be allowed on the same basis as such expenses are allowed to other county officers.

Subd. 7. Division of duties between local and county assessor. The duty of the duly appointed local assessor shall be to view and appraise the value of all property as provided by law, but all the book work shall be done by the county assessor, or his assistants, and the value of all property subject to assessment and taxation shall be determined by the county assessor, except as otherwise herein-after provided.

NOTE: Laws 1971, Chapter 434, Section 5, reads as follows:

"Sec. 5. This act shall not apply to cities or villages whose assessors have the powers and duties of a county assessor pursuant to Minnesota Statutes, Section 273.063."

Subd. 8. Powers and duties. The county assessor shall have the following powers and duties:

(1) He shall call upon and confer with the township and city assessors in his county, and advise and give them the necessary instructions and directions as to their duties under the laws of this state, to the end that a uniform assessment of all real property in the county will be attained.

(2) He shall assist and instruct the local assessors in the preparation and proper use of land maps and record cards, in the property classification of real and personal property, and in the determination of proper standards of value.

(3) He shall keep the local assessors in his county advised of all changes in assessment laws and all instructions which he receives from the commissioner of revenue relating to their duties.

(4) He shall have authority to require the attendance of groups of local assessors at sectional meetings called by him for the purpose of giving them further assistance and instruction as to their duties.

(5) He shall immediately commence the preparation of a large scale topographical land map of the county, in such form as may be prescribed by the commissioner of revenue, showing thereon the location of all railroads, highways

and roads, bridges, rivers and lakes, swamp areas, wooded tracts, stony ridges and other features which might affect the value of the land. Appropriate symbols shall be used to indicate the best, the fair and the poor land of the county. For use in connection with the topographical land map, he shall prepare and keep available in his office tables showing fair average minimum and maximum market values per acre of cultivated, meadow, pasture, cut-over, timber and waste lands of each township. He shall keep the map and tables available in his office for the guidance of town assessors, boards of review, and the county board of equalization.

(6) He shall also prepare and keep available in his office for the guidance of town assessors, boards of review and the county board of equalization, a land valuation map of the county, in such form as may be prescribed by the commissioner of revenue. This map, which shall include the bordering tier of townships of each county adjoining, shall show the average market value per acre, both with and without improvements, as finally equalized in the last assessment of real estate, of all land in each town or unorganized township which lies outside the corporate limits of cities.

(7) He shall regularly examine all conveyances of land outside the corporate limits of cities of the first and second class, filed with the county recorder of his county, and keep a file, by descriptions, of the considerations shown thereon. From the information obtained by comparing the considerations shown with the market values assessed, he shall make recommendations to the county board of equalization of necessary changes in individual assessments or aggregate valuations.

(8) He shall prepare annually and keep available in his office for the guidance of boards of review and the county board of equalization, a table showing the market value per capita of all personal property in each assessment district in the county as finally equalized in the last previous assessment of personal property. For the guidance of the county board of equalization, he shall also add to the table the market value per capita of all personal property of each assessment district for the current year as equalized by the local board of review.

(9) He shall familiarize himself with the values of the different items of personal property so that he will be in a position when called upon to advise the boards of review and the county board of equalization concerning property, market values thereof.

(10) While the county board of equalization is in session, he shall give it every possible assistance to enable it to perform its duties. He shall furnish the board with all necessary charts, tables, comparisons and data which it requires in its deliberations, and shall make whatever investigations the board may desire.

(11) At the request of either the board of county commissioners or the commissioner of revenue, he shall investigate applications for reductions of valuation and abatements and settlements of taxes, examine the real or personal property involved, and submit written reports and recommendations with respect to the applications, in such form as may be prescribed by the board of county commissioners and commissioner of revenue.

(12) He shall make diligent search each year for real and personal property which has been omitted from assessment in his county, and report all such omissions to the county auditor.

(13) He shall render such other services pertaining to the assessment of real and personal property in his county as are not inconsistent with the duties set forth in this section, and as may be required of him by the board of county commissioners or by the commissioner of revenue.

Subd. 9. Additional general duties. Additional duties of the county assessor shall be as follows: (a) to make all assessments, based upon the appraised values reported to him by the local assessors or his assistants and his own knowledge of the value of the property assessed; (b) to personally view and determine the value of any property which because of its type or character may be difficult for the local assessor to appraise; (c) to make all changes ordered by the local boards of review, relative to the assessed value of the property of any individual, firm or corporation after notice has been given and hearings held as provided by law. A local board of review shall have the power to reduce assessments upon petition of the taxpayer but the total of such adjustments shall not reduce the aggregate assessment made by the county assessor by more than one percent of said aggregate assessment. If the total of such adjustments would lower the aggregate assessments made by the county assessor by more than one percent, none of such adjustments shall be allowed. The assessor shall correct any clerical errors or double assessments discovered by the board of review without affecting the one percent referred to above; (d) to enter all assessments in the assessment books, furnished him by the county auditor, with each book and the tabular statements for each book in correct balance; (e) to prepare all assessment cards, charts, maps and any other forms prescribed by the commissioner of revenue; (f) to attend the meeting of the county board of equalization; to investigate and report on any assessment ordered by said board; to enter all changes made by said board in the assessment books and prepare the abstract of assessments for the commissioner of revenue; to enter all changes made by the state board of equalization in the assessment books; to deduct all exemptions authorized by law from each assessment and certify to the county auditor the taxable value of each parcel of land, as described and listed in the assessment books by the county auditor, and the taxable value of the personal property of each person, firm, or corporation assessed; (g) to investigate and make recommendations relative to all applications for the abatement of taxes or applications for the reduction of the assessed valuation of any property; (h) to perform all other duties relating to the assessment of property for the purpose of taxation which may be required of him by the commissioner of revenue.

Subd. 10. Assessor in unorganized territory. In counties having unorganized territory divided into one or more assessment districts, the board of county commissioners may appoint the county assessor for all such districts. In such case the assessor shall receive no compensation for performing the duties of assessor. He shall, however, be allowed his expenses for reasonable and necessary travel in the performance of his duties. Such expenses shall be payable out of the general revenue fund of the county.

Subd. 11. [Repealed, 1Sp1981 c 4 art 1 s 189]

History: *Ex1967 c 32 art 8 s 1; 1969 c 9 s 68,69; 1969 c 498 s 1; 1971 c 434 s 4; 1973 c 123 art 5 s 7; 1973 c 582 s 3; 1974 c 18 s 1; 1974 c 567 s 1; 1975 c 301 s 3; 1975 c 339 s 8; 1975 c 437 art 1 s 32; 1976 c 181 s 2; 1977 c 434 s 10; 1979 c 50 s 30; 1980 c 423 s 5*

273.062 VALUATION AND ASSESSMENT OF PERSONAL PROPERTY.

The county assessor, or city assessor in a city with population of 30,000 or more shall value and assess all personal property. He shall make an alphabetical list of the names of all persons in his town or district liable to an assessment of personal property, and shall call at the office or place of business or residence of each person required by this chapter to list property, and shall list his name, and shall require each person to make and deliver a correct list and statement of such property, according to the prescribed form, which shall be subscribed and sworn to

by the person listing; and the assessor shall thereupon determine the value of the property in such statement, and enter the same in his assessment books, opposite the name of the person assessed, with the name and post-office address of the person listing the property; and, if such person reside in a city, the street and number, or other brief description, of his residence or place of business. If any property is listed or assessed on or after the last Monday in February, and before the return of the assessor's books, the same shall be as legal and binding as if listed and assessed before that time.

Such county or city assessor shall have power and authority to summon witnesses to appear and give testimony, and to produce books, records, papers and documents relating to the listing of personal property.

History: *Ex1967 c 32 art 8 s 9; 1969 c 709 s 3; 1973 c 123 art 5 s 7*

273.063 APPLICATION; LIMITATIONS.

The provisions of Extra Session Laws 1967, Chapter 32, Article 8, shall apply to all counties except Ramsey county. The following limitations shall apply as to the extent of the county assessors jurisdiction:

In counties having a city of the first class, the powers and duties of the county assessor within such city shall be performed by the duly appointed city assessor. In all other cities having a population of 30,000 persons or more, according to the last preceding federal census, except in counties having a county assessor on January 1, 1967, the powers and duties of the county assessor within such cities shall be performed by the duly appointed city assessor, provided that the county assessor shall retain the supervisory duties contained in section 273.061, subdivision 8.

History: *Ex1967 c 32 art 8 s 10; 1973 c 123 art 5 s 7; 1974 c 435 art 5 s 2*

273.064 EXAMINATION OF LOCAL ASSESSOR'S WORK; COMPLETION OF ASSESSMENTS.

The county assessor shall examine the assessment appraisal records of each local assessor anytime after January 15 of each year and shall immediately give notice in writing to the governing body of said district of any deficiencies in the assessment procedures with respect to the quantity of or quality of the work done as of that date and indicating corrective measures to be undertaken and effected by the local assessor not later than 30 days thereafter. If, upon re-examination of such records at that time, the deficiencies noted in the written notice previously given have not been substantially corrected to the end that a timely and uniform assessment of all real property in the county will be attained, then the county assessor with the approval of the county board shall collect the necessary records from the local assessor and complete the assessment or employ others to complete the assessment. When the county assessor has completed the assessments, the local assessor shall thereafter resume the assessment function within the district. In this circumstance the cost of completing the assessment shall be charged against the assessment district involved. The county auditor shall certify the costs thus incurred to the appropriate governing body not later than September 1 and if unpaid as of October 10 of the assessment year, the county auditor shall levy a tax upon the taxable property of said assessment district sufficient to pay such costs. The amount so collected shall be credited to the general revenue fund of the county.

History: *1971 c 434 s 1*

NOTE: Laws 1971, Chapter 434, Section 5, reads as follows:

"Sec. 5. This act shall not apply to cities or villages whose assessors have the powers and duties of a county assessor pursuant to Minnesota Statutes, Section 273.063."

273.065 DELIVERY OF ASSESSMENT APPRAISAL RECORDS; EXTENSIONS.

Assessment districts shall complete the assessment appraisal records on or before May 1. The records shall be delivered to the county assessor as of that date and any work which is the responsibility of the local assessor which is not completed by May 1 shall be accomplished by the county assessor or persons employed by him and the cost of such work shall be charged against the assessment district as provided in section 273.064. Extensions of time to complete the assessment appraisal records may be granted to the local assessor by the county assessor if such extension is approved by the county board.

History: 1971 c 434 s 2

NOTE: Laws 1971, Chapter 434, Section 5, reads as follows:

"Sec. 5. This act shall not apply to cities or villages whose assessors have the powers and duties of a county assessor pursuant to Minnesota Statutes, Section 273.063."

273.07 [Repealed, 1947 c 531 s 10]

273.071 [Repealed, Ex1967 c 32 art 8 s 12]

273.072 AGREEMENTS FOR JOINT ASSESSMENT.

Subdivision 1. Any county and any city or town lying wholly within the county and constituting a separate assessment district may, by agreement entered into under section 471.59 and approved by the commissioner of revenue, provide for the assessment of property in the municipality or town by the county assessor. Any two or more cities or towns constituting separate assessment districts, whether their assessors are elective or appointive, may enter into an agreement under section 471.59 for the assessment of property in the contracting units by the assessor of one of the units or by an assessor who is jointly employed.

Subd. 2. The agreement may provide for the abolition of the office of local assessor in any contracting unit when the assessment of property within it is to be made under the agreement by another assessor. In such case, the office of assessor in that unit shall cease to exist upon the date fixed in the agreement but not before the end of the term of the incumbent, if he is serving for a fixed term, or when an earlier vacancy occurs.

Subd. 3. When the agreement provides for joint employment of an assessor, he shall be appointed and removed in a manner and shall hold office for such term as is provided in the agreement, notwithstanding charter or other statutory provisions for election or appointment of an assessor for a prescribed term.

Subd. 4. If the agreement is for an indefinite term, it may be terminated on six months notice by either party. Upon the termination of the agreement, whether for a fixed or indefinite term, any office of assessor abolished as a result of the agreement shall be automatically re-established and shall be filled as provided by applicable law or charter.

Subd. 5. Any amount paid to the county for personal services of the county assessor under such an agreement shall be paid into the general revenue fund of the county.

Subd. 6. Agreements made under this section have no effect upon the powers and duties of local boards of review and equalization.

History: 1959 c 382 s 1; Ex1967 c 32 art 8 s 5,6; 1973 c 123 art 5 s 7; 1973 c 582 s 3

273.075 INSTRUCTIONAL COURSES FOR ASSESSORS AND DEPUTIES.

Personnel employed as assessors or deputies of said assessor may be enrolled in courses approved by the commissioner of revenue and have the tuition for such

course paid for from moneys appropriated by Laws 1971, Chapter 931. Such payment shall be made to the University of Minnesota or any other college or institution conducting such an accredited course, provided that such payment may only be made if the application is made by or approved by the taxing district or districts for which the assessor or deputy is employed and the commissioner of revenue.

Two or more taxing districts may join together in enrolling assessors in such approved courses.

History: 1971 c 931 s 1; 1973 c 582 s 3

273.08 ASSESSOR'S DUTIES.

The assessor shall perform his duties in the manner following. In 1976 and thereafter, he shall actually view, and determine the market value of each tract or lot of real property listed for taxation, including the value of all improvements and structures thereon, opposite each description at maximum intervals of four years and shall enter the value thereof according to the provisions of Laws 1975, Chapter 437, Article 8.

History: RL s 808; 1945 c 481 s 1; 1963 c 799 s 2; 1965 c 624 s 4; Ex1967 c 32 art 8 s 7; 1975 c 437 art 8 s 9 (1990)

273.09 [Local, South St. Paul]

273.10 SCHOOL DISTRICTS.

When assessing personal property the county assessor shall designate the number of the school district in which each person assessed is liable for tax, by writing the number of the district opposite each assessment in a column provided for that purpose in the assessment book. When the personal property of any person is assessable in several school districts, the amount in each shall be assessed separately, and the name of the owner placed opposite each amount.

History: RL s 809; Ex1967 c 32 art 8 s 8 (1991)

273.11 VALUATION OF PROPERTY.

Subdivision 1. **Generally.** Except as provided in subdivisions 6 and 7 or section 273.17, subdivision 1, all property shall be valued at its market value. The market value as determined pursuant to this section shall be stated such that any amount under \$100 is rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100. In estimating and determining such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall he adopt as a criterion of value the price for which such property would sell at auction or at a forced sale, or in the aggregate with all the property in the town or district; but he shall value each article or description of property by itself, and at such sum or price as he believes the same to be fairly worth in money. In assessing any tract or lot of real property, the value of the land, exclusive of structures and improvements, shall be determined, and also the value of all structures and improvements thereon, and the aggregate value of the property, including all structures and improvements, excluding the value of crops growing upon cultivated land. In valuing real property upon which there is a mine or quarry, it shall be valued at such price as such property, including the mine or quarry, would sell for a fair, voluntary sale, for cash. In valuing real property which is vacant, the fact that such property is platted shall not be taken into account. An individual lot of such platted property shall not be assessed in excess of the assessment of the land as if it were unplatted until the lot is improved with a permanent improvement all or a portion of which

is located upon the lot, or for a period of three years after final approval of said plat whichever is shorter. When a lot is sold or construction begun, the assessed value of that lot or any single contiguous lot fronting on the same street shall be eligible for reassessment. All property, or the use thereof, which is taxable under sections 272.01, subdivision 2, or 273.19, shall be valued at the market value of such property and not at the value of a leasehold estate in such property, or at some lesser value than its market value.

Subd. 2. [Repealed, 1979 c 303 art 2 s 38]

Subd. 3. [Repealed, 1975 c 437 art 8 s 10]

Subd. 4. [Repealed, 1976 c 345 s 3]

Subd. 5. Notwithstanding any other provision of law to the contrary, the limitation contained in subdivision 1 shall also apply to the authority of the local board of review as provided in section 274.01, the county board of equalization as provided in section 274.13, the state board of equalization and the commissioner of revenue as provided in section 270.11, 270.12 and 270.16.

Subd. 6. For purposes of property taxation, the market value of real and personal property installed prior to January 1, 1984, which is a solar, wind, or agriculturally derived methane gas system used as a heating, cooling, or electric power source of a building or structure shall be excluded from the market value of that building or structure if the property is not used to provide energy for sale.

Subd. 7. **Agricultural land.** Tillable agricultural land shall be valued at the lesser of its market value or the value which could be derived from capitalizing its free market gross rental rate as determined for that grade of land at a rate of 5.6 percent. Each county assessor shall survey the farm rental values of each grade of farmland in each township in the county and shall determine a farm rental value to be used for the assessment of each grade. The values so determined shall be presented to township boards of review at their annual meetings held pursuant to section 274.01 in the year prior to that in which those values might be used in determining tillable agricultural land values. The boards of review and any property owners may present their comments on the values, including any evidence indicating that the values are inaccurate, by December 1 of the year when the values were presented to the board. The county assessor shall make his final determination of assessed valuations for January 2 of the subsequent year based on his determinations of the farm rental values as modified by any comments of board members or other property owners that he finds persuasive. Nontillable agricultural land and buildings on agricultural land shall be valued in the usual manner.

History: *RL s 810; Ex1967 c 32 art 7 s 3; 1969 c 574 s 1; 1969 c 990 s 1; 1971 c 427 s 1; 1971 c 489 s 1; 1971 c 831 s 1; 1973 c 582 s 3; 1973 c 650 art 23 s 1-4; 1974 c 556 s 14; 1975 c 437 art 8 s 4-6; 1976 c 2 s 93; 1976 c 345 s 1; 1977 c 423 art 4 s 4; 1978 c 786 s 10,11; 1979 c 303 art 2 s 7; 1Sp1981 c 1 art 2 s 3,4; 1Sp1981 c 4 art 2 s 50; 1982 c 424 s 61,62; 1982 c 523 art 19 s 2; art 21 s 1 (1992)*

273.1101 VALUATION, TERMINOLOGY IN STATUTES, LAWS OR CHARTERS.

Notwithstanding the provisions of any statute, special law or city charter, all references in such provisions to "true and full" values, relating to the procedure of boards of review and equalization, and to certifications by assessors and other public officers, shall be construed as referring to the current market values as determined in assessment.

History: *1971 c 427 s 23*

273.1102 RATE OF TAX, TERMINOLOGY OF LAWS OR CHARTERS.

The rate of property taxation by any political subdivision or other public corporation for any purpose for which any law or charter now provides a maximum tax rate expressed in mills times the assessed value or times the full and true value of taxable property (except any value determined by the state equalization aid review committee) shall not exceed 33 1/3 percent of such maximum tax rate until and unless such law or charter is amended to provide a different maximum tax rate.

History: 1971 c 427 s 24

273.1103 NET DEBT, TERMINOLOGY OF LAWS OR CHARTERS.

Net debt incurred by any political subdivision or other public corporation for which any law or any charter provision provides a limit expressed as a percentage of the assessed value or the full and true value of taxable property (except any value determined by the state equalization aid review committee) shall not exceed 33 1/3 percent of such limit until and unless such law or charter is amended to provide a different limit.

History: 1971 c 427 s 25

273.1104 IRON ORE, VALUE.

Subdivision 1. The term value as applied to iron ore in section 273.13, subdivision 2 and in section 273.15 shall be deemed to be three times the present value of future income notwithstanding the provisions of section 273.11. The present value of future income shall be determined by the commissioner of revenue in accordance with professionally recognized mineral valuation practice and procedure. Nothing contained herein shall be construed as requiring any change in the method of determining present value of iron ore utilized by the commissioner prior to the enactment hereof or as limiting any remedy presently available to the taxpayer in connection with the commissioner's determination of present value, or precluding the commissioner from making subsequent changes in the present worth formula.

Subd. 2. On or before October 1 in each year, the commissioner shall send to each person subject to the tax on unmined iron ores and to each taxing district affected, a notice of the assessed valuation of the unmined ores as determined by the commissioner. Said notice shall be sent by mail directed to such person at the address given in the report filed by him and the assessor of such taxing district, but the validity of the tax shall not be affected by the failure of the commissioner of revenue to mail such notice or the failure of the person subject to the tax to receive it.

On the first secular day following the tenth day of October, the commissioner of revenue shall hold a hearing at his office in St. Paul which may be adjourned from day to day. All relevant and material evidence having probative value with respect to the issues shall be submitted at the hearing and such hearing shall not be a "contested case" within the meaning of section 14.02, subdivision 3. Every person subject to such tax may at such hearing present evidence and argument on any matter bearing upon the validity or correctness of the tax determined to be due from him, and the commissioner of revenue shall review his determination of such tax.

History: 1971 c 427 s 27; 1973 c 582 s 3; 1977 c 203 s 3; 1982 c 424 s 130

273.1105 DELAYED VALUATION OF CERTAIN IMPROVEMENTS.

Subdivision 1. Notwithstanding other provisions of law dealing with assessed valuation of real property, there shall be no increase in the assessed valuation of a multiple unit residential building based on the improvements made during rehabilitation of the building during the rehabilitation year or any of the five years following the rehabilitation if the building meets the criteria set forth in subdivision 2. After the fifth year following rehabilitation, the building will be valued as are other buildings in the same property class in that taxing district.

Subd. 2. To qualify for valuation pursuant to subdivision 1, the owner of a building shall apply to the assessor prior to commencing a rehabilitation project. The assessor shall approve treatment pursuant to subdivision 1 for a building if: (a) the building is more than 25 years old; (b) the anticipated rehabilitation costs, which are those expenses incurred in the process of renovation, including labor, materials, and management costs, exceed 60 percent of the estimated market value of the building at the time when the application is made; (c) the rehabilitation is completed within one year and prior to the January 2 assessment date; (d) the building contains more than three rental units; (e) the building is not used as a hotel or motel in which the rental units are used by tenants for rental periods of less than 30 days; (f) the property is not classified pursuant to Minnesota Statutes, Section 273.13, Subdivisions 17, 17a or 17b; (g) not more than 25 percent of the residential units in the building are subsidized through section 8 of the U.S. Housing Act of 1937, 42 USC 1437(f); and (h) limits the rehabilitation to the original structure.

