

CHAPTER 272

TAXATION, GENERAL PROVISIONS

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272.01 PROPERTY SUBJECT TO TAXATION.

[For text of subd 1, see M.S.1990]

Subd. 2. (a) When any real or personal property which is exempt from ad valorem taxes, and taxes in lieu thereof, is leased, loaned, or otherwise made available and used by a private individual, association, or corporation in connection with a business conducted for profit, there shall be imposed a tax, for the privilege of so using or possessing such real or personal property, in the same amount and to the same extent as though the lessee or user was the owner of such property.

(b) The tax imposed by this subdivision shall not apply to:

(1) property leased or used as a concession in or relative to the use in whole or part of a public park, market, fairgrounds, port authority, economic development authority established under chapter 458C, municipal auditorium, municipal parking facility, municipal museum, or municipal stadium;

(2) property of an airport owned by a city, town, county, or group thereof which is:

(i) leased to or used by any person or entity including a fixed base operator; and

(ii) used as a hangar for the storage or repair of aircraft or to provide aviation goods, services, or facilities to the airport or general public;

the exception from taxation provided in this clause does not apply to:

(i) property located at an airport owned or operated by the metropolitan airports commission or by a city of over 50,000 population according to the most recent federal census or such a city's airport authority;

(ii) hangars leased by a private individual, association, or corporation in connection with a business conducted for profit other than an aviation-related business; or

(iii) facilities leased by a private individual, association, or corporation in connection with a business for profit, that consists of a major jet engine repair facility financed, in whole or part, with the proceeds of state bonds and located in a tax increment financing district;

(3) property constituting or used as a public pedestrian ramp or concourse in connection with a public airport; or

(4) property constituting or used as a passenger check-in area or ticket sale counter, boarding area, or luggage claim area in connection with a public airport but not the airports owned or operated by the metropolitan airports commission or cities of over 50,000 population or an airport authority therein. Real estate owned by a municipality in connection with the operation of a public airport and leased or used for agricultural purposes is not exempt.

(c) Taxes imposed by this subdivision are payable as in the case of personal property taxes and shall be assessed to the lessees or users of real or personal property in the same manner as taxes assessed to owners of real or personal property, except that such taxes shall not become a lien against the property. When due, the taxes shall consti-

tute a debt due from the lessee or user to the state, township, city, county, and school district for which the taxes were assessed and shall be collected in the same manner as personal property taxes. If property subject to the tax imposed by this subdivision is leased or used jointly by two or more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

(d) The tax on real property of the state or any of its political subdivisions that is leased by a private individual, association, or corporation and becomes taxable under this subdivision or other provision of law must be assessed and collected as a personal property assessment. The taxes do not become a lien against the real property.

[For text of subds 3 and 4, see M.S.1990]

History: 1991 c 350 art 1 s 17

272.02 EXEMPT PROPERTY.

Subdivision 1. All property described in this section to the extent herein limited shall be exempt from taxation:

- (1) all public burying grounds;
- (2) all public schoolhouses;
- (3) all public hospitals;
- (4) all academies, colleges, and universities, and all seminaries of learning;
- (5) all churches, church property, and houses of worship;
- (6) institutions of purely public charity except parcels of property containing structures and the structures described in section 273.13, subdivision 25, paragraph (c), clauses (1), (2), and (3), or paragraph (d);
- (7) all public property exclusively used for any public purpose;
- (8) except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d), shall be exempt.

The following personal property shall be taxable:

- (a) personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;
- (b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;
- (c) personal property defined in section 272.03, subdivision 2, clause (3);
- (d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;
- (e) manufactured homes and sectional structures; and
- (f) flight property as defined in section 270.071.
- (9) Personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, and real property which is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, as a part of a centralized treatment and recovery facility operating under a permit issued by the Minnesota pollution control agency pursuant to chapters 115 and 116 and Minnesota Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as part of an electric generation system. For purposes of this clause, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

Any taxpayer requesting exemption of all or a portion of any real property or any

equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. The equipment or device shall meet standards, rules, or criteria prescribed by the Minnesota pollution control agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota pollution control agency shall upon request of the commissioner furnish information or advice to the commissioner. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. The equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota pollution control agency remains in effect.

(10) Wetlands. For purposes of this subdivision, "wetlands" means: (i) land described in section 103G.005, subdivision 18; (ii) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice; or (iii) land in a wetland preservation area under sections 103F.612 to 103F.616. "Wetlands" under items (i) and (ii) include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands, but do not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(11) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause. Upon receipt of an application for the exemption provided in this clause for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of the decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(12) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1986, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(13) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility, or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(14) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the state or a local governmental unit which is developed and operated pursuant to the provisions of section 103G.535.

