

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-fifth 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 five years. All real property becoming taxable in any year shall be listed with reference to its value on January 2 of that year. Except as provided in this section and section 274.01, subdivision 1, all real property assessments shall be completed two

weeks prior to the date scheduled for the local board of review or equalization. No changes in valuation or classification which are intended to correct errors in judgment by the county assessor may be made by the county assessor after the board of review or the county board of equalization has adjourned; however, corrections of errors that are merely clerical in nature or changes that extend homestead treatment to property are permitted after adjournment until the tax extension date for that assessment year. Any changes made by the assessor after adjournment must be fully documented and maintained in a file in the assessor's office and shall be available for review by any person. A copy of any changes made during this period shall be sent to the county board no later than December 31 of the assessment year. 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. 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: (1984) *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; 1986 c 444; 1988 c 719 art 7 s 4; 1989 c 277 art 2 s 16; 1990 c 480 art 7 s 4; 2003 c 127 art 2 s 10*

273.011 [Repealed, 1977 c 423 art 2 s 20]

273.012 [Repealed, 1977 c 423 art 2 s 20]

273.015 TAX COMPUTED TO NEAREST EVEN-NUMBERED CENT.

Subdivision 1. **Tax computed to nearest even-numbered cent.** 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. [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 net tax capacity or classification thereof on the assessment and tax books and 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 net tax capacity 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 net tax capacity 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 net tax capacity under the provisions of section 375.192.

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 general fund.

Subd. 6. **General fund.** The taxes collected in accordance with subdivision 4 shall be transmitted by the county treasurer to the commissioner of finance and deposited in the general fund. There shall be paid from the general fund the amount of refunds determined in accordance with subdivision 5.

History: (1985) *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*; 1986 *c 444*; 1988 *c 719 art 5 s 84*; 1989 *c 329 art 13 s 20*; 1989 *c 335 art 4 s 71,72*; 1996 *c 471 art 3 s 4*; 2003 *c 112 art 2 s 50*

273.03 REAL ESTATE; ASSESSMENT; METHOD.

Subdivision 1. **Assessment books.** 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. The auditor 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 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. **Election to use card ledger or electronic data system.** Any county in this state which employs a county assessor who maintains a unit card ledger system or similar system of real estate and the market value and net tax capacities ascertained by the assessor 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.

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

History: (1986) 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 c 444; 1988 c 719 art 5 s 84; 1989 c 329 art 13 s 20; 1993 c 375 art 3 s 11

273.032 MARKET VALUE DEFINITION.

For the purpose of determining any property tax levy limitation based on market value, any net debt limit based on market value, any limit on the issuance of bonds, certificates of indebtedness, or capital notes based on market value, any qualification to receive state aid based on market value, or any state aid amount based on market value, the terms "market value," "taxable market value," and "market valuation," whether equalized or unequalized, mean the total taxable market value of property within the local unit of government before any adjustments for tax increment, fiscal disparity, powerline credit, or wind energy values, but after the limited market adjustments under section 273.11, subdivision 1a, and after the market value exclusions of certain improvements to homestead property under section 273.11, subdivision 16. Unless otherwise provided, "market value," "taxable market value," and "market valuation" refer to the taxable market value for the previous assessment year.

History: 1994 c 416 art 1 s 12; 1997 c 31 art 3 s 3

273.04 [Repealed, 1984 c 593 s 46]

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. They shall be selected and appointed because of their knowledge and training in the field of property taxation. All town and statutory city assessors shall be appointed for indefinite terms. A town or statutory city assessor who is an employee may be dismissed by the appointing authority for cause. The term of the town or city assessors may be terminated at any time by the town board or city council on charges by the commissioner of revenue of inefficiency or neglect of duty. 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.

The commissioner of revenue may recommend to the state board of assessors the nonrenewal, suspension, or revocation of an assessor's license as provided in sections 270.41 to 270.53.

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 to be diligent, faithful, and impartial in performance of the duties

enjoined on the assessor by law. Failure to take the oath within the time prescribed shall be deemed a refusal to serve.

History: (1987) *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; 1984 c 593 s 12; 1986 c 444; 1988 c 719 art 7 s 5; 1990 c 441 s 1; 2003 c 127 art 5 s 11*

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, field workers, 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; 1986 c 444*

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 nonelecting 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 complete the listing and valuation of the property of the town or district within the time prescribed, with the approbation of the county auditor, may appoint a well-qualified citizen of the town or district to act as assistant or deputy, and may assign to that person such portion of the district as the assessor 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: (1988) RL s 806; 1977 c 434 s 9; 1986 c 444

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. The assessor shall be selected and appointed because of 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.

The commissioner of revenue may grant approval on a probationary basis for a period of two years. The commissioner must base the decision to impose a probationary period on objective and consistent criteria. At the end of the two-year probationary period, the commissioner may either refuse to approve the person's appointment for the remainder of the person's four-year term, approve the person's appointment but only for another two-year probationary period, or unconditionally approve the person's appointment for the remainder of the four-year term for which the person was originally appointed by the county board. The criteria shall not be considered rules and are not subject to the Administrative Procedure Act.

Notwithstanding any law to the contrary, a county assessor must have senior accreditation from the state Board of Assessors by January 1, 1992, or within two years of the assessor's first appointment under this section, whichever is later.

Subd. 1a. **Compatible offices.** A person appointed as the county assessor also may serve as the county auditor, county treasurer, or county auditor-treasurer if those offices are appointive, provided that the person in the combined appointed office must not serve on the county board of appeal and equalization under section 274.13. In a county in which the functions of the county assessor are combined with those of the county auditor or county auditor-treasurer, the county board may not delegate any authority, power, or responsibility under section 375.192, subdivision 4.

Subd. 1b. **Compatible offices in counties changing to appointed auditor.** In a county in which the office of auditor, treasurer, or auditor-treasurer is an elective position, a person appointed as the county assessor also may serve as the county auditor, county treasurer, or county auditor-treasurer if a proposal to make the affected office appointive has been approved as required by other law and will be effective within five years.

Subd. 1c. **Incompatible offices.** The person appointed as the county assessor must not also be the county attorney, a county board member, an elected county auditor, an elected county treasurer, an elected county auditor-treasurer, a town board supervisor for a town in the same county, or a city mayor or council member for a city in the same county. The person appointed as the city assessor must not also be a city council member or mayor for the same city. A person appointed as the town assessor must not also be a town board supervisor for the same town. Except as provided in subdivision 1b, an assessor who accepts a position that is incompatible with the office of assessor is deemed to have resigned from the assessor position.

Subd. 2. **Term; vacancy.** (a) The terms of county assessors appointed under this section shall be four years. A new term shall begin on January 1 of every fourth year after 1973. When any vacancy in the office occurs, the board of county commissioners, within 90 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 malfeasance, misfeasance, or nonfeasance 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 the assessor's term, that it does not intend to reappoint the assessor. If written notice is not timely made, the county assessor will automatically be reappointed by the board of county commissioners.

The commissioner of revenue may recommend to the state Board of Assessors the nonrenewal, suspension, or revocation of an assessor's license as provided in sections 270.41 to 270.53.

(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 90 days during which the county board must appoint a county assessor. Such 90-day period may, however, be extended by written approval of the commissioner of revenue.

(c) In the case of the first appointment under paragraph (a) of a county assessor who is accredited but who does not have senior accreditation, an approval of the appointment by the commissioner shall be provisional, provided that a county assessor appointed to a provisional term under this paragraph must reapply to the commissioner at the end of the provisional term. A provisional term may not exceed two years. The commissioner shall not approve the appointment for the remainder of the four-year term unless the assessor has obtained senior accreditation.

Subd. 3. **Oath.** Every county assessor, before entering upon 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 perform the duties of the assessor's 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, assistants and clerical help, and shall furnish such books, maps, stationery, postage and supplies as may be necessary for the discharge of the duties of the office.

Subd. 6. **Salaries; expenses.** The salaries of the county assessor and 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 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 the assessor's assistants, and the value of all property subject to assessment and taxation shall be determined by the county assessor, except as otherwise hereinafter 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) To call upon and confer with the township and city assessors in the 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) To 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) To keep the local assessors in the county advised of all changes in assessment laws and all instructions which the assessor receives from the commissioner of revenue relating to their duties.

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

(5) To 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, the assessor shall prepare and keep available in the assessor's office tables showing fair average minimum and maximum market values per acre of cultivated, meadow, pasture, cutover, timber and waste lands of each township. The assessor shall keep the map and tables available in the office for the guidance of town assessors, boards of review, and the county board of equalization.

(6) To also prepare and keep available in the 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) To regularly examine all conveyances of land outside the corporate limits of cities of the first and second class, filed with the county recorder of the 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, the assessor shall make recommendations to the county board of equalization of necessary changes in individual assessments or aggregate valuations.

(8) To become familiar with the values of the different items of personal property so as to be in a position when called upon to advise the boards of review and the county board of equalization concerning property, market values thereof.

(9) While the county board of equalization is in session, to give it every possible assistance to enable it to perform its duties. The assessor 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.

(10) At the request of either the board of county commissioners or the commissioner of revenue, to 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.

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

(12) To regularly confer with county assessors in all adjacent counties about the assessment of property in order to uniformly assess and equalize the value of similar properties and classes of property located in adjacent counties. The conference shall emphasize the assessment of agricultural and commercial and industrial property or other properties that may have an inadequate number of sales in a single county.

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

(14) To maintain a record, in conjunction with other county offices, of all transfers of property to assist in determining the proper classification of property, including but not limited to, transferring homestead property and name changes on homestead property.

(15) To determine if a homestead application is required due to the transfer of homestead property or an owner's name change on homestead property.

Subd. 8a. Additional powers and duties of the commissioner of revenue, county assessors and local assessors. Notwithstanding any provision of law to the contrary, in order to promote a uniform assessment and review of assessments, the commissioner of revenue, county assessors and local assessors may exchange data on property which are classified under chapter 13 as public, nonpublic or private. The data for any property may include but is not limited to its sales, income, expenses, vacancies, rentable or usable areas, anticipated income and expenses, projected vacancies, lease information, and private multiple listing service data. Data exchanged under this provision that is classified as nonpublic or private data shall retain its classification.

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 by the local assessors or assistants and the county assessor's 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 net tax capacity of the property of any individual, firm or corporation after notice has been given and hearings held as provided by law;

(d) to enter all assessments in the assessment books, furnished 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 net tax capacity of any property;

(h) to perform all other duties relating to the assessment of property for the purpose of taxation which may be required 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. The assessor shall, however, be allowed expenses for reasonable and necessary travel in the performance of 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; 1984 c 593 s 13; 1986 c 444; 1987 c 268 art 7 s 28-30; 1988 c 719 art 5 s 84; art 7 s 6,7; 1989 c 277 art 2 s 17,18; 1989 c 329 art 13 s 20; 1Sp1989 c 1 art 3 s 6; 1993 c 375 art 3 s 12; art 5 s 7; art 11 s 2; 1994 c 587 art 5 s 2; 1Sp2001 c 5 art 7 s 14,15; 2003 c 127 art 5 s 12-14*

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. The assessor shall make an alphabetical list of the names of all persons in the 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 the person's 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 the 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 the person's 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; 1986 c 444*

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 December 1 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 reexamination 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 August 1 and if unpaid as of September 1 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; 1Sp1989 c 1 art 9 s 19; 1990 c 604 art 3 s 8*

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 February 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 February 1 shall be accomplished by the county assessor or persons employed by the county assessor 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; 1986 c 444; 1987 c 268 art 7 s 31; 1Sp1989 c 1 art 9 s 20*

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. **Joint assessment agreements.** Any county and any city or town lying wholly or partially within the county and constituting a separate assessment district may, by agreement entered into under section 471.59, 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 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. **Abolishment of office of local assessor.** 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 serving for a fixed term, or when an earlier vacancy occurs.

Subd. 3. **Agreement terms.** When the agreement provides for joint employment of an assessor, the assessor 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. **Termination of agreement.** 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 reestablished and shall be filled as provided by applicable law or charter.

Subd. 5. **Payment; county general fund.** 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. **Powers of local boards of review not affected.** 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; 1986 c 444; 1Sp1986 c 1 art 4 s 11; 1Sp2001 c 5 art 7 s 16

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

273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.

(a) Beginning with the four-year period starting on July 1, 2000, every person licensed by the state Board of Assessors at the Accredited Minnesota Assessor level or higher, shall successfully complete a week-long Minnesota laws course sponsored by the

Department of Revenue at least once in every four-year period. An assessor need not attend the course if they successfully pass the test for the course.

(b) The commissioner of revenue may require that each county, and each city for which the city assessor performs the duties of county assessor, have (i) a person on the assessor's staff who is certified by the Department of Revenue in sales ratio calculations, (ii) an officer or employee who is certified by the Department of Revenue in tax calculations, and (iii) an officer or employee who is certified by the Department of Revenue in the proper preparation of abstracts of assessment. The commissioner of revenue may require that each county have an officer or employee who is certified by the Department of Revenue in the proper preparation of abstracts of tax lists.

History: *1Sp2001 c 5 art 7 s 17*

273.08 ASSESSOR'S DUTIES.

The assessor 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, at maximum intervals of five years and shall enter the value opposite each description.

History: *(1990) 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; 1984 c 593 s 14; 2003 c 127 art 2 s 11*

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

273.11 VALUATION OF PROPERTY.

Subdivision 1. **Generally.** Except as provided in this section 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 the assessor adopt as a criterion of value the price for which such property would sell at a forced sale, or in the aggregate with all the property in the town or district; but the assessor shall value each article or description of property by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. The assessor shall take into account the effect on the market value of property of environmental factors in the vicinity of the property. 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 at a fair, voluntary sale, for cash, if the material being mined or quarried is not subject to taxation under section 298.015 and the mine or quarry is not exempt from the general property tax under section 298.25. In valuing real property which is vacant, platted property shall be assessed as provided in subdivision 14. All property, or the use thereof, which is taxable under section 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. 1a. Limited market value. In the case of all property classified as agricultural homestead or nonhomestead, residential homestead or nonhomestead, timber, or noncommercial seasonal residential recreational, the assessor shall compare the value with the taxable portion of the value determined in the preceding assessment.