Subd. 3. Any increase in value of a building approved for treatment pursuant to subdivision 1 which results from a general rise in value of similar buildings of the same class throughout the taxing district or from improvements made to the building which were not part of the rehabilitation program submitted to the assessor for his approval shall be added to the assessed valuation of the building.

Subd. 4. Each assessor who grants the delayed assessment treatment provided in this section shall maintain records of the location and number of the buildings which qualify and the amount of value added by the rehabilitation. The governing body of each municipality in which qualifying property is located shall review that information and evaluate the impact of the program in the municipality, particularly with respect to its effect on the municipality's tax base and mill rate during the course of the program and its completion. This review shall be completed within six months after the delayed assessment of all property subject to the provisions of this section in the municipality has terminated.

Subd. 5. This section is effective for taxes levied in 1978 and thereafter, payable in 1979 and thereafter, and shall expire for taxes levied in 1983, payable in 1984 and thereafter; provided that any project approved prior to the expiration of this section shall continue to receive treatment pursuant to subdivision 1 until the end of the fifth year following the rehabilitation year.

History: 1978 c 620 s 1,2

273.111 AGRICULTURAL PROPERTY TAX.

Subdivision 1. This section may be cited as the "Minnesota Agricultural Property Tax Law."

Subd. 2. The present general system of ad valorem property taxation in the state of Minnesota does not provide an equitable basis for the taxation of certain agricultural real property and has resulted in inadequate taxes on some lands and excessive taxes on others. Therefore, it is hereby declared to be the public policy of this state that the public interest would best be served by equalizing tax burdens upon agricultural property within this state through appropriate taxing measures.

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Subd. 3. Real estate consisting of ten acres or more shall be entitled to valuation and tax deferment under this section only if it is actively and exclusively devoted to agricultural use as defined in subdivision 6 and either (1) is the homestead of the owner, or of a surviving spouse, child, or sibling of the owner or is real estate which is farmed with the real estate which contains the homestead property, or (2) has been in possession of the applicant, his spouse, parent, or sibling, or any combination thereof, for a period of at least seven years prior to application for benefits under the provisions of Laws 1969, Chapter 1039, or (3) is the homestead of a shareholder in a family farm corporation as defined in section 500.24, notwithstanding the fact that legal title to the real estate may be held in the name of the family farm corporation.

Subd. 4. The value of any real estate described in subdivision 3 shall upon timely application by the owner, in the manner provided in subdivision 8, be determined solely with reference to its appropriate agricultural classification and value notwithstanding sections 272.03, subdivision 8 and 273.11. In determining such value for ad valorem tax purposes the assessor shall not consider any added values resulting from nonagricultural factors.

Subd. 5. The assessor shall, however, make a separate determination of the market value of such real estate. The tax based upon the appropriate mill rate applicable to such property in the taxing district shall be recorded on the property assessment records.

Subd. 6. Real property shall be considered to be in agricultural use provided that annually: (1) at least 33 1/3 percent of the total family income of the owner is derived therefrom, or the total production income including rental from the property is \$300 plus \$10 per tillable acre; and (2) it is devoted to the production for sale of livestock, dairy animals, dairy products, poultry and poultry products, fur bearing animals, horticultural and nursery stock which is under sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees and apiary products by the owner, slough, wasteland, and woodland contiguous to or surrounded by land described in subdivision 3 shall be considered to be in agricultural use if under the same ownership and management.

Subd. 7. [Repealed, 1969 c 1039 s 10]

Subd. 8. Application for deferment of taxes and assessment under this section shall be filed in the year 1969 by July 1 and thereafter by May 1 of the year prior to the year in which said taxes became payable. Any application filed hereunder and granted shall continue in effect for subsequent years until the property no longer qualifies. Such application shall be filed with the assessor of the taxing district in which the real property is located on such form as may be prescribed by the commissioner of revenue. The assessor may require proof by affidavit or otherwise that the property qualifies under subdivisions 3 and 6.

Subd. 8a. Notwithstanding the provisions contained in this subdivision, applications for agricultural tax assessment and deferment with respect to the assessment of January 2, 1968, may be made prior to July 1, 1969, and payment of any taxes otherwise due on May 31, 1969, shall be deferred without penalty until 30 days after notice or rejection of application or after notice of taxes as determined under the new assessment made in accordance with subdivision 4. Any reduction in taxes resulting from the application of this section shall be processed in accordance with section 270.07. Notwithstanding the time limits contained in section 278.01 and section 271.06, subdivision 1, as the case may be, an appeal may be taken to the district court or the tax court within 30 days of any order denying applications filed as provided in this subdivision for reduction in the January 2, 1968 valuations or assessments or of any valuations or assessments made after June 7, 1969.

Subd. 9. When real property which is being, or has been valued and assessed under this section no longer qualifies under subdivisions 3 and 6, the portion no longer qualifying shall be subject to additional taxes, in the amount equal to the difference between the taxes determined in accordance with subdivision 4, and the amount determined under subdivision 5, provided, however, that the amount determined under subdivision 5 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arms length transaction been used in lieu of the market value determined under subdivision 5. Such additional taxes shall be extended against the property on the tax list for the current year, provided, however, that no interest or penalties shall be levied on such additional taxes if timely paid, and provided further, that such additional taxes shall only be levied with respect to the last three years that the said property has been valued and assessed under this section.

Subd. 10. The tax imposed by this section shall be a lien upon the property assessed to the same extent and for the same duration as other taxes imposed upon property within this state. The tax shall be annually extended by the county auditor and if and when payable shall be collected and distributed in the manner provided by law for the collection and distribution of other property taxes.

Subd. 11. The payment of special local assessments levied after the date of Extra Session Laws 1967, Chapter 60, for improvements made to any real property described in subdivision 3 together with the interest thereon shall, on timely application as provided in subdivision 8, be deferred as long as such property meets the conditions contained in subdivisions 3 and 6. If special assessments against the property have been deferred pursuant to this subdivision, the governmental unit shall file with the county recorder in the county in which the property is located a certificate containing the legal description of the affected property and of the amount deferred. When such property no longer qualifies under subdivisions 3 and 6, all deferred special assessments plus interest shall be payable within 90 days. Penalty shall not be levied on any such special assessments if timely paid. If not paid within such 90 days, the county auditor shall include such deferred special assessments plus a ten percent penalty on the tax list for the current year.

Subd. 11a. When real property qualifying under subdivisions 3 and 6 is sold, no additional taxes or deferred special assessments plus interest shall be extended against the property provided the property continues to qualify pursuant to subdivisions 3 and 6, and provided the new owner files an application for continued deferment within 30 days after the sale.

For purposes of meeting the income requirements of subdivision 6, the property purchased shall be considered in conjunction with other qualifying property owned by the purchaser.

Subd. 12. This section shall be broadly construed to achieve its purpose. The invalidity of any provision shall be deemed not to affect the validity of other provisions.

Subd. 13. This section shall apply to assessments for tax purposes made in 1968 and thereafter.

Subd. 14. This section shall apply to special local assessments levied after July 1, 1967, and payable in the years thereafter, but shall not apply to any special assessments levied at any time by a county or district court under the provisions of chapter 116A.

History: *Ex1967 c 60 s 1-13; 1969 c 1039 s 1-9; 1973 c 322 s 25; 1973 c 450 s 1; 1973 c 582 s 3; 1976 c 2 s 94,95; 1976 c 134 s 78; 1977 c 307 s 29; 1977 c 423 art 3 s 4; 1980 c 437 s 2; 1980 c 497 s 1; 1980 c 560 s 4; 1982 c 523 art 22 s 1-3*

NOTE: In the case of special assessments deferred prior to August 1, 1980, the governmental unit shall file with the county recorder prior to January 1, 1982 a certified list of the affected properties and the amount of the unpaid deferment on each property. See Laws 1980, Chapter 560, Section 7.

273.112 PRIVATE OUTDOOR RECREATIONAL, OPEN SPACE AND PARK LAND TAX.

Subdivision 1. This section may be cited as the "Minnesota Open Space Property Tax Law."

Subd. 2. The present general system of ad valorem property taxation in the state of Minnesota does not provide an equitable basis for the taxation of certain private outdoor recreational, open space and park land property and has resulted in excessive taxes on some of these lands. Therefore, it is hereby declared that the public policy of this state would be best served by equalizing tax burdens upon private outdoor, recreational, open space and park land within this state through appropriate taxing measures to encourage private development of these lands which would otherwise have to be provided by governmental authority.

Subd. 3. Real estate shall be entitled to valuation and tax deferment under this section only if it is:

(a) actively and exclusively devoted to golf, skiing or archery or firearms range recreational use or uses and other recreational uses carried on at the establishment;

(b) five acres in size or more, except in the case of an archery or firearms range; and

(c) (1) operated by private individuals and open to the public; or

(2) operated by firms or corporations for the benefit of employees or guests;
or

(3) operated by private clubs having a membership of 50 or more.

Subd. 4. The value of any real estate described in subdivision 3 shall upon timely application by the owner, in the manner provided in subdivision 6, be determined solely with reference to its appropriate private outdoor, recreational, open space and park land classification and value notwithstanding Minnesota Statutes 1967, Sections 272.03, Subdivision 8, and 273.11. In determining such value for ad valorem tax purposes the assessor shall not consider the value such real estate would have if it were converted to commercial, industrial, residential or seasonal residential use.

Subd. 5. The assessor shall, however, make a separate determination of the market value of such real estate. The tax based upon the appropriate mill rate applicable to such property in the taxing district shall be recorded on the property assessment records.

Subd. 6. Application for deferment of taxes and assessment under this section shall be made at least 60 days prior to January 2 of each year. Such application shall be filed with the assessor of the taxing district in which the real property is located on such form as may be prescribed by the commissioner of revenue. The assessor may require proof by affidavit or otherwise that the property qualifies under subdivision 3.

Subd. 7. When real property which is being, or has been, valued and assessed under this section is sold or no longer qualifies under subdivision 3, the portion sold or the portion which no longer qualifies under subdivision 3 shall be subject to additional taxes, in the amount equal to the difference between the taxes determined in accordance with subdivision 4, and the amount determined under subdivision 5, provided, however, that the amount determined under subdivision 5 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arms length transaction been used in lieu of the market value determined under subdivision 5. Such additional taxes shall be extended against the property on the tax list for the current year, provided, however, that no interest or penalties shall be levied on such additional taxes if timely paid, and provided further, that such additional taxes shall only be levied with respect to the

last seven years that the said property has been valued and assessed under this section.

Subd. 8. The tax imposed by this section shall be a lien upon the property assessed to the same extent and for the same duration as other taxes imposed upon property within this state. The tax shall be annually extended by the county auditor and shall be collected and distributed in the manner provided by law for the collection and distribution of other property taxes.

Subd. 9. This section shall apply to assessments for tax purposes made beginning in 1970 used to determine taxes payable in 1971.

History: 1969 c 1135 s 1; 1973 c 582 s 3; 1Sp1981 c 1 art 2 s 5

273.115 STATE PAID WETLANDS CREDIT.

Subdivision 1. The county auditor shall annually reduce the tax liability of each owner of wetlands exempt from property taxation pursuant to section 272.02, subdivision 1, clause (15), by an amount equal to three-fourths of one percent of the average level of estimated market value of an acre of tillable land in the township, city or unorganized territory in which the qualifying wetland is located, multiplied by the number of acres of wetlands he owns. Any excess of credit over tax liability shall not be paid to the property owner but shall be applied to the tax liability of the owner of the wetlands for any parcel he owns which is contiguous to the parcel containing the wetlands.

Subd. 2. The total amounts of credits allowed pursuant to subdivision 1 and the total amounts of revenue lost as a result of the exemption provided in section 272.02, subdivision 1, clause (15), shall be submitted by the county auditor to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. The amount of revenue lost as a result of the exemption shall be computed each year by applying the current mill rates of the taxing jurisdictions in which the wetlands are located to the assessed valuation of the wetlands for purposes of taxes levied in 1979, payable in 1980. Provided that payment to the county for lost revenue shall not be less than the revenue which would have been received in taxes if the wetlands had an assessed value of \$5 per acre. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.

Subd. 3. Payment shall be made according to the procedure provided in section 273.13, subdivision 15a, for the purpose of replacing revenue lost as a result of the exemption provided in section 272.02, subdivision 1, clause (15), and the credit provided in this section.

Subd. 4. There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make the payments provided in subdivision 3.

Subd. 5. In order to receive the wetlands credit provided in this section, an owner of wetlands shall agree not to drain the wetlands during the year for which he receives the credit. To initially qualify for the credit for taxes levied in 1980, payable in 1981, the agreement shall be made by June 30, 1980; to initially qualify for the credit for taxes levied subsequent to 1980, the agreement shall be made by a date to be set by the county board. After initial qualification, an owner of wetlands shall not be required to reapply to receive the credit for subsequent years. The agreement shall remain in effect until the wetlands are drained. The credit shall not be available (a) for any year prior to which a timely agreement has been made or (b) for any year in which the owner drains the wetlands. The local assessor shall certify that each land owner receiving the credit has so agreed.

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Subd. 6. The amount of the wetlands credit shall be reflected on the property tax statement of each eligible taxpayer.

Subd. 7. The total credits allowed by subdivision 1 shall be deducted from the gross property tax before determination of the homestead credit provided by section 273.13, subdivisions 6 and 7 and the taconite homestead credit provided by section 273.135.

History: 1979 c 303 art 2 s 8; 1980 c 432 s 2-6; 1Sp1981 c 1 art 10 s 6-8

273.116 STATE PAID NATIVE PRAIRIE CREDIT.

Subdivision 1. The county auditor shall annually reduce the tax liability of each owner of native prairie exempt from property taxation pursuant to section 272.02, subdivision 1, clause (16), by an amount equal to 1-1/2 percent of the average level of estimated market value of an acre of tillable land in the township, city or unorganized territory in which the qualifying native prairie is located, multiplied by the number of acres of native prairie he owns. Any excess of credit over tax liability shall not be paid to the property owner but shall be applied to the tax liability of the owner of the native prairie for any parcel he owns which is contiguous to the parcel containing the native prairie or if the owner of the native prairie does not own any contiguous parcel to which the credit can be applied, the credit shall be applied to his tax liability for any parcel he owns which is located in the same township or city or not farther than two townships or cities or combination thereof from the native prairie.

Subd. 2. The total amounts of credits allowed pursuant to subdivision 1 and the total amounts of revenue lost as a result of the exemption provided in section 272.02, subdivision 1, clause (16), shall be submitted by the county auditor to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. The amount of revenue lost as a result of the exemption shall be computed each year by applying the current mill rates of the taxing jurisdictions in which the native prairie is located to the assessed valuation of the native prairie for purposes of taxes levied in 1979, payable in 1980. Provided that payment to the county for lost revenue shall not be less than the revenue which would have been received in taxes if the native prairie had an assessed value of \$5 per acre. The commissioner of revenue shall review such certifications to determine their accuracy. He may make any changes in the certification he may deem necessary or return a certification to the county auditor for corrections.

Subd. 3. Payment shall be made according to the procedure provided in section 273.13, subdivision 15a, for the purpose of replacing revenue lost as a result of the exemption provided in section 272.02, subdivision 1, and the credit provided in this section.

Subd. 4. There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make the payments provided in subdivision 3.

Subd. 5. In order to receive the native prairie credit provided in this section, an owner of native prairie shall agree to preserve the prairie in its natural state during the year for which he receives the credit. To initially qualify for the credit for taxes levied in 1980, payable in 1981, the agreement shall be made by June 30, 1980; to initially qualify for the credit for taxes levied subsequent to 1980, the agreement shall be made by a date to be set by the county board. After initial qualification, an owner of native prairie shall not be required to reapply to receive the credit for subsequent years. The agreement shall remain in effect until the native prairie is no longer maintained in its natural state. The credit shall not be available (a) for any year prior to which a timely agreement has been made or (b)

for any year in which the owner ceases to maintain the native prairie in its natural state. The local assessor shall certify that each land owner receiving the credit has so agreed.

Subd. 6. The amount of the native prairie credit shall be reflected on the property tax statement of each eligible taxpayer.

Subd. 7. The total credits allowed by subdivision 1 shall be deducted from the gross property tax before determination of the homestead credit provided by section 273.13, subdivisions 6 and 7 and the taconite homestead credit provided by section 273.135.

History: 1980 c 432 s 7; 1Sp1981 c 1 art 10 s 9,10

273.117 CONSERVATION PROPERTY TAX VALUATION.

Real property which is subject to a conservation restriction or easement shall be entitled to reduced valuation under this section if:

(a) The restriction or easement is for a conservation purpose as defined in section 84.64, subdivision 2, and is recorded on the property;

(b) The property is being used in accordance with the terms of the conservation restriction or easement.

History: 1Sp1981 c 1 art 2 s 6

273.12 ASSESSMENT OF REAL PROPERTY.

It shall be the duty of every assessor and board, in estimating and determining the value of lands for the purpose of taxation, to consider and give due weight to every element and factor affecting the market value thereof, including its location with reference to roads and streets and the location of roads and streets thereon or over the same, and to take into consideration a reduction in the acreage of each tract or lot sufficient to cover the amount of land actually used for any improved public highway and the reduction in area of land caused thereby, provided, that in determining the market value of vacant land, the fact that such land is platted shall not be taken into account. An individual lot of such platted property shall not be assessed in excess of the assessment of the land as if it were unplatted until the lot is improved with a permanent improvement all or a portion of which is located upon the lot, or for a period of three years after final approval of said plat whichever is shorter. When a lot is sold or construction begun, the assessed value of that lot or any single contiguous lot fronting on the same street shall be eligible for reassessment. It shall be the duty of every assessor and board, in estimating and determining the value of lands for the purpose of taxation, to consider and give due weight to lands which are comparable in character, quality, and location, to the end that all lands similarly located and improved will be assessed upon a uniform basis and without discrimination and, for agricultural lands, to consider and give recognition to its earning potential as measured by its free market rental rate.

History: 1927 c 123; 1931 c 224 s 1; 1935 c 237 s 1; 1969 c 574 s 2; 1971 c 427 s 2; 1971 c 489 s 2; Ex1971 c 31 art 23 s 1 (1992-1)

273.121 VALUATION OF REAL PROPERTY, NOTICE.

Any county assessor or city assessor having the powers of a county assessor, valuing or classifying taxable real property shall in each year notify those persons whose property is to be assessed or reclassified that year if the person's address is known to the assessor, otherwise the occupant of the property. In the case of property owned by a married couple in joint tenancy or tenancy in common, the assessor shall not deny the 3b or 3c property classification in whole or in part if

only one of the spouses is occupying the property and the other spouse is absent due to divorce or separation, or is a resident of a nursing home or a boarding care facility. The notice shall be in writing and shall be sent by ordinary mail at least ten days before the meeting of the local board of review or equalization. It shall contain the amount of the valuation in terms of market value, the new classification, the assessor's office address, and the dates, places, and times set for the meetings of the local board of review or equalization and the county board of equalization. If the assessment roll is not complete, the notice shall be sent by ordinary mail at least ten days prior to the date on which the board of review has adjourned. The assessor shall attach to the assessment roll a statement that the notices required by this section have been mailed. Any such assessor who is not provided sufficient funds from his governing body to provide such notices, may make application to the commissioner of revenue to finance such notices. The commissioner of revenue shall conduct an investigation and if he is satisfied that the assessor does not have the necessary funds, issue his certification to the commissioner of finance of the amount necessary to provide such notices. The commissioner of finance shall issue a warrant for such amount and shall deduct such amount from any state payment to such county or municipality. The necessary funds to make such payments are hereby appropriated. Failure to receive the notice shall in no way affect the validity of the assessment, the resulting tax, the procedures of any board of review or equalization, or the enforcement of delinquent taxes by statutory means.

History: *Ex1971 c 31 art 23 s 2; 1973 c 492 s 14; 1974 c 363 s 1; 1975 c 437 art 8 s 7; 1980 c 437 s 3; 1982 c 523 art 23 s 1*

273.122 [Repealed, 1980 c 607 art 2 s 24]

273.123 REASSESSMENT OF HOMESTEAD PROPERTY DAMAGED BY A DISASTER.

Subdivision 1. **Definitions.** For purposes of this section (a) "disaster or emergency" means

- (1) a major disaster as determined by the president of the United States;
- (2) a natural disaster as determined by the secretary of agriculture;
- (3) a disaster as determined by the administrator of the small business administration; or
- (4) a tornado, storm, flood, earthquake, landslide, explosion, fire or similar catastrophe, as a result of which a local emergency is declared pursuant to section 12.29.

(b) "disaster or emergency area" means an area

(1) in which the president of the United States, the secretary of agriculture, or the administrator of the small business administration has determined that a disaster exists pursuant to federal law or in which a local emergency has been declared pursuant to section 12.29; and

(2) for which an application by the local unit of government requesting property tax relief under this section has been received by the governor and approved by the executive council.

(c) "homestead property" means homestead dwelling located on property classified pursuant to section 273.13, subdivision 6, 6a, 7, 7b, 7d, or 14a, including manufactured homes and sectional homes used as homesteads and taxed pursuant to section 273.13, subdivision 3, clause (b), (c), or (d).

Subd. 2. Reassessment of homestead property. The county assessor shall reassess all homestead property located within a disaster or emergency area which is physically damaged by the disaster or emergency and shall adjust the valuation

for taxes payable the following year to reflect the loss in market value caused by the damage as follows: Subtract the market value of the property as reassessed from the market value of the property as assessed for January 1 of the year in which the disaster or emergency occurred; multiply the remainder by a fraction, the numerator of which is the number of full months remaining in the year on the date the disaster or emergency occurred, and the denominator of which is 12; subtract the product of the calculation from the market value of the property as assessed for January 1 of the year in which the disaster or emergency occurred; the remainder is the estimated market value to be used for taxes payable the following year. The assessor shall report to the county auditor the assessed value based on the assessment of January 1 of the year in which the disaster or emergency occurred and the assessed value based on the reassessment made pursuant to this subdivision.