(15) If approved by the governing body of the municipality in which the property is located, and if construction is commenced after June 30, 1983:

(a) a "direct satellite broadcasting facility" operated by a corporation licensed by the federal communications commission to provide direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band; and

(b) a "fixed satellite regional or national program service facility" operated by a corporation licensed by the federal communications commission to provide fixed satellite-transmitted regularly scheduled broadcasting services using satellites operating in the 6-ghz. band.

An exemption provided by clause (15) shall apply for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body or 30 days has passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

(16) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used in the generation and distribution of hot water for heating buildings and structures.

(17) Notwithstanding section 273.19, state lands that are leased from the department of natural resources under section 92.46.

(18) Electric power distribution lines and their attachments and appurtenances, that are used primarily for supplying electricity to farmers at retail.

(19) Transitional housing facilities. "Transitional housing facility" means a facility that meets the following requirements. (i) It provides temporary housing to parents and children who are receiving AFDC or parents of children who are temporarily in foster care. (ii) It has the purpose of reuniting families and enabling parents to obtain self-sufficiency, advance their education, get job training, or become employed in jobs that provide a living wage. (iii) It provides support services such as child care, work readiness training, and career development counseling; and a self-sufficiency program with periodic monitoring of each resident's progress in completing the program's goals. (iv) It provides services to a resident of the facility for at least six months but no longer than three years, except residents enrolled in an educational or vocational institution or job training program. These residents may receive services during the time they are enrolled but in no event longer than four years. (v) It is sponsored by an organization that has received a grant under either section 256.7365 for the biennium ending June 30, 1989, or section 462A.07, subdivision 15, for the biennium ending June 30, 1991, for the purposes of providing the services in items (i) to (iv). (vi) It is sponsored by an organization that is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1987. This exemption applies notwithstanding the fact that the sponsoring organization receives financing by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency under the provisions of either Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant to it, and notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.

(20) Real and personal property, including leasehold or other personal property interests, owned and operated by a corporation if more than 50 percent of the total voting power of the stock of the corporation is owned collectively by: (i) the board of regents of the University of Minnesota, (ii) the University of Minnesota Foundation, an organization exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1990, and (iii) a corporation organized under chapter 317A, which by its articles of incorporation is pro-

hibited from providing pecuniary gain to any person or entity other than the regents of the University of Minnesota; which property is used primarily to manage or provide goods, services, or facilities utilizing or relating to large-scale advanced scientific computing resources to the regents of the University of Minnesota and others.

(21) Wind energy conversion systems, as defined in section 216C.06, subdivision 12, installed after January 1, 1991, and used as an electric power source.

[For text of subs 1a to 3, see M.S.1990]

Subd. 4. Conversion to exempt or taxable uses. (a) Any property exempt from taxation on January 2 of any year which, due to sale or other reason, loses its exemption prior to July 1 of any year, shall be placed on the current assessment rolls for that year.

The valuation shall be determined with respect to its value on January 2 of such year. The classification shall be based upon the use to which the property was put by the purchaser, or in the event the purchaser has not utilized the property by July 1, the intended use of the property, determined by the county assessor, based upon all relevant facts.

(b) Property subject to tax on January 2 that is acquired by a governmental entity, church, or educational institution before July 1 of the year is exempt for that assessment year if (1) the property is to be used for an exempt purpose under subdivision 1, clauses (1) to (7), and (2) the property is not subject to the filing requirement under section 272.025.

[For text of subs 5 to 7, see M.S.1990]

Subd. 8. Property leased to school districts. Property that is leased or rented to a school district is exempt from taxation if it meets the following requirements:

(1) the lease must be for a period of at least 12 consecutive months;

(2) the terms of the lease must require the school district to pay a nominal consideration for use of the building;

(3) the school district must use the property to provide direct instruction in any grade from kindergarten through grade 12; special education for handicapped children; adult basic and continuing education as described in section 124.26; preschool and early childhood family education; or community education programs, including provision of administrative services directly related to the educational program at that site; and

(4) the lease must provide that the school district has the exclusive use of the property during the lease period.

History: 1991 c 265 art 5 s 11; 1991 c 291 art 1 s 10; art 12 s 4; 1991 c 315 s 2; 1991 c 354 art 4 s 6

NOTE: The amendments to subdivision 1, clause (9), as found in Laws 1991, chapter 291, article 1, section 10, are effective only for taxes payable in 1992, 1993, 1994, and 1995. See Laws 1991, chapter 291, article 1, section 65.