For assessment year 2002, the amount of the increase shall not exceed the greater of (1) ten percent of the value in the preceding assessment, or (2) 15 percent of the difference between the current assessment and the preceding assessment.

For assessment year 2003, the amount of the increase shall not exceed the greater of (1) 12 percent of the value in the preceding assessment, or (2) 20 percent of the difference between the current assessment and the preceding assessment.

For assessment year 2004, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 25 percent of the difference between the current assessment and the preceding assessment.

For assessment year 2005, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 33 percent of the difference between the current assessment and the preceding assessment.

For assessment year 2006, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 50 percent of the difference between the current assessment and the preceding assessment.

This limitation shall not apply to increases in value due to improvements. For purposes of this subdivision, the term "assessment" means the value prior to any exclusion under subdivision 16.

The provisions of this subdivision shall be in effect through assessment year 2006 as provided in this subdivision.

For purposes of the assessment/sales ratio study conducted under section 127A.48, and the computation of state aids paid under chapters 122A, 123A, 123B, 124D, 125A, 126C, 127A, and 477A, market values and net tax capacities determined under this subdivision and subdivision 16, shall be used.

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. Boards of review and equalization. Notwithstanding any other provision of law to the contrary, the limitation contained in subdivisions 1 and 1a 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 sections 270.11, 270.12 and 270.16.

Subd. 6. Solar, wind, methane gas systems. 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. 6a. Fire-safety sprinkler systems. For purposes of property taxation, the market value of automatic fire-safety sprinkler systems installed in existing buildings after January 1, 1992, meeting the standards of the Minnesota Fire Code shall be excluded from the market value of (1) existing multifamily residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence and (2) existing real estate containing four or more contiguous residential units for use by customers of the owner, such as hotels, motels, and lodging houses and (3) existing office buildings or mixed use commercial-residential buildings, in which at least one story capable of occupancy is at least 75 feet above the ground. The market value exclusion under this section shall expire if the property is sold.

Subd. 7. [Repealed, 1984 c 502 art 3 s 36]

Subd. 8. Limited equity cooperative apartments. For the purposes of this subdivision, the terms defined in this subdivision have the meanings given them.

A "limited equity cooperative" is a corporation organized under chapter 308A, which has as its primary purpose the provision of housing and related services to its members which meets one of the following criteria with respect to the income of its members: (1) a minimum of 75 percent of members must have incomes at or less than 90 percent of area median income, (2) a minimum of 40 percent of members must have incomes at or less than 60 percent of area median income, or (3) a minimum of 20 percent of members must have incomes at or less than 50 percent of area median income. For purposes of this clause, "member income" shall mean the income of a member existing at the time the member acquires cooperative membership, and median income shall mean the St. Paul-Minneapolis metropolitan area median income as determined by the United States Department of Housing and Urban Development. It must also meet the following requirements:

(a) The articles of incorporation set the sale price of occupancy entitling cooperative shares or memberships at no more than a transfer value determined as provided in the articles. That value may not exceed the sum of the following:

(1) the consideration paid for the membership or shares by the first occupant of the unit, as shown in the records of the corporation;

(2) the fair market value, as shown in the records of the corporation, of any improvements to the real property that were installed at the sole expense of the member with the prior approval of the board of directors;

(3) accumulated interest, or an inflation allowance not to exceed the greater of a ten percent annual noncompounded increase on the consideration paid for the membership or share by the first occupant of the unit, or the amount that would have been paid on that consideration if interest had been paid on it at the rate of the percentage increase in the revised Consumer Price Index for All Urban Consumers for the Minneapolis-St. Paul metropolitan area prepared by the United States Department of Labor, provided that the amount determined pursuant to this clause may not exceed \$500 for each year or fraction of a year the membership or share was owned; plus

(4) real property capital contributions shown in the records of the corporation to have been paid by the transferor member and previous holders of the same membership, or of separate memberships that had entitled occupancy to the unit of the member involved. These contributions include contributions to a corporate reserve account the use of which is restricted to real property improvements or acquisitions, contributions to the corporation which are used for real property improvements or acquisitions, and the amount of principal amortized by the corporation on its indebtedness due to the financing of real property acquisition or improvement or the averaging of principal paid by the corporation over the term of its real property-related indebtedness.

(b) The articles of incorporation require that the board of directors limit the purchase price of stock or membership interests for new member-occupants or resident shareholders to an amount which does not exceed the transfer value for the membership or stock as defined in clause (a).

(c) The articles of incorporation require that the total distribution out of capital to a member shall not exceed that transfer value.

(d) The articles of incorporation require that upon liquidation of the corporation any assets remaining after retirement of corporate debts and distribution to members will be conveyed to a charitable organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, or a public agency.

A "limited equity cooperative apartment" is a dwelling unit owned by a limited equity cooperative.

"Occupancy entitling cooperative share or membership" is the ownership interest in a cooperative organization which entitles the holder to an exclusive right to occupy a dwelling unit owned or leased by the cooperative.

For purposes of taxation, the assessor shall value a unit owned by a limited equity cooperative at the lesser of its market value or the value determined by capitalizing the

net operating income of a comparable apartment operated on a rental basis at the capitalization rate used in valuing comparable buildings that are not limited equity cooperatives. If a cooperative fails to operate in accordance with the provisions of clauses (a) to (d), the property shall be subject to additional property taxes in the amount of the difference between the taxes determined in accordance with this subdivision for the last ten years that the property had been assessed pursuant to this subdivision and the amount that would have been paid if the provisions of this subdivision had not applied to it. The additional taxes, plus interest at the rate specified in section 549.09, shall be extended against the property on the tax list for the current year.

Subd. 9. Condominium property. Notwithstanding any other provision of law to the contrary, for purposes of property taxation, condominium property shall be valued in accordance with this subdivision.

(a) A structure or building that is initially constructed as condominiums shall be identified as separate units after the filing of a declaration. The market value of the residential units in that structure or building and included in the declaration shall be valued as condominiums.

(b) When 60 percent or more of the residential units in a structure or building being converted to condominiums have been sold as condominiums including those units that the converters retain for their own investment, the market value of the remaining residential units in that structure or building which are included in the declaration shall be valued as condominiums. If not all of the residential units in the structure or building are included in the declaration, the 60 percent factor shall apply to those in the declaration. A separate description shall be recognized when a declaration is filed. For purposes of this clause, "retain" shall mean units that are rented and completed units that are not available for sale.

(c) For purposes of this subdivision, a "sale" is defined as the date when the first written document for the purchase or conveyance of the property is signed, unless that document is revoked.

Subd. 10. [Repealed, 1999 c 243 art 5 s 54]

Subd. 11. Valuation of restored or preserved wetland. Wetlands restored by the federal, state, or local government, or by a nonprofit organization, or preserved under the terms of a temporary or perpetual easement by the federal or state government, must be valued by assessors at their wetland value. "Wetland value" in this subdivision means the market value of wetlands in any potential use in which the wetland character is not permanently altered. Wetland value shall not reflect potential uses of the wetland that would violate the terms of any existing conservation easement, or any one-time payment received by the wetland owner under the terms of a state or federal conservation easement. Wetland value shall reflect any potential income consistent with a property's wetland character, including but not limited to lease payments for hunting or other recreational uses. The commissioner of revenue shall issue a bulletin advising assessors of the provisions of this section by October 1, 1991.

For purposes of this subdivision, "wetlands" means lands transitional between terrestrial and aquatic systems where the water table is usually at or near the surface or the land is covered by shallow water. For purposes of this definition, wetlands must have the following three attributes:

- (1) have a predominance of hydric soils;
- (2) are inundated or saturated by surface or ground water at a frequency and duration sufficient to support a prevalence of hydrophytic vegetation typically adapted for life in saturated soil conditions; and
- (3) under normal circumstances support a prevalence of such vegetation.

Subd. 12. Neighborhood land trusts. (a) A neighborhood land trust, as defined under chapter 462A, is (i) a community-based nonprofit corporation organized under chapter 317A, which qualifies for tax exempt status under 501(c)(3), or (ii) a "city" as defined in section 462C.02, subdivision 6, which has received funding from the Minnesota housing finance agency for purposes of the neighborhood land trust

program. The Minnesota Housing Finance Agency shall set the criteria for neighborhood land trusts.

(b) All occupants of a neighborhood land trust building must have a family income of less than 80 percent of the greater of (1) the state median income, or (2) the area or county median income, as most recently determined by the Department of Housing and Urban Development. Before the neighborhood land trust can rent or sell a unit to an applicant, the neighborhood land trust shall verify to the satisfaction of the administering agency or the city that the family income of each person or family applying for a unit in the neighborhood land trust building is within the income criteria provided in this paragraph. The administering agency or the city shall verify to the satisfaction of the county assessor that the occupant meets the income criteria under this paragraph. The property tax benefits under paragraph (c) shall be granted only to property owned or rented by persons or families within the qualifying income limits. The family income criteria and verification is only necessary at the time of initial occupancy in the property.

(c) A unit which is owned by the occupant and used as a homestead by the occupant qualifies for homestead treatment as class 1a under section 273.13, subdivision 22. A unit which is rented by the occupant and used as a homestead by the occupant shall be class 4a or 4b property, under section 273.13, subdivision 25, whichever is applicable. Any remaining portion of the property not used for residential purposes shall be classified by the assessor in the appropriate class based upon the use of that portion of the property owned by the neighborhood land trust. The land upon which the building is located shall be assessed at the same class rate as the units within the building, provided that if the building contains some units assessed as class 1a and some units assessed as class 4a or 4b, the market value of the land will be assessed in the same proportions as the value of the building.

Subd. 13. Valuation of income-producing property. Beginning with the 1995 assessment, only accredited assessors or senior accredited assessors or other licensed assessors who have successfully completed at least two income-producing property appraisal courses may value income-producing property for ad valorem tax purposes. "Income-producing property" as used in this subdivision means the taxable property in class 3a and 3b in section 273.13, subdivision 24; class 4a and 4c, except for seasonal recreational property not used for commercial purposes; and class 5 in section 273.13, subdivision 31. "Income-producing property" includes any property in class 4c in section 273.13, subdivision 25, that would be income-producing property under the definition in this subdivision if it were not substandard. "Income-producing property appraisal course" as used in this subdivision means a course of study of approximately 30 instructional hours, with a final comprehensive test. An assessor must successfully complete the final examination for each of the two required courses. The course must be approved by the board of assessors.

Subd. 14. Vacant land platted before August 1, 2001. (a) All land platted before August 1, 2001, and not improved with a permanent structure, shall be assessed as provided in this subdivision. The assessor shall determine the market value of each individual lot based upon the highest and best use of the property as unplatted land. In establishing the market value of the property, the assessor shall consider the sale price of the unplatted land or comparable sales of unplatted land of similar use and similar availability of public utilities.

(b) The market value determined in paragraph (a) shall be increased as follows for each of the three assessment years immediately following the final approval of the plat: one-third of the difference between the property's unplatted market value as determined under paragraph (a) and the market value based upon the highest and best use of the land as platted property shall be added in each of the three subsequent assessment years.

(c) Any increase in market value after the first assessment year following the plat's final approval shall be added to the property's market value in the next assessment year. Notwithstanding paragraph (b), if construction begins before the expiration of the

three years in paragraph (b), that lot shall be eligible for revaluation in the next assessment year. The market value of a platted lot determined under this subdivision shall not exceed the value of that lot based upon the highest and best use of the property as platted land.

Subd. 14a. Vacant land platted on or after August 1, 2001; located in metropolitan counties. (a) All land platted on or after August 1, 2001, located in a metropolitan county, and not improved with a permanent structure, shall be assessed as provided in this subdivision. The assessor shall determine the market value of each individual lot based upon the highest and best use of the property as unplatted land. In establishing the market value of the property, the assessor shall consider the sale price of the unplatted land or comparable sales of unplatted land of similar use and similar availability of public utilities.

(b) The market value determined in paragraph (a) shall be increased as follows for each of the three assessment years immediately following the final approval of the plat: one-third of the difference between the property's unplatted market value as determined under paragraph (a) and the market value based upon the highest and best use of the land as platted property shall be added in each of the three subsequent assessment years.

(c) Any increase in market value after the first assessment year following the plat's final approval shall be added to the property's market value in the next assessment year. Notwithstanding paragraph (b), if construction begins before the expiration of the three years in paragraph (b), that lot shall be eligible for revaluation in the next assessment year. The market value of a platted lot determined under this subdivision shall not exceed the value of that lot based upon the highest and best use of the property as platted land.

(d) For purposes of this section, "metropolitan county" means the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Subd. 14b. Vacant land platted on or after August 1, 2001; located in nonmetropolitan counties. (a) All land platted on or after August 1, 2001, located in a nonmetropolitan county, and not improved with a permanent structure, shall be assessed as provided in this subdivision. The assessor shall determine the market value of each individual lot based upon the highest and best use of the property as unplatted land. In establishing the market value of the property, the assessor shall consider the sale price of the unplatted land or comparable sales of unplatted land of similar use and similar availability of public utilities.

(b) The market value determined in paragraph (a) shall be increased as follows for each of the seven assessment years immediately following the final approval of the plat: one-seventh of the difference between the property's unplatted market value as determined under paragraph (a) and the market value based upon the highest and best use of the land as platted property shall be added in each of the seven subsequent assessment years.

(c) Any increase in market value after the first assessment year following the plat's final approval shall be added to the property's market value in the next assessment year. Notwithstanding paragraph (b), if construction begins before the expiration of the seven years in paragraph (b), that lot shall be eligible for revaluation in the next assessment year. The market value of a platted lot determined under this subdivision shall not exceed the value of that lot based upon the highest and best use of the property as platted land.

Subd. 15. Vacant hospitals. In valuing a hospital, as defined in section 144.50, subdivision 2, that is located outside of a metropolitan county, as defined in section 473.121, subdivision 4, and that on the date of sale is vacant and not used for hospital purposes or for any other purpose, the assessor's estimated market value for taxes levied in the year of the sale shall be no greater than the sales price of the property, including both the land and the buildings, as adjusted for terms of financing. If the sale is made later than December 15, the market value as determined under this subdivision

shall be used for taxes levied in the following year. This subdivision applies only if the sales price of the property was determined under an arm's-length transaction.

