

CHAPTER 272

TAXATION, GENERAL PROVISIONS

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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), other than those that qualify for exemption under clause (25).
- (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, including storage sheds, decks, and similar removable improvements constructed on the site of a manufactured home, sectional structure, park trailer or travel trailer as provided in section 273.125, subdivision 8, paragraph (f); 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 de-

vice 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, 1992, 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 have 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 individuals, couples, or families. (ii) It has the purpose of reuniting families and enabling parents or individuals 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 three 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 owned and operated or under lease from a unit of government or governmental agency under a property disposition program and operated by one or more organizations exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992. 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, 1992, and (iii) a corporation organized under chapter 317A, which by its articles of incorporation is prohibited 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)(a) Wind energy conversion systems, as defined in section 216C.06, subdivision 12, installed after January 1, 1991, and before January 2, 1995, and used as an electric power source, are exempt.

(b) Wind energy conversion systems, as defined in section 216C.06, subdivision 12, installed after January 1, 1995, including the foundation or support pad, which are (i) used as an electric power source; (ii) located within one county and owned by the same owner; and

(iii) produce two megawatts or less of electricity as measured by nameplate ratings, are exempt.

(c) Wind energy conversion systems; as defined in section 216C.06, subdivision 12, installed after January 1, 1995, and used as an electric power source but not exempt under item (b), are treated as follows: (i) the foundation and support pad are taxable; (ii) the associated supporting and protective structures are exempt for the first five assessment years after they have been constructed, and thereafter, 30 percent of the market value of the associated supporting and protective structures are taxable; and (iii) the turbines, blades, transformers, and its related equipment, are exempt.

(22) Containment tanks, cache basins, and that portion of the structure needed for the containment facility used to confine agricultural chemicals as defined in section 18D.01, subdivision 3, as required by the commissioner of agriculture under chapter 18B or 18C.

(23) Photovoltaic devices, as defined in section 216C.06, subdivision 13, installed after January 1, 1992, and used to produce or store electric power.

(24) 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 for an ice arena or ice rink, and used primarily for youth and high school programs.

(25) A structure that is situated on real property that is used for:

(i) housing for the elderly or for low- and moderate-income families as defined in Title II of the National Housing Act, as amended through December 31, 1990, and funded by a direct federal loan or federally insured loan made pursuant to Title II of the act; or

(ii) housing lower income families or elderly or handicapped persons, as defined in Section 8 of the United States Housing Act of 1937, as amended.

In order for a structure to be exempt under (i) or (ii), it must also meet each of the following criteria:

(A) is owned by an entity which is operated as a nonprofit corporation organized under chapter 317A;

(B) is owned by an entity which has not entered into a housing assistance payments contract under Section 8 of the United States Housing Act of 1937, or, if the entity which owns the structure has entered into a housing assistance payments contract under Section 8 of the United States Housing Act of 1937, the contract provides assistance for less than 90 percent of the dwelling units in the structure, excluding dwelling units intended for management or maintenance personnel;

(C) operates an on-site congregate dining program in which participation by residents is mandatory, and provides assisted living or similar social and physical support services for residents; and

(D) was not assessed and did not pay tax under chapter 273 prior to the 1991 levy, while meeting the other conditions of this clause.

An exemption under this clause remains in effect for taxes levied in each year or partial year of the term of its permanent financing.

(26) Real and personal property that is located in the Superior National Forest, and owned or leased and operated by a nonprofit organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, and primarily used to provide recreational opportunities for disabled veterans and their families.

(27) Manure pits and appurtenances, which may include slatted floors and pipes, installed or operated in accordance with a permit, order, or certificate of compliance issued by the Minnesota pollution control agency. The exemption shall continue for as long as the permit, order, or certificate issued by the Minnesota pollution control agency remains in effect.

(28) Notwithstanding clause (8), item (a), attached machinery and other personal property which is part of a facility containing a cogeneration system as described in section 216B.166, subdivision 2, paragraph (a), if the cogeneration system has met the following criteria: (i) the system utilizes natural gas as a primary fuel and the cogenerated steam initially

replaces steam generated from existing thermal boilers utilizing coal; (ii) the facility developer is selected as a result of a procurement process ordered by the public utilities commission; and (iii) construction of the facility is commenced after July 1, 1994, and before July 1, 1997.