Subd. 3. Computation of mill rates. When computing mill rates, the county auditor shall use the valuation reported by the assessor for the assessment made on January 1 of the year in which the disaster or emergency occurred.

Subd. 4. State reimbursement. The county auditor shall calculate the tax on the property described in subdivision 2 based on the assessment made on January 1 of the year in which the disaster or emergency occurred. The difference between the tax determined on the January 1 assessed value and the tax actually payable based on the reassessed value determined under subdivision 2 shall be reimbursed to each taxing jurisdiction in which the damaged property is located. The amount shall be certified by the county auditor and reported to the commissioner of revenue. The commissioner shall make the payments to the taxing jurisdictions containing the property at the time distributions are made pursuant to section 273.13, subdivision 15a, in the same proportion that the ad valorem tax is distributed.

Subd. 5. Computation of credits. The amounts of any homestead, agricultural, or similar credits or tax relief which reduce the gross tax shall be computed upon the reassessed value determined under subdivision 2. For purposes of the property tax refund, property taxes payable, as defined in section 290A.03, subdivision 13, and net property taxes payable, as defined in section 290A.04, subdivision 2d, shall be computed upon the reassessed value determined under subdivision 2.

Subd. 6. Appropriation. There is annually appropriated from the general fund to the commissioner of revenue an amount necessary to make the payments required by this section.

History: 1981 c 365 s 9; 1982 c 523 art 33 s 1

273.13 CLASSIFICATION OF PROPERTY.

Subdivision 1. How classified. All real and personal property subject to a general property tax and not subject to any gross earnings or other lieu tax is hereby classified for purposes of taxation as provided by this section.

Subd. 2. Class 1. Iron ore, whether mined or unmined, shall constitute class 1 and shall be valued and assessed at 50 percent of its value. If unmined, it shall be assessed with and as a part of the real estate in which it is located, but at the rate aforesaid. Iron ore which either (a) is mined by underground methods and either placed in stockpile or concentrated and placed in stockpile or (b) is mined by open-pit methods and, in accordance with good engineering and metallurgical practice, requires concentration other than crushing or screening or both to make it suitable for commercial blast furnace use, and is either placed in stockpile for the purpose of concentration in the course of a concentration operation, or is concentrated and placed in stockpile, for three taxable years after being mined

only, shall be listed and assessed in the taxing district where mined at the same amount per ton as it would be assessed if still unmined, except that if such ore contains phosphorous in excess of .180 percent or is classified in the trade as manganiferous ore, then irrespective of whether it requires such concentration or has been so concentrated it shall be so listed and assessed as if it were unmined ore for five taxable years after being mined only, and thereafter such ore in stockpiles shall be valued and assessed as mined iron ore, as otherwise provided by law. The real estate in which iron ore is located, other than the ore, shall be classified and assessed in accordance with the provisions of classes 3, 3b, and 4, as the case may be. In assessing any tract or lot of real estate in which iron ore is known to exist the assessable value of the ore exclusive of the land in which it is located, and the assessable value of the land exclusive of the ore shall be determined and set down separately and the aggregate of the two shall be assessed against the tract or lot.

Class 1a. All direct products of the blast and open hearth furnaces that are utilized in the form produced and are not further processed, shall constitute class 1a and shall be valued and assessed at 15 percent of the market value thereof.

Subd. 2a. Class 1b. "Mineral interest", for the purpose of this subdivision, means an interest in any minerals, including but not limited to gas, coal, oil, or other similar interest in real estate, which is owned separately and apart from the fee title to the surface of such real property. Mineral interests which are filed for record in the offices of either the county recorder or registrar of titles, whether or not filed pursuant to sections 93.52 to 93.58, constitute class 1b, and shall be taxed as provided in this subdivision unless specifically excluded by this subdivision. A tax of \$.25 per acre or portion of an acre of mineral interest is hereby imposed and is due and payable annually. If an interest is a fractional undivided interest in an area, the tax due on the interest per acre or portion of an acre is equal to the product obtained by multiplying the fractional interest times \$.25, computed to the nearest cent. However, the minimum annual tax on any mineral interest is \$2. No such tax on mineral interests is due and payable on the following: (a) Mineral interests valued and taxed under other laws relating to the taxation of minerals, gas, coal, oil; or other similar interests; (b) Mineral interests which are exempt from taxation pursuant to constitutional or related statutory provisions. Tax money received under this subdivision shall be apportioned to the taxing districts included in the area taxed in the same proportion as the surface interest mill rate of a taxing district bears to the total mill rate applicable to surface interests in the area taxed. The tax imposed by this subdivision is not included within any limitations as to rate or amount of taxes which may be imposed in an area to which the tax imposed by this subdivision applies. The tax imposed by this subdivision shall not cause the amount of other taxes levied or to be levied in the area, which are subject to any such limitation, to be reduced in any amount whatsoever. The tax imposed by this section is effective for taxing years beginning January 1, 1975. Twenty percent of the revenues received from the tax imposed by this section shall be distributed under the provisions of section 116J.64.

Subd. 3. Class 2a; manufactured homes; sectional structures. (a) Except as provided in this subdivision all manufactured homes shall constitute class 2a and shall be valued and assessed at 28 percent of the market value thereof. The valuation of class 2a property shall be subject to review and the taxes payable thereon in the manner provided in section 274.19. For purposes of this section, a "manufactured home" means a structure transportable in one or more sections, which is built on a permanent chassis, and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and contains the plumbing, heating, air-conditioning, and electrical systems therein,

including any accessory structure which is an addition or supplement to the manufactured home and, when installed, becomes a part of the manufactured home.

(b) A manufactured home which meets each of the following criteria shall be valued and assessed as an improvement to real property, the appropriate real property classification shall apply, and the valuation shall be subject to review and the taxes payable in the manner provided for real property:

(i) The owner of the unit holds title to the land upon which it is situated;

(ii) The unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the manufactured homes building code contained in sections 327.31 to 327.34, and the rules adopted thereto, or is affixed to the land in a manner comparable to other real property in the taxing district; and

(iii) The unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(c) A manufactured home which meets each of the following criteria shall be assessed at the rate provided by the appropriate real property classification but shall be classified as 2a property, and the valuation shall be subject to review and the taxes payable thereon in the manner provided in section 274.19:

(i) The owner of the unit is a lessee of the land pursuant to the terms of a lease;

(ii) The unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the manufactured homes building code contained in sections 327.31 to 327.34, and the rules adopted thereto, or is affixed to the land in a manner comparable to other real property in the taxing district; and

(iii) The unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(d) Section 1 structures shall be valued and assessed as an improvement to real property provided the owner of the structure holds title to the land upon which it is located or is a qualifying lessee of the land under the provisions of section 273.19. For purposes of this clause "sectional structure" means a building or structural unit which has been in whole or substantial part manufactured or constructed at an off site location to be wholly or partially assembled on site alone or with other units and attached to a permanent foundation.

(e) The commissioner of revenue may promulgate rules pursuant to the administrative procedure act for the purpose of establishing additional criteria for the classification of manufactured homes and sectional structures pursuant to the provisions of this subdivision.

Subd. 4. Class 3. (a) Tools, implements and machinery of an electric generating, transmission or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures, all agricultural land, except as provided by classes 1, 3b, 3e, all buildings and structures assessed as personal property and situated upon land of the state of Minnesota or the United States government which is rural in character and devoted or adaptable to rural but not necessarily agricultural use shall constitute class 3 and shall be valued and assessed at 33-1/3 percent of the market value thereof, except as provided in clause (b). Except as provided in subdivision 5a, all real property devoted to temporary and seasonal residential occupancy for recreational purposes, and which is not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, shall be class 3 property and assessed accordingly. For this purpose, property is devoted to

commercial use on a specific day if it is used, or offered for use, and a fee is charged for such use. Class 3 shall also include commercial use real property used exclusively for recreational purposes in conjunction with class 3 property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 200 days in the year preceding the year of assessment and is located within two miles of the class 3 property with which it is used.

(b) Agricultural land which is classified as class 3 shall be assessed at 19 percent of its market value. Real property devoted to temporary and seasonal residential occupancy for recreation purposes which is classified as class 3 shall be assessed at 21 percent of its market value.

Subd. 5. [Repealed, Ex1971 c 31 art 22 s 5]

Subd. 5a. **Class 3a.** Class 3a shall constitute commercial use real property which abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, which includes a portion used as a homestead by the owner, with the following limitations: the area of the property which shall be included in class 3a shall not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property, up to a total of 800 feet, and 500 feet in depth measured away from the lakeshore. Class 3a shall be assessed at 12 percent of the market value thereof in 1980, for taxes payable in 1981, and thereafter. The remainder of the parcel shall be classified and assessed according to the provisions of subdivision 4.

Subd. 6. **Class 3b.** Agricultural land, except as provided by class 1 hereof, and which is used for the purposes of a homestead shall constitute class 3b and shall be valued and assessed for taxes payable in 1981 and thereafter as follows: the first \$50,000 of market value shall be valued and assessed at 14 percent; the remaining market value shall be valued and assessed at 19 percent. Effective for taxes payable in 1982 and thereafter, the maximum amount of the market value of the homestead bracket subject to the 14 percent rate shall be adjusted by the commissioner of revenue as provided in section 273.1311. The property tax to be paid on class 3b property as otherwise determined by law less any reduction received pursuant to sections 124.213 and 273.135 shall be reduced by 58 percent of the tax for taxes payable in 1981 and thereafter; provided that the amount of said reduction shall not exceed \$650. Valuation subject to relief shall be limited to 240 acres of land, most contiguous surrounding, bordering, or closest to the house occupied by the owner as his dwelling place, and such other structures as may be included thereon utilized by the owner in an agricultural pursuit, provided that noncontiguous land shall constitute class 3b only if the homestead is classified as class 3b and the detached land is located in the same township or city or not farther than two townships or cities or combination thereof from the homestead. The first \$12,000 market value of each tract of real estate which is rural in character and devoted or adaptable to rural but not necessarily agricultural use, used for the purpose of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law.

Agricultural land as used herein, and in section 124.2137, shall mean contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land and land included in federal farm programs.

Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes.

Effective for the 1981 assessment and in subsequent years, the assessor shall determine and list separately on his records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

Subd. 6a. Homestead owned by family farm corporation or partnership. (a) Each family farm corporation and each partnership operating a family farm shall be entitled to class 3b assessment and shall be eligible for the credit provided in subdivision 6 for one homestead occupied by a shareholder or partner thereof who is residing on the land and actively engaged in farming of the land owned by the corporation or partnership. Such a homestead shall not exceed 240 acres, and shall be assessed as provided in subdivision 6, notwithstanding the fact that legal title to the property may be in the name of the corporation or partnership and not in the name of the person residing thereon. "Family farm corporation" and "family farm" shall mean as defined in section 500.24.

(b) In addition to property specified in paragraph (a), any other residences owned by corporations or partnerships described in paragraph (a) which are located on agricultural land and occupied as homesteads by shareholders or partners who are actively engaged in farming on behalf of the corporation or partnership shall also be assessed as class 3b property, and be entitled to the credit provided in subdivision 6, but the property eligible shall be limited to the residence itself and as much of the land surrounding the homestead, not exceeding one acre, as is reasonably necessary for the use of the dwelling as a home, and shall not include any other structures that may be located thereon.

Subd. 7. Class 3c, 3cc. All other real estate and class 2a property, except as provided by classes 1 and 3cc, which is used for the purposes of a homestead, shall constitute class 3c, and shall be valued and assessed for taxes payable in 1981 and thereafter as follows: the first \$25,000 of market value shall be valued and assessed at 16 percent; the next \$25,000 of market value shall be valued and assessed at 22 percent; and the remaining market value shall be valued and assessed at 28 percent. Effective for taxes payable in 1982 and thereafter, the maximum amounts of the market value of the homestead brackets subject to the 16 percent and 22 percent rates shall be adjusted by the commissioner of revenue as provided in section 273.1311. The property tax to be paid on class 3c property as otherwise determined by law, less any reduction received pursuant to section 273.135 shall be reduced by 58 percent of the tax for taxes payable in 1981 and thereafter; provided that the amount of said reduction shall not exceed \$650. The first \$12,000 market value of each tract of such real estate used for the purposes of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law. Class 3cc property shall include real estate or manufactured homes used for the purposes of a homestead by (a) any blind person, if such blind person is the owner thereof or if such blind person and his or her spouse are the sole owners thereof; or (b) any person (hereinafter referred to as veteran) who: (1) served in the active military or naval service of the United States and (2) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair, and (3) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of such a deceased veteran for as long as the surviving spouse retains the special housing unit as his or her homestead; or (c) any person who: (1) is permanently and totally disabled and (2) is receiving (i) aid

from any state as a result of that disability, or (ii) supplemental security income for the disabled, or (iii) workers' compensation based on a finding of total and permanent disability, or (iv) social security disability, or (v) aid under the Federal Railroad Retirement Act of 1937, 45 United States Code Annotated, Section 228b(a)5, or (vi) a pension from any local government retirement fund located in the state of Minnesota as a result of that disability; which aid is at least 90 percent of the total income of such disabled person from all sources. Class 3cc property shall be valued and assessed for taxes payable in 1981 and thereafter as follows: in the case of agricultural land, including a manufactured home, used for a homestead, the first \$33,000 of market value shall be valued and assessed at five percent, the next \$17,000 of market value shall be valued and assessed at 14 percent, and the remaining market value shall be valued and assessed at 19 percent; and in the case of all other real estate and manufactured homes, the first \$33,000 of market value shall be valued and assessed at five percent, the next \$17,000 of market value shall be valued and assessed at 22 percent, and the remaining market value shall be valued and assessed at 28 percent. Effective for taxes payable in 1982 and thereafter, in the case of agricultural land including a manufactured home used for purposes of a homestead, the commissioner of revenue shall adjust, as provided in section 273.1311, the maximum amount of the market value of the homestead brackets subject to the five percent and 14 percent rates; and for all other real estate and manufactured homes, the commissioner of revenue shall adjust, as provided in section 273.1311, the maximum amount of the market value of the homestead brackets subject to the five percent and 22 percent rates. Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings him an income. The property tax to be paid on class 3cc property as otherwise determined by law, less any reduction received pursuant to section 273.135 shall be reduced by 58 percent of the tax for taxes payable in 1981 and thereafter; provided that the amount of said reduction shall not exceed \$650.

Subd. 7a. Percentage of market value. Except as otherwise provided for the purpose of determining salaries of all officials based on assessed valuations and of determining tax limitations now established by statute or by charter, class 3b and class 3c property shall be figured at 33 1/3 percent and 40 percent of the market value thereof, respectively.

Subd. 7b. Class 3f. Class 3f consists of all buildings and appurtenances thereto owned by the occupant and used by him as a permanent residence which are located upon land the title to which is vested in a person or entity other than the occupant. Such buildings shall be valued and assessed as if they were homestead property within the scope of class 3b, 3c, or 3cc, whichever is applicable.

Subd. 7c. Townhouses; common areas; condominiums; cooperatives. (a) Townhouse property shall be classified and valued as is other property under this section except that the value of the townhouse property shall be increased by the value added by the right to use any common areas in connection with the townhouse development. The common areas of the development shall not be separately taxed. The total value of the townhouse property, including the value added as provided herein, shall have the benefit of homestead treatment or other special classification if the townhouse otherwise qualifies.

(b) Condominium property qualifying as a homestead under section 515A.1-105 and property owned by a cooperative association that qualifies as a homestead under section 273.133 shall have the benefit of homestead treatment or other special classification if the condominium or cooperative association property otherwise qualifies. In the event that the condominium or cooperative association

property is owned by the occupant and used for the purposes of a homestead but is located upon land which is leased, that leased land shall be valued and assessed as if it were homestead property within the scope of class 3c or 3cc, whichever is applicable, if all of the following criteria are met:

- (1) The occupant is using the property as his permanent residence;
- (2) The occupant or the cooperative association is paying the ad valorem property taxes and any special assessments levied against the land and structure;
- (3) The occupant or the cooperative association has signed a land lease; and
- (4) The term of the land lease is at least 50 years, notwithstanding the fact that the amount of the rental payment may be renegotiated at shorter intervals.

Subd. 7d. **Leased homestead property.** Class 3g consists of all buildings and appurtenances located upon land owned by the occupant and used for the purposes of a homestead together with the land upon which they are located shall be valued and assessed as if they were homestead property within the scope of class 3c or 3cc, whichever is applicable, if all of the following criteria are met:

- (a) the occupant is using such property as his permanent residence; and
- (b) the occupant is paying the ad valorem property taxes and any special assessments levied against such property; and
- (c) the occupant has signed a lease which has an option to purchase the buildings and appurtenances; and
- (d) the term of the lease is at least five years.

Any taxpayer meeting all the requirements herein must notify the county assessor, or the assessor who has the powers of the county assessor pursuant to section 273.063, in writing, prior to September 1, 1981 and in future years, as soon as possible after signing the lease agreement and occupying the buildings as his homestead.

Subd. 8. [Repealed, Ex1967 c 32 art 4 s 3]

Subd. 8a. **Class 3e.** Real estate, rural in character, and used exclusively for the purpose of growing trees for timber, lumber, wood and wood products shall constitute class 3e, and shall be valued and assessed at 19 percent of the market value thereof.

Subd. 9. **Class 4a, 4b, 4c, and 4d.** (1) All property not included in the preceding classes shall constitute class 4a and shall be valued and assessed at 43 percent of the market value thereof, except as otherwise provided in this subdivision.

(2) Real property which is not improved with a structure and which is not utilized as part of a commercial or industrial activity shall constitute class 4b and shall be valued and assessed at 40 percent of market value.

(3) Commercial and industrial property, except as provided in this subdivision, shall constitute class 4c and shall be valued and assessed at 40 percent of the first \$50,000 of market value and 43 percent of the remainder, provided that in the case of state-assessed commercial or industrial property owned by one person or entity, only one parcel shall qualify for the 40 percent assessment, and in the case of other commercial or industrial property owned by one person or entity, only one parcel in each county shall qualify for the 40 percent assessment.

(4) Industrial employment property defined in section 273.1313, during the period provided in section 273.1313, shall constitute class 4d and shall be valued and assessed at 20 percent of the first \$50,000 of market value and 21.5 percent of the remainder.

Subd. 10. **Homestead of member of U.S. Armed Forces in class 3b or 3c.** Real estate actually occupied and used for the purpose of a homestead by a

member of the armed forces of the United States, or by a member of his immediate family on or after July 1, 1940, shall, notwithstanding the removal therefrom of such person, while on active duty with the armed forces of the United States or his family under such conditions, be classified in class 3b or 3c, as the case may be, provided, that absence of the owner therefrom is solely by reason of service in the armed forces, and that he intends to return thereto as soon as discharged or relieved from such service, and claims it as his homestead. Every person who, for the purpose of obtaining or aiding another in obtaining any benefit under this subdivision, shall knowingly make or submit to any assessor any affidavit or other statement which is false in any material matter shall be guilty of a felony.

Subd. 11. Assessor may require proof. The assessor may require proof, by affidavit or otherwise of the facts upon which classification as a homestead may be determined under the provisions of subdivisions 6, 7 and 10.

Subd. 12. Real estate purchased for occupancy as a homestead. Real estate purchased for occupancy as a homestead shall be classified in class 3b or 3c, as the case may be, where the purchaser is prevented from obtaining possession on January 2 next following the purchase by reason of federal or state rent control laws or regulations. The assessor shall require proof by affidavit from the purchaser of the existence of facts entitling the purchaser to benefits under this section.

Subd. 13. [Repealed, 1974 c 313 s 1]

Subd. 14. Parking ramps in certain first class cities. In any city of the first class having a population of not more than 400,000 inhabitants that portion of real property which is assessed as a structure upon the land which is used for the sole purpose of a motor vehicle public parking ramp garage and purposes incidental thereto which is subject to a general property tax, shall be classified for purposes of taxation, at its present classification rate or the classification rate determined in accordance with the following schedule, whichever is the greater; 25 percent in the 1972 assessment, 30 percent in the 1973 assessment, 36 per cent in the 1975 assessment and 43 percent in the 1977 assessment.

Subd. 14a. Buildings and appurtenances on land not owned by occupant. The property tax to be paid in respect of the value of all buildings and appurtenances thereto owned and used by the occupant as a permanent residence, which are located upon land subject to property taxes and the title to which is vested in a person or entity other than the occupant, for all purposes shall be reduced by 58 percent of the amount of the tax in respect of said value as otherwise determined by law for taxes payable in 1981, and thereafter, but not by more than \$650.

Subd. 15. [Repealed, Ex1971 c 31 art 36 s 2]

Subd. 15a. General fund, replacement of revenue. (1) Payment from the general fund shall be made, as provided herein, for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in subdivisions 6, 7, and 14a.

(2) Each county auditor shall certify, not later than May 1 of each year commencing in 1968 to the commissioner of revenue the amount of reduction resulting from subdivisions 6 and 7 in his county, and not later than May 1 of each year commencing in 1970, the amount of reduction resulting from subdivision 14a. In 1975 and subsequent years, this certification shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such

changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.

(3) Based on current year tax data reported in the abstracts of tax lists, the commissioner of revenue shall annually determine the taxing district distribution of the amounts certified under clause (2). On or before July 15, 1981, and each year thereafter, the commissioner of revenue shall pay to each taxing district, other than school districts, one-sixth of its total payment for the year. The remaining five-sixths shall be paid in equal installments on or before August 15, September 15, October 15, November 15, and December 15, 1981, and each year thereafter. By July 15, 1982, and each year thereafter, the commissioner of revenue shall pay to each school district one-half of its total payment for the year. The remaining one-half shall be paid by January 15, 1983, and each year thereafter.