Subd. 16. **Valuation exclusion for certain improvements.** Improvements to homestead property made before January 2, 2003, shall be fully or partially excluded from the value of the property for assessment purposes provided that (1) the house is at least 45 years old at the time of the improvement and (2) the assessor's estimated market value of the house on January 2 of the current year is equal to or less than \$400,000.

For purposes of determining this eligibility, "house" means land and buildings.

The age of a residence is the number of years since the original year of its construction. In the case of a residence that is relocated, the relocation must be from a location within the state and the only improvements eligible for exclusion under this subdivision are (1) those for which building permits were issued to the homeowner after the residence was relocated to its present site, and (2) those undertaken during or after the year the residence is initially occupied by the homeowner, excluding any market value increase relating to basic improvements that are necessary to install the residence on its foundation and connect it to utilities at its present site. In the case of an owner-occupied duplex or triplex, the improvement is eligible regardless of which portion of the property was improved.

If the property lies in a jurisdiction which is subject to a building permit process, a building permit must have been issued prior to commencement of the improvement. The improvements for a single project or in any one year must add at least \$5,000 to the value of the property to be eligible for exclusion under this subdivision. Only improvements to the structure which is the residence of the qualifying homesteader or construction of or improvements to no more than one two-car garage per residence qualify for the provisions of this subdivision. If an improvement was begun between January 2, 1992, and January 2, 1993, any value added from that improvement for the January 1994 and subsequent assessments shall qualify for exclusion under this subdivision provided that a building permit was obtained for the improvement between January 2, 1992, and January 2, 1993. Whenever a building permit is issued for property currently classified as homestead, the issuing jurisdiction shall notify the property owner of the possibility of valuation exclusion under this subdivision. The assessor shall require an application, including documentation of the age of the house from the owner, if unknown by the assessor. The application may be filed subsequent to the date of the building permit provided that the application must be filed within three years of the date the building permit was issued for the improvement. If the property lies in a jurisdiction which is not subject to a building permit process, the application must be filed within three years of the date the improvement was made. The assessor may require proof from the taxpayer of the date the improvement was made. Applications must be received prior to July 1 of any year in order to be effective for taxes payable in the following year.

No exclusion for an improvement may be granted by a local board of review or county board of equalization, and no abatement of the taxes for qualifying improvements may be granted by the county board unless (1) a building permit was issued prior to the commencement of the improvement if the jurisdiction requires a building permit, and (2) an application was completed.

The assessor shall note the qualifying value of each improvement on the property's record, and the sum of those amounts shall be subtracted from the value of the property in each year for ten years after the improvement has been made. After ten years the amount of the qualifying value shall be added back as follows:

- (1) 50 percent in the two subsequent assessment years if the qualifying value is equal to or less than \$10,000 market value; or
- (2) 20 percent in the five subsequent assessment years if the qualifying value is greater than \$10,000 market value.

If an application is filed after the first assessment date at which an improvement could have been subject to the valuation exclusion under this subdivision, the ten-year period during which the value is subject to exclusion is reduced by the number of years that

have elapsed since the property would have qualified initially. The valuation exclusion shall terminate whenever (1) the property is sold, or (2) the property is reclassified to a class which does not qualify for treatment under this subdivision. Improvements made by an occupant who is the purchaser of the property under a conditional purchase contract do not qualify under this subdivision unless the seller of the property is a governmental entity. The qualifying value of the property shall be computed based upon the increase from that structure's market value as of January 2 preceding the acquisition of the property by the governmental entity.

The total qualifying value for a homestead may not exceed \$50,000. The total qualifying value for a homestead with a house that is less than 70 years old may not exceed \$25,000. The term "qualifying value" means the increase in estimated market value resulting from the improvement if the improvement occurs when the house is at least 70 years old, or one-half of the increase in estimated market value resulting from the improvement otherwise. The \$25,000 and \$50,000 maximum qualifying value under this subdivision may result from multiple improvements to the homestead.

If 50 percent or more of the square footage of a structure is voluntarily razed or removed, the valuation increase attributable to any subsequent improvements to the remaining structure does not qualify for the exclusion under this subdivision. If a structure is unintentionally or accidentally destroyed by a natural disaster, the property is eligible for an exclusion under this subdivision provided that the structure was not completely destroyed. The qualifying value on property destroyed by a natural disaster shall be computed based upon the increase from that structure's market value as determined on January 2 of the year in which the disaster occurred. A property receiving benefits under the homestead disaster provisions under section 273.123 is not disqualified from receiving an exclusion under this subdivision. If any combination of improvements made to a structure after January 1, 1993, increases the size of the structure by 100 percent or more, the valuation increase attributable to the portion of the improvement that causes the structure's size to exceed 100 percent does not qualify for exclusion under this subdivision.

Subd. 17. Valuation of contaminated properties. (a) In determining the market value of property containing contaminants, the assessor shall reduce the market value of the property by the contamination value of the property. The contamination value is the amount of the market value reduction that results from the presence of the contaminants, but it may not exceed the cost of a reasonable response action plan or asbestos abatement plan or management program for the property.

(b) For purposes of this subdivision, "asbestos abatement plan," "contaminants," and "response action plan" have the meanings as used in sections 270.91 and 270.92.

Subd. 18. Disclosure of valuation exclusion. No seller of real property shall sell or offer for sale property that, for purposes of property taxation, has an exclusion from market value for home improvements under subdivision 16, without disclosing to the buyer the existence of the excluded valuation and informing the buyer that the exclusion will end upon the sale of the property and that the property's estimated market value for property tax purposes will increase accordingly.

Subd. 19. Valuation exclusion for improvements to certain business property. Property classified under Minnesota Statutes, section 273.13, subdivision 24, which is eligible for the preferred class rate on the market value up to \$150,000, shall qualify for a valuation exclusion for assessment purposes, provided all of the following conditions are met:

(1) the building must be at least 50 years old at the time of the improvement or damaged by the 1997 floods;

(2) the building must be located in a city or town with a population of 10,000 or less that is located outside the seven-county metropolitan area, as defined in section 473.121, subdivision 2;

(3) the total estimated market value of the land and buildings must be \$100,000 or less prior to the improvement and prior to the damage caused by the 1997 floods;

(4) the current year's estimated market value of the property must be equal to or less than the property's estimated market value in each of the two previous years' assessments;

(5) a building permit must have been issued prior to the commencement of the improvement, or if the building is located in a city or town which does not have a building permit process, the property owner must notify the assessor prior to the commencement of the improvement;

(6) the property, including its improvements, has received no public assistance, grants or financing except, that in the case of property damaged by the 1997 floods, the property is eligible to the extent that the flood losses are not reimbursed by insurance or any public assistance, grants, or financing;

(7) the property is not receiving a property tax abatement under section 469.1813; and

(8) the improvements are made after the effective date of Laws 1997, chapter 231, and prior to January 1, 1999.

The assessor shall estimate the market value of the building in the assessment year immediately following the year that (1) the building permit was taken out, or (2) the taxpayer notified the assessor that an improvement was to be made. If the estimated market value of the building has increased over the prior year's assessment, the assessor shall note the amount of the increase on the property's record, and that amount shall be subtracted from the value of the property in each year for five years after the improvement has been made, at which time an amount equal to 20 percent of the excluded value shall be added back in each of the five subsequent assessment years.

For any property, there can be no more than two improvements qualifying for exclusion under this subdivision. The maximum amount of value that can be excluded from any property under this subdivision is \$50,000.

The assessor shall require an application, including documentation of the age of the building from the owner, if unknown by the assessor. Applications must be received prior to July 1 of any year in order to be effective for taxes payable in the following year.

For purposes of this subdivision, "population" has the same meaning given in Minnesota Statutes, section 477A.011, subdivision 3.

Subd. 20. Valuation exclusion for improvements to certain business property. Property classified under section 273.13, subdivision 24, qualifies for a valuation exclusion for assessment purposes, provided all of the following conditions are met:

(1) the building must have been damaged by the 2002 floods;

(2) the building must be located in a city or town with a population of 10,000 or less that is located in a county in the area included in DR-1419;

(3) the total estimated market value of the land and buildings must be \$150,000 or less for assessment year 2002;

(4) a building permit must have been issued prior to the commencement of the improvement, or if the building is located in a city or town which does not have a building permit process, the property owner must notify the assessor prior to the commencement of the improvement;

(5) the property is not receiving a property tax abatement under section 469.1813; and

(6) the improvements are made before January 1, 2004.

The assessor shall estimate the market value of the building in the assessment year immediately following the year that (1) the building permit was taken out, or (2) the taxpayer notified the assessor that an improvement was to be made. If the estimated market value of the building has increased over the 2002 assessment before any reassessment due to flood damage, the assessor shall note the amount of the increase on the property's record, and that amount shall be subtracted from the value of the property in each year for five years after the improvement has been made. In each of

the next five subsequent assessment years, an amount equal to 20 percent of the value excluded in the fifth year for that improvement shall be added back.

The maximum amount of value that can be excluded for all improvements to any property under this subdivision is \$50,000.

The assessor shall require an application. Applications must be received by December 31, 2002, or December 31, 2003, in order to be effective for taxes payable in the following year.

For purposes of this subdivision, "population" has the meaning given in section 477A.011, subdivision 3.

History: (1992) *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; 1983 c 222 s 7; 1983 c 342 art 2 s 5-7; 1984 c 502 art 3 s 6; 1Sp1985 c 14 art 4 s 35; 1986 c 444; 1Sp1986 c 1 art 4 s 12; 1987 c 268 art 5 s 1; art 7 s 32; 1987 c 384 art 3 s 10; 1988 c 719 art 5 s 84; 1989 c 329 art 13 s 20; 1989 c 356 s 13; 1990 c 480 art 7 s 5; 1990 c 604 art 3 s 9; 1991 c 291 art 1 s 12; 1991 c 354 art 10 s 7,8; 1992 c 511 art 2 s 11,12; 1992 c 556 s 2,3; 1992 c 597 s 14; 1993 c 375 art 5 s 8-13; art 8 s 14; art 11 s 3; art 12 s 9; 1994 c 416 art 1 s 13; 1994 c 587 art 5 s 3-5; 1995 c 1 s 2; 1995 c 264 art 16 s 9; 1996 c 471 art 3 s 5; 1997 c 231 art 2 s 10,11,52; art 8 s 2; 1997 c 251 s 16; 1998 c 397 art 11 s 3; 1999 c 243 art 5 s 6,7; 1Sp2001 c 5 art 3 s 23-26; 1Sp2002 c 1 s 14; 2003 c 127 art 5 s 15; 1Sp2003 c 21 art 4 s 3*

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.

Subdivision 1. **1971 adjustment.** 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 adjusted assessed values determined by the commissioner under section 124.2131) 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.

Subd. 2. [Repealed, 1988 c 719 art 5 s 81]

Subd. 3. **1988 adjustment.** School district levy limitations or authorities expressed in terms of mills and adjusted assessed value in any special law that is not codified in Minnesota Statutes shall be converted by the Department of Education to equalized gross local tax rates for taxes payable in 1989 and 1990 and to equalized net local tax rates for taxes payable in 1991 and thereafter. For purposes of this calculation, the 1987 adjusted assessed values of the district shall be converted to "adjusted gross tax capacities" by multiplying the equalized market values by class of property by the gross class rates provided in section 273.13. Each county assessor and the city assessors of Minneapolis, Duluth, and St. Cloud shall furnish the commissioner of revenue the 1987 market value for taxes payable in 1988 for any new classes of property established in Laws 1988, chapter 719, article 5. The commissioner shall use those values, and estimate values where needed, in developing the 1987 tax capacity for each school

district under this section. The requirements of section 124.2131, subdivisions 1, paragraph (c), and 2 and 3, shall remain in effect.

History: 1971 c 427 s 24; 1987 c 268 art 6 s 9; art 7 s 33; 1988 c 719 art 5 s 7; 1989 c 277 art 4 s 20; 1989 c 329 art 13 s 7; 1Sp1989 c 1 art 2 s 11; 1Sp1995 c 3 art 16 s 13; 2003 c 130 s 12

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 adjusted assessed value determined by the commissioner under section 124.2131) 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; 1987 c 268 art 7 s 34

273.1104 IRON ORE, VALUE.

Subdivision 1. **Determination of value.** The term value as applied to iron ore in sections 273.165, subdivision 2, and 273.13, subdivision 31, shall be deemed to be the present value of future income or the minimum value as established by the commissioner 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. **Notice of market value.** On or before May 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 market value 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 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 May 20, the commissioner of revenue shall hold a hearing 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, and the commissioner of revenue shall review the 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; 1984 c 522 s 1; 1Sp1985 c 14 art 4 s 36; 1986 c 444; 1987 c 268 art 6 s 10; 1988 c 719 art 5 s 84; 1989 c 27 art 1 s 1; 1Sp1989 c 1 art 9 s 21; 1992 c 511 art 4 s 3; 1Sp2001 c 5 art 7 s 18

273.1105 [Repealed, 1Sp1985 c 14 art 4 s 98]

273.1106 REPORT TO LEGISLATURE; LIMITED MARKET VALUE; VALUATION EXCLUSION.

By March 1 of each year, the commissioner of revenue shall make a report to the legislature on the use of limited market value under section 273.11, subdivision 1a, and the valuation exclusion under section 273.11, subdivision 16. For the limited market value provision, the report shall include the total value excluded from taxation by type of property for each city and town. For the valuation exclusion provision, the report shall include the total market value excluded from taxation for each city and town, as

well as a breakdown of the excluded improvement amounts by age and value of the property being improved and the amount of the qualifying improvement. The county assessors shall provide the information necessary for the commissioner to compile the report in a manner prescribed by the commissioner.

History: 1993 c 375 art 5 s 42; 2002 c 377 art 10 s 30; 2003 c 2 art 1 s 30

273.111 AGRICULTURAL PROPERTY TAX.

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

Subd. 2. **Public policy.** 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.