272.025 FILING REQUIREMENT.

Subdivision 1. Except as provided in subdivision 3, a taxpayer claiming an exemption from taxation on property described in section 272.02, subdivision 1, clauses (1) to (7), (10), (11), (13), (15), (16), (18), and (20), except churches and houses of worship and property solely used for educational purposes by academies, colleges, universities or seminaries of learning and property owned by the state of Minnesota or any political subdivision thereof, shall file a statement of exemption with the assessor of the assessment district in which the property is located. In the case of a taxpayer claiming an exemption from taxation on property described in section 272.02, subdivision 1, clause (9), the taxpayer shall file a statement of exemption with the commissioner or revenue, on or before February 15 of each year for which the taxpayer claims an exemption. In case of sickness, absence or other disability or for good cause, the assessor may extend the time for filing the statement of exemption for a period not to exceed 60 days. The commissioner of revenue shall prescribe the form and contents of the statement of exemption.

[For text of subs 2 to 4, see M.S.1990]

History: 1991 c 291 art 12 s 5

NOTE: Subdivision 1, as amended by Laws 1991, chapter 291, article 12, section 5, is effective for taxes levied in 1992, payable in 1993 and thereafter. See Laws 1991, chapter 291, article 12, section 36.

272.03 DEFINITIONS.

Subdivision 1. **Real property.** (a) For the purposes of taxation, "real property" includes the land itself, rails, ties, and other track materials annexed to the land, and all buildings, structures, and improvements or other fixtures on it, bridges of bridge companies, and all rights and privileges belonging or appertaining to the land, and all mines, iron ore and taconite minerals not otherwise exempt, quarries, fossils, and trees on or under it.

(b) A building or structure shall include the building or structure itself, together with all improvements or fixtures annexed to the building or structure, which are integrated with and of permanent benefit to the building or structure, regardless of the present use of the building, and which cannot be removed without substantial damage to itself or to the building or structure.

(c)(i) Real property does not include tools, implements, machinery, and equipment attached to or installed in real property for use in the business or production activity conducted thereon, regardless of size, weight or method of attachment, and mine shafts, tunnels, and other underground openings used to extract ores and minerals taxed under chapter 298 together with steel, concrete, and other materials used to support such openings.

(ii) The exclusion provided in clause (i) shall not apply to machinery and equipment includable as real estate by paragraphs (a) and (b) even though such machinery and equipment is used in the business or production activity conducted on the real property if and to the extent such business or production activity consists of furnishing services or products to other buildings or structures which are subject to taxation under this chapter.

(iii) The exclusion provided in clause (i) does not apply to the exterior shell of a structure which constitutes walls, ceilings, roofs, or floors if the shell of the structure has structural, insulation, or temperature control functions or provides protection from the elements. Such an exterior shell is included in the definition of real property even if it also has special functions distinct from that of a building.

(d) The term real property does not include tools, implements, machinery, equipment, poles, lines, cables, wires, conduit, and station connections which are part of a telephone communications system, regardless of attachment to or installation in real property and regardless of size, weight, or method of attachment or installation.

[For text of subds 2 to 11, see M.S.1990]

History: 1991 c 291 art 1 s 11**272.31 LIEN OF REAL ESTATE TAXES.**

The taxes assessed upon real property shall be a perpetual lien thereon, and on all structures and standing timber thereon and on all minerals therein, from the year in which the property is assessed. As between grantor and grantee, such lien shall not attach until the first Monday of January of the year next thereafter.

History: 1991 c 291 art 12 s 6

NOTE: This section, as amended by Laws 1991, chapter 291, article 12, section 6, is effective for taxes levied in 1992, payable in 1993 and thereafter. See Laws 1991, chapter 291, article 12, section 36.

272.479 SCOPE.

This section and sections 272.481 to 272.488 apply only to federal tax liens and to other federal liens notices of which under any act of Congress or any regulation adopted pursuant thereto are required or permitted to be filed in the same manner as notices of federal tax liens.

History: 1991 c 291 art 18 s 5

272.482 EXECUTION OF NOTICES AND CERTIFICATES.

Execution of notices of liens, certificates, or other notices affecting federal liens by the secretary of the treasury of the United States or a delegate, or by any official or entity of the United States responsible for filing or certifying of notice of any other lien, entitles them to be filed and no other attestation, certification, or acknowledgment is necessary. For purposes of this section, transmission of notices under section 272.488, subdivision 1, constitutes execution.

History: 1991 c 291 art 18 s 6

272.483 DUTIES OF FILING OFFICER.

(a) If a notice of federal lien, a refiling of a notice of federal lien, or a notice of revocation of any certificate described in clause (b) is presented to a filing officer who is:

(1) the secretary of state, the secretary shall cause the notice to be marked, held, and indexed alphabetically and numerically; or

(2) any other officer described in section 272.481, the officer shall endorse identification thereon and the date and time of receipt and forthwith file it alphabetically or enter it in an alphabetical index showing the name and address of the person named in the notice, the date and time of receipt, the file number of the lien, and the total amount appearing on the notice of lien.