(29) Real property acquired by a home rule charter city, statutory city, county, town, or school district under a lease purchase agreement or an installment purchase contract during the term of the lease purchase agreement as long as and to the extent that the property is used by the city, county, town, or school district and devoted to a public use and to the extent it is not subleased to any private individual, entity, association, or corporation in connection with a business or enterprise operated for profit.

[For text of subds 1a to 8, see M.S.1994]

History: 1995 c 264 art 3 s 4

272.027 PERSONAL PROPERTY USED TO GENERATE ELECTRICITY FOR PRODUCTION AND RESALE.

Personal property used to generate electric power is exempt from property taxation if the electric power is used to manufacture or produce goods, products, or services, other than electric power, by the owner of the electric generation plant. The exemption does not apply to property used to produce electric power for sale to others and does not apply to real property. In determining the value subject to tax, a proportionate share of the value of the generating facilities, equal to the proportion that the power sold to others bears to the total generation of the plant, is subject to the general property tax in the same manner as other property. Power generated in such a plant and exchanged for an equivalent amount of power that is used for the manufacture or production of goods, products, or services other than electric power by the owner of the generating plant is considered to be used by the owner of the plant.

History: 1995 c 264 art 3 s 5

272.115 CERTIFICATE OF VALUE; FILING.

Subdivision 1. Whenever any real estate is sold for a consideration in excess of \$1,000, whether by warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor, grantee or the legal agent of either shall file a certificate of value with the county auditor in the county in which the property is located when the deed or other document is presented for recording. Contract for deeds are subject to recording under section 507.235, subdivision 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed. The items and value of personal property transferred with the real property must be listed and deducted from the sale price. The certificate of value shall include the classification to which the property belongs for the purpose of determining the fair market value of the property. The certificate shall include financing terms and conditions of the sale which are necessary to determine the actual, present value of the sale price for purposes of the sales ratio study. The commissioner of revenue shall promulgate administrative rules specifying the financing terms and conditions which must be included on the certificate. Pursuant to the authority of the commissioner of revenue in section 270.066, the certificate of value must include the social security number or the federal employer identification number of the grantors and grantees. The identification numbers of the grantors and grantees are private data on individuals or nonpublic data as defined in section 13.02, subdivisions 9 and 12, but, notwithstanding that section, the private or nonpublic data may be disclosed to the commissioner of revenue for purposes of tax administration.

[For text of subds 2 to 4, see M.S.1994]

History: 1995 c 264 art 3 s 6

272.121 CURRENT TAX ON DIVIDED PARCELS.

[For text of subd 1, see M.S.1994]

Subd. 2. **Exceptions.** No certification of current tax paid is required when the land is being conveyed to the federal government, the state, or a home rule charter or statutory city or any other political subdivision. No certification of current tax paid is required under subdivision 1 for any sheriff's or referee's certificate of sale or other instrument if a certification of delinquent tax for the instrument is not required under section 272.12.

History: 1995 c 264 art 16 s 8

272.481 PLACE OF FILING.

(a) Notices of liens, certificates, and other notices affecting federal tax liens or other federal liens must be filed in accordance with sections 272.479 to 272.488.

(b) Notices of liens upon real property for obligations payable to the United States and certificates and notices affecting the liens shall be filed in the office of the county recorder of the county in which the real property subject to the liens is situated.

(c) Notices of federal liens upon personal property, whether tangible or intangible, for obligations payable to the United States and certificates and notices affecting the liens shall be filed as follows:

(1) if the person against whose interest the lien applies is a corporation or a partnership whose principal executive office is in this state, as these entities are defined in the internal revenue laws of the United States, in the office of the secretary of state;

(2) in all other cases, in the office of the county recorder of the county where the person against whose interest the lien applies resides at the time of filing of the notice of lien.

(d) Any person who receives a certificate of discharge from the Internal Revenue Service which affects real property in this state may present that certificate of discharge for filing to the county recorder for the county in which the real property is located. The county recorder shall file the certificate of discharge in the real property records of the county. The person is responsible for the payment of the filing fee. A certificate of discharge which affects only personal property cannot be filed with any filing officer.

History: 1995 c 144 s 1

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, subdivisions 1 and 3, constitutes execution.

History: 1995 c 144 s 2

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 and indexed alphabetically and numerically in the computerized filing system maintained by the secretary of state under section 336.9-411;

(2) the county recorder; the county recorder shall endorse identification and the date and time of filing and file and enter it in an alphabetical index showing the name and address of the person named in the notice, the date and time of filing, the file number of the lien, and the total amount appearing on the notice of lien.