Subd. 3. **Requirements.** (a) Real estate consisting of ten acres or more or a nursery or greenhouse, and qualifying for classification as class 1b, 2a, or 2b under section 273.13, subdivision 23, paragraph (d), shall be entitled to valuation and tax deferral under this section only if it is primarily devoted to agricultural use, and meets the qualifications 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, the applicant's 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 this section, or is real estate which is farmed with the real estate which qualifies under this clause and is within four townships or cities or combination thereof from the qualifying real estate; 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; or

(4) is in the possession of a nursery or greenhouse or an entity owned by a proprietor, partnership, or corporation which also owns the nursery or greenhouse operations on the parcel or parcels.

(b) Valuation of real estate under this section is limited to parcels the ownership of which is in noncorporate entities except for:

(1) family farm corporations organized pursuant to section 500.24; and

(2) corporations that derive 80 percent or more of their gross receipts from the wholesale or retail sale of horticultural or nursery stock.

Corporate entities who previously qualified for tax deferral pursuant to this section and who continue to otherwise qualify under subdivisions 3 and 6 for a period of at least three years following the effective date of Laws 1983, chapter 222, section 8, will not be required to make payment of the previously deferred taxes, notwithstanding the provisions of subdivision 9. Special assessments are payable at the end of the three-year period or at time of sale, whichever comes first.

(c) Land that previously qualified for tax deferral under this section and no longer qualifies because it is not primarily used for agricultural purposes but would otherwise qualify under subdivisions 3 and 6 for a period of at least three years will not be required to make payment of the previously deferred taxes, notwithstanding the provisions of subdivision 9. Sale of the land prior to the expiration of the three-year period requires payment of deferred taxes as follows: sale in the year the land no longer qualifies requires payment of the current year's deferred taxes plus payment of deferred taxes for the two prior years; sale during the second year the land no longer qualifies requires payment of the current year's deferred taxes plus payment of the deferred taxes for the prior year; and sale during the third year the land no longer

qualifies requires payment of the current year's deferred taxes. Deferred taxes shall be paid even if the land qualifies pursuant to subdivision 11a. When such property is sold or no longer qualifies under this paragraph, or at the end of the three-year period, whichever comes first, all deferred special assessments plus interest are payable in equal installments spread over the time remaining until the last maturity date of the bonds issued to finance the improvement for which the assessments were levied. If the bonds have matured, the deferred special assessments plus interest are payable within 90 days. The provisions of section 429.061, subdivision 2, apply to the collection of these installments. Penalties are not imposed on any such special assessments if timely paid.

Subd. 4. Determination of value. 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 the value for ad valorem tax purposes, the assessor shall use sales data for agricultural lands located outside the seven metropolitan counties having similar soil types, number of degree days, and other similar agricultural characteristics. Furthermore, the assessor shall not consider any added values resulting from nonagricultural factors.

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

Subd. 6. Agricultural use. Real property qualifying under subdivision 3 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 agricultural products as defined in section 273.13, subdivision 23, paragraph (e).

Slough, wasteland, and woodland contiguous to or surrounded by land that is entitled to valuation and tax deferment under this section is considered to be in agricultural use if under the same ownership and management.

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

Subd. 8. Application. Application for deferment of taxes and assessment under this section shall be filed by May 1 of the year prior to the year in which the taxes are 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. [Repealed, 1984 c 593 s 46]

Subd. 9. Additional taxes. 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 arm's-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. Lien. 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. **Special local assessments.** The payment of special local assessments levied after June 1, 1967, 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 or is transferred to an agricultural preserve under sections 473H.02 to 473H.17. 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 in equal installments spread over the time remaining until the last maturity date of the bonds issued to finance the improvement for which the assessments were levied. If the bonds have matured, the deferred special assessments plus interest shall be payable within 90 days. The provisions of section 429.061, subdivision 2, apply to the collection of these installments. Penalty shall not be levied on any such special assessments if timely paid.

Subd. 11a. **Continuation of tax treatment upon sale.** 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. **Statutory construction.** 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. **General applicability.** This section shall apply to assessments for tax purposes made in 1968 and thereafter.

Subd. 14. **Applicability of special assessment provisions.** 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.

Subd. 15. **Dissected parcels; continued deferment.** Real estate consisting of more than ten, but less than 15, acres which has:

- (1) been owned by the applicant or the applicant's parents for at least 70 years;
- (2) been dissected by two or more major parkways or interstate highways; and
- (3) qualified for the agricultural valuation and tax deferment under this section through assessment year 1996, taxes payable in 1997,

shall continue to qualify for treatment under this section until the applicant's death or transfer or sale by the applicant of the applicant's interest in the real estate. When the property ceases to qualify for treatment under this section, the recapture provisions of subdivision 9 will apply with respect to the last ten years that the property has been valued and assessed under this section.

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; 1983 c 222 s 8; 1984 c 593 s 16,17; 1Sp1985 c 14 art 20 s 2; 1986 c 444; 1988 c 719 art 5 s 84; 1989 c 277 art 2 s 19; 1Sp1989 c 1 art 2 s 11; art 3 s 7; 1991 c 291 art 12 s 8; 1994 c 416 art 1 s 14; 1994 c 587 art 5 s 6; 1996 c 471 art 3 s 6; 1997 c 231 art 2 s 12,13; 1999 c 243 art 5 s 8; 2000 c 490 art 5 s 6; 1Sp2001 c 5 art 7 s 19*

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

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

Subd. 2. **Purpose.** 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 not occur or have to be provided by governmental authority.

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

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

(b) five acres in size or more, except in the case of a lawn bowling or croquet green or an archery or firearms range;

(c)(1) operated by private individuals or, in the case of a lawn bowling or croquet green, by private individuals or corporations, 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 or open to the public, provided that the club does not discriminate in membership requirements or selection on the basis of sex or marital status; and

(d) made available for use in the case of real estate devoted to golf without discrimination on the basis of sex during the time when the facility is open to use by the public or by members, except that use for golf may be restricted on the basis of sex no more frequently than one, or part of one, weekend each calendar month for each sex and no more than two, or part of two, weekdays each week for each sex.

If a golf club membership allows use of golf course facilities by more than one adult per membership, the use must be equally available to all adults entitled to use of the golf course under the membership, except that use may be restricted on the basis of sex as permitted in this section. Memberships that permit play during restricted times may be allowed only if the restricted times apply to all adults using the membership. A golf club may not offer a membership or golfing privileges to a spouse of a member that provides greater or less access to the golf course than is provided to that person's spouse under the same or a separate membership in that club, except that the terms of a membership may provide that one spouse may have no right to use the golf course at any time while the other spouse may have either limited or unlimited access to the golf course.

A golf club may have or create an individual membership category which entitles a member for a reduced rate to play during restricted hours as established by the club. The club must have on record a written request by the member for such membership.

A golf club that has food or beverage facilities or services must allow equal access to those facilities and services for both men and women members in all membership categories at all times. Nothing in this paragraph shall be construed to require service or access to facilities to persons under the age of 21 years or require any act that would violate law or ordinance regarding sale, consumption, or regulation of alcoholic beverages.

For purposes of this subdivision and subdivision 7a, discrimination means a pattern or course of conduct and not linked to an isolated incident.

Subd. 4. **Determination of value.** 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 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. 4a. **Valuation if requirements not met.** Real estate devoted to golf and operated by a private club that does not meet the requirements of subdivision 3, and is not eligible for valuation and deferment under this section, must be valued for ad valorem tax purposes by the assessor as if it were converted to commercial, industrial, residential, or seasonal residential use and were platted and available for sale as individual parcels.

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

Subd. 6. **Application.** 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 other written verification that the property qualifies under subdivision 3. In the case of property operated by private clubs pursuant to subdivision 3, clause (c)(3), in order to qualify for valuation and tax deferment under this section, the taxpayer must submit to the assessor proof by affidavit or other written verification that the bylaws or rules and regulations of the club meet the eligibility requirements provided under this section. The signed affidavit or other written verification shall be sufficient demonstration of eligibility for the assessor unless the county attorney determines otherwise.

The county assessor shall refer any question regarding the eligibility for valuation and deferment under this section to the county attorney for advice and opinion under section 388.051, subdivision 1. Upon request of the county attorney, the taxpayer shall furnish information that the county attorney considers necessary in order to determine eligibility under this section.

Real estate is not entitled to valuation and deferment under this section unless the county assessor has filed with the assessor's tax records prior to October 16 a statement that the application has been accepted.

Subd. 6a. **Guidelines issued by commissioner.** The commissioner of revenue shall develop and issue guidelines for qualification by private golf clubs under this section covering the access to and use of the golf course by members and other adults so as to be consistent with the purposes and terms of this section. The guidelines shall be mailed to the county attorney and assessor of each county not later than 60 days following May 26, 1989. Within 15 days of receipt of the guidelines from the commissioner, the assessor shall mail a copy of the guidelines to each golf club in the county.

Subd. 7. **Additional taxes.** When real property which is being, or has been, valued and assessed under this section no longer qualifies under subdivision 3, the portion which no longer qualifies 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 arm's-length transaction been used in lieu of the market value determined under subdivision 5. The 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 the additional taxes if timely paid, and provided further, that the additional taxes shall only be levied with respect to the last seven years that the property has been valued and assessed under this section. This subdivision does not apply to real property that ceases to qualify under subdivision 3 because it is acquired by the state of Minnesota or a political subdivision, agency, or

instrumentality of the state, provided that the property continues to be used for a qualifying purpose for at least five years from the date that the property was acquired.

Subd. 7a. **When additional taxes not imposed.** Notwithstanding subdivision 7, when real property ceases to qualify under subdivision 3 because of failure to comply with prohibitions against discrimination on the basis of sex, payment of additional taxes imposed under subdivision 7 is not required.

Subd. 8. **Lien.** 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. [Repealed, 1987 c 268 art 6 s 53]

Subd. 10. **Continuation of tax treatment upon transfer.** When title to real property qualifying under subdivision 3 is transferred, no additional taxes shall be extended against the property if (a) the property continues to qualify pursuant to subdivision 3 and (b) the purchaser files an application for continued deferment of taxes pursuant to subdivision 6 within 30 days after the sale.

History: 1969 c 1135 s 1; 1973 c 582 s 3; 1Sp1981 c 1 art 2 s 5; 1983 c 222 s 9,10; 1986 c 412 s 1-4; 1988 c 719 art 5 s 84; art 6 s 5,6; 1989 c 277 art 2 s 20,21; 1Sp1989 c 1 art 2 s 11; 1990 c 604 art 3 s 10; 1991 c 291 art 1 s 13; 1993 c 375 art 5 s 14,15; 1994 c 587 art 5 s 7; 1997 c 187 art 1 s 21; 1997 c 231 art 2 s 14-16; 1998 c 389 art 3 s 3-5

273.115 [Repealed, 1987 c 268 art 6 s 53]

273.116 [Repealed, 1987 c 268 art 6 s 53]

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

273.118 TAX PAID IN RECOGNITION OF CONGRESSIONAL MEDAL OF HONOR.

An owner of homestead property who submits to the commissioner of revenue a property tax statement and reasonable proof that the owner of the property:

(a) is a veteran as defined in section 197.447;

(b) was a resident of this state for at least six months before entering military service, or has been a resident of this state for five consecutive years before submitting the statement and proof; and

(c) has been awarded the congressional medal of honor;

shall be paid by the commissioner of revenue, within 30 days after the commissioner receives the statement and proof, the amount of the owner's property tax liability as shown on the statement, up to \$2,000. The surviving spouse of a property owner who has received a payment under this section may receive payment of property taxes under this section as long as the spouse continues to own and occupy the property for which the taxes were paid under this section and the property continues to be a homestead. Property taxes paid under this section reduce property taxes payable for purposes of chapter 290A.

History: 1983 c 301 s 177; 1984 c 655 art 1 s 46; 1Sp1985 c 14 art 4 s 40; 1986 c 444

273.119 CONSERVATION TAX CREDIT.

Subdivision 1. **Eligibility; amount of credit.** Land located in an agricultural preserve created under chapter 40A is eligible for a property tax credit of \$1.50 per acre. To begin to qualify for the tax credit, the owner shall file with the county by January 2 of any year an application for an agricultural preserve restrictive covenant pursuant to section 40A.10, subdivision 1. An owner who has given notice of termination of the agricultural preserve under section 40A.11, subdivision 2, is not eligible for the credit. The assessor shall indicate the amount of the property tax reduction on the property tax statement of each taxpayer receiving a credit under this section. The credit paid pursuant to this section shall be deducted from the tax due on the property as provided in section 273.1393.

Subd. 2. **Reimbursement for lost revenue.** The county may transfer money from the county conservation account created in section 40A.152 to the county revenue fund to reimburse the fund for the cost of the property tax credit. The county auditor shall certify to the commissioner of revenue, as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29, the amount of tax lost to the county from the property tax credit under subdivision 1 and the extent that the tax lost exceeds funds available in the county conservation account. Any prior year adjustments must also be certified in the abstracts of tax lists. The commissioner of revenue shall review the certifications to determine their accuracy. The commissioner may make the changes in the certification that are considered necessary or return a certification to the county auditor for corrections. The commissioner shall reimburse each taxing district, other than school districts, from the Minnesota conservation fund under section 40A.151 for the taxes lost in excess of the county account. The payments must be made at the time provided in section 473H.10, subdivision 3, for payment to taxing jurisdictions in the same proportion that the ad valorem tax is distributed.

History: 1986 c 398 art 28 s 3; 1989 c 313 s 8,10; 1Sp1989 c 1 art 9 s 22; 1990 c 426 art 2 s 8; 1990 c 604 art 3 s 11

273.1195 [Repealed, 1988 c 719 art 5 s 81]

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. 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.

When mineral, clay, or gravel deposits exist on a property, and their extent, quality, and costs of extraction are sufficiently well known so as to influence market value, such deposits shall be recognized in valuing the property; except for mineral and energy-resource deposits which are subject to taxation under section 298.015, and except for taconite and iron-sulphide deposits which are exempt from the general property tax under section 298.25.