Subd. 15b. Property tax credits limitation. The property tax subject to the 58 percent homestead credit provided by subdivisions 6, 7 and 14a, to the homestead property tax relief provided by section 273.135 and to the supplementary homestead property tax relief provided by section 273.1391, shall be based on the total mill rate of all taxing districts levying a tax on the homestead property unless the payable 1982 total levy excluding any amount levied pursuant to section 275.50, subdivision 5, clause (k), of a taxing district other than a school district or the metropolitan transit commission is more than 108 percent of its payable 1981 total levy. If the payable 1982 total levy excluding any amount levied pursuant to section 275.50, subdivision 5, clause (k), of such taxing district is more than 108 percent of its payable 1981 total levy, then that total mill rate shall be based on 108 percent of the taxing district's payable 1981 total levy, plus any amount levied pursuant to section 275.50, subdivision 5, clause (k), for taxes payable in 1982. The commissioner of revenue shall determine and certify to all county auditors the product of each taxing district's payable 1981 total levy multiplied by 108 percent, plus any amount levied pursuant to section 275.50, subdivision 5, clause (k), for taxes payable in 1982. In the event that the sum of the county auditors' certifications exceeds the amounts appropriated, the commissioner of revenue shall proportionally reduce the certification amounts so that their sum equals the appropriation.

Subd. 16. Homestead established after assessment date. (1) Any property which was not used for the purpose of a homestead on the assessment date, but which was used for the purpose of a homestead on June 1 of such year, shall constitute class 3b, class 3c or class 3cc, as the case may be, to the extent of one-half of the valuation which would have been includible in such class and one-half the homestead tax credit to which it would have been entitled had the property been used as a homestead on both such dates.

(2) Any taxpayer meeting the requirements of clause (1) must notify the county assessor, or the assessor who has the powers of the county assessor pursuant to section 273.063, in writing, prior to June 15 of such year in order to qualify thereunder.

The county assessor and the county auditor are hereby empowered to make the necessary changes on their assessment and tax records to provide for proper homestead classification and credit as provided in clauses (1) and (2).

(3) The owner of any property qualifying under this subdivision, which has not been accorded the benefits of this subdivision, regardless of whether or not the notification required in clause (2) has been timely filed, may be entitled to receive such benefits by proper application as provided in sections 270.07 or 375.192.

Subd. 17. Title II or state housing finance agency property used for elderly and low and moderate income families. A structure situated on real property that is used for housing for the elderly or for low and moderate income families as defined by Title II of the National Housing Act or the Minnesota housing finance

agency law of 1971 or regulations promulgated by the agency pursuant thereto and financed by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency pursuant to the provisions of either of said acts and acts amendatory thereof shall, for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan, be assessed at 20 percent of the market value thereof, provided that the fair market value as determined by the assessor is based on the normal approach to value using normal unrestricted rents.

Subd. 17a. The provision of subdivision 17 shall apply only to non-profit and limited dividend entities.

Subd. 17b. **Valuation of farmers home administration property in municipalities of under 10,000.** Notwithstanding any other provision of law, any structure

(a) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the farmers home administration,

(b) located in a municipality of less than 10,000 population,

(c) financed by a direct loan or insured loan from the farmers home administration, and

(d) which qualifies under subdivision 17a, shall, for 15 years from the date of the completion of the original construction or for the original term of the loan, be assessed at five percent of the market value thereof, provided that the fair market value as determined by the assessor is based on the normal approach to value using normal unrestricted rents.

Subd. 17c. **Valuation of lower income housing.** A structure which is

(a) situated upon real property that is used for housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended, and

(b) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel, shall, for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter, be assessed at 20 percent of its market value. The market value determined by the assessor shall be based on the normal approach to value using normal unrestricted rents.

Subd. 17d. **Neighborhood real estate trusts.** When a parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, are owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families, the land and improvements, if any, shall be assessed at 20 percent of the market value. This subdivision shall not apply to any portion of the land or improvements used for nonresidential purposes.

For purposes of this subdivision, a lower income family is a family with an income that does not exceed 65 percent of the median family income for the area as determined by the U.S. Secretary of Housing and Urban Development.

For purposes of this subdivision, neighborhood real estate trust means an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics: (a) it is a nonprofit corporation organized under chapter 317; (b) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws; (c) it limits membership with voting rights to residents of the designated community; and (d) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust.

Subd. 18. **Homestead ad valorem tax credit.** (1) The county auditor in computing the tax to be paid on account of the principal and interest on bonded indebtedness for the purpose of subdivisions 6 and 7 shall include:

(a) that portion of the tax attributable to local improvements financed by general revenue as certified in clause (2), which prior to 1967 was financed by special assessments, and

(b) the payments on bonded indebtedness as certified pursuant to clause (3).

(2) Each municipality and township shall certify to the county auditor the local improvements paid from general funds and the amount levied therefor, which are of a type which prior to 1967 was levied as a special assessment against benefited property.

(3) Each taxing unit shall certify to the county auditor the amount of principal and interest payments required as specified by the terms of the indenture to be paid in said year on bonded indebtedness which is excluded from the homestead credit of subdivisions 6 and 7. In determining said amount the taxing unit shall include the amount necessary to meet all principal and interest payments due in the calendar year on all debt for which the full faith and credit of the taxing district is pledged except the following shall not be included when actually applied to the retirement of interest or principal on bonded indebtedness:

(a) special assessments on benefited property,

(b) user charges or other net revenues of an income producing facility, after deducting the operating costs as determined in accordance with rules and regulations established by the commissioner of revenue, when used to retire the indebtedness of the facility or project from which such charges or revenues are produced or derived, and

(c) moneys received under contract, grant or gift from a different unit of government, an individual, corporation, association or foundation but only when such payment on bonded debt is consistent with the purpose for which such moneys are paid or granted; however, the taxing unit may not apply the per capita aid payable under chapter 297A or the aids payable under chapter 162 to the reduction of the costs of the required principal and interest payments on the bonded indebtedness.

Subd. 19. **Class 3d, 3dd.** Residential real estate containing four or more units, other than seasonal residential, recreational and homesteads shall be classified as class 3d property and shall have a taxable value equal to 36 percent of market value for taxes levied in 1981 and 34 percent of market value for taxes levied in 1982 and thereafter. Residential real estate containing three or less units, other than seasonal residential, recreational and homesteads, shall be classified as class 3dd property and shall have a taxable value equal to 28 percent of market value.

Residential real estate as used in this subdivision means real property used or held for use by the owner thereof, or by his tenants or lessees as a residence for rental periods of 30 days or more, but shall not include homesteads, or real estate devoted to temporary or seasonal residential occupancy for recreational purposes. Where a portion of a parcel of property qualified for class 3d or 3dd and a portion does not qualify for class 3d or 3dd the valuation shall be apportioned according to the respective uses.

Residential real estate containing less than three units when entitled to homestead classification for one or more units shall be classed as 3b, 3c or 3cc according to the provisions of subdivisions 6 and 7.

Subd. 20. **Taxation; apartments; assessed value; apartment housing of type I or II construction.** That portion of real property subject to a general property tax and assessed as a structure upon the land shall, when such structure is constructed

with materials meeting the requirements for type I or II construction as defined in the state building code, 90 percent or more is used or is to be used as apartment housing, and no part of which is subject to the provisions of subdivisions 7 and 17, be classified for the purposes of taxation for a period of 40 years from the date of completion of original construction, or the date of initial though partial use, whichever is the earlier date, as follows: (a) When such structure is of a height of five or more stories that part, section, floor or area used or to be used for apartment housing shall be valued and assessed at 25 percent of the market value thereof; (b) When such structure is of a height of four or less stories that part, section, floor or area used or to be used for apartment housing shall be valued and assessed at 33 1/3 percent of the market value thereof.

History: 1913 c 483 s 1; 1923 c 140; 1933 c 132; 1933 c 359; 1937 c 365 s 1; Ex1937 c 86 s 1; 1939 c 48; 1941 c 436; 1941 c 437; 1941 c 438; 1943 c 172 s 1; 1943 c 648 s 1; 1945 c 274 s 1; 1945 c 527 s 1; 1947 c 537 s 1; 1949 c 723 s 1; 1951 c 510 s 1; 1951 c 585 s 1; 1953 c 358 s 1,2; 1953 c 400 s 1; 1953 c 747 s 1,2; 1955 c 751 s 1,2; 1957 c 866 s 1; 1957 c 959 s 1; 1959 c 40 s 1; 1959 c 338 s 1; 1959 c 541 s 1; 1959 c 562 s 3; Ex1959 c 70 art 1 s 2; 1961 c 243 s 1; 1961 c 322 s 1; 1961 c 340 s 3; 1961 c 475 s 1; 1961 c 710 s 1; 1963 c 426 s 1; 1965 c 259 s 1; 1967 c 606 s 1; Ex1967 c 32 art 1 s 2-4, art 4 s 1, art 9 s 1,2; 1969 c 251 s 1; 1969 c 399 s 49; 1969 c 407 s 1; 1969 c 417 s 1; 1969 c 422 s 1,2; 1969 c 709 s 4,5; 1969 c 760 s 1; 1969 c 763 s 1; 1969 c 965 s 2; 1969 c 1126 s 2; 1969 c 1128 s 1,2; 1969 c 1132 s 1; 1969 c 1137 s 1; 1971 c 226 s 1; 1971 c 427 s 3-12,16,17; 1971 c 747 s 1; 1971 c 791 s 1; 1971 c 797 s 3,4; Ex1971 c 31 art 9 s 1; Ex1971 c 31 art 22 s 1,2,4,6,7,8; Ex1971 c 31 art 36 s 1; 1973 c 355 s 1,2; 1973 c 456 s 1; 1973 c 492 s 14; 1973 c 582 s 3; 1973 c 590 s 1; 1973 c 650 art 14 s 1,2; 1973 c 650 art 20 s 3; 1973 c 650 art 24 s 3; 1973 c 774 s 1; 1974 c 545 s 3; 1974 c 556 s 16; 1975 c 46 s 3; 1975 c 339 s 9; 1975 c 359 s 23; 1975 c 376 s 1; 1975 c 395 s 1; 1975 c 437 art 1 s 25,27,28; 1976 c 2 s 96,159-161,170; 1976 c 181 s 2; 1976 c 245 s 1; 1977 c 319 s 1,2; 1977 c 347 s 43,44; 1977 c 423 art 3 s 5-8; 1978 c 767 s 7-11; 1979 c 303 art 2 s 11-17; art 10 s 5; 1980 c 437 s 5; 1980 c 562 s 1; 1980 c 607 art 2 s 7-15; art 4 s 4; 1979 c 334 art 1 s 25; 1981 c 188 s 1; 1981 c 356 s 248; 1981 c 365 s 9; 1Sp1981 c 1 art 2 s 7-11; art 5 s 2; 1Sp1981 c 3 s 1; 1Sp1981 c 4 art 2 s 27; 2Sp1981 c 1 s 6; 3Sp1981 c 1 art 1 s 2; 1982 c 523 art 6 s 1; art 14 s 1; art 23 s 2; 1982 c 642 s 9 (1993)

NOTE: The amendments to subdivision 9 by Laws 1982, Chapter 523, Article 6, Section 1, as amended by Laws 1982, Chapter 642, Section 9, are effective July 1, 1983. See Laws 1982, Chapter 523, Article 6, Section 4 and Laws 1982, Chapter 642, Section 23.

273.131 [Repealed, 1965 c 45 s 73]

273.1311 FLEXIBLE HOMESTEAD BRACKETS.

Effective for taxes payable in 1982 and subsequent years, the maximum amount of the market value of the homestead brackets shall be adjusted as provided in this section.

For taxes payable in 1982, the homestead brackets shall be increased by the percentage increase in the statewide average purchase price of a residential home as indicated by bona fide sales, for the twelve-month period ending May 31, 1981, as compared to the twelve-month period ending May 31, 1980. The revised bracket shall be rounded to the nearest \$1,000. The commissioner of revenue shall determine and announce the revised brackets as soon as possible.

For taxes payable in 1983 and subsequent years, the commissioner shall adjust the brackets used in the preceding assessment by the percentage increase in the statewide average purchase price of a residential home for the twelve-month period ending August 31 of the year preceding the assessment date as compared to the twelve-month period for the immediate preceding year. The commissioner of

revenue shall determine and announce the revised bracket on October 1 of each year preceding the assessment date.

History: *1Sp1981 c 1 art 2 s 12*

273.1312 DESIGNATION OF ENTERPRISE ZONES.

Subdivision 1. **Definitions.** For purposes of this section:

(1) "Commissioner" means the commissioner of energy, planning and development.

(2) "Enterprise zone" means an area in the state designated as such by the commissioner upon proper application by the governing body of the area in which it is located.

(3) "Governing body" means the county board of a county except with respect to an area in a city, whose governing body is the city council or other body designated by its charter, or an area constituting part or all of an Indian reservation, whose governing body is that tribal or federal agency recognized as such by the United States secretary of the interior.

(4) "HUD" means the United States secretary of housing and urban development or his delegate or successor.

(5) "Indian reservation" means an area determined to be such by the United States secretary of the interior.

(6) "SMSA" means a standard metropolitan statistical area as defined in section 103A(1)(4)(B) of the Internal Revenue Code of 1954, as amended through December 31, 1981.

Subd. 2. **Designation.** The commissioner shall designate an area as an enterprise zone if (i) an application is made in the form and manner and containing the information prescribed by the commissioner's rules; (ii) the application is made or approved by the governing body of the area; and (iii) the area is determined by the commissioner to be eligible for designation under subdivision 4.

Subd. 3. **Duration.** The designation of an area as an enterprise zone shall be effective from the date of designation to 12 years thereafter.

Subd. 4. **Eligibility requirements.** An area is eligible for designation if:

(1) Its boundary is continuous and includes, if feasible, proximately located vacant or underutilized lands or buildings conveniently accessible to residents of the area.

(2) Its population as determined under the most recent federal decennial census is at least (i) 4,000 if any of the area is located within an SMSA with a population of 50,000 or more, or (ii) 2,500 in any other case unless the area is an Indian reservation, for which no minimum population is required.

(3) (a) The proposed zone is located within an economic hardship area, as established by meeting three or more of the following criteria:

(1) the percentage of total residential housing units within the zone which was constructed prior to 1950 is 70 percent or greater;

(2) the percentage of households within the zone that fall below the poverty level, as determined by the United States census bureau, is 20 percent or greater;

(3) the total number of persons residing within the zone has declined by ten percent or more over the ten years preceding application;

(4) for the last full year for which data is available, the percentage of the work force of the jurisdiction of the governing body of the area in which the zone is located engaged in manufacturing is less than the percentage of the work force of the state engaged in manufacturing;

(5) the jurisdiction of the governing body of the area in which the zone is located has recently experienced a significant employment reduction at a federal military installation within the SMSA in which it is located; or

(b) The area is so designated under federal legislation providing for federal tax benefits to employers or employees in enterprise zones similar to the state tax benefits set forth in Laws 1982, Chapter 523; and

(4) The governing body of the area seeking to be designated as an enterprise zone, by resolution, agrees to follow a course of action, during the period for which the designation is effective, designed to promote economic development in the area. The program may be implemented by governmental action, by private entities, or both, and may include but is not limited to:

(a) Reduction or abatement of real property taxes of industrial land and facilities according to section 273.1313;

(b) Issuance of revenue bonds or use of federal funds available to finance loans for private industrial and housing facilities;

(c) Issuance of bonds and use of taxes, tax increments, and available federal funds to finance public facilities in the area;

(d) Increase in the level or efficiency of governmental services;

(e) Commitments from public or private entities in the area to provide jobs, job training, and technical, financial, or other assistance to employees and residents of the area.

Subd. 5. **Limitation.** No area shall be designated as an enterprise zone after December 31, 1996.

History: 1982 c 523 art 6 s 2

NOTE: This section is effective July 1, 1983. See Laws 1982, Chapter 523, Article 6, Section 4.

273.1313 TAX CLASSIFICATION OF INDUSTRIAL EMPLOYMENT PROPERTY.

Subdivision 1. **Definitions.** (1) Terms used in this section have the meanings given them in this subdivision.

(2) "Commissioner" means the commissioner of revenue.

(3) "Industrial employment property" means taxable property, excluding land but including buildings, structures, fixtures, and improvements that satisfy each of the following conditions:

(a) The property is located within an enterprise zone designated according to section 273.1312.

(b) The primary purpose and prospective use of the property is (i) the manufacture or processing of goods or materials by physical or chemical change, or (ii) the provision of office, engineering, research and development, warehousing, parts distribution, or other facilities that are related to a manufacturing or processing operation conducted by the user.

(c) The user will own the property or occupy it under a lease requiring the user to pay property taxes on it as if the user were the owner.

(d) The property is classified as industrial employment property by the procedure and subject to the conditions provided in this section, before it is first placed in use.

(4) "Market value", as applied to industrial employment property on any particular parcel of land, means the value of all taxable property situated there except the land, as annually determined pursuant to section 273.12, less (i) the market value of all property existing at the time of application for classification, as last assessed prior to the time of application, and (ii) any increase in the market

value of the property referred to in clause (i) as assessed in each year after the industrial employment property is first placed in service. In each year, any change in the values of the industrial employment property and the other property on the land shall be deemed to be proportionate unless caused by a capital improvement or loss.

(5) "Municipality" means any home rule charter or statutory city or county, but a county may not exercise the powers granted in this section with reference to property situated within a city.

Subd. 2. Program. (1) The governing body of any municipality which contains a designated enterprise zone as provided by section 273.1312 may by resolution establish a program for classification of new industrial property or improvements to existing property as industrial employment property pursuant to the provisions of this section, if it finds that the program is needed to facilitate and encourage the renewal or addition of industrial facilities to provide or preserve employment opportunities for its citizens. Applications for classification under the program shall be filed with the municipal clerk or auditor in a form prescribed by the commissioner, with additions as may be prescribed by the municipal governing body. The application shall contain a legal description of the parcel of land on which the facility is to be situated or improved; a general description of the facility or improvement and its proposed use, the equipment proposed to be used in connection with it (including equipment exempt from taxation under existing law), the probable time schedule for undertaking the construction or improvement, and information regarding the matters referred to in paragraph (4); the market value and the assessed value of the land and of all other taxable property then situated on it, according to the most recent assessment; and an estimate of the probable cost of the new construction or improvement and the market value of the new or improved facility (excluding land) when completed.

(2) Upon receipt of an application the municipal clerk or auditor, subject to any prior approval required by the resolution establishing the program, shall furnish a copy to the assessor for the property and to the governing body of each school district and other public body authorized to levy taxes on the property, and shall publish a notice in the official newspaper of the time and place of a hearing to be held by the governing body on the application, not less than 30 days after the notice is published, stating that the applicant, the assessor, representatives of the affected taxing authorities, and any taxpayer of the municipality may be heard or may present their views in writing at or before the hearing. The hearing may be adjourned from time to time, but the governing body shall take action on the application by resolution within 30 days after the hearing. If disapproved, the reasons shall be set forth in the resolution, and the applicant may appeal to the commissioner within 30 days thereafter, but only on the ground that the determination is arbitrary, in relation to prior determinations as to classification under the program, or based upon a mistake of law. If approved, the resolution shall include determinations as to the matters set forth in paragraph (4), and the clerk or auditor shall transmit it to the commissioner.

(3) Within 60 days after receipt of an approved application or an appeal from the disapproval of an application, the commissioner shall take action on it. The commissioner shall approve each application approved by the governing body if he finds that it complies with the provisions of this section. If he disapproves the application, or finds grounds exist for appeal of a disapproved application, he shall transmit the finding to the governing body and the applicant. When grounds for appeal have been determined to exist, the governing body shall reconsider and take further action on the application within 30 days after receipt of the commissioner's notice and serve written notice of the action upon the applicant. The applicant, within 30 days after receipt of notice of final disapproval by the

commissioner or the governing body, may appeal from the disapproval to a court of competent jurisdiction.

(4) An application shall not be approved unless the governing body finds and determines that the construction or improvement of the facility:

(a) Is reasonably likely to create new employment or prevent a loss of employment in the municipality;

(b) Is not likely to have the effect of transferring existing employment from one or more other municipalities within the state;

(c) Is not likely to cause the total market value of industrial employment property within the municipality to exceed five percent of the total market value of all taxable property within the municipality; or if it will, the resulting limitation upon the increase of the assessed value of all taxable property within the municipality, considering the amount of additional municipal services likely to be required for the industrial employment property, is not likely to substantially impede the operation or the financial integrity of the municipality or any other public body levying taxes on property in the municipality; and

(d) Will not result in the reduction of the assessed value of existing property within the municipality owned by the applicant, through abandonment, demolition, or otherwise, without provision for the restoration of the existing property within a reasonable time in a manner sufficient to restore the assessed valuation.

Subd. 3. Classification. Property shall be classified as industrial employment property and assessed as provided for class 4d property in section 273.13, subdivision 9, clause (4), for taxes levied in the year in which the classification is approved and in each year thereafter to and including the 12th year after the industrial employment property is completed. If the classification is revoked, the revocation is effective for taxes levied in the next year after revocation.

Subd. 4. Revocation. The governing body of the municipality may request the commissioner to approve the revocation of a classification pursuant to this section if it finds and determines by resolution, after hearing upon notice mailed to the applicant by certified mail at least 60 days before the hearing, that:

(a) The construction or improvement of the facility has not been completed within two years after the approval of the classification, or any longer period that may have been allowed in the approving resolution or may be necessary due to circumstances not reasonably within the control of the applicant; or

(b) The applicant has not proceeded in good faith with the construction or improvement of the facility, or with its operation, in a manner which is consistent with the purpose of this section and is possible under circumstances reasonably within the control of the applicant.

Subd. 5. Hearing. Upon receipt of the request, the commissioner shall notify the applicant and the governing body by certified mail of a time and place, not less than 30 days after receipt, at which the applicant may be heard and the commissioner will determine whether the facts and circumstances are grounds for revocation as recommended by the governing body. If the commissioner revokes the classification, the applicant may appeal from the commissioner's order to a court of competent jurisdiction at any time within 30 days after revocation.