(b) If a certificate of release, nonattachment, discharge, or subordination of any lien is presented to the secretary of state for filing the secretary shall:

(1) cause a certificate of release or nonattachment to be marked, held, and indexed as if the certificate were a termination statement within the meaning of the Uniform Commercial Code, but the notice of lien to which the certificate relates may not be removed from the files until ten years and 30 days after the filing date of the lien; and

(2) cause a certificate of discharge or subordination to be marked, held, and indexed as if the certificate were a release of collateral within the meaning of the Uniform Commercial Code.

(c) If a refiled notice of federal lien referred to in clause (a) or any of the certificates or notices referred to in clause (b) is presented for filing to any other filing officer specified in section 272.481, the officer shall permanently attach the refiled notice or the certificate to the original notice of lien and enter the refiled notice or the certificate with the date of filing in any alphabetical lien index on the line where the original notice of lien is entered.

(d) Upon request of any person, the filing officer shall issue a certificate showing whether there is recorded in that filing office, on the date and hour stated therein, any notice of lien or certificate or notice affecting any lien filed on or after ten years and 30 days before the date of the search certificate, naming a particular person, and if a notice or certificate is on file, giving the date and hour of filing of each notice or certificate. The fee for a certificate shall be that provided by section 336.9-407 or 357.18, subdivision 1, clause (3). Upon request, the filing officer shall furnish a copy of any notice of federal lien, or notice or certificate affecting a federal lien, for a fee of 50 cents per page.

History: 1991 c 291 art 18 s 7

272.485 UNIFORMITY OF APPLICATION AND CONSTRUCTION.

Sections 272.481 to 272.488 shall be so applied and construed as to effectuate its general purpose to make uniform the law with respect to the subject of sections 272.481 to 272.487 among those states which enact it.

History: 1991 c 291 art 18 s 8

272.486 SHORT TITLE.

Section 272.479 and sections 272.481 to 272.488 may be cited as the Uniform Federal Lien Registration Act.

History: 1991 c 291 art 18 s 9

272.487 [Repealed, 1991 c 291 art 18 s 16]

272.488 COMPUTERIZED FILING OF TAX LIENS AND NOTICES.

Subdivision 1. Filing of notices. Notices of federal tax liens, certificates, or revocations of certificates of release of federal tax liens, and refiled notices of any of those items, in a form prescribed by the Internal Revenue Service, may be filed with the county recorder or the secretary of state by mail, personal delivery, or by electronic transmission by the Secretary of the Treasury of the United States or a delegate into the computerized filing system of the secretary of state authorized under section 336.9-411. The secretary of state shall transmit the notice electronically to the office of the county recorder, if that is the place of filing, in the county or counties shown on the computer entry. The filing officer, whether the county recorder or the secretary of state, shall endorse and index a printout of the notice in the same manner as if the notice had been mailed or delivered.

Subd. 2. Entry of information. County recorders and the secretary of state shall enter information relative to lien notices, releases, revocations of release, and refiles of any of those items into the central data base of the secretary of state. For notices filed electronically with the county recorders, the date and time of receipt of the notice and county recorder's file number, and for notices filed electronically with the secretary of state, the secretary of state's recording information, must be entered by the filing officer into the central data base before the close of the working day following the day of the original data entry by the Internal Revenue Service.

History: 1991 c 291 art 18 s 10

272.50 [Repealed, 1991 c 291 art 15 s 10]

NOTE: Notwithstanding the repeal of this section, liens arising under this section remain in force until the taxes are paid. See Laws 1991, chapter 291, article 15, section 11.

272.51 [Repealed, 1991 c 291 art 15 s 10]

272.52 [Repealed, 1991 c 291 art 15 s 10]

272.53 [Repealed, 1991 c 291 art 15 s 10]

272.67 DIVISION OF LAND IN CITIES INTO RURAL AND URBAN DISTRICTS.

[For text of subs 1 to 5, see M.S.1990]

Subd. 6. A certified copy of every ordinance, amendment, and order adopted or entered under this section shall be filed with the county auditor before it becomes effective. For the purposes of taxation, if the ordinance, amendment, or order is certified on or before August 1 of a levy year, it may be implemented that same levy year. If the ordinance, amendment, or order is certified after August 1 of a levy year, it may not be implemented until the following levy year. The amount of taxes levied each year by each city shall be certified to the county auditor in the manner now or hereafter provided by law. Taxes levied for payment of bonds and judgments and interest thereon shall continue to be spread upon all taxable property within the boundaries of the city in proportion to the net tax capacity thereof. The remaining amount of the taxes levied each year shall be allocated by the county auditor to the urban service district and the rural service district in amounts proportionate to the current benefit ratio times the current ratio between the market values of all taxable property within the urban service district and all taxable property within the rural service district. Within each district, the amount so allocated shall be spread upon all taxable property in proportion to the net tax capacity thereof.

[For text of subs 7 and 8, see M.S.1990]

History: 1991 c 291 art 12 s 7