History: (1992-1) 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; 1987 c 268 art 9 s 7; 1988 c 719 art 5 s 84; 1989 c 329 art 13 s 20; 1991 c 291 art 1 s 14; 1994 c 510 art 1 s 6; 1997 c 231 art 8 s 3

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 included on the assessment roll that year if the person's address is known to the assessor, otherwise the occupant of the property. 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 appeal and equalization under section 274.01 or the review process established under section 274.13, subdivision 1c. It shall contain: (1) the market value for the current and prior assessment, (2) the limited market value under section 273.11, subdivision 1a, for the current and prior assessment, (3) the qualifying amount of any improvements under section 273.11, subdivision 16, for the current assessment, (4) the market value subject to taxation after subtracting the amount of any qualifying improvements for the current assessment, (5) the classification of the property for the current and prior assessment, (6) a note that if the property is homestead and at least 45 years old, improvements made to the property may be eligible for a valuation exclusion under section 273.11, subdivision 16, (7) the assessor's office address, and (8) the dates, places, and times set for the meetings of the local board of appeal and equalization, the review process established under section 274.13, subdivision 1c, and the county board of appeal and equalization. The commissioner of revenue shall specify the form of the notice. The assessor shall attach to the assessment roll a statement that the notices required by this section have been mailed. Any assessor who is not provided sufficient funds from the assessor's 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 satisfied that the assessor does not have the necessary funds, issue a 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; 1Sp1985 c 14 art 4 s 41; 1986 c 444; 1988 c 719 art 6 s 8; 1993 c 375 art 5 s 16; 1995 c 1 s 3; 1997 c 231 art 2 s 17; 1Sp2001 c 5 art 7 s 20; 2002 c 377 art 10 s 5*

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 that is classified as class 1, or 2a property or a manufactured home or sectional home used as a homestead and taxed pursuant to section 273.125, subdivision 8, paragraph (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 net tax capacity based on the assessment of January 1 of the year in which the disaster or emergency occurred and the net tax capacity based on the reassessment made pursuant to this subdivision.

Subd. 2a. Application requirements. A request for property tax relief shall be considered by the Executive Council only if the following requirements are met by the local unit of government submitting the request:

(1) a completed disaster survey shall be included with the request;

(2) the average dollar amount of damage for the homes which are damaged and located within the geographic boundaries of the applicant shall be \$5,000 or more; and

(3) either (a) at least 25 homes located within the geographic boundaries of the applicant must have been damaged or destroyed; or (b) the total dollar amount of damage to all of the damaged homes located within the geographic boundaries of the applicant shall be equal to at least one percent of the total market value of all homestead property located within the geographic boundaries of the applicant.

Subd. 3. Computation of local tax rates. When computing local tax 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 2 of the year in which the disaster or emergency occurred. The difference between the tax determined on the January 2 gross tax capacity and the tax actually payable based on the reassessed gross tax capacity 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, other than school districts, containing the property at the time distributions are made under section 473H.10, subdivision 3, in the same proportion that the ad valorem tax is distributed.

Subd. 5. Computation of credits. The amounts of any credits or tax relief which reduce the gross tax shall be computed upon the reassessed gross tax capacity 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 gross tax capacity 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.

Subd. 7. Local option; other property. The owner of homestead property not qualifying for an adjustment in valuation pursuant to subdivisions 1 to 5 or of

nonhomestead property may receive a reduction in the amount of taxes payable on the property for the year in which the destruction occurs and in the following year if:

(a) 50 percent or more of the homestead dwelling or other structure, as established by the county assessor, is unintentionally or accidentally destroyed and the homestead is uninhabitable or the other structure is not usable;

(b) the owner of the property makes written application to the county assessor as soon as practical after the damage has occurred; and

(c) the owner of the property makes written application to the county board.

The county board may grant a reduction in the amount of property tax which the owner must pay on the qualifying property in the year of destruction and in the following year. Any reduction in the amount of tax payable which is authorized by county board action shall be calculated based upon the number of months that the home is uninhabitable or the other structure is unusable. The amount of net tax due from the taxpayer shall be multiplied by a fraction, the numerator of which is the number of months the dwelling was occupied by that taxpayer, or the number of months the other structure was used by the taxpayer, and the denominator of which is 12. For purposes of this subdivision, if a structure is occupied or used for a fraction of a month, it is considered a month. "Net tax" is defined as the amount of tax after the subtraction of all of the state paid property tax credits. If application is made following payment of all property taxes due for the year of destruction, the amount of the reduction granted by the county board shall be refunded to the taxpayer by the county treasurer as soon as practical.

Any reductions or refunds approved by the county board shall not be subject to approval by the commissioner of revenue.

The county board may levy in the following year the amount of tax dollars lost to the county government as a result of the reductions granted pursuant to this subdivision.

History: 1981 c 365 s 9; 1982 c 523 art 33 s 1; 1984 c 502 art 3 s 7,8; 1985 c 300 s 5; 1Sp1985 c 14 art 4 s 42,43; 1987 c 268 art 6 s 11-14; 1988 c 719 art 5 s 8,9,84; 1989 c 329 art 13 s 20; 1Sp1989 c 1 art 2 s 11; art 3 s 8; art 5 s 8; art 9 s 23,24; 1990 c 604 art 3 s 12; 1993 c 375 art 3 s 48

273.124 HOMESTEAD DETERMINATION; SPECIAL RULES.

Subdivision 1. **General rule.** (a) Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential homestead.

Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

Property held by a trustee under a trust is eligible for homestead classification if the requirements under this chapter are satisfied.

The assessor shall require proof, as provided in subdivision 13, of the facts upon which classification as a homestead may be determined. Notwithstanding any other law, the assessor may at any time require a homestead application to be filed in order to verify that any property classified as a homestead continues to be eligible for homestead status. Notwithstanding any other law to the contrary, the Department of Revenue may, upon request from an assessor, verify whether an individual who is requesting or receiving homestead classification has filed a Minnesota income tax return as a resident for the most recent taxable year for which the information is available.

When there is a name change or a transfer of homestead property, the assessor may reclassify the property in the next assessment unless a homestead application is filed to verify that the property continues to qualify for homestead classification.

(b) For purposes of this section, homestead property shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner must use the property for the purposes of the homestead, and must apply to the assessor, both by the deadlines given in subdivision 9. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

(c) Residential real estate that is occupied and used for purposes of a homestead by a relative of the owner is a homestead but only to the extent of the homestead treatment that would be provided if the related owner occupied the property. For purposes of this paragraph and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship may be by blood or marriage. Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner will not be reclassified as a homestead unless it is occupied as a homestead by the owner; this prohibition also applies to property that, in the absence of this paragraph, would have been classified as seasonal residential recreational property at the time when the residence was constructed. Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative. In the case of a residence located on agricultural land, only the house, garage, and immediately surrounding one acre of land shall be classified as a homestead under this paragraph, except as provided in paragraph (d).

(d) Agricultural property that is occupied and used for purposes of a homestead by a relative of the owner, is a homestead, only to the extent of the homestead treatment that would be provided if the related owner occupied the property, and only if all of the following criteria are met:

(1) the relative who is occupying the agricultural property is a son, daughter, grandson, granddaughter, father, or mother of the owner of the agricultural property or a son, daughter, grandson, or granddaughter of the spouse of the owner of the agricultural property;

(2) the owner of the agricultural property must be a Minnesota resident;

(3) the owner of the agricultural property must not receive homestead treatment on any other agricultural property in Minnesota; and

(4) the owner of the agricultural property is limited to only one agricultural homestead per family under this paragraph.

Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative qualifying under this paragraph. For purposes of this paragraph, "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land.

Application must be made to the assessor by the owner of the agricultural property to receive homestead benefits under this paragraph. The assessor may require the necessary proof that the requirements under this paragraph have been met.

(e) In the case of property owned by a property owner who is married, the assessor must not deny homestead treatment in whole or in part if only one of the spouses occupies the property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2) legal separation, (3) employment or self-employment in another location, or (4) other personal circumstances causing the spouses to live separately, not including an intent to obtain two homestead classifications for property tax purposes. To qualify under clause (3), the spouse's place of employment or self-employment must be at least 50 miles distant from the other spouse's place of employment, and the homesteads must be at least 50 miles distant from each other. Homestead treatment, in whole or in part, shall not be denied to the owner's spouse who previously occupied the

residence with the owner if the absence of the owner is due to one of the exceptions provided in this paragraph.

(f) The assessor must not deny homestead treatment in whole or in part if:

(1) in the case of a property owner who is not married, the owner is absent due to residence in a nursing home, boarding care facility, or an elderly assisted living facility property as defined in section 273.13, subdivision 25a, and the property is not otherwise occupied; or

(2) in the case of a property owner who is married, the owner or the owner's spouse or both are absent due to residence in a nursing home, boarding care facility, or an elderly assisted living facility property as defined in section 273.13, subdivision 25a, and the property is not occupied or is occupied only by the owner's spouse.

(g) If an individual is purchasing property with the intent of claiming it as a homestead and is required by the terms of the financing agreement to have a relative shown on the deed as a co-owner, the assessor shall allow a full homestead classification. This provision only applies to first-time purchasers, whether married or single, or to a person who had previously been married and is purchasing as a single individual for the first time. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the data necessary for the assessor to determine if full homestead benefits are warranted.

(h) If residential or agricultural real estate is occupied and used for purposes of a homestead by a child of a deceased owner and the property is subject to jurisdiction of probate court, the child shall receive relative homestead classification under paragraph (c) or (d) to the same extent they would be entitled to it if the owner was still living, until the probate is completed. For purposes of this paragraph, "child" includes a relationship by blood or by marriage.

Subd. 2. Planned communities; common elements; condominiums; cooperatives.

(a) The total value of planned community common elements, as defined in chapter 515B, including the value added as provided in this paragraph, must have the benefit of homestead treatment or other special classification if the unit in the planned community otherwise qualifies. The value of a planned community unit, as defined in chapter 515B, must be increased by the value added by the right to use any common elements in connection with the planned community. The common elements of the development must not be separately taxed.

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

(c) If a unit in a common interest community is owned by the occupant and used for the purposes of a homestead but is located upon land which is leased, that leased land must be valued and assessed as if it were homestead property within class 1 if all of the following criteria are met:

(1) the occupant is using the unit as a 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. 3. Cooperatives and charitable corporations; homestead and other property.

(a) When property is owned by a corporation or association organized under chapter 308A, and each person who owns a share or shares in the corporation or association is entitled to occupy a building on the property, or a unit within a building on the property, the corporation or association may claim homestead treatment for each dwelling, or for each unit in the case of a building containing several dwelling units, or for the part of the value of the building occupied by a shareholder. Each building or unit must be designated by legal description or number. The net tax capacity of each

building or unit that qualifies for assessment as a homestead under this subdivision must include not more than one-half acre of land, if platted, nor more than 80 acres if unplatted. The net tax capacity of the property is the sum of the net tax capacities of each of the respective buildings or units comprising the property, including the net tax capacity of each unit's or building's proportionate share of the land and any common buildings. To qualify for the treatment provided by this subdivision, the corporation or association must be wholly owned by persons having a right to occupy a building or 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 qualifies for homestead treatment with respect to member residents of the dwelling units who have purchased and hold residential participation warrants entitling them to occupy the units.

(b) To the extent provided in paragraph (a), a cooperative or corporation organized under chapter 308A may obtain separate assessment and valuation, and separate property tax statements for each residential homestead, residential nonhomestead, or for each seasonal residential recreational building or unit not used for commercial purposes. The appropriate class rates under section 273.13 shall be applicable as if each building or unit were a separate tax parcel; provided, however, that the tax parcel which exists at the time the cooperative or corporation makes application under this subdivision shall be a single parcel for purposes of property taxes or the enforcement and collection thereof, other than as provided in paragraph (a) or this paragraph.

(c) A member of a corporation or association may initially obtain the separate assessment and valuation and separate property tax statements, as provided in paragraph (b), by applying to the assessor by June 30 of the assessment year.

(d) When a building, or dwelling units within a building, no longer qualify under paragraph (a) or (b), the current owner must notify the assessor within 30 days. Failure to notify the assessor within 30 days shall result in the loss of benefits under paragraph (a) or (b) for taxes payable in the year that the failure is discovered. For these purposes, "benefits under paragraph (a) or (b)" means the difference in the net tax capacity of the building or units which no longer qualify as computed under paragraph (a) or (b) and as computed under the otherwise applicable law, times the local tax rate applicable to the building for that taxes payable year. Upon discovery of a failure to notify, the assessor shall inform the auditor of the difference in net tax capacity for the building or buildings in which units no longer qualify, and the auditor shall calculate the benefits under paragraph (a) or (b). Such amount, plus a penalty equal to 100 percent of that amount, shall then be demanded of the building's owner. The property owner may appeal the county's determination by serving copies of a petition for review with county officials as provided in section 278.01 and filing a proof of service as provided in section 278.01 with the Minnesota Tax Court within 60 days of the date of the notice from the county. The appeal shall be governed by the Tax Court procedures provided in chapter 271, for cases relating to the tax laws as defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03, but including section 278.05, subdivision 2. If the amount of the benefits under paragraph (a) or (b) and penalty are not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of the benefit and penalty to the succeeding year's tax list to be collected as part of the property taxes on the affected property.

Subd. 3a. Manufactured home park cooperative. When a manufactured home park is owned by a corporation or association organized under chapter 308A, and each person who owns a share or shares in the corporation or association is entitled to occupy a lot within the park, the corporation or association may claim homestead treatment for each lot occupied by a shareholder. Each lot must be designated by legal description or number, and each lot is limited to not more than one-half acre of land for each homestead. The manufactured home park shall be valued and assessed as if it were homestead property within class 1 if all of the following criteria are met:

- (1) the occupant is using the property as a 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 either directly, or indirectly through dues to the corporation; and

(3) the corporation or association organized under chapter 308A is wholly owned by persons having a right to occupy a lot owned by the corporation or association.

A charitable corporation, organized under the laws of Minnesota with no outstanding stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status, qualifies for homestead treatment with respect to member residents of the manufactured home park who hold residential participation warrants entitling them to occupy a lot in the manufactured home park.