Each county recorder shall enter the date and time of filing and the file number and shall index the names of the persons shown on the notice into the computerized database system maintained by the secretary of state.

For notices of federal tax liens on real property, the information in the computerized filing and database systems does not create, release, discharge, or recreate a notice of federal tax lien on real property in this state.

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

(1) enter the information into the computerized filing system maintained under section 336.9-411;

(2) cause a certificate of release or nonattachment to be marked 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

(3) cause a certificate of subordination to be marked 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 enter the refiled notice or the certificate with the date and time of filing in any alphabetical lien index where the original notice of lien is entered and into the computerized database system.

(d) When a filing officer receives a request to search the records for the name of a particular person, the filing officer must issue a search certificate showing whether there is any notice of lien or certificate or notice of lien filed on or after ten years and 30 days before the date of the search. If a notice or certificate is on file, the search certificate must state the file or document number of the notice and the date and time of filing of each notice or certificate and the date and time the search certificate was issued. The fee for a certificate shall be that provided by section 336.9-407 or 357.18, subdivision 1, clause (3).

History: 1995 c 144 s 3

272.488 COMPUTERIZED FILING OF TAX LIENS AND NOTICES.

Subdivision 1. Filing with county recorders. Notices of federal tax liens, certificates, or revocations of certificates of release of federal tax liens, refiled notices of any of those items, and any other notices affecting federal tax liens that are required to be filed with the county recorder, in a form prescribed by the Internal Revenue Service, may be filed with the county recorder by mail, personal delivery, or by electronic transmission by the Secretary of the Treasury of the United States or a delegate into the computerized database system. The secretary of state shall transmit the notice electronically to the office of the county recorder in the county or counties shown on the computer entry. The county recorder must endorse and file the notice and enter the information into the computerized database system as required by section 272.483.

Subd. 2. Central database. County recorders and the secretary of state shall enter information relative to lien notices, releases, revocations of release, and refilings of any of those items into the computerized database system of the secretary of state. For notices transmitted electronically for filing with the county recorders, the date and time of filing of the notice and county recorder's file number, and for notices transmitted electronically for filing with the secretary of state, the secretary of state's filing information, must be entered by the filing officer into the computerized database system before the close of the fifth working day following the day of the original data transmission to the filing officer by the Internal Revenue Service. When notices are transmitted electronically, the filing officer must file the notices the day they were transmitted to the filing officer by the Internal Revenue Service. All other processing by the county recorder of lien notices, releases, revocations of release and refilings of any of those items must occur within the time period allowed in section 386.30.

Subd. 3. Filing with secretary of state. (a) Notices of federal tax liens, certificates, or revocations of certificates of release of federal tax liens, refiled notices of any of those items, and any other notices affecting federal tax liens that are required to be filed with the secretary of state, in a form prescribed by the Internal Revenue Service, may be filed with the secretary of state by mail, personal delivery, or 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 electronic record must be endorsed and indexed within the computerized database system as required by section 272.483.

(b) For filings made pursuant to section 272.481, paragraph (c), clause (1), with the secretary of state, when data entry is complete as required by subdivision 2, the original docu-

ment is contained in the computerized filing system and is the official copy from which all official copies will be made. Reproductions of documents described in section 272.483, paragraph (a) or (b), which are contained in the computerized filing system will be in the same format as if the document had been filed on paper by the Internal Revenue Service.

Subd. 4. Entry of information. For documents filed by mail or in person, the filing officer shall enter the data as if it had been transmitted electronically. Once the electronic record is created, it must be endorsed and indexed within the computerized database system. The filing officer must write or mark the filing information on the document that was submitted and return the document or a copy to the submitting party.

Subd. 5. Transmission of filed information. The Secretary of the Treasury of the United States or a delegate and the filing officers are authorized to develop a method which permits entry of previously filed notices of federal tax liens into the computerized database system. Should the Secretary of the Treasury and the filing officers decide to implement a method, entry of previously filed notices of federal tax liens shall not be a new filing and the filing date of the original document shall be maintained.

Subd. 6. Official index. The index in the computerized filing system is the official index of federal tax liens filed with the secretary of state under section 272.483, paragraph (a), clause (1). The official index of federal tax lien records for the county recorders are those indices required by chapter 386 and section 272.483, paragraph (a), clause (2).

History: 1995 c 144 s 4-9