History: 1982 c 523 art 6 s 3

NOTE: This section is effective July 1, 1983. See Laws 1982, Chapter 523, Article 6, Section 4.

273.132 [Renumbered 124.213]

273.133 CLASSIFICATION OF COOPERATIVES, CHARITABLE AND NONPROFIT CORPORATIONS.

Subdivision 1. Cooperatives and charitable corporations. When one or more dwellings, or one or more buildings which each contain several dwelling units, are

owned by a corporation or association organized under sections 308.05 to 308.18, and each person who owns a share or shares in the corporation or association is entitled to occupy a dwelling, or dwelling unit in the building, the corporation or association may claim homestead treatment for each dwelling, or for each unit in case of a building containing several dwelling units, in accordance with section 273.13, subdivision 7, for the dwelling or for the part of the value of the building occupied by a shareholder. Each dwelling or unit shall be designated by legal description or number, and the assessed value of each dwelling that qualifies for assessment under this subdivision shall include not more than one-half acre of land, if platted, nor more than 80 acres if unplatted. The assessed value of the building or buildings containing several dwelling units shall be the sum of the assessed values of each of the respective units comprising the building. To qualify for the treatment provided by this section, the corporation or association must be wholly owned by persons having a right to occupy a dwelling or dwelling unit owned by the corporation or association. A charitable corporation organized under the laws of Minnesota and not otherwise exempt thereunder with no outstanding stock shall qualify for such homestead treatment with respect to member residents of such dwelling units who have purchased and hold residential participation warrants entitling them to occupy such units.

Subd. 2. Nonprofit corporations. When a building containing several dwelling units is owned by an entity organized under chapter 317 and operating as a nonprofit corporation which enters into membership agreements with persons under which they are entitled to life occupancy in a unit in the building, homestead classification shall be given to each unit so occupied and the entire building shall be assessed in the manner provided in subdivision 1 for cooperatives and charitable corporations.

Subd. 3. Leasehold cooperatives. When one or more dwellings or one or more buildings which each contain several dwelling units is owned by a nonprofit corporation subject to the provisions of chapter 317 or a limited partnership which corporation or partnership operates the property in conjunction with a cooperative association, homestead treatment, as provided under section 273.13, subdivision 7, may be claimed for each dwelling unit occupied by a member of the cooperative. To qualify for the treatment provided by this subdivision, the following conditions shall be met: (a) the cooperative association must be organized under sections 308.05 to 308.18; (b) the cooperative association must have a lease for occupancy of the property for a term of at least 20 years; (c) the cooperative association must have a right under a written agreement with the owner to purchase the property if the owner proposes to sell it; if the cooperative association does not purchase the property when it is offered for sale, the owner may not subsequently sell the property to another purchaser at a price lower than the price at which it was offered for sale to the cooperative association unless the cooperative association approves the sale; and (d) if a limited partnership owns the property, it must include as the managing general partner either the cooperative association or a nonprofit organization operating under the provisions of chapter 317. Homestead treatment shall be afforded to units occupied by members of the cooperative association and the units shall be assessed as provided in subdivision 1, provided that any unit not so occupied shall be classified and assessed pursuant to section 273.13, subdivision 19. No more than three acres of land shall, for assessment purposes, be included with each dwelling unit that qualifies for homestead treatment under this subdivision.

History: 1967 c 705 s 1; 1969 c 322 s 1; 1974 c 17 s 1; 1976 c 268 s 1; 1980 c 562 s 2; 1982 c 523 art 36 s 1

273.134 TACONITE AND IRON ORE AREAS; TAX RELIEF AREA; DEFINITIONS.

For purposes of this section and section 273.135, "municipality" means any city, however organized, or town, and the applicable assessment date is the date as of which property is listed and assessed for the tax in question.

For the purposes of section 273.135 "tax relief area" means the geographic area contained, within the boundaries of a school district which contains a municipality which meets the following qualifications:

(1) it is a municipality in which the assessed valuation of unmined iron ore on May 1, 1941, was not less than 40 percent of the assessed valuation of all real property and in which, as of the applicable assessment date, the assessed valuation of unmined iron ore is not more than 60 percent of the assessed valuation of all real property; or

(2) it is a municipality in which, on January 1, 1977 or the applicable assessment date, there is a taconite concentrating plant or where taconite is mined or quarried or where there is located an electric generating plant which qualifies as a taconite facility.

History: 1969 c 1156 s 4; Ex1971 c 31 art 30 s 8; 1973 c 123 art 5 s 7; 1973 c 650 art 2 s 1; 1977 c 423 art 10 s 2

273.135 HOMESTEAD PROPERTY TAX RELIEF.

Subdivision 1. The property tax to be paid in respect to property taxable within a tax relief area on class 3b property not exceeding 240 acres, on class 3c property, and on class 3cc property, as otherwise determined by law and regardless of the market value of the property, for all purposes shall be reduced in the amount prescribed by subdivision 2, subject to the limitations contained therein.

Subd. 2. The amount of the reduction authorized by subdivision 1 shall be

(a) in the case of property located within the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 66 percent of the amount of such tax, provided that the amount of said reduction shall not exceed the maximum amount specified in clause (c).

(b) in the case of property located within the boundaries of a school district which qualifies as a tax relief area but which is outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 57 percent of the amount of such tax, provided that the amount of said reduction shall not exceed the maximum amount specified in clause (c).

(c) The maximum reduction for property described in clause (a) shall be \$385 and for property described in clause (b) \$330 for taxes payable in 1978. These maximum amounts shall increase by \$15 per year for taxes payable in 1979 and subsequent years.

Subd. 3. Not later than December 1 of each year, commencing in 1973, each county auditor having jurisdiction over one or more tax relief areas shall certify to the commissioner of revenue his estimate of the total amount of the reduction, determined under subdivision 2, in taxes payable the next succeeding year with respect to all tax relief areas in his county.

Subd. 4. [Repealed, 1Sp1981 c 1 art 10 s 30]

Subd. 5. For the purposes of this section, the amount of property tax to be paid shall be determined before the allowance of any reduction prescribed by section 273.13, and the reduction prescribed by this section shall be in addition to that prescribed by section 273.13.

History: 1969 c 1156 s 5; 1971 c 427 s 13; 1971 c 742 s 1; Ex1971 c 31 art 30 s 9; 1973 c 582 s 3; 1973 c 775 s 1,2; 1975 c 437 art 11 s 3,4; 1977 c 423 art 10 s 3,4; 1980 c 437 s 6; 1980 c 607 art 7 s 1

273.136 TACONITE PROPERTY TAX RELIEF FUND; REPLACEMENT OF REVENUE.

Subdivision 1. Payment from the taconite property tax relief account shall be made as provided herein for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in section 273.135.

Subd. 2. The commissioner of revenue shall determine, not later than May 1 of each year, commencing in 1974, the amount of reduction resulting from section 273.135 in each county containing a tax relief area as defined by section 273.134, basing his determinations on a review of abstracts of tax lists submitted by the county auditors pursuant to section 275.29. He may make such changes in the abstracts of tax lists as he deems necessary. The commissioner of revenue, after such review, shall submit to the commissioner of finance, on or before June 1, the amount of the first half payment payable hereunder and on or before October 15 the amount of the second half payment.

Subd. 3. The commissioner of finance shall pay out of the taconite property tax relief account to each county treasurer one-half of the amount certified under subdivision 2 not later than July 15 and the remaining half not later than November 15 of each year commencing in 1982.

Subd. 4. The county treasurer shall distribute the funds received by him under subdivision 3 as if they had been collected as a part of the property tax reduced by section 273.135.

History: 1969 c 1156 s 6; 1973 c 492 s 14; 1973 c 582 s 3; 1973 c 775 s 3,4; 1Sp1981 c 3 s 2

273.137 PROPERTY TAX STATEMENTS.

Each property tax statement mailed pursuant to section 276.04, to a taxpayer whose real property tax is reduced pursuant to Laws 1969, Chapter 1156 shall contain a statement of the amount of such reduction in dollars and shall identify the reduction as being "taconite tax relief."

History: 1969 c 1156 s 7

273.138 ATTACHED MACHINERY AID.

Subdivision 1. Except as provided in subdivision 4, each county government, city, township and school district which levied ad valorem taxes payable in 1973 shall receive reimbursement in 1974 and subsequent years for real property exempted from property taxation by section 272.02, subdivision 1.

Subd. 2. Each county government, city and township shall receive reimbursement in 1978 and subsequent years in an amount equal to the product of its total mill rate for taxes payable in the calendar year prior to the calendar year in which the aid is to be paid, times the total 1972 assessed value of real property exempted from taxation by section 272.02, subdivision 1 which was located within the territory of such governmental unit, times 1.25. For the purpose of this subdivision, the "total mill rate" of a county government, city or township includes mill rates for taxes levied by such governmental unit which were not levied on the entire taxable value of such governmental unit.

Subd. 3. Each school district shall receive reimbursement in 1974 and subsequent years in an amount equal to the product of its 1972 assessed value of real property exempted from taxation by Laws 1973, Chapter 650, Article XXIV, Section 1, times the sum of its 1972 payable 1973 mill rates for the following levies:

(1) A levy to pay the principal and interest on bonded indebtedness, including the levy to pay the principal and interest on bonds issued pursuant to Minnesota Statutes 1971, Section 275.125, Subdivision 3, Clause (6) (c);

(2) A levy to pay the principal and interest on debt service loans, pursuant to Minnesota Statutes 1971, Section 124.42;

(3) A levy to pay the principal and interest on capital loans, pursuant to Minnesota Statutes 1971, Section 124.43;

(4) A levy to pay amounts required in support of a teacher retirement fund, pursuant to Minnesota Statutes 1971, Section 422.13;

(5) A levy for additional maintenance cost in excess of 30 mills times the adjusted assessed valuation of the school district, pursuant to Minnesota Statutes 1971, Section 275.125, Subdivision 3, Clause (4).

For the purpose of this subdivision, a school district mill rate for any of the forementioned levies which was not applied to the total taxable value of such school district shall be added to the forementioned sum of mill rates as if it had been applied to the entire taxable value of the school district.

Subd. 4. The provisions of this section do not apply to special taxing districts determined by the department of revenue or to county governments, cities, townships or school districts with less than \$1,000 assessed value, according to the 1972 assessment, of real estate exempted by section 272.02, subdivision 1.

Subd. 5. The commissioner of revenue shall calculate the aids pursuant to subdivisions 2 and 3, basing all necessary calculations on the abstracts of assessment of real property for assessment year 1972 transmitted to the commissioner of revenue pursuant to section 270.11 as equalized by the state board of equalization pursuant to sections 270.11 and 270.12, and the 1973 abstracts of tax lists transmitted by the county auditors pursuant to section 275.29. He shall make payments directly to the affected taxing authorities in two equal parts on July 15 and November 15 of each year, commencing in 1974.

Subd. 6. If a county government, city or township is subject to the provisions of sections 275.50 to 275.56, the amount of aid calculated for such taxing district pursuant to subdivision 2 for 1976 shall be deducted from the taxing district's levy year 1975, taxes payable 1976 levy limit base determined pursuant to section 275.51, subdivision 3b and the amount of aid calculated for such taxing district pursuant to subdivision 2 for 1977 shall be deducted from the taxing district's levy year 1976, taxes payable 1977 levy limit base determined pursuant to section 275.51, subdivision 3c for the purpose of calculating the taxing district's levy limitation for taxes payable in 1976 or 1977 as the case may be. The amount of aid calculated for a school district pursuant to subdivision 3, clauses (2), (3), (4), (5) and (6) for 1975 or a subsequent year shall be deducted from the school district's maintenance levy limitation established pursuant to section 275.125, subdivision 2a, in determining the amount of taxes the school district may levy for general and special purposes for taxes payable in 1975 or a subsequent year.

Subd. 7. [Repealed, 1977 c 447 art 6 s 13]

History: 1973 c 123 art 5 s 7; 1973 c 582 s 3; 1973 c 650 art 24 s 5; 1974 c 257 s 2,3; 1975 c 432 s 73; 1975 c 437 art 4 s 9; 1976 c 239 s 83; 1976 c 271 s 79; 1977 c 423 art 3 s 11; 1977 c 447 art 6 s 7; 1Sp1981 c 1 art 8 s 7

273.139 REIMBURSEMENT.

Subdivision 1. (a) Each taxing jurisdiction shall receive reimbursement in 1981 and subsequent years for the difference between the tax determined pursuant to clause (b) and the tax actually payable by the owner of property which qualifies for the assessment categories described by section 273.13, subdivisions 17 and 17b, and on property that qualifies as class 3cc pursuant to section 273.13, subdivision 7.

(b) The county auditor shall calculate the tax on the property described in clause (a) in the same manner as the property would be assessed, if it were classified as 3b or 3c in the case of homestead property, or as 3d in the case of nonhomestead property.

(c) The difference between the amount calculated pursuant to clause (b) and the amount of tax actually payable by the owner on property described in clause (a) shall be certified by the county auditor and reported to the commissioner of revenue as part of the 1981 and subsequent years abstracts of tax lists required to be filed with the commissioner by section 275.29. The commissioner shall make payments on July 15 of 1981 and subsequent years to the taxing jurisdictions containing the property in the same proportion that the ad valorem tax was distributed.

Subd. 2. When computing mill rates pursuant to sections 275.08 and 275.09, the county auditor shall regard property described in subdivision 1, clause (a) as if it were valued as class 3b or 3c in the case of homestead property, or class 3d in the case of nonhomestead property.

Subd. 3. There is annually appropriated from the general fund to the commissioner of revenue an amount necessary to make the payments required by this section.

History: 1980 c 607 art 4 s 3,7

273.1391 SUPPLEMENTARY HOMESTEAD PROPERTY TAX RELIEF.

Subdivision 1. The property tax to be paid in respect to property taxable within a tax relief area described in subdivision 2 on class 3b property not exceeding 240 acres, on class 3c property, and on class 3cc property, as otherwise determined by law and regardless of the market value of the property, for all purposes shall be reduced in the amount prescribed by subdivision 2, subject to the limitations contained therein.

Subd. 2. The amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a county with a population of less than 100,000 in which taconite is mined or quarried and wherein a school district is located which does meet the qualifications of a tax relief area, and provided that at least 90 percent of the area of the school district which does not meet the qualifications of section 273.134 lies within such county, 57 percent of the amount of the tax on qualified property located in the school district that does not meet the qualifications of section 273.134, provided that the amount of said reduction shall not exceed the maximum amount specified in clause (c). The reduction provided by this clause shall only be applicable to property located within the boundaries of the county described therein.

(b) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a school district in a county containing a city of the first class and a qualifying municipality, but not in a school district containing a city of the first class or adjacent to a school district containing a city of the first class unless the school district so adjacent contains a qualifying municipality, 57 percent of the amount of the tax, but not to exceed the maximum specified in clause (c).

(c) The maximum reduction shall be \$375 for taxes payable in 1981. These maximum amounts shall increase by \$15 per year for taxes payable in 1982 and subsequent years.

Subd. 3. Not later than December 1 of each year, commencing in 1980, each county auditor having jurisdiction over one or more tax relief areas defined in subdivision 2 shall certify to the commissioner of revenue his estimate of the total

amount of the reduction, determined under subdivision 2, in taxes payable the next succeeding year with respect to all tax relief areas in his county.

Subd. 4. For the purposes of this section, the amount of property tax to be paid shall be determined before the allowance of any reduction prescribed by section 273.13, and the reduction prescribed by this section shall be in addition to that prescribed by section 273.13.

Subd. 5. A sum sufficient to make the payments required by section 477A.15 and this section is annually appropriated from the general fund to the commissioner of revenue for the purpose of funding those sections.

History: 1980 c 607 art 7 s 7,11

273.1392 PAYMENT; AIDS TO SCHOOL DISTRICTS.

The amounts of homestead credit under section 273.13, subdivisions 6, 7, and 14a; wetlands credit and reimbursement under section 273.115; native prairie credit and reimbursement under section 273.116; attached machinery aid under section 273.138; reimbursement under section 273.139; and agricultural preserve credit under section 473H.10, shall be certified to the department of education by the department of revenue. The amounts so certified shall be paid according to the schedule for payment of foundation aids pursuant to section 124.11. The sum sufficient to make the payments required by this section is appropriated from the general fund to the commissioner of education.

History: 1982 c 641 art 2 s 12

273.14 DEFINITIONS.

Subdivision 1. **Words, terms, and phrases.** Unless the language or context clearly indicates that a different meaning is intended, the following words, terms, and phrases, for the purposes of sections 273.14 to 273.16, shall be given the meanings subjoined to them.

Subd. 2. **Person.** The word "person" shall be construed to include individuals, copartnerships, companies, joint stock companies, corporations, and all associations, however and for whatever purpose organized.

Subd. 3. **Deposit.** The word "deposit" means a body of iron-bearing materials which, in accordance with good engineering and metallurgical practice, should be mined as a unit.

Subd. 4. **Low-grade iron-bearing formations.** "Low-grade iron-bearing formations" mean those commercial deposits of iron-bearing materials, not including paint rock, located beneath the surface of the earth, which in their natural state require beneficiation to make them suitable for blast furnace use, and which, after such beneficiation, produce in tonnage less than 50 percent of iron ore concentrates from the tonnage of low-grade iron-bearing formations delivered to a beneficiation plant and which formations must be mined in accordance with good engineering and metallurgical practice to produce such concentrates.

Subd. 5. **Beneficiation.** "Beneficiation" means the process of concentrating that portion of the iron-bearing formations entering the beneficiating plant.

Subd. 6. **Concentrates.** "Concentrates" means such ores which by the process of beneficiation have been made suitable for blast furnace use.

Subd. 7. **Tonnage recovery or tonnage recovery of iron ore concentrates.** The term "tonnage recovery" or "tonnage recovery of iron ore concentrates" means the proportion which the weight of concentrates recovered or recoverable after beneficiation bears to the weight of the low-grade iron-bearing materials entering the beneficiating plant.

History: 1937 c 364 s 1 (1993-2)

273.15 CLASSIFICATIONS OF LOW-GRADE IRON ORE.

There are hereby established classifications for purposes of taxation which are designated class 1a, which shall consist of all low-grade iron-bearing formations as defined in section 273.14. Such classifications shall be assessed at the following percentages of their value: If the tonnage recovery is less than 50 percent and not less than 49 percent, the assessed value shall be 48 1/2 percent of the value; if the tonnage recovery is less than 49 percent and not less than 48 percent, the assessed value shall be 47 percent of the value; and for each subsequent reduction of one percent in tonnage recovery, the percentage of assessed value to value shall be reduced an additional one and one-half percent of the value, but the assessed value shall never be less than 30 percent of the value. The land, exclusive of such formations, shall be assessed as otherwise provided by law. The commissioner of revenue may estimate the reasonable market value of the iron ore on any parcel of land which at the assessment date is considered uneconomic to mine.

History: 1937 c 364 s 2; 1971 c 427 s 18; 1973 c 582 s 3 (1993-3)

273.16 DETERMINATION OF CLASSIFICATION.

The classification of iron-bearing formations under the provisions of sections 273.14 to 273.16 shall be determined in the manner hereinafter set forth. Any person engaged in the business of mining, whose tonnage recovery of iron ore concentrates for a taxable year in producing concentrates from the iron-bearing material entering the beneficiating plant has been less than 50 percent, may file a petition with the commissioner of revenue requesting classification of such deposit under the provisions of sections 273.14 to 273.16. The taxpayer shall furnish such available data and information concerning the operation of such deposit as the commissioner of revenue may require, and who shall, upon receipt thereof, submit such petition and data to the University of Minnesota mines experiment station. The mines experiment station shall consider the deposit referred to in the petition as a unified commercial operation; and, based on all engineering data and information furnished, shall file a written report thereon with the commissioner of revenue, who, after hearing duly had, shall approve or disapprove such report. If a classification is made covering such deposit and property, the commissioner of revenue shall give appropriate notice thereof to the taxing districts affected thereby. If the commissioner of revenue disapprove such classification, his findings and order thereon may be reviewed by a writ of certiorari issued out of the supreme court on petition of the party aggrieved presented to the court within 30 days after the date of the order. Such classifications shall also be subject to further review by the mines experiment station, from time to time, upon request of the commissioner of revenue or upon further petition by the taxpayer. Valuations determined hereunder shall be subject to the provisions of sections 270.19 to 270.26.

History: 1937 c 364 s 3; 1973 c 582 s 3 (1993-4)

273.17 ASSESSMENT OF REAL PROPERTY.

Subdivision 1. In every year, on January 2, the assessor shall also assess all real property that may have become subject to taxation since the last previous assessment, including all real property platted since the last real estate assessment, and all buildings or other structures of any kind, whether completed or in process of construction, of over \$1,000 in value, the value of which has not been previously added to or included in the valuation of the land on which they have been erected. He shall make return thereof to the county auditor, with his return of personal property, showing the tract or lot on which each structure has been erected and the market value added thereto by such erection. Every assessor shall list, without

revaluing, in each year, on a form to be prescribed by the commissioner of revenue, all parcels of land that shall have become homesteads or shall have ceased to be homesteads for taxation purposes since the last real estate assessment, and other parcels of land when the use of the land requires a change in classification or the land has been incorrectly classified in a previous assessment.

The county auditor shall note such change in the assessed valuation upon the tax lists, caused by a change in classification, and shall calculate the taxes for such year on such changed valuation. In case of the destruction by fire, flood, or otherwise of any building or structure, over \$100 in value, which has been erected previous to the last valuation of the land on which it stood, or the value of which has been added to any former valuation, the assessor shall determine, as nearly as practicable, how much less such land would sell for at private sale in consequence of such destruction, and make return thereof to the auditor.

Subd. 2. In counties where the county auditor has elected to discontinue the preparation of assessment books as provided by section 273.03, subdivision 2, such changes as provided for in section 273.17, subdivision 1, shall be recorded in a separate record prepared under the direction of the county assessor and shall identify, by description or property identification number, or both, the real estate affected, the previous year's assessed valuations and the new market and assessed valuations, provided that if only property identification numbers are used they shall be such that shall permit positive identification of the real estate to which they apply. Such record shall further indicate the total amount of increase or decrease in assessed value contained therein. The county assessor shall make return of such record to the county auditor who shall be the official custodian thereof.