Subd. 4. Nonprofit corporations. When a building containing several dwelling units is owned by an entity organized under chapter 317A 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 must be given to each unit so occupied and the entire building must be assessed in the manner provided in subdivision 3 for cooperatives and charitable corporations.

Subd. 5. Continuing care facilities. When a building containing several dwelling units is owned by an entity which is regulated under the provisions of chapter 80D and operating as a continuing care facility enters into residency agreements with persons who occupy a unit in the building and the residency agreement entitles the resident to occupancy in the building after personal assets are exhausted and regardless of ability to pay the monthly maintenance fee, homestead classification shall be given to each unit so occupied and the entire building shall be assessed in the manner provided in subdivision 3 for cooperatives and charitable corporations.

Subd. 6. 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 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1990, or a limited partnership which corporation or partnership operates the property in conjunction with a cooperative association, and has received public financing, homestead treatment may be claimed by the cooperative association on behalf of the members of the cooperative for each dwelling unit occupied by a member of the cooperative. The cooperative association must provide the assessor with the Social Security numbers of those members. To qualify for the treatment provided by this subdivision, the following conditions must be met:

(a) the cooperative association must be organized under chapter 308A and all voting members of the board of directors must be resident tenants of the cooperative and must be elected by the resident tenants of the cooperative;

(b) the cooperative association must have a lease for occupancy of the property for a term of at least 20 years, which permits the cooperative association, while not in default on the lease, to participate materially in the management of the property, including material participation in establishing budgets, setting rent levels, and hiring and supervising a management agent;

(c) to the extent permitted under state or federal law, 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 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;

(d) a minimum of 40 percent of the cooperative association's members must have incomes at or less than 60 percent of area median gross income as determined by the United States Secretary of Housing and Urban Development under section 142(d)(2)(B) of the Internal Revenue Code of 1986, as amended through December 31, 1991. For purposes of this clause, "member income" means the income of a member existing at the time the member acquires cooperative membership;

(e) if a limited partnership owns the property, it must include as the managing general partner a nonprofit organization operating under the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1990, and the limited partnership agreement must provide that the managing general partner have sufficient powers so that it materially participates in the management and control of the limited partnership;

(f) prior to becoming a member of a leasehold cooperative described in this subdivision, a person must have received notice that (1) describes leasehold cooperative property in plain language, including but not limited to the effects of classification under this subdivision on rents, property taxes and tax credits or refunds, and operating expenses, and (2) states that copies of the articles of incorporation and bylaws of the cooperative association, the lease between the owner and the cooperative association, a sample sublease between the cooperative association and a tenant, and, if the owner is a partnership, a copy of the limited partnership agreement, can be obtained upon written request at no charge from the owner, and the owner must send or deliver the materials within seven days after receiving any request;

(g) if a dwelling unit of a building was occupied on the 60th day prior to the date on which the unit became leasehold cooperative property described in this subdivision, the notice described in paragraph (f) must have been sent by first class mail to the occupant of the unit at least 60 days prior to the date on which the unit became leasehold cooperative property. For purposes of the notice under this paragraph, the copies of the documents referred to in paragraph (f) may be in proposed version, provided that any subsequent material alteration of those documents made after the occupant has requested a copy shall be disclosed to any occupant who has requested a copy of the document. Copies of the articles of incorporation and certificate of limited partnership shall be filed with the secretary of state after the expiration of the 60-day period unless the change to leasehold cooperative status does not proceed;

(h) the county attorney of the county in which the property is located must certify to the assessor that the property meets the requirements of this subdivision;

(i) the public financing received must be from at least one of the following sources:

(1) tax increment financing proceeds used for the acquisition or rehabilitation of the building or interest rate write-downs relating to the acquisition of the building;

(2) government issued bonds exempt from taxes under section 103 of the Internal Revenue Code of 1986, as amended through December 31, 1991, the proceeds of which are used for the acquisition or rehabilitation of the building;

(3) programs under section 221(d)(3), 202, or 236, of Title II of the National Housing Act;

(4) rental housing program funds under Section 8 of the United States Housing Act of 1937 or the market rate family graduated payment mortgage program funds administered by the Minnesota Housing Finance Agency that are used for the acquisition or rehabilitation of the building;

(5) low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1991;

(6) public financing provided by a local government used for the acquisition or rehabilitation of the building, including grants or loans from (i) federal community development block grants; (ii) HOME block grants; or (iii) residential rental bonds issued under chapter 474A; or

(7) other rental housing program funds provided by the Minnesota Housing Finance Agency for the acquisition or rehabilitation of the building;

(j) at the time of the initial request for homestead classification or of any transfer of ownership of the property, the governing body of the municipality in which the property is located must hold a public hearing and make the following findings:

(1) that the granting of the homestead treatment of the apartment's units will facilitate safe, clean, affordable housing for the cooperative members that would otherwise not be available absent the homestead designation;

(2) that the owner has presented information satisfactory to the governing body showing that the savings garnered from the homestead designation of the units will be used to reduce tenant's rents or provide a level of furnishing or maintenance not possible absent the designation; and

(3) that the requirements of paragraphs (b), (d), and (i) have been met.

Homestead treatment must be afforded to units occupied by members of the cooperative association and the units must be assessed as provided in subdivision 3, provided that any unit not so occupied shall be classified and assessed pursuant to the appropriate class. No more than three acres of land may, for assessment purposes, be included with each dwelling unit that qualifies for homestead treatment under this subdivision.

When dwelling units no longer qualify under this subdivision, the current owner must notify the assessor within 60 days. Failure to notify the assessor within 60 days shall result in the loss of benefits under this subdivision for taxes payable in the year that the failure is discovered. For these purposes, "benefits under this subdivision" means the difference in the net tax capacity of the units which no longer qualify as computed under this subdivision and as computed under the otherwise applicable law, times the local tax rate applicable to the building for that taxes payable year. Upon discovery of a failure to notify, the assessor shall inform the auditor of the difference in net tax capacity for the building or buildings in which units no longer qualify, and the auditor shall calculate the benefits under this subdivision. Such amount, plus a penalty equal to 100 percent of that amount, shall then be demanded of the building's owner. The property owner may appeal the county's determination by serving copies of a petition for review with county officials as provided in section 278.01 and filing a proof of service as provided in section 278.01 with the Minnesota Tax Court within 60 days of the date of the notice from the county. The appeal shall be governed by the Tax Court procedures provided in chapter 271, for cases relating to the tax laws as defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03, but including section 278.05, subdivision 2. If the amount of the benefits under this subdivision and penalty are not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of the benefit and penalty to the succeeding year's tax list to be collected as part of the property taxes on the affected buildings.

Subd. 6a. Preliminary approval of leasehold cooperatives. Preliminary approval for classification as a leasehold cooperative may be granted to property when a developer proposes to construct one or more residential dwellings or buildings using funds provided by the Minnesota Housing Finance Agency if all of the following conditions are met:

(a) The developer must present an affidavit to the county attorney and to the governing body of the municipality that includes a statement of the developer's intention to comply with all requirements in subdivision 6 and a detailed description of the plan for doing so.

(b) The commissioner of the Minnesota Housing Finance Agency must provide the county attorney and governing body with a description of the financing and related terms the commissioner proposes to provide with respect to the project, together with an objective assessment of the likelihood that the project will comply with the requirements of subdivision 6.

(c) The county attorney must review the materials provided under paragraphs (a) and (b), and may require the developer or the Minnesota Housing Finance Agency to provide additional information. If the county attorney determines that it is reasonably likely that the project will meet the requirements of this subdivision, the county attorney shall provide preliminary approval to treatment of the property as a leasehold cooperative.

(d) The governing body shall conduct a public hearing as provided in subdivision 6, paragraph (j), and make its preliminary findings based on the information provided by the developer and the Minnesota Housing Finance Agency.

Upon completion of the project and creation of the leasehold cooperative, actual compliance with the requirements of this subdivision must be demonstrated, and certified by the county attorney. A second hearing by the governing body is not required.

If the county attorney finds that the homestead treatment granted pursuant to a preliminary approval under this subdivision must be revoked because the completed project failed to meet the requirements of this subdivision, the benefits of the treatment shall be recaptured. The county assessor shall determine the amount by which the tax imposed on the property was reduced because it was treated as a leasehold cooperative. The developer shall be charged an amount equal to the tax reduction received or, if the county attorney determines that the failure to meet the requirements was due to the developer's intentional disregard of the requirements, 150 percent of the tax reduction received. The penalty must be paid to the county treasurer within 90 days after receipt of a statement from the treasurer. The proceeds of the penalty shall be distributed to the local taxing jurisdictions in proportion to the amounts of their levies on the property.

Subd. 7. **Leased buildings or land.** For purposes of class 1 determinations, homesteads include:

(a) buildings and appurtenances owned and used by the occupant as a permanent residence which are located upon land the title to which is vested in a person or entity other than the occupant;

(b) 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, if all of the following criteria are met:

- (1) the occupant is using the property as a permanent residence;
- (2) the occupant is paying the property taxes and any special assessments levied against the property;
- (3) the occupant has signed a lease which has an option to purchase the buildings and appurtenances;
- (4) the term of the lease is at least five years; and
- (5) the occupant has made a down payment of at least \$5,000 in cash if the property was purchased by means of a contract for deed or subject to a mortgage;

(c) all buildings and appurtenances and the land upon which they are located that are used for purposes of a homestead, if all of the following criteria are met:

- (1) the land is owned by a utility, which maintains ownership of the land in order to facilitate compliance with the terms of its hydroelectric project license from the federal Energy Regulatory Commission;
- (2) the land is leased for a term of 20 years or more;
- (3) the occupant is using the property as a permanent residence; and
- (4) the occupant is paying the property taxes and any special assessments levied against the property.

Any taxpayer meeting all the requirements of this paragraph must notify the county assessor, or the assessor who has the powers of the county assessor pursuant to section 273.063, in writing, as soon as possible after signing the lease agreement and occupying the buildings as a homestead.

Subd. 8. **Homestead owned by or leased to family farm corporation, joint farm venture, limited liability company, or partnership.** (a) Each family farm corporation, each joint family farm venture, each limited liability company, and each partnership operating a family farm is entitled to class 1b under section 273.13, subdivision 22, paragraph (b), or class 2a assessment for one homestead occupied by a shareholder, member, or partner thereof who is residing on the land, and actively engaged in farming of the land owned by the family farm corporation, joint family farm venture, limited liability company, or partnership operating a family farm. Homestead treatment applies even if legal title to the property is in the name of the family farm corporation,

joint family farm venture, limited liability company, or partnership operating the family farm, and not in the name of the person residing on it.

“Family farm corporation,” “family farm,” and “partnership operating a family farm” have the meanings given in section 500.24, except that the number of allowable shareholders, members, or partners under this subdivision shall not exceed 12. “Limited liability company” has the meaning contained in sections 322B.03, subdivision 28, and 500.24, subdivision 2, paragraphs (l) and (m). “Joint family farm venture” means a cooperative agreement among two or more farm enterprises authorized to operate a family farm under section 500.24.

(b) In addition to property specified in paragraph (a), any other residences owned by family farm corporations, joint family farm ventures, limited liability companies, or partnerships operating a family farm described in paragraph (a) which are located on agricultural land and occupied as homesteads by its shareholders, members, or partners who are actively engaged in farming on behalf of that corporation, joint farm venture, limited liability company, or partnership must also be assessed as class 2a property or as class 1b property under section 273.13.

(c) Agricultural property that is owned by a member, partner, or shareholder of a family farm corporation or joint family farm venture, limited liability company, or by a partnership operating a family farm and leased to the family farm corporation, limited liability company, or partnership operating a family farm, or joint farm venture, as defined in paragraph (a), is eligible for classification as class 1b or class 2a under section 273.13, if the owner is actually residing on the property, and is actually engaged in farming the land on behalf of that corporation, joint farm venture, limited liability company, or partnership. This paragraph applies without regard to any legal possession rights of the family farm corporation, joint family farm venture, limited liability company, or partnership operating a family farm under the lease.

Subd. 9. Homestead established after assessment date. Any property that was not used for the purpose of a homestead on the assessment date, but which was used for the purpose of a homestead on December 1 of a year, constitutes class 1 or class 2a.

Any taxpayer meeting the requirements of this subdivision must notify the county assessor, or the assessor who has the powers of the county assessor under section 273.063, in writing, by December 15 of the year of occupancy in order to qualify under this subdivision. The assessor must not deny full homestead treatment to a property that is partially homesteaded on January 2 but occupied for the purpose of a full homestead on December 1 of a year.

The county assessor and the county auditor may make the necessary changes on their assessment and tax records to provide for proper homestead classification as provided in this subdivision.

If homestead classification has not been requested as of December 15, the assessor will classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner of any property qualifying under this subdivision, which has not been accorded the benefits of this subdivision, may be entitled to receive homestead classification by proper application as provided in section 375.192.

The county assessor may publish in a newspaper of general circulation within the county a notice requesting the public to file an application for homestead as soon as practicable after acquisition of a homestead, but no later than December 15.

The county assessor shall publish in a newspaper of general circulation within the county no later than December 1 of each year a notice informing the public of the requirement to file an application for homestead by December 15.

In the case of manufactured homes assessed as personal property, the homestead must be established, and a homestead classification requested, by May 29 of the assessment year. The assessor may include information on these deadlines for manufactured homes assessed as personal property in the published notice or notices.

Subd. 10. Real estate purchased for occupancy as a homestead. Real estate purchased for occupancy as a homestead must be classified as class 1 or class 2a if 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.

Subd. 11. Limitation on homestead treatment. (a) For taxes payable in 2003 through 2005 only, if the assessor has classified a property as both homestead and nonhomestead, the greater of:

(1) the value attributable to the portion of the property used as a homestead; or

(2) the homestead value amount determined under paragraph (b), is entitled to assessment as a homestead under section 273.13, subdivision 22 or 23.

(b) For taxes payable in 2003 only, the homestead value amount is \$60,000. For taxes payable in 2004 only, the homestead value amount is \$45,000. For taxes payable in 2005 only, the homestead value amount is \$30,000.

The homestead value amount must not exceed the property's taxable market value.

(c) If the assessor has classified a property as both homestead and nonhomestead, the reductions in tax provided under sections 273.135 and 273.1391 apply to the value of both the homestead and the nonhomestead portions of the property.

Subd. 12. Homestead of member of United States armed forces; Peace Corps; VISTA. Real estate actually occupied and used for the purpose of a homestead by a person, or by a member of that person's immediate family shall be classified as a homestead even though the person or family is absent if (1) the person or the person's family is absent solely because the person is on active duty with the armed forces of the United States, or is serving as a volunteer under the VISTA or Peace Corps program; (2) the owner intends to return as soon as discharged or relieved from service; and (3) the owner claims it as a homestead. A person who knowingly makes or submits to an assessor an affidavit or other statement that is false in any material matter to obtain or aid another in obtaining a benefit under this subdivision is guilty of a felony.

Subd. 13. Homestead application. (a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.

(b) On or before January 2, 1993, each county assessor shall mail a homestead application to the owner of each parcel of property within the county which was classified as homestead for the 1992 assessment year. The format and contents of a uniform homestead application shall be prescribed by the commissioner of revenue. The commissioner shall consult with the chairs of the house and senate tax committees on the contents of the homestead application form. The application must clearly inform the taxpayer that this application must be signed by all owners who occupy the property or by the qualifying relative and returned to the county assessor in order for the property to continue receiving homestead treatment. The envelope containing the homestead application shall clearly identify its contents and alert the taxpayer of its necessary immediate response.

(c) Every property owner applying for homestead classification must furnish to the county assessor the Social Security number of each occupant who is listed as an owner of the property on the deed of record, the name and address of each owner who does not occupy the property, and the name and Social Security number of each owner's spouse who occupies the property. The application must be signed by each owner who occupies the property and by each owner's spouse who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property qualifies as a homestead under subdivision 1, paragraph (e).

Owners or spouses occupying residences owned by their spouses and previously occupied with the other spouse, either of whom fail to include the other spouse's name and Social Security number on the homestead application or provide the affidavits or

other proof requested, will be deemed to have elected to receive only partial homestead treatment of their residence. The remainder of the residence will be classified as nonhomestead residential. When an owner or spouse's name and Social Security number appear on homestead applications for two separate residences and only one application is signed, the owner or spouse will be deemed to have elected to homestead the residence for which the application was signed.

The Social Security numbers or affidavits or other proofs of the property owners and spouses are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue, or, for purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The Social Security number of each relative occupying the property and the Social Security number of each owner who is related to an occupant of the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The Social Security number of a relative occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue.

(e) The homestead application shall also notify the property owners that the application filed under this section will not be mailed annually and that if the property is granted homestead status for the 1993 assessment, or any assessment year thereafter, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners, the spouse of the owner, or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner, the spouse of the owner, or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If the homestead application is not returned within 30 days, the county will send a second application to the present owners of record. The notice of proposed property taxes prepared under section 275.065, subdivision 3, shall reflect the property's classification. Beginning with assessment year 1993 for all properties, if a homestead application has not been filed with the county by December 15, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

(g) At the request of the commissioner, each county must give the commissioner a list that includes the name and Social Security number of each property owner and the property owner's spouse occupying the property, or relative of a property owner, applying for homestead classification under this subdivision. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

(h) If the commissioner finds that a property owner may be claiming a fraudulent homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, the taconite homestead credit under section 273.135, the residen-

tial homestead and agricultural homestead credits under section 273.1384, and the supplemental homestead credit under section 273.1391.

The county auditor shall send a notice to the person who owned the affected property at the time the homestead application related to the improper homestead was filed, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The person notified may appeal the county's determination by serving copies of a petition for review with county officials as provided in section 278.01 and filing proof of service as provided in section 278.01 with the Minnesota Tax Court within 60 days of the date of the notice from the county. Procedurally, the appeal is governed by the provisions in chapter 271 which apply to the appeal of a property tax assessment or levy, but without requiring any prepayment of the amount in controversy. If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the county treasurer. The county treasurer will add interest to the unpaid homestead benefits and penalty amounts at the rate provided in section 279.03 for real property taxes becoming delinquent in the calendar year during which the amount remains unpaid. Interest may be assessed for the period beginning 60 days after demand for payment was made.

If the person notified is the current owner of the property, the treasurer may add the total amount of homestead benefits, penalty, interest, and costs to the ad valorem taxes otherwise payable on the property by including the amounts on the property tax statements under section 276.04, subdivision 3. The amounts added under this paragraph to the ad valorem taxes shall include interest accrued through December 31 of the year preceding the taxes payable year for which the amounts are first added. These amounts, when added to the property tax statement, become subject to all the laws for the enforcement of real or personal property taxes for that year, and for any subsequent year.

If the person notified is not the current owner of the property, the treasurer may collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment of the homestead benefits, penalty, interest, and costs, as if those amounts were delinquent tax obligations of the person who owned the property at the time the application related to the improperly allowed homestead was filed. The treasurer may relieve a prior owner of personal liability for the homestead benefits, penalty, interest, and costs, and instead extend those amounts on the tax lists against the property as provided in this paragraph to the extent that the current owner agrees in writing. On all demands, billings, property tax statements, and related correspondence, the county must list and state separately the amounts of homestead benefits, penalty, interest and costs being demanded, billed or assessed.

(i) Any amount of homestead benefits recovered by the county from the property owner shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis County auditor to be deposited in the taconite property tax relief account. Any amount recovered that is attributable to supplemental homestead credit is to be transmitted to the commissioner of revenue for deposit in the general fund of the state treasury. The total amount of penalty collected must be deposited in the county general fund.

(j) If a property owner has applied for more than one homestead and the county assessors cannot determine which property should be classified as homestead, the county assessors will refer the information to the commissioner. The commissioner shall make the determination and notify the counties within 60 days.

(k) In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners. The Social Security numbers and federal identification numbers that are maintained by a county or city assessor for property tax administration purposes, and that may appear on the lists

retain their classification as private or nonpublic data; but may be viewed, accessed, and used by the county auditor or treasurer of the same county for the limited purpose of assisting the commissioner in the preparation of microdata samples under section 270.0681.

Subd. 14. Agricultural homesteads; special provisions. (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the Department of Natural Resources on which in lieu taxes are paid under sections 477A.11 to 477A.14;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not farther than four townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this paragraph shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4). Homestead classification under this paragraph is limited to property that qualified under this paragraph for the 1998 assessment.

(b)(i) Agricultural property consisting of at least 40 acres shall be classified as the owner's homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the owner, the owner's spouse, or the son or daughter of the owner or owner's spouse, is actively farming the agricultural property, either on the person's own behalf as an individual or on behalf of a partnership operating a family farm, family farm corporation, joint family farm venture, or limited liability company of which the person is a partner, shareholder, or member;

(2) both the owner of the agricultural property and the person who is actively farming the agricultural property under clause (1), are Minnesota residents;

(3) neither the owner nor the spouse of the owner claims another agricultural homestead in Minnesota; and

(4) neither the owner nor the person actively farming the property lives farther than four townships or cities, or a combination of four townships or cities, from the agricultural property, except that if the owner or the owner's spouse is required to live in employer-provided housing, the owner or owner's spouse, whichever is actively farming the agricultural property, may live more than four townships or cities, or combination of four townships or cities from the agricultural property.

The relationship under this paragraph may be either by blood or marriage.

(ii) Real property held by a trustee under a trust is eligible for agricultural homestead classification under this paragraph if the qualifications in clause (i) are met, except that "owner" means the grantor of the trust.

(iii) Property containing the residence of an owner who owns qualified property under clause (i) shall be classified as part of the owner's agricultural homestead, if that property is also used for noncommercial storage or drying of agricultural crops.

(c) Noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than four townships or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor that the noncontiguous land is

part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county.

(d) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

(e) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the April 1997 floods;

(2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or Wilkin;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1997 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 1997 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(f) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by a March 29, 1998, tornado;

(2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur, Nicollet, Nobles, or Rice;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1998 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to a March 29, 1998, tornado, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the owner must notify the assessor by December 1, 1998. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(g) Agricultural property consisting of at least 40 acres of a family farm corporation, joint family farm venture, family farm limited liability company, or partnership operating a family farm as described under subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) a shareholder, member, or partner of that entity is actively farming the agricultural property;

(2) that shareholder, member, or partner who is actively farming the agricultural property is a Minnesota resident;

(3) neither that shareholder, member, or partner, nor the spouse of that shareholder, member, or partner claims another agricultural homestead in Minnesota; and

(4) that shareholder, member, or partner does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property.

Homestead treatment applies under this paragraph for property leased to a family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm if legal title to the property is in the name of an individual who is a member, shareholder, or partner in the entity.

(h) To be eligible for the special agricultural homestead under this subdivision, an initial full application must be submitted to the county assessor where the property is located. Owners and the persons who are actively farming the property shall be required to complete only a one-page abbreviated version of the application in each subsequent year provided that none of the following items have changed since the initial application:

(1) the day-to-day operation, administration, and financial risks remain the same;

(2) the owners and the persons actively farming the property continue to live within the four townships or city criteria and are Minnesota residents;

(3) the same operator of the agricultural property is listed with the Farm Service Agency;

(4) a Schedule F or equivalent income tax form was filed for the most recent year;

(5) the property's acreage is unchanged; and

(6) none of the property's acres have been enrolled in a federal or state farm program since the initial application.

The owners and any persons who are actively farming the property must include the appropriate Social Security numbers, and sign and date the application. If any of the specified information has changed since the full application was filed, the owner must notify the assessor, and must complete a new application to determine if the property continues to qualify for the special agricultural homestead. The commissioner of revenue shall prepare a standard reapplication form for use by the assessors.

Subd. 15. [Repealed, 1992 c 511 art 2 s 60]

Subd. 16. [Repealed, 1993 c 375 art 5 s 43]

Subd. 17. Owner-occupied motel property. For purposes of class 1a determinations, a homestead includes that portion of property defined as a motel under chapter 157, provided that the person residing in the motel property is using that property as a homestead, is part owner, and is actively engaged in the operation of the motel business. Homestead treatment applies even if legal title to the property is in the name of a corporation or partnership and not in the name of the person residing in the motel. The homestead is limited to that portion of the motel actually occupied by the person.

A taxpayer meeting the requirements of this subdivision must notify the county assessor, or the assessor who has the powers of the county assessor under section 273.063, in writing, in order to qualify under this subdivision for 1a homestead classification.

Subd. 18. Property undergoing renovation. Property that is not occupied as a homestead on the assessment date will be classified as a homestead if it meets each of the following requirements on that date:

(a) The structure is a single family or duplex residence.

(b) The property is owned by a church or an organization that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986.

(c) The organization is in the process of renovating the property for use as a homestead by an individual or family whose income is no greater than 60 percent of the county or area gross median income, adjusted for family size, and that renovation process and conveyance for use as a homestead can reasonably be expected to be completed within 12 months after construction begins.

The organization must apply to the assessor for classification under this subdivision within 30 days of its acquisition of the property, and must provide the assessor with the information necessary for the assessor to determine whether the property qualifies.

Subd. 19. **Lease-purchase program.** Qualifying buildings and appurtenances, together with the land on which they are located, are classified as homesteads, if the following qualifications are met:

(1) the property is leased for up to a five-year period by the occupant under a lease-purchase program administered by the Minnesota Housing Finance Agency or a housing and redevelopment authority under sections 469.001 to 469.047;

(2) the occupant's income is no greater than 80 percent of the county or area median income, adjusted for family size;

(3) the building consists of one or two dwelling units;

(4) the lease agreement provides that part of the lease payment is escrowed as a nonrefundable down payment on the housing;

(5) the administering agency verifies the occupant's income eligibility and certifies to the county assessor that the occupant meets the income standards; and

(6) the property owner applies to the county assessor by May 30 of each year.

For purposes of this subdivision, "qualifying buildings and appurtenances" means a one- or two-unit residential building which was unoccupied, abandoned, and boarded for at least six months.

Subd. 20. **Additional requirements prohibited.** No political subdivision may impose any requirements not contained in this chapter or chapter 272 to disqualify property from being classified as a homestead if the property otherwise meets the requirements for homestead treatment under this chapter and chapter 272.

Subd. 21. **Trust property; homestead.** Real property held by a trustee under a trust is eligible for classification as homestead property if:

(1) the grantor or surviving spouse of the grantor of the trust occupies and uses the property as a homestead;

(2) a relative or surviving relative of the grantor who meets the requirements of subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph (d), in the case of agricultural property, occupies and uses the property as a homestead;

(3) a family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm rents the property held by a trustee under a trust, and a shareholder, member, or partner of the corporation, joint farm venture, limited liability company, or partnership occupies and uses the property as a homestead, and is actively farming the property on behalf of the corporation, joint farm venture, limited liability company, or partnership; or

(4) a person who has received homestead classification for property taxes payable in 2000 on the basis of an unqualified legal right under the terms of the trust agreement to occupy the property as that person's homestead and who continues to use the property as a homestead.

For purposes of this subdivision, "grantor" is defined as the person creating or establishing a testamentary, inter Vivos, revocable or irrevocable trust by written instrument or through the exercise of a power of appointment.