Such record shall be known as "County assessor's changes in real estate valuations for the year 19.....". Such records on file in the county auditor's office may be destroyed when they are more than 20 years old pursuant to the conditions for destruction of records contained in Minnesota Statutes 1961, Section 384.14.

History: *RL s 811; 1917 c 254; 1937 c 206 s 1; 1963 c 781 s 2; 1967 c 578 s 2; 1973 c 582 s 3; 1974 c 376 s 1; 1975 c 339 s 4,8; 1975 c 437 art 8 s 8; 1976 c 345 s 2; 1979 c 303 art 2 s 19 (1994)*

273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY BY COUNTY AUDITORS.

In every sixth year after the year 1926, the county auditor shall enter, in a separate place in the real estate assessment books, the description of each tract of real property exempt by law from taxation, with the name of the owner, if known, and the assessor shall value and assess the same in the same manner that other real property is valued and assessed, and shall designate in each case the purpose for which the property is used.

History: *RL s 812; 1925 c 211 s 1 (1995)*

273.19 LESSEES AND EQUITABLE OWNERS.

Subdivision 1. Except as provided in subdivision 3 or 4, property held under a lease for a term of three or more years, and not taxable under section 272.01, subdivision 2, clause (b)(1), or under a contract for the purchase thereof, when the property belongs to the United States, to the state, or to any religious, scientific, or benevolent society or institution, incorporated or unincorporated, or to any railroad company or other corporation whose property is not taxed in the same manner as other property, or when the property is school or other state lands, shall be considered, for all purposes of taxation, as the property of the person so holding the same.

Subd. 2. The provisions of subdivision 1 shall not apply to any property owned by a seaway port authority exempt from taxation under the provisions of section 272.01, subdivision 3.

Subd. 3. The assessed value of property held under a lease for a term of three or more years which (i) is located within a federal reservation; (ii) has been conveyed to the state of Minnesota by the federal government; and (iii) had been occupied and used by a branch of the armed services of the United States, shall be no greater than the value added to the property by improvements to the property made by the lessee.

Subd. 4. Property held under a lease for a term of three or more years which is owned by the United States and located within a national park shall be exempt, provided the property was acquired by the United States by condemnation or purchased by the United States under threat of condemnation, and within a reasonable time leased back for noncommercial residential purposes to the person owning the property at the time of acquisition by the United States. If property exempt under this subdivision is subsequently leased or subleased for a term of three or more years to another person, it shall no longer qualify for the exemption provided in this subdivision and shall be placed on the assessment rolls as provided in section 272.02, subdivision 4, and taxed pursuant to subdivision 1 of this section.

The value of improvements made to property otherwise exempt pursuant to this subdivision which are owned by the lessee or to which the lessee has salvage rights shall be taxable to the lessee pursuant to subdivision 1.

History: *RL s 813; Ex1959 c 1 s 2; 1967 c 865 s 2; 1978 c 756 s 1,2; 1980 c 607 art 2 s 16; 1Sp1981 c 1 art 2 s 13,14 (1996)*

273.20 ASSESSOR MAY ENTER DWELLINGS, BUILDINGS, OR STRUCTURES.

Any officer authorized by law to assess property for taxation may, when necessary to the proper performance of his duties, enter any dwelling-house, building, or structure, and view the same and the property therein.

History: *RL s 814 (1997)*

273.21 NEGLECT BY AUDITOR OR ASSESSOR; PENALTY.

Every county auditor and every town or district assessor who in any case refuses or knowingly neglects to perform any duty enjoined on him by this chapter, or who consents to or connives at any evasion of its provisions whereby any proceeding required by this chapter is prevented or hindered, or whereby any property required to be listed for taxation is unlawfully exempted, or entered on the tax list at less than its market value, shall, for every such neglect, refusal, consent, or connivance, forfeit and pay to the state not less than \$200, nor more than \$1,000, to be recovered in any court of competent jurisdiction.

History: *RL s 815; 1975 c 339 s 8 (1998)*

273.22 PERSONAL PROPERTY LISTED.

Personal property shall be listed in the manner following:

(1) Every person of full age and sound mind, being a resident of this state, shall list all his money, credits, bonds, shares of stock of joint stock or other companies or corporations (when the property of such company or corporation is not assessed in this state), moneys loaned or invested, annuities, franchises, royalties, and other personal property;

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(2) He shall also list separately, and in the name of his principal, all money and other personal property invested, loaned, or otherwise controlled by him as the agent or attorney for, or on account of, any other person, company, or corporation, and all moneys deposited subject to his order, check, or draft, and credits due from or owing by any person, company, or corporation;

(3) The property of a minor child or insane person shall be listed by his guardian, or by the person having such property in charge;

(4) The property of a person for whose benefit it is held in trust, by the trustee; of the estate of a deceased person, by the executor or administrator;

(5) The property of a corporation whose assets are in the hands of a receiver, by such receiver;

(6) The property of a body politic or corporate, by the proper agent or officer thereof;

(7) The property of a firm or company, by a partner or agent thereof;

(8) The property of manufacturers and others in the hands of an agent, by such agent in the name of his principal, as merchandise.

History: *RL s 816 (1999)*

273.23 MERCHANTS; CONSIGNEES.

Every merchant required to list his property shall state also the value of his property pertaining to his business as a merchant. No consignee shall be required to list for taxation any property the product of this state, nor the value of any property consigned to him from any other place for the sole purpose of being stored or forwarded, if he has no interest in such property, and derives no profit from its sale.

History: *RL s 817 (2000)*

273.24 MANUFACTURERS.

Every manufacturer required to list his property shall state also the value of all articles purchased, received, or otherwise held for the purpose of being used, in whole or in part, in any process of manufacturing, combining, rectifying, or refining. Every manufacturer and person owning a manufacturing establishment of any kind shall list, as part of his manufacturer's stock, the value of all engines, machinery, tools, and implements used or designed to be used in any such process, except such fixtures as have been considered real property.

History: *RL s 818 (2001)*

273.25 LISTS TO BE VERIFIED.

Every person required to list property for taxation shall make out and deliver to the assessor, upon blanks furnished by him, a verified statement of all personal property owned by him on January 2 of the current year. He shall also make separate statements in like manner of all personal property in his possession or under his control which by this chapter he is required to list for taxation as agent or attorney, guardian, parent, trustee, executor, administrator, receiver, accounting officer, partner, factor, or in any other capacity; but no person shall be required to include in his statement any share of the capital stock of any company or corporation which it is required to list and return as its capital and property for taxation in this state.

History: *RL s 819; 1969 c 709 s 6 (2002)*

273.26 PERSONALTY; WHERE LISTED.

Except as otherwise in this chapter provided, personal property shall be listed and assessed in the county, town, or district where the owner, agent, or trustee resides.

History: *RL s 820 (2003)*

273.27 CERTAIN PERSONAL PROPERTY; WHERE LISTED.

All household goods and furniture, including clocks, musical instruments, sewing machines, wearing apparel of members of the family, and all personal property used by the owner for personal and domestic purposes, or for the furnishing or equipment of the family residence, shall be listed and assessed in the district where the same is usually kept.

History: *1925 c 212 s 1 (2003-1)*

273.28 CAPITAL STOCK AND FRANCHISES.

The capital stock and franchises of corporations and persons, except as otherwise provided, shall be listed and taxed in the county, town, or district where the principal office or place of business of such corporation or person is located in this state; if there be no such office or place of business, then at the place in this state where such corporation or person transacts business.

History: *RL s 821 (2004)*

273.29 MERCHANTS AND MANUFACTURERS.

The personal property pertaining to the business of a merchant or of a manufacturer shall be listed in the town or district where his business is carried on. Logs and timber cut from lands within, and designed to be transported out of, this state shall be assessed and taxed in the taxing district where found on January 2, and all taxes thereon shall be paid into the different funds of the county of the taxing district and of the state as other taxes are paid, and such taxes shall be a lien upon such logs and timber, which shall not be removed beyond the borders of this state until all such taxes are paid in full.

History: *RL s 822; 1969 c 709 s 7 (2005)*

273.30 FARM PROPERTY OF NONRESIDENT.

When the owner of livestock or other personal property connected with a farm does not reside thereon, the same shall be listed and assessed in the town or district where the farm is situated. If the farm is situated in several towns or districts, it shall be listed and assessed in the town or district in which the principal place of business of such farm is located.

History: *RL s 823 (2006)*

273.31 GRAIN IN ELEVATORS.

Grain in an elevator on a railroad right of way or elsewhere shall be listed and assessed in the assessment district where the elevator is situated.

History: *RL s 824 (2007)*

273.32 ELEVATORS AND WAREHOUSES ON RAILROAD.

All elevators and warehouses, with the machinery and fixtures therein, situated upon the land of any railroad company, which are not in good faith owned, operated, and exclusively controlled by such company, shall be listed and assessed as personal property in the town or district where situated, in the name of the owner, if known, and, if not known, as "owner unknown."

History: *RL s 825 (2008)*

273.33 EXPRESS, STAGE AND TRANSPORTATION COMPANIES; PIPE LINES.

Subdivision 1. The personal property of express, stage and transportation companies, and of pipeline companies engaged in the business of transporting natural gas, gasoline or other petroleum products except as otherwise provided by law, shall be listed and assessed in the county, town or district where the same is usually kept.

Subd. 2. The personal property, consisting of the pipeline system of mains, pipes and equipment attached thereto, of pipeline companies and others engaged in the operations or business of transporting natural gas, gasoline or other petroleum products by pipe lines, shall be listed with and assessed by the commissioner of revenue. This subdivision shall not apply to the assessment of the products transported through the pipe lines nor to the lines of local commercial gas companies engaged primarily in the business of distributing gas to consumers at retail nor to pipe lines used by the owner thereof to supply natural gas or other petroleum products exclusively for such owner's own consumption and not for resale to others. On or before the fifteenth day of November, the commissioner shall certify to the auditor of each county, the amount of such personal property assessment against each company in each district in which such property is located.

History: *RL s 826; 1943 c 604 s 1; 1949 c 547 s 1; 1973 c 582 s 3 (2009)*

273.34 WATERCRAFT NOT NAVIGATING INTERNATIONAL WATERS.

All persons, companies, and corporations in this state owning steamboats, sailing vessels, wharf boats, barges, and other watercraft not employed in the navigation of international waters, shall list the same for assessment in the county, town, or district in which the same may belong, or be enrolled, registered, or licensed, or kept when not enrolled, registered, or licensed.

History: *RL s 827 (2010)*

273.35 GAS AND WATER COMPANIES.

The personal property of gas and water companies shall be listed and assessed in the town or district where located, without regard to where the principal or other place of business of the company may be located.

History: *RL s 828; 1949 c 449 s 1 (2011)*

273.36 ELECTRIC LIGHT AND POWER COMPANIES.

Personal property of electric light and power companies having a fixed situs in any city in this state shall be listed and assessed where situated, without regard to where the principal or other place of business of the company is located. Transmission lines having a voltage of 69 kv and above, all attachments and appurtenances thereto, having a fixed situs in this state, other than in an unorganized township, shall be listed and assessed where situated, without regard to where the principal or other place of business of the company is located.

History: *1921 c 482; 1973 c 123 art 5 s 7; 1980 c 607 art 10 s 1 (2012)*

273.37 COMPANIES SUPPLYING ELECTRIC POWER.

Subdivision 1. Personal property of electric light and power companies, and other individuals and partnerships supplying electric light and power, having a fixed situs outside of the corporate limits of cities shall be listed and assessed in the district where situated, except as otherwise provided.

Subd. 2. Transmission lines of less than 69 kv, transmission lines of 69 kv and above located in an unorganized township, and distribution lines, and equipment attached thereto, having a fixed situs outside the corporate limits of cities except distribution lines taxed as provided in sections 273.40 and 273.41, shall be listed with and assessed by the commissioner of revenue in the county where situated. The commissioner shall assess such property at the percentage of market value fixed by law; and, on or before the 15th day of November, shall certify to the auditor of each county in which such property is located the amount of the assessment made against each company and person owning such property.

History: 1925 c 306 s 1; 1939 c 321 s 1; 1949 c 554 s 1; 1971 c 427 s 19; 1973 c 123 art 5 s 7; 1973 c 582 s 3; 1980 c 607 art 10 s 2 (2012-1)

273.38 PERCENTAGE OF ASSESSMENTS; EXCEPTIONS.

The commissioner of revenue shall assess at five percent of market value distribution lines, and the attachments and appurtenances thereto, used primarily for supplying electricity to farmers at retail, and which shall be taxed at the average rate of taxes levied for all purposes throughout the county, and which shall be entered, certified and credited as provided in section 273.42. It is further provided that the distribution lines and the attachments and appurtenances thereto of cooperative associations organized under the provisions of Laws 1923, Chapter 326, and laws amendatory thereof and supplemental thereto, and engaged in the electrical heat, light and power business, upon a mutual, non-profit and cooperative plan, shall be assessed and taxed as provided in sections 273.40 and 273.41.

History: 1925 c 306 s 2; 1939 c 321 s 2; 1949 c 554 s 2; 1971 c 427 s 20; 1973 c 582 s 3; 1974 c 47 s 1 (2012-2)

273.39 RURAL AREA.

As used in sections 273.39 to 273.41, the term "rural area" shall be deemed to mean any area of the state not included within the boundaries of any incorporated city, and such term shall be deemed to include both farm and non-farm population thereof.

History: 1939 c 303 s 2; 1973 c 123 art 5 s 7 (2012-5)

273.40 ANNUAL TAX ON COOPERATIVE ASSOCIATIONS.

Cooperative associations organized under the provisions of Laws 1923, Chapter 326, and laws amendatory thereof and laws supplemental thereto, and engaged in electrical heat, light or power business upon a mutual, non-profit, and cooperative plan in rural areas, as hereinafter defined, are hereby recognized as quasi-public in their nature and purposes; but such cooperative associations, which operate within the corporate limits of any city shall be assessed on the basis of 43 percent of the market value of that portion of its property located within the corporate limits of any city as provided for in section 273.13.

History: 1939 c 303 s 1; 1943 c 643 s 2; 1971 c 427 s 21; 1973 c 123 art 5 s 7; 1Sp1981 c 1 art 8 s 8 (2012-4)

273.41 AMOUNT OF TAX; DISTRIBUTION.

There is hereby imposed upon each such cooperative association on December 31 of each year a tax of \$10 for each 100 members, or fraction thereof, of such association. The tax, when paid, shall be in lieu of all personal property taxes, state, county, or local, upon distribution lines and the attachments and appurtenances thereto of such associations located in rural areas. The tax shall be payable on or before March 1 of the next succeeding year, to the commissioner of

revenue. If the tax, or any portion thereof, is not paid within the time herein specified for the payment thereof, there shall be added thereto a specific penalty equal to ten percent of the amount so remaining unpaid. Such penalty shall be collected as part of said tax, and the amount of said tax not timely paid, together with said penalty, shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid. The commissioner shall deposit the amount so received in the general fund of the state treasury.

History: 1939 c 303 s 3; 1951 c 590 s 1; 1959 c 158 s 18; Ex1971 c 31 art 20 s 7; 1973 c 582 s 3; 1973 c 650 art 3 s 1; 1975 c 377 s 8

273.42 RATE OF TAX; ENTRY AND CERTIFICATION; CREDIT ON PAYMENT; PROPERTY TAX CREDIT.

Subdivision 1. The property set forth in section 273.37, subdivision 2, consisting of transmission lines of less than 69 kv and transmission lines of 69 kv and above located in an unorganized township, and distribution lines not taxed as provided in sections 273.38, 273.40 and 273.41 shall be taxed at the average rate of taxes levied for all purposes throughout the county and shall be entered on the tax lists by the county auditor against the owner thereof and certified to the county treasurer at the same time and in the same manner that other taxes are certified, and, when paid, shall be credited as follows: 50 percent to the general revenue fund of the county and 50 percent to the general school fund of the county, except that if there are high voltage transmission lines as defined in section 116C.52, the construction of which was commenced after July 1, 1974 and which are located in unorganized townships within the county, then the distribution of taxes within this subdivision shall be credited as follows: 50 percent to the general revenue fund of the county, 40 percent to the general school fund of the county and 10 percent to a utility property tax credit fund, which is hereby established.

Subd. 2. Owners of land defined as class 3, 3b, 3c, 3cc, 3d or 3f pursuant to section 273.13 listed on records of the county auditor or county treasurer over which runs a high voltage transmission line as defined in section 116C.52, subdivision 3, except a high voltage transmission line the construction of which was commenced prior to July 1, 1974, shall receive a property tax credit in an amount determined by multiplying a fraction, the numerator of which is the length of high voltage transmission line which runs over that parcel and the denominator of which is the total length of that particular line running over all property within the city or township by ten percent of the transmission line tax revenue derived from the tax on that portion of the line within the city or township pursuant to section 273.36. In the case of property owners in unorganized townships, the property tax credit shall be determined by multiplying a fraction, the numerator of which is the length of the qualifying high voltage transmission line which runs over the parcel and the denominator of which is the total length of the qualifying high voltage transmission line running over all property within all the unorganized townships within the county, by the total utility property tax credit fund amount available within the county for that year pursuant to section 273.42, subdivision 1. Where a right-of-way width is shared by more than one property owner, the numerator shall be adjusted by multiplying the length of line on the parcel by the proportion of the total width on the parcel owned by that property owner. The amount of credit for which the property qualifies shall not exceed 20 percent of the total gross tax on the parcel prior to deduction of the state paid agricultural credit and the state paid homestead credit, provided that, if the property containing the right of way is included in a parcel which exceeds 40 acres, the total gross tax on the parcel shall be multiplied by a fraction, the numerator of which is the sum of the number of acres in each quarter-quarter section or portion thereof which contains a right of way and the denominator of which is the total number of acres

in the parcel set forth on the tax statement, and the maximum credit shall be 20 percent of the product of that computation, prior to deduction of those credits. The auditor of the county in which the affected parcel is located shall calculate the amount of the credit due for each parcel and transmit that information to the county treasurer. The county auditor, in computing the credits received pursuant to sections 273.13 and 273.135, shall reduce the gross tax by the amount of the credit received pursuant to this section, unless the amount of the credit would be less than \$10.

If, after the county auditor has computed the credit to those qualifying property owners in unorganized townships, there is money remaining in the utility property tax credit fund, then that excess amount in the fund shall be returned to the general school fund of the county.

History: 1925 c 306 s 3; 1949 c 554 s 3; 1978 c 658 s 4; 1979 c 303 art 2 s 20; 1980 c 607 art 10 s 3; 1Sp1981 c 1 art 2 s 15; 1982 c 523 art 16 s 1 (2012-3)

273.425 ADJUSTMENT OF LEVY.

When preparing tax lists pursuant to section 275.28 for each levy year for which credits will be payable under section 273.42, the county auditor shall deduct from the assessed valuation of the property within the county an amount equal to ten percent of the assessed valuation of transmission lines with respect to which a credit is to be paid and which are valued pursuant to section 273.36. The mill rate necessary to be applied to this reduced total valuation in order to raise the required amount of tax revenue for the local taxing authorities shall be applied to the value of all taxable property in the county, including the entire valuation of those transmission lines. The proceeds of the tax levied against the excluded ten percent of the value of those transmission lines shall be available for purposes of funding of the credit provided in section 273.42. If the amount of that portion of the levy exceeds the amount necessary to fund the credits, the excess shall be distributed to the taxing districts within which the affected property is located in proportion to their respective mill rates, to be used for general levy purposes.

History: 1979 c 303 art 2 s 21; 1982 c 523 art 16 s 2

273.43 PERSONAL PROPERTY OF CERTAIN COMPANIES, WHERE LISTED.

The personal property of street railroad, street railway, plank road, gravel road, turnpike, or bridge companies shall be listed in the county, town, city, or district where such property is situated, and where such personal property is situated in different counties, towns, cities, or districts, such part of such personal property situated in such county, town, city, or district, shall be listed and assessed by the commissioner of revenue in the taxing district where the same is situated, without regard to where the principal or any other place of business of such company is located.

History: RL s 829; 1913 c 25 s 1; 1973 c 123 art 5 s 7; 1973 c 582 s 3 (2013)

273.44 ESTATES OF DECEDENTS.

The personal property of the estate of a deceased person shall be listed and assessed at the place of listing at the time of his death.

History: RL s 830 (2014)

273.45 PERSONS UNDER GUARDIANSHIP.

The personal property of a minor under guardianship shall be listed and assessed where the guardian resides; and of every other person under guardianship, where the ward resides.

History: RL s 831 (2015)

273.46 ASSIGNEES AND RECEIVERS.

Personal property in the hands of an assignee or receiver shall be listed and assessed at the place of listing before his appointment.

History: *RL s 832 (2016)*

273.47 PROPERTY MOVED BETWEEN JANUARY AND MARCH.

The owner of personal property, removing from one county, town, or district to another between January 2 and March 1, shall be assessed in either in which he is first called upon by the assessor. A person moving into this state from another state between those dates shall list the property owned by him on January 2 of such year in the county, town, or district in which he resides, unless he shall make it appear to the assessor that he is held for tax of the current year on the property in another state.

History: *RL s 833; 1969 c 709 s 8 (2017)*

273.48 WHERE LISTED IN CASE OF DOUBT.

In case of doubt as to the proper place of listing personal property, or where it cannot be listed as in this chapter provided, if between places in the same county, the place for listing and assessing shall be determined by the county board of equalization; and, if between different counties, or places in different counties, by the commissioner of revenue; and when determined in either case shall be as binding as if fixed hereby.