History: 1Sp1985 c 14 art 4 s 44; 1986 c 444; 1Sp1986 c 1 art 4 s 13-17; art 7 s 19; 1Sp1986 c 3 art 1 s 33; 1987 c 268 art 5 s 3; art 6 s 15-17; 1988 c 719 art 5 s 10-12,84; art 6 s 9,10; 1989 c 144 art 2 s 5,6; 1989 c 209 art 1 s 29; 1989 c 277 art 2 s 22-27; 1989 c 304 s 137; 1989 c 329 art 13 s 20; 1Sp1989 c 1 art 2 s 11; art 3 s 10; 1990 c 426 art 2 s 9; 1990 c 480 art 7 s 6; 1990 c 604 art 3 s 13-15; 1991 c 291 art 1 s 15-19; art 12 s 9; 1992 c 511 art 2 s 13-16; 1993 c 375 art 3 s 13,14; art 5 s 17-22; 1994 c 416 art 1 s 15-17; 1994 c 510 art 1 s 7; 1994 c 587 art 5 s 8,9; 1995 c 264 art 3 s 7,8; art 4 s 3; art 11 s 1-4; 1996 c 471 art 3 s 7-9,52; 1997 c 31 art 3 s 4,5; 1997 c 231 art 2 s 18,19,70; 2Sp1997 c 2 s 20; 1998 c 383 s 35; 1998 c 389 art 3 s 8; 1999 c 11 art 3 s 8; 1999 c 227 s 19; 1999 c 243 art 5 s 9-14; 2000 c 490 art 5 s 7-10; 1Sp2001 c 5 art 3 s 27-31; 2002 c 377 art 4 s 14; 2002 c 400 s 10; 2003 c 127 art 2 s 12; art 5 s 16

273.125 ASSESSMENT OF MANUFACTURED HOMES.

Subdivision 1. **Valuation; notice.** Subdivisions 1 to 7 apply to manufactured homes that are assessed under subdivision 8, paragraph (c). Each manufactured home must be valued each year by the assessor and assessed with reference to its value on January 2 of that year. Notice of the value must be mailed to the person to be assessed at least ten days before the meeting of the local board of review or equalization. The notice must contain the amount of valuation in terms of market value, the assessor's office address, and the date, place, and time set for the meeting of the local board of review or equalization and the county board of equalization.

Subd. 2. **Return assessment books; set tax.** On or before May 1, the assessor shall return to the county auditor the assessment books relating to the assessment of manufactured homes. After receiving the assessment books, the county auditor shall determine the tax to be due by applying the rate of levy of the preceding year and shall send a list of the taxes to the county treasurer by May 30.

Subd. 3. **Tax statements; penalties; collections.** Not later than July 15 in the year of assessment the county treasurer shall mail to the taxpayer a statement of tax due on a manufactured home. The taxes are due on the last day of August, or 20 days after the postmark date on the envelope containing the property tax statement, whichever is later, except that if the tax exceeds \$50, one-half of the amount due may be paid on August 31, or 20 days after the postmark date on the envelope containing the property tax statement, whichever is later, and the remainder on November 15. Taxes remaining unpaid after the due date are delinquent, and a penalty of eight percent must be assessed and collected as part of the unpaid taxes. The tax statement must contain a sentence notifying the taxpayer that the title to the manufactured home cannot be transferred unless the property taxes are paid.

Subd. 4. **Petitions of grievance.** A person who claims that the person's manufactured home has been unfairly or unequally assessed, or that the property has been assessed at a valuation greater than its real or actual value, or that the tax levied against it is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of the claim, defense, or objection determined in court. The determination must be made by the district court of the county in which the tax is levied or by the Tax Court. A person can request the determination by filing a petition for it in the office of the court administrator of the district court on or before October 1 of the year in which the tax becomes payable. A petition for determination under this section may be transferred by the district court to the Tax Court.

Subd. 5. **Continuing with petition.** The right to continue prosecution of the petition is conditioned upon the payment of the tax when due unless the court permits the petitioner to continue without payment, or with a reduced payment, under section 278.03, subdivision 2. Upon ten days' notice to the county attorney and to the county auditor, given at least ten days before the last day of August, the petitioner may apply to the court for permission to continue prosecution of the petition without payment or with a reduced payment.

Subd. 6. **Correcting tax.** If the local board of review or equalization or the county board of equalization changes the assessor's valuation of a manufactured home, the change must be sent to the county auditor. The auditor shall immediately recompute the tax and advise the treasurer of the corrected tax. If the property is entitled to homestead classification, the auditor shall reduce the tax accordingly.

Subd. 7. **Personal property.** The tax assessed on manufactured homes is a personal property tax. Laws relating to assessment, review, and collection of personal property taxes apply to this tax, if consistent with this section.

Subd. 8. **Manufactured homes; sectional structures.** (a) In this section, "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 in it. Manufactured home

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

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

(1) the owner of the unit holds title to the land on which it is situated;

(2) the unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the Manufactured Home Building Code in sections 327.31 to 327.34, and rules adopted under those sections, or is affixed to the land like other real property in the taxing district; and

(3) 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 that meets each of the following criteria must be assessed at the rate provided by the appropriate real property classification but must be treated as personal property, and the valuation is subject to review and the taxes payable in the manner provided in this section:

(1) the owner of the unit is a lessee of the land under the terms of a lease;

(2) the unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the Manufactured Home Building Code contained in sections 327.31 to 327.34, and the rules adopted under those sections, or is affixed to the land like other real property in the taxing district; and

(3) 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) Sectional structures must be valued and assessed as an improvement to real property if the owner of the structure holds title to the land on which it is located or is a qualifying lessee of the land under section 273.19. In this paragraph "sectional structure" means a building or structural unit that 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 adopt rules under the Administrative Procedure Act to establish additional criteria for the classification of manufactured homes and sectional structures under this subdivision.

(f) A storage shed, deck, or similar improvement constructed on property that is leased or rented as a site for a manufactured home, sectional structure, park trailer, or travel trailer is taxable as provided in this section. In the case of property that is leased or rented as a site for a travel trailer, a storage shed, deck, or similar improvement on the site that is considered personal property under this paragraph is taxable only if its total estimated market value is over \$500. The property is taxable as personal property to the lessee of the site if it is not owned by the owner of the site. The property is taxable as real estate if it is owned by the owner of the site. As a condition of permitting the owner of the manufactured home, sectional structure, park trailer, or travel trailer to construct improvements on the leased or rented site, the owner of the site must obtain the permanent home address of the lessee or user of the site. The site owner must provide the name and address to the assessor upon request.

History: 1993 c 375 art 3 s 15; 2000 c 490 art 5 s 11; 2002 c 377 art 4 s 15; art 9 s 3

273.126 MS 2002 [Repealed, 1Sp2001 c 5 art 3 s 96]

273.127 [Repealed, 2000 c 490 art 5 s 40]

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 in-lieu tax is hereby classified for purposes of taxation as provided by this section.

- Subd. 2. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 2a. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 3. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 4. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 5. [Repealed, Ex1971 c 31 art 22 s 5]
- Subd. 5a. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 6. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 6a. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 7. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 7a. [Repealed, 1988 c 719 art 5 s 81]
- Subd. 7b. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 7c. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 7d. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 8. [Repealed, Ex1967 c 32 art 4 s 3]
- Subd. 8a. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 9. [Repealed, 1988 c 719 art 5 s 81]
- Subd. 10. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 11. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 12. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 13. [Repealed, 1974 c 313 s 1]
- Subd. 14. [Repealed, 1984 c 593 s 46]
- Subd. 14a. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 15. [Repealed, Ex1971 c 31 art 36 s 2]
- Subd. 15a. [Repealed, 1988 c 719 art 5 s 81]
- Subd. 15b. [Repealed, 1983 c 342 art 2 s 30]
- Subd. 16. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 17. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 17a. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 17b. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 17c. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 17d. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 18. [Repealed, 1983 c 222 s 45]
- Subd. 19. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 20. [Repealed, 1Sp1985 c 14 art 4 s 98]
- Subd. 21. [Repealed, 1Sp1985 c 14 art 4 s 98]

Subd. 21a. **Class rate.** In this section, wherever the "class rate" of a class of property is specified without qualification as to whether it is the property's "net class rate" or its "gross class rate," the "net class rate" and "gross class rate" of that property are the same as its "class rate."

Subd. 21b. **Tax capacity.** (a) Gross tax capacity means the product of the appropriate gross class rates in this section and market values.

(b) Net tax capacity means the product of the appropriate net class rates in this section and market values.

Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and (c), real estate which is residential and used for homestead purposes is class 1a. In the case of a duplex or triplex in which one of the units is used for homestead

purposes, the entire property is deemed to be used for homestead purposes. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$500,000 of market value of class 1a property has a net class rate of one percent of its market value; and the market value of class 1a property that exceeds \$500,000 has a class rate of 1.25 percent of its market value.

(b) Class 1b property includes homestead real estate or homestead manufactured homes used for the purposes of a homestead by

(1) any person who is blind as defined in section 256D.35, or the blind person and the blind person's spouse; or

(2) any person, hereinafter referred to as "veteran," who:

(i) served in the active military or naval service of the United States; and

(ii) 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

(iii) 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 the deceased veteran for as long as the surviving spouse retains the special housing unit as a homestead; or

(3) any person who is permanently and totally disabled.

Property is classified and assessed under clause (3) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph.

Property is classified and assessed pursuant to clause (1) only if the commissioner of revenue certifies to the assessor that the homestead occupant satisfies the requirements of this paragraph.

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 the person an income. The first \$32,000 market value of class 1b property has a net class rate of .45 percent of its market value. The remaining market value of class 1b property has a class rate using the rates for class 1a or class 2a property, whichever is appropriate, of similar market value.

(c) Class 1c property is commercial use real property that 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 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. The first \$500,000 of market value of class 1c property has a class rate of one percent, and the remaining market value of class 1c property has a class rate of one percent, with the following limitation: the area of the property must 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. If any portion of the class 1c resort property is classified as class 4c under subdivision 25, the entire property must meet the requirements of subdivision 25, paragraph (d), clause (1), to qualify for class 1c treatment under this paragraph.

(d) Class 1d property includes structures that meet all of the following criteria:

(1) the structure is located on property that is classified as agricultural property under section 273.13, subdivision 23;

(2) the structure is occupied exclusively by seasonal farm workers during the time when they work on that farm, and the occupants are not charged rent for the privilege of occupying the property, provided that use of the structure for storage of farm equipment and produce does not disqualify the property from classification under this paragraph;

(3) the structure meets all applicable health and safety requirements for the appropriate season; and

(4) the structure is not salable as residential property because it does not comply with local ordinances relating to location in relation to streets or roads.

The market value of class 1d property has the same class rates as class 1a property under paragraph (a).

Subd. 23. **Class 2.** (a) Class 2a property is agricultural land including any improvements that is homesteaded. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a property under subdivision 22. The value of the remaining land including improvements up to and including \$600,000 market value has a net class rate of 0.55 percent of market value. The remaining property over \$600,000 market value has a class rate of one percent of market value.

(b) Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; (2) real estate that is not improved with a structure and is used exclusively for growing trees for timber, lumber, and wood and wood products, if the owner has participated or is participating in a cost-sharing program for afforestation, reforestation, or timber stand improvement on that particular property, administered or coordinated by the commissioner of natural resources; (3) real estate that is nonhomestead agricultural land; or (4) a landing area or public access area of a privately owned public use airport. Class 2b property has a net class rate of one percent of market value.

(c) Agricultural land as used in this section means contiguous acreage of ten acres or more, used during the preceding year for agricultural purposes. "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products. "Agricultural purposes" also includes enrollment in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198 if the property was classified as agricultural (i) under this subdivision for the assessment year 2002 or (ii) in the year prior to its enrollment. Contiguous acreage on the same parcel, or contiguous acreage on an immediately adjacent parcel under the same ownership, may also qualify as agricultural land, but only if it is pasture, timber, waste, unusable wild land, or land included in state or federal farm programs. Agricultural classification for property shall be determined excluding the house, garage, and immediately surrounding one acre of land, and shall not be based upon the market value of any residential structures on the parcel or contiguous parcels under the same ownership.

(d) Real estate, excluding the house, garage, and immediately surrounding one acre of land, of less than ten acres which is exclusively and intensively used for raising or cultivating agricultural products, shall be considered as agricultural land.

Land shall be classified as agricultural even if all or a portion of the agricultural use of that property is the leasing to, or use by another person for agricultural purposes.

Classification under this subdivision is not determinative for qualifying under section 273.111.

The property classification under this section supersedes, for property tax purposes only, any locally administered agricultural policies or land use restrictions that define minimum or maximum farm acreage.

(e) The term "agricultural products" as used in this subdivision includes production for sale of:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1);

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing;

(5) game birds and waterfowl bred and raised for use on a shooting preserve licensed under section 97A.115;

(6) insects primarily bred to be used as food for animals;

(7) trees, grown for sale as a crop, and not sold for timber, lumber, wood, or wood products; and

(8) maple syrup taken from trees grown by a person licensed by the Minnesota Department of Agriculture under chapter 28A as a food processor.

(f) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

(1) wholesale and retail sales;

(2) processing of raw agricultural products or other goods;

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

The assessor shall determine and list separately on the 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.

(g) To qualify for classification under paragraph (b), clause (4), a privately owned public use airport must be licensed as a public airport under section 360.018. For purposes of paragraph (b), clause (4), "landing area" means that part of a privately owned public use airport properly cleared, regularly maintained, and made available to the public for use by aircraft and includes runways, taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing area also includes land underlying both the primary surface and the approach surfaces that comply with all of the following:

(i) the land is properly cleared and regularly maintained for the primary purposes of the landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

(ii) the land is part of the airport property; and

(iii) the land is not used for commercial or residential purposes.

The land contained in a landing area under paragraph (b), clause (4), must be described and certified by the commissioner of transportation. The certification is effective until it is modified, or until the airport or landing area no longer meets the requirements of paragraph (b), clause (4). For purposes of paragraph (b), clause (4), "public access area" means property used as an aircraft parking ramp, apron, or storage hangar, or an arrival and departure building in connection with the airport.

Subd. 24. **Class 3.** (a) Commercial and industrial property and utility real and personal property is class 3a.

(1) Except as otherwise provided, each parcel of commercial, industrial, or utility real property has a class rate of 1.5 percent of the first tier of market value, and 2.0 percent of the remaining market value. In the case of contiguous parcels of property owned by the same person or entity, only the value equal to the first-tier value of the contiguous parcels qualifies for the reduced class rate, except that contiguous parcels owned by the same person or entity shall be eligible for the first-tier value class rate on each separate business operated by the owner of the property, provided the business is housed in a separate structure. For the purposes of this subdivision, the first tier means the first \$150,000 of market value. Real property owned in fee by a utility for transmission line right-of-way shall be classified at the class rate for the higher tier.

For purposes of this subdivision, parcels are considered to be contiguous even if they are separated from each other by a road, street, waterway, or other similar intervening type of property. Connections between parcels that consist of power lines or pipelines do not cause the parcels to be contiguous. Property owners who have contiguous parcels of