History: *RL s 834; 1911 c 223 s 1; 1973 c 582 s 3 (2018)*

273.49 FORMS FOR LISTING; ASSESSOR TO VALUE.

The commissioner of revenue shall prepare suitable forms for the listing of personal property, each year. He may arrange and classify the items of such property in such groups and classes and, from time to time, change, separate, or consolidate the same as he may deem advisable for securing more accurate information concerning and the more perfect listing and valuation of such property. The assessor shall determine and fix the market value of all items of personal property included in any such list and enter the same opposite such items, respectively, and the same shall be assessed for purposes of taxation according to law, so that when completed such statement shall truly and distinctly set forth the market value and also the assessed valuation for taxation of such personal property, as required by law.

History: *RL s 835; 1909 c 266 s 1; 1971 c 427 s 22; 1973 c 582 s 3 (2019)*

273.50 LISTS MAY BE DESTROYED.

The county auditor may destroy any list or statement of personal property on file in his office after the expiration of six years from the date when the taxes thereon have been paid or become delinquent. If any proceeding has been begun to enforce payment of such taxes, such list or statement shall not be destroyed before the expiration of one year from the return of an execution unsatisfied, or the termination of the proceeding.

History: *RL s 837 (2020)*

273.51 [Impliedly repealed, see Bemis Bro Bag Co v Wallace 197 Minn 216, 266 NW 690]

273.52 PRIVATE BANKERS, BROKERS, AND BANKS WITHOUT STOCK.

The accounting officer of every bank whose capital is not represented by shares of stock, and every private banker, broker, and stock jobber, when listing personal property, shall also make out and deliver to the assessor a sworn statement showing:

- (1) The amount of money on hand or in transit;
- (2) The amount of funds in the hands of other banks, brokers, or others subject to draft;
- (3) The amount of checks or cash items not included in either of the preceding items;
- (4) The amount of bills receivable, discounted or purchased, and other credits due or to become due, including accounts receivable, and interest accrued but not due, and interest due and unpaid;
- (5) The amount of bonds and stock of every kind, except United States bonds, and shares of capital stock of joint stock or other companies or corporations held as an investment, or in any way representing assets;
- (6) All other property appertaining to such business, other than real estate, which shall be listed and assessed as other real estate under this chapter;
- (7) The amount of all deposits made with them by other persons;
- (8) The amount of all accounts payable, other than current deposit accounts.

The aggregate amount of the seventh and eighth items shall be deducted from the aggregate amount of the first, second, third, and fourth items, and the remainder, if any, shall be listed as money, under Revised Laws 1905, Section 835, Subdivision 19. The amount of the fifth item shall be listed as bonds and stock under section 835, and the sixth item shall be listed the same as other similar personal property is listed under this chapter, except that, in case of savings banks organized under the general laws of this state, the amount of the seventh and eighth items shall be deducted from the aggregate amount of the first, second, third, fourth, fifth, and sixth items, and the remainder, if any, shall be listed as credits, according to the provisions of Revised Laws 1905, Section 835.

History: *RL s 839 (2022)*

273.53 [Repealed, 1969 c 9 s 99]

273.54 [Repealed, 1969 c 9 s 99]

273.55 [Repealed, 1969 c 9 s 99]

273.56 ASSESSMENT OF INVESTMENT COMPANY SHARES.

Subdivision 1. The shares of stock of every investment company organized under the laws of this state coming within the purview of section 54.26 shall be assessed and taxed in the taxing district where such investment company has its principal place of business, whether the stockholders of such investment company reside in such place or not, and shall be assessed in the name of and be paid by such investment company. The treasurer or other officer of such investment company shall list all shares of the company for assessment in the same manner as personal property is listed. To aid the assessor in determining the value of such shares of stock, the accounting officer of every such investment company shall furnish to the assessor, on or before February 1 of each year, a sworn statement showing, as to the immediately preceding January 2, the amount and number of the shares of its capital stock, the amount of its surplus and undivided profits, the amount of its real property and tangible personal property located in this state upon which a tax in this state has been paid during the preceding annual period, the amount of any indebtedness upon which taxes have been properly and fully

paid under the provisions of sections 287.01 to 287.12 and the aggregate principal amount of bonds, notes, or other evidences of indebtedness issued, guaranteed, or insured as to principal and interest by the state of Minnesota or by a city, county, drainage district, road district, school district, tax district, town, township or other civil administration, agency, authority, instrumentality or subdivision thereof, provided such obligations are direct and general obligations of the issuing, guaranteeing, or insuring governmental unit, administration, agency, authority, district, subdivision, or instrumentality or payable from designated revenues pledged to the payment of the principal and interest thereof. The assessor shall deduct the aggregate amount of such real property, tangible personal property, indebtedness and bonds, notes or other evidences of indebtedness from the aggregate amount of such capital, surplus and undivided profits, and the remainder shall be taken as the basis for the valuation of such shares in the hands of the stockholders and shall be assessed at 33 1/3 percent of the market value thereof; and such tax shall be in lieu of all other taxes on such investment companies for the year in which such shares are assessed and taxed, except income tax, and shall be in lieu of all other taxes on such shares and taxes on the property of such investment companies, except upon real property, tangible personal property, motor vehicles, mortgage registry taxes, and taxes on franchises measured by income.

Subd. 2. Any company subject to this section, with the consent of one or more subsidiaries, all of the shares of which, except shares issued to a person to qualify him as a director, are owned by such company, such consenting subsidiary or subsidiaries also being subject to this section, may file the return required by subdivision 1 on a consolidated basis as the return of all such companies, and the tax computed in accordance with such return shall be assessed against the parent company.

History: *Ex1937 c 5 s 1; 1957 c 178 s 1; 1959 c 569 s 1; 1969 c 709 s 9; 1973 c 123 art 5 s 7; 1975 c 339 s 8 (2026-5)*

273.57 [Repealed, 1969 c 9 s 99]

273.58 [Repealed, 1969 c 9 s 99]

273.59 [Repealed, 1969 c 9 s 99]

273.60 [Repealed, 1969 c 9 s 99]

273.61 [Repealed, 1969 c 9 s 99]

273.62 [Repealed, 1969 c 9 s 99]

273.63 [Repealed, 1969 c 9 s 99]

273.64 [Repealed, 1969 c 9 s 99]

273.65 FAILURE TO LIST; EXAMINATION UNDER OATH; DUTIES OF ASSESSOR.

When the assessor shall be of opinion that the person listing property for himself, or for any other person, company, or corporation, has not made a full, fair, and complete list thereof, he may examine such person, under oath, in regard to the amount of the property he is required to list; and, if such person shall refuse to make full discovery under oath, the assessor may list the property of such person, or his principal, according to his best judgment and information.

History: *RL s 843 (2030)*

273.66 OWNER ABSENT OR SICK.

If any person required to list property be sick or absent when the assessor calls for a list thereof, the assessor shall leave at the office or usual place of

residence or business of such person a written or printed notice requiring such person to make out and leave at a place, and on or before a day named therein, the statement or list required by this chapter. The date of leaving such notice, and the name of the person so required to list, shall be noted by the assessor in his assessment book.

History: *RL s 844 (2031)*

273.67 PROCEDURE WHEN OWNER DOES NOT LIST OR IS NOT SWORN.

When any person whose duty it is to list shall refuse or neglect to list personal property when called on by the assessor, or to take and subscribe the required oath in regard to the truth of his statement, or any part thereof, the assessor shall enter opposite the name of such person, in an appropriate column, the words "refused to list," or "refused to swear," as the case may be; and when any person whose duty it is to list is absent, or unable from sickness to list, the assessor shall enter opposite the name of such person, in an appropriate column, the word "absent" or "sick." The assessor may administer oaths to all persons who by this chapter are required to swear, or whom he may require to testify, and he may examine, upon oath, any person whom he may suppose to have knowledge of the amount or value of the personal property of any person refusing to list or to verify his list of personal property.

History: *RL s 845 (2032)*

273.68 FAILURE TO OBTAIN LIST.

In case of failure to obtain a statement of personal property, the assessor shall ascertain the amount and value of such property, and assess the same at such amount as he believes to be the market value thereof. When requested, he shall sign and deliver to the person assessed a copy of the statement showing the valuation of the property so listed.

History: *RL s 846; 1975 c 339 s 8 (2033)*

273.69 [Repealed, Ex1971 c 31 art 31 s 1]

273.70 [Repealed, Ex1971 c 31 art 31 s 1]

273.71 TAX INCREMENT FINANCING ACT; CITATION.

Sections 273.71 to 273.78 may be cited as the Minnesota tax increment financing act.

History: *1979 c 322 s 1*

273.72 STATEMENT OF PURPOSE.

The statutes governing the use of tax increment financing in Minnesota have evolved over a long period of time and exist in several different special and general laws. These laws are sometimes inconsistent and provide varying procedures which render them difficult to administer. It is the intent of the legislature, by enacting the Minnesota tax increment financing act, to ratify and confirm the findings, declarations and determinations made by the legislature in connection with chapters 362A, 458, 462, 472A and 474 and to establish a uniform set of standards and procedures to be followed when using this method of financing.

History: *1979 c 322 s 2*

273.73 DEFINITIONS.

Subdivision 1. **Terms.** For the purposes of sections 273.71 to 273.78 the terms defined in this section shall have the meanings given them.

Subd. 2. **Authority.** "Authority" means a rural development financing authority created pursuant to chapter 362A, a housing and redevelopment authority created pursuant to chapter 462; a port authority created pursuant to chapter 458; a redevelopment agency as defined by chapter 474; a municipality which is administering a development district created pursuant to chapter 472A or any special law, a municipality which undertakes a project pursuant to chapter 474; or a municipality which exercises the powers of a port authority pursuant to any general or special law.

Subd. 3. **Bonds.** "Bonds" means any bonds, including but not limited to refunding bonds, notes, interim certificates, debentures, or other obligations issued by an authority under section 273.77 or which were issued in aid of a project under any other law, except revenue bonds issued pursuant to chapter 474, prior to August 1, 1979.

Subd. 4. **Captured assessed value.** "Captured assessed value" means any amount by which the current assessed value of a tax increment financing district exceeds the original assessed value, including the value of property normally taxable as personal property by reason of its location on or over property owned by a tax-exempt entity.

Subd. 5. **Governing body.** "Governing body" means the duly elected council or board of a municipality, notwithstanding any contrary definition thereof contained in chapter 475.

Subd. 6. **Municipality.** "Municipality" means any city, however organized, and with respect to a project undertaken pursuant to chapter 474, "municipality" has the meaning given in chapter 474, and with respect to a project undertaken pursuant to chapter 362A, or a county or multi-county project undertaken pursuant to sections 462.426 to 462.4291, "municipality" shall also include any county.

Subd. 7. **Original assessed value.** "Original assessed value" means the assessed value of all taxable real property within a tax increment financing district as most recently certified by the commissioner of revenue as of the date of the request by an authority for certification by the county auditor, together with subsequent adjustments as set forth in section 273.76, subdivisions 1 and 4; provided, however, that in determining the original assessed value the assessed value of real property exempt from taxation at the time of the request shall be zero except for real property which is tax exempt by reason of public ownership by the requesting authority and which has been publicly owned for less than one year prior to the date of the request for certification, in which event the assessed value of the property shall be the assessed value as most recently determined by the commissioner of revenue. For purposes of this subdivision, "real property" shall include any property normally taxable as personal property by reason of its location on or over publicly-owned property.

Subd. 8. **Project.** "Project" means a project as defined in section 362A.01; an industrial development district as defined in section 458.191, subdivision 1; a project as defined in section 462.421, subdivision 14; a development district as defined in chapter 472A or any special law; or a project as defined in section 474.02, subdivisions 1, 1a or 1b.

Subd. 9. **Tax increment financing district.** "Tax increment financing district" or "district" means a contiguous or noncontiguous geographic area within a project delineated in the tax increment financing plan, as provided by section 273.74, subdivision 1, for the purpose of financing redevelopment, housing or economic development in municipalities through the use of tax increment generated from the captured assessed value in the tax increment financing district.

Subd. 10. **Redevelopment district.** (a) "Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a

project, within which the authority finds by resolution that one of the following conditions, reasonably distributed throughout the district, exists:

(1) 70 percent of the parcels in the district are occupied by buildings, streets, utilities or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or

(2) 70 percent of the parcels in the district are occupied by buildings, streets, utilities or other improvements and 20 percent of the buildings are structurally substandard and an additional 30 percent of the buildings are found to require substantial renovation or clearance in order to remove such existing conditions as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety and general well being of the community; or

(3) Less than 70 percent of the parcels in the district are occupied by buildings, streets, utilities or other improvements, but due to unusual terrain or soil deficiencies requiring substantial filling, grading or other physical preparation for use at least 80 percent of the total acreage of such land has a fair market value upon inclusion in the redevelopment district which, when added to the estimated cost of preparing that land for development, excluding costs directly related to roads as defined in section 160.01 and local improvements as described in section 429.021, subdivision 1, clauses 1 to 7, 11 and 12, and section 430.01, if any, exceeds its anticipated fair market value after completion of said preparation; provided that no parcel shall be included within a redevelopment district pursuant to this paragraph (3) unless the authority has concluded an agreement or agreements for the development of at least 50 percent of the acreage having the unusual soil or terrain deficiencies, which agreement provides recourse for the authority should the development not be completed; or

(4) The property consists of underutilized air rights existing over a public street, highway or right-of-way; or

(5) The property consists of vacant, unused, underused, inappropriately used or infrequently used railyards, rail storage facilities or excessive or vacated railroad rights-of-way.

(b) For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. "Parcel" shall mean a tract or plat of land established prior to the certification of the district as a single unit for purposes of assessment.

Subd. 11. **Housing district.** "Housing district" means a type of tax increment financing district which consists of a project, or a portion of a project, intended for occupancy, in part, by persons or families of low and moderate income, as defined in chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts.

Subd. 12. **Economic development district.** "Economic development district" means a type of tax increment financing district which consists of any project, or portions of a project, not meeting the requirements found in the definition of redevelopment district or housing district, but which the authority finds to be in the public interest because:

(a) It will discourage commerce, industry or manufacturing from moving their operations to another state; or

(b) It will result in increased employment in the municipality; or

(c) It will result in preservation and enhancement of the tax base of the municipality.

Subd. 13. **Administrative expenses.** "Administrative expenses" means all expenditures of an authority other than amounts paid for the purchase of land or amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the district, relocation benefits paid to or services provided for persons residing or businesses located in the district, or amounts used to pay interest on, fund a reserve for, or sell at a discount bonds issued pursuant to section 273.77. "Administrative expenses" includes amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants.

History: 1979 c 322 s 3; 1980 c 509 s 108; 1980 c 607 art 6 s 1-5; 1982 c 523 art 38 s 1,2

273.74 ESTABLISHING, MODIFYING TAX INCREMENT FINANCING PLAN, ANNUAL ACCOUNTS.

Subdivision 1. **Tax increment financing plan.** A tax increment financing plan shall contain:

(a) A statement of objectives of an authority for the improvement of a project;

(b) A statement as to the development program for the project, including the property within the project, if any, which the authority intends to acquire;

(c) A list of any development activities which the plan proposes to take place within the project, for which contracts have been entered into at the time of the preparation of the plan, including the names of the parties to the contract, the activity governed by the contract, the cost stated in the contract, and the expected date of completion of that activity;

(d) Identification or description of the type of any other specific development reasonably expected to take place within the project, and the date when the development is likely to occur;

(e) Estimates of the following:

(1) Cost of the project, including administration expenses;

(2) Amount of bonded indebtedness to be incurred;

(3) Sources of revenue to finance or otherwise pay public costs;

(4) The most recent assessed value of taxable real property within the tax increment financing district;

(5) The estimated captured assessed value of the tax increment financing district at completion; and

(6) The duration of the tax increment financing district's existence; and

(f) A statement of the authority's estimate of the impact of tax increment financing on the assessed values of all taxing jurisdictions in which the tax increment financing district is located in whole or in part.

Subd. 2. **Consultations; comment and filing.** Before formation of a tax increment financing district, the authority shall provide an opportunity to the members of the county boards of commissioners of any county in which any portion of the proposed district is located and the members of the school board of any school district in which any portion of the proposed district is located to meet

with the authority. The authority shall present to the members of the county boards of commissioners and the school boards its estimate of the fiscal and economic implications of the proposed tax increment financing district. The members of the county boards of commissioners and the school boards may present their comments at the public hearing on the tax increment financing plan required by subdivision 3. The county auditor shall not certify the original assessed value of a district pursuant to section 273.76, subdivision 1, until the county board of commissioners has presented its written comment on the proposal to the authority, or 30 days has passed from the date of the transmittal by the authority to the board of the information regarding the fiscal and economic implications, whichever occurs first. Upon adoption of the tax increment financing plan, the authority shall file the same with the commissioner of energy, planning and development.

Subd. 3. **Municipality approval.** No county auditor shall certify the original assessed value of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the district is located. If an authority which proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the district is proposed to be located and shall obtain the approval of its tax increment financing plan by the municipality before the authority may use tax increment financing. The municipality shall approve the tax increment financing plan only after a public hearing thereon after published notice in a newspaper of general circulation in the municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing. This hearing may be held before or after the approval or creation of the project or it may be held in conjunction with a hearing to approve the project. Before or at the time of approval of the tax increment financing plan, the municipality shall make the following findings, and shall set forth in writing the reasons and supporting facts for each determination:

(a) That the proposed tax increment financing district is a redevelopment district, a housing district or an economic development district.

(b) That the proposed development or redevelopment, in the opinion of the municipality, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.

(c) That the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole.

(d) That the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise.

(e) That the municipality elects the method of tax increment computation set forth in section 273.76, subdivision 3, clause (b), if applicable.

When the municipality and the authority are not the same, the municipality shall approve or disapprove the tax increment financing plan within 60 days of submission by the authority, or the plan shall be deemed approved. When the municipality and the authority are not the same, the municipality may not amend or modify a tax increment financing plan except as proposed by the authority pursuant to subdivision 4. Once approved, the determination of the authority to undertake the project through the use of tax increment financing and the resolution of the governing body shall be conclusive of the findings therein and of the public need for such financing.

Subd. 4. **Modification of plan.** A tax increment financing plan may be modified by an authority, provided that any reduction or enlargement of geographic area of the project or tax increment financing district, increase in amount

of bonded indebtedness to be incurred, including a determination to capitalize interest on the debt if that determination was not a part of the original plan, or to increase or decrease the amount of interest on the debt to be capitalized, increase in the portion of the captured assessed value to be retained by the authority, increase in total estimated tax increment expenditures or designation of additional property to be acquired by the authority shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original plan; provided that if an authority changes the type of district from housing, redevelopment or economic development to another type of district, this change shall not be considered a modification but shall require the authority to follow the procedure set forth in sections 273.71 to 273.78 for adoption of a new plan, including certification of the assessed valuation of the district by the county auditor.

The geographic area of a tax increment financing district may be reduced, but shall not be enlarged after five years following the date of certification of the original assessed value by the county auditor or five years from August 1, 1979, for tax increment financing districts authorized prior to August 1, 1979, except that development districts created pursuant to chapter 472A prior to August 1, 1979 may be reduced but shall not be enlarged after five years following the date of designation of such district.

Subd. 5. Annual disclosure. For all tax increment financing districts, whether created prior or subsequent to August 1, 1979, on or before July 1 of each year, the authority shall submit to the county board, the school board, the commissioner of energy, planning and development and, if the authority is other than the municipality, the governing body of the municipality a report of the status of the district. The report shall include the following information: the amount and the source of revenue in the account, the amount and purpose of expenditures from the account, the amount of any pledge of revenues, including principal and interest on any outstanding bonded indebtedness, the original assessed value of the district, the captured assessed value retained by the authority, the captured assessed value shared with other taxing districts, the tax increment received and any additional information necessary to demonstrate compliance with any applicable tax increment financing plan. An annual statement showing the tax increment received and expended in that year, the original assessed value, captured assessed value, amount of outstanding bonded indebtedness and any additional information the authority deems necessary shall be published in a newspaper of general circulation in the municipality.

History: 1979 c 322 s 4; 1980 c 607 art 6 s 6; 1981 c 356 s 187,188; 1982 c 523 art 38 s 3-6

273.75 LIMITATIONS.

Subdivision 1. Duration of tax increment financing districts. Subject to the limitations contained elsewhere in this subdivision any tax increment financing district as to which bonds are outstanding, payment for which the tax increment and other revenues have been pledged, shall remain in existence at least as long as any such bonds continue to be outstanding; provided, however, the tax increment pledged to the payment of bonds and interest thereon may be discharged and the tax increment financing district may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or date of redemption and interest thereon to such maturity or redemption date, provided that for bonds issued pursuant to section 273.77, clauses (a) and (b) the full faith and credit and any taxing powers of the municipality or authority shall continue to be pledged to the payment of the bonds until the principal of and

interest on the bonds has been paid in full; provided, further, that no tax increment shall be paid to an authority for a tax increment financing district after three years from the date of certification of the original assessed value of the taxable real property in the district by the county auditor or three years from August 1, 1979, for tax increment financing districts authorized prior to August 1, 1979, unless within the three year period (a) bonds have been issued pursuant to section 273.77, or in aid of a project pursuant to any other law, except revenue bonds issued pursuant to chapter 474, prior to August 1, 1979, or (b) the authority has acquired property within the district, or (c) the authority has constructed or caused to be constructed public improvements within the district; and provided, further, that no tax increment shall in any event be paid to the authority from a redevelopment district after 25 years from date of receipt by the authority of the first tax increment, after 25 years from the date of the receipt for a housing district and after eight years from the date of the receipt, or ten years from approval of the tax increment financing plan, whichever is less, for an economic development district.

For tax increment financing districts created prior to August 1, 1979, no tax increment shall be paid to the authority after 30 years from August 1, 1979.

Modification of a tax increment financing plan pursuant to section 273.74, subdivision 4, shall not extend the durational limitations of this subdivision.

Subd. 2. Excess tax increments. In any year in which the tax increment exceeds the amount necessary to pay the costs authorized by the tax increment financing plan, including the amount necessary to cancel any tax levy as provided in section 475.61, subdivision 3, the authority shall use the excess amount to do any of the following, in the order determined by the authority: (a) prepay any outstanding bonds, (b) discharge the pledge of tax increment therefor, (c) pay into an escrow account dedicated to the payment of such bond, or (d) return the excess amount to the county auditor who shall distribute the excess amount to the municipality, county and school district in which the tax increment financing district is located in direct proportion to their respective mill rates.

Subd. 3. Limitation on administrative expenses. No tax increment shall be used to pay any administrative expenses for a project which exceed ten percent of the total tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the project, whichever is less.

Subd. 4. Limitation on use of tax increment. All revenues derived from tax increment shall be used in accordance with the tax increment financing plan. The revenues shall be used solely for the following purposes: (a) to pay the principal of and interest on bonds issued to finance a project; (b) by a rural development financing authority for the purposes stated in section 362A.01, subdivision 2, by a port authority or municipality exercising the powers of a port authority to finance or otherwise pay the cost of redevelopment pursuant to chapter 458, by a housing and redevelopment authority to finance or otherwise pay public redevelopment costs pursuant to chapter 462, by a municipality to finance or otherwise pay the capital and administration costs of a development district pursuant to chapter 472A, by a municipality or redevelopment agency to finance or otherwise pay premiums for insurance or other security guaranteeing the payment when due of principal of and interest on the bonds pursuant to chapters 462C, 474, or both chapters, or to accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds pursuant to chapters 462C, 474, or both chapters, which revenues in the reserve shall not exceed, subsequent to the fifth anniversary of the date of issue of the first bond issue secured by the reserve, an amount equal to 20 percent of the aggregate principal amount of the outstanding and nondefeased bonds secured by the reserve. These revenues shall not be used to circumvent existing levy limit law. No revenues derived from tax

increment shall be used for the construction or renovation of a municipally owned building used primarily and regularly for conducting the business of the municipality; this provision shall not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure, a commons area used as a public park or a facility used for social, recreational or conference purposes and not primarily for conducting the business of the municipality.

Subd. 5. **Requirement for agreements.** No more than 25 percent, by acreage, of the property to be acquired within a project which contains a redevelopment district, or ten percent, by acreage, of the property to be acquired within a project which contains a housing or economic development district, as set forth in the tax increment financing plan, shall at any time be owned by an authority as a result of acquisition with the proceeds of bonds issued pursuant to section 273.77 without the authority having prior to acquisition in excess of the percentages concluded an agreement for the development or redevelopment of the property acquired and which provides recourse for the authority should the development or redevelopment not be completed.

Subd. 6. **Limitation on increment.** If, after four years from the date of certification of the original assessed value of the tax increment financing district pursuant to section 273.76, no demolition, rehabilitation or renovation of property or other site preparation, including improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel, and the original assessed value of that parcel shall be excluded from the original assessed value of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced, and the county auditor shall certify the assessed value thereof as most recently certified by the commissioner of revenue and add it to the original assessed value of the tax increment financing district. For purposes of this subdivision "parcel" means a tract or plat of land established prior to the certification of the district as a single unit for purposes of assessment.

Subd. 7. **Subsequent districts.** Except as provided in subdivision 6, for subsequent recertification of parcels eliminated from a district because of lack of development activity, no parcel that has been so eliminated subsequent to two years from the date of the original certification may be included in a tax increment district if, at any time during the 20 years prior to the date when certification of the district is requested pursuant to section 273.76, subdivision 1, that parcel had been included in an economic development district.

History: 1979 c 322 s 5; 1980 c 607 art 6 s 7-10; 1982 c 523 art 38 s 7-12; 1982 c 577 s 5

273.76 COMPUTATION OF TAX INCREMENT.

Subdivision 1. **Original assessed value.** Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original assessed value of the tax increment financing district as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original assessed value has increased or decreased as a result of a change in tax exempt status of property within the district, reduction or enlargement of the district or changes pursuant to subdivision 4. The amount to be added to the original

assessed value of the district as a result of previously tax exempt real property within the district becoming taxable shall be equal to the assessed value of the real property as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the value which shall be assessed by the assessor at the time of such transfer. The amount to be added to the original assessed value of the district as a result of enlargements thereof shall be equal to the assessed value of the added real property as most recently certified by the commissioner of revenue as of the date of modification of the tax increment financing plan pursuant to section 273.74, subdivision 4. Each year the auditor shall also add to the original assessed value of each economic development district an amount equal to the original assessed value for the preceding year multiplied by the average percentage increase in the assessed valuation of all property included in the economic development district during the five years prior to certification of the district. The amount to be subtracted from the original assessed value of the district as a result of previously taxable real property within the district becoming tax exempt, or a reduction in the geographic area of the district, shall be the amount of original assessed value initially attributed to the property becoming tax exempt or being removed from the district. If the assessed value of property located within the tax increment financing district is reduced by reason of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original assessed value of the district when the property upon which the abatement is made has not been improved since the date of certification of the district and to the captured assessed value of the district in each year thereafter when the abatement relates to improvements made after the date of certification. The county auditor shall have the power to specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 273.74, subdivision 4.

Subd. 2. Captured assessed value. The county auditor shall certify the amount of the captured assessed value to the authority each year, together with the proportion that the captured assessed value bears to the total assessed value of the real property within the tax increment financing district for that year.

(a) An authority may choose to retain any part or all of the captured assessed value for purposes of tax increment financing according to one of the two following options:

(1) If the plan provides that all the captured assessed value is necessary to finance or otherwise make permissible expenditures under section 273.75, subdivision 4, the authority may retain the full captured assessed value.

(2) If the plan provides that only a portion of the captured assessed value is necessary to finance or otherwise make permissible expenditures under section 273.75, subdivision 4, only that portion shall be set aside and the remainder shall be distributed among the affected taxing districts by the county auditor.

(b) The portion of captured assessed value that an authority intends to use for purposes of tax increment financing must be clearly stated in the tax increment financing plan.

Subd. 3. Tax increment, relationship to chapter 473F. (a) Unless the governing body elects pursuant to clause (b) the following method of computation shall apply:

(1) The original assessed value and the current assessed value shall be determined before the application of the fiscal disparity provisions of chapter 473F. Where the original assessed value is equal to or greater than the current assessed value, there is no captured assessed value and no tax increment determination. Where the original assessed value is less than the current assessed value,

the difference between the original assessed value and the current assessed value is the captured assessed value. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured assessed value of the authority.

(2) The county auditor shall exclude the retained captured assessed value of the authority from the taxable value of the local taxing districts in determining local taxing district mill rates. The mill rates so determined are to be extended against the retained captured assessed value of the authority as well as the taxable value of the local taxing districts. The tax generated by the extension of the local taxing district mill rates to the retained captured assessed value of the authority is the tax increment of the authority.

(b) Notwithstanding clause (a), the governing body may, by resolution approving the tax increment financing plan pursuant to section 273.74, subdivision 3, elect the following method of computation:

(1) The original assessed value shall be determined before the application of the fiscal disparity provisions of chapter 473F. The current assessed value shall exclude any fiscal disparity commercial-industrial assessed value increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to section 473F.08, subdivision 6. Where the original assessed value is equal to or greater than the current assessed value, there is no captured assessed value and no tax increment determination. Where the original assessed value is less than the current assessed value, the difference between the original assessed value and the current assessed value is the captured assessed value. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured assessed value of the authority.

(2) The county auditor shall exclude the retained captured assessed value of the authority from the taxable value of the local taxing districts in determining local taxing district mill rates. The mill rates so determined are to be extended against the retained captured assessed value of the authority as well as the taxable value of the local taxing districts. The tax generated by the extension of the local taxing district mill rates to the retained captured assessed value of the authority is the tax increment of the authority.

(3) An election by the governing body pursuant to part (b) shall be submitted to the county auditor by the authority at the time of the request for certification pursuant to subdivision 1.

(c) The method of computation of tax increment applied to a district pursuant to clause (a) or (b), once established, shall remain the same for the duration of the district.

Subd. 4. Prior planned improvements. The authority shall, after due and diligent search, accompany its request for certification to the county auditor pursuant to subdivision 1, or its notice of district enlargement pursuant to section 273.74, subdivision 5, with a listing of all properties within the tax increment financing district or area of enlargement for which building permits have been issued during the 18 months immediately preceding approval of the tax increment financing plan by the municipality pursuant to section 273.74, subdivision 4. The county auditor shall increase the original assessed value of the district by the assessed valuation of the improvements for which the building permit was issued, excluding the assessed valuation of improvements for which a building permit was issued during the three month period immediately preceding said approval of the tax increment financing plan, as certified by the assessor.

Subd. 5. Tax increment account. The tax increment received with respect to any district shall be segregated by the authority in a special account or accounts on its official books and records or as otherwise established by resolution of the authority to be held by a trustee or trustees for the benefit of holders of the bonds.

Subd. 6. **Request for certification of new tax increment financing district.** A request for certification of a new tax increment financing district pursuant to subdivision 1 or of a modification to an existing tax increment financing district pursuant to section 273.74, subdivision 4, received by the county auditor on or before October 10 of the calendar year shall be recognized by the county auditor in determining mill rates for the current and subsequent levy years. Such requests received by the county auditor after October 10 of the calendar year shall not be recognized by the county auditor in determining mill rates for the current levy year but shall be recognized by the county auditor in determining mill rates for subsequent levy years.

Subd. 7. **Property classification changes.** In the event that any law governing the classification of real property and thereby determining the percentage of market value to be assessed for ad valorem taxation purposes is amended after August 1, 1979, the increase or decrease in assessed valuation resulting therefrom shall be applied proportionately to original assessed value and captured assessed value of any tax increment financing district in each year thereafter, whether created pursuant to the Minnesota Tax Increment Financing Act or any prior tax increment law.

Subd. 8. **Assessment agreements.** An authority may, upon entering into a development or redevelopment agreement pursuant to section 273.75, subdivision 5, enter into a written assessment agreement in recordable form with the developer or redeveloper of property within the tax increment financing district which establishes a minimum market value of the land and completed improvements to be constructed thereon until a specified termination date, which date shall be not later than the date upon which tax increment will no longer be remitted to the authority pursuant to section 273.75, subdivision 1. The assessment agreement shall be presented to the county assessor, or city assessor having the powers of the county assessor, of the jurisdiction in which the tax increment financing district is located. The assessor shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, shall execute the following certification upon such agreement:

The undersigned assessor, being legally responsible for the assessment of the above described property upon completion of the improvements to be constructed thereon, hereby certifies that the market value assigned to such land and improvements upon completion shall not be less than \$..... .

Upon transfer of title of the land to be developed or redeveloped from the authority to the developer or redeveloper, such assessment agreement, together with a copy of this subdivision, shall be filed for record and recorded in the office of the county recorder or filed in the office of the registrar of titles of the county where the real estate or any part thereof is situated. Upon completion of the improvements by the developer or redeveloper, the assessor shall value the property pursuant to section 273.11, except that the market value assigned thereto shall not be less than the minimum market value contained in the assessment agreement. Nothing herein shall limit the discretion of the assessor to assign a market value to the property in excess of the minimum market value contained in the assessment agreement nor prohibit the developer or redeveloper from seeking, through the exercise of administrative and legal remedies, a reduction in market value for property tax purposes; provided, however, that the developer or redeveloper shall not seek, nor shall the city assessor, the county assessor, the county auditor, any board of review, any board of equalization, the commissioner of

revenue or any court of this state grant a reduction of the market value below the minimum market value contained in the assessment agreement during the term of the agreement filed of record regardless of actual market values which may result from incomplete construction of improvements, destruction or diminution by any cause, insured or uninsured, except in the case of acquisition or reacquisition of the property by a public entity. Recording or filing of an assessment agreement complying with the terms of this subdivision shall constitute notice of the agreement to any subsequent purchaser or encumbrancer of the land or any part thereof, whether voluntary or involuntary, and shall be binding upon them.

History: 1979 c 322 s 6; 1980 c 509 s 109; 1980 c 607 art 6 s 11-16; 1982 c 523 art 38 s 13,14

273.77 TAX INCREMENT BONDING.

Any other law, general or special, notwithstanding, after August 1, 1979 no bonds, payment for which tax increment is pledged, shall be issued in connection with any project for which tax increment financing has been undertaken other than as is authorized hereby and the proceeds therefrom shall be used only in accordance with section 273.75, subdivision 4 as if said proceeds were tax increment, except that a tax increment financing plan need not be adopted for any project for which tax increment financing has been undertaken prior to August 1, 1979, pursuant to statutes not requiring a tax increment financing plan. Such bonds shall not be included for purposes of computing the net debt of any municipality.

(a) A municipality may issue general obligation bonds to finance any expenditure by the municipality or an authority the jurisdiction of which is wholly or partially within that municipality, pursuant to section 273.75, subdivision 4 in the same manner and subject only to the same conditions as those provided in chapter 475 for bonds financing improvement costs reimbursable from special assessments. Any pledge of tax increment, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision, except when the authority and the municipality are the same, shall be made by written agreement by and between the authority and the municipality and filed with the county auditor. When the authority and the municipality are the same, the municipality may by covenant pledge tax increment, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision and thereupon shall file the resolution containing such covenant with the county auditor. When tax increment, assessments and other revenues are pledged, the estimated collections of said tax increment, assessments and any other revenues so pledged may be deducted from the taxes otherwise required to be levied before the issuance of the bonds under section 475.61, subdivision 1, or the collections thereof may be certified annually to reduce or cancel the initial tax levies in accordance with section 475.61, subdivision 1 or 3.

(b) When the authority and the municipality are not the same, an authority may, by resolution, authorize, issue and sell its general obligation bonds to finance any expenditure which that authority is authorized to make by section 273.75, subdivision 4. Said bonds of the authority shall be authorized by its resolution, shall mature as determined by resolution of the authority in accordance with Laws 1979, Chapter 322, and may be issued in one or more series and shall bear such date or dates, bear interest at such rate or rates, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in medium of payment at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution, its trust

indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices as the authority by resolution shall determine, and any provision of any law to the contrary notwithstanding, the bonds shall be fully negotiable. In any suit, actions, or proceedings involving the validity of enforceability of any bonds of the authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a project shall be conclusively deemed to have been issued for such purpose, and the tax increment financing district within the project shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of Laws 1979, Chapter 322. Neither the authority, nor any director, commissioner, council member, board member, officer, employee or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds of the authority, and such bonds shall so state on their face, shall not be a debt of any municipality, the state or any political subdivision thereof, and neither the municipality nor the state or any political subdivision thereof shall be liable thereon, nor in any event shall such bonds be payable out of any funds or properties other than those of the authority and any tax increment and revenues of a tax increment financing district pledged therefor.

(c) Notwithstanding any other law general or special, an authority may, by resolution, authorize, issue and sell revenue bonds payable solely from all or a portion of revenues, including but not limited to tax increment revenues and assessments, derived from a tax increment financing district located wholly or partially within the municipality to finance any expenditure which the authority is authorized to make by section 273.75, subdivision 4. The bonds shall mature as determined by resolution of the authority in accordance with Laws 1979, Chapter 322 and may be issued in one or more series and shall bear such date or dates, bear interest at such rate or rates, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in medium of payment at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices as the authority by resolution shall determine, and any provision of any law to the contrary notwithstanding, shall be fully negotiable. In any suit, action, or proceedings involving the validity or enforceability of any bonds of the authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a project shall be conclusively deemed to have been issued for such purpose, and the tax increment financing district within the project shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of Laws 1979, Chapter 322. Neither the authority, nor any director, commissioner, council member, board member, officer, employee or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds may be further secured by a pledge and mortgage of all or any portion of the district in aid of which the bonds are issued and such covenants as the authority shall deem by such resolution to be necessary and proper to secure payment of the bonds. The bonds, and the bonds shall so state on their face, shall not be payable from nor charged upon any funds other than the revenues and property pledged or mortgaged to the payment thereof, nor shall the issuing authority be subject to any liability thereon or have the powers to obligate itself to pay or pay the bonds from funds other than the revenues and properties pledged and mortgaged and no holder or holders of the bonds shall ever have the right to compel any exercise of any taxing power of the issuing authority or any other public body, other than as is permitted or required under Laws 1979,

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Chapter 322 and pledged therefor hereunder, to pay the principal of or interest on any such bonds, nor to enforce payment thereof against any property of the authority or other public body other than that expressly pledged or mortgaged for the payment thereof.

(d) (1) In anticipation of the issuance of bonds pursuant to either paragraph (a), (b) or (c) of this section, the authority or municipality may by resolution issue and sell temporary bonds pursuant to paragraph (a), (b) or (c), maturing within not more than three years from their date of issue, to pay any part or all of the cost of a project. To the extent that the principal of and interest on the temporary bonds cannot be paid when due from receipts of tax increment, assessments, or other funds appropriated for the purpose, they shall be paid from the proceeds of long-term bonds or additional temporary bonds which the authority or municipality shall offer for sale in advance of the maturity date of the temporary bonds, but the indebtedness funded by an issue of temporary bonds shall not be extended by the issue of additional temporary bonds for more than six years from the date of the first issue. Long-term bonds may be issued pursuant to paragraph (a), (b) or (c) without regard to whether the temporary bonds were issued pursuant to paragraph (a), (b) or (c). If general obligation temporary bonds are issued pursuant to paragraph (a), proceeds of long-term bonds or additional temporary bonds not yet sold may be treated as pledged revenues, in reduction of the tax otherwise required by section 475.61 to be levied prior to delivery of the obligations. Subject to the six-year maturity limitation contained above, but without regard to the requirement of section 475.58, if any temporary bonds are not paid in full at maturity, in addition to any other remedy authorized or permitted by law, the holders may demand, in which case the authority or municipality shall, issue pursuant to paragraph (a), (b) or (c) as the temporary bonds and in exchange for the temporary bonds, at par, replacement temporary bonds dated as of the date of the replaced temporary bonds, maturing within one year from the date of the replacement temporary bonds and earning interest at the rate set forth in the resolution authorizing the issuance of the replaced temporary bonds, provided that the rate shall not exceed the maximum rate permitted by law at the date of issue of the replaced temporary bonds.

(2) Funds of a municipality may be invested in its temporary bonds in accordance with the provisions of section 471.56, and may be purchased upon their initial issue, but shall be purchased only from funds which the governing body of the municipality determines will not be required for other purposes before the maturity date, and shall be resold before maturity only in case of emergency. If purchased from a debt service fund securing other bonds, the holders of those bonds may enforce the municipality's obligations on the temporary bonds in the same manner as if they held the temporary bonds.

History: 1979 c 322 s 7; 1980 c 509 s 110; 1980 c 607 art 6 s 17; 1982 c 523 art 38 s 15

273.78 EXISTING PROJECTS.

The provisions of sections 273.71 to 273.77 shall not affect any project for which tax increment certification was requested pursuant to law prior to August 1, 1979, or any project carried on by an authority pursuant to section 462.545, subdivision 5 with respect to which the governing body has by resolution designated properties for inclusion in the district prior to August 1, 1979, except:

- (a) As otherwise expressly provided in sections 273.71 to 273.77; or
- (b) As an authority may elect to proceed with an existing district, under the provisions of sections 273.71 to 273.77; or

(c) That any enlargements of the geographic area of an existing tax increment financing district subsequent to August 1, 1979, shall be accomplished in accordance with and shall subject the property added as a result of the enlargement to the terms and conditions of sections 273.71 to 273.77; or

(d) That commencing with taxes payable in 1980, section 273.76, subdivision 3, clause (b) shall apply to all development districts created pursuant to chapter 472A, or any special law, prior to August 1, 1979.

History: 1979 c 322 s 8; 1980 c 607 art 6 s 18

273.86 DEFERRED PROPERTY TAXATION FOR PRIVATE REDEVELOPMENT.

Subdivision 1. **Application.** A developer proposing to construct improvements on property located within an industrial development district as defined in section 458.191, subdivision 1; a development district as defined in section 472A.02, subdivision 3, or any special law; or a redevelopment project as defined in section 462.421, subdivision 14 may apply to the governing body of the city or municipality in which the property is located to obtain deferral of property tax on the improved property, stating the nature and location of the proposed improvement, its estimated cost, and the projected length of construction time. If the governing body finds that the proposed development is consistent with the requirements of the above referred sections, it may approve the application. If the application is approved by June 30, the tax exemption shall be in effect for taxes paid the following year; if it is approved later than June 30, the exemption shall be in effect for taxes paid in the second subsequent taxable year.

Subd. 2. **Tax treatment.** Property approved for the tax deferral provided in this section shall be exempt from taxation during the time while the improvements proposed in the plan are under construction. The exemption shall be in effect for the number of taxable years approved by the governing body at the time of approval of the application. The period of deferral shall not exceed the length of the construction period projected in the plan. For taxes payable in the first year following the levy year during which 50 percent of the area of the building becomes occupied, the tax due on the property shall be the amount of tax paid on the property in the year in which the developer applied for the deferral, multiplied by the number of years during which the property was exempt from taxation pursuant to this section plus the amount of taxes which would ordinarily be due in the first year following the levy year during which 50 percent of the area of the building becomes occupied, plus at the option of the governing body, the amount of increased taxes that would have been due and payable each year during the period of deferral. If the improvements which had been present on the property were demolished prior to the year of the application, the governing body may require that the deferred tax be computed based on the amount of tax due on the property for the last taxable year preceding the demolition of the improvement. For all subsequent taxable years, the property shall be assessed as provided in section 273.11.

Subd. 3. **Transferability.** When ownership of property which has been approved for the tax deferral provided in this section is transferred from the original applicant, the governing body may elect to continue to defer the tax on the property if the subsequent owner agrees to redevelop the property according to either the original redevelopment plan approved under subdivision 1 or a plan proposed by the subsequent owner and approved by the governing body if the governing body does not approve continuation of the tax.

Subd. 4. **Exceptions.** The provisions of this section shall not apply to any property purchased from an authority which acquired such property with tax increment or bonds issued pursuant to section 273.77.

History: 1979 c 322 s 9; 1980 c 509 s 111; 1980 c 607 art 6 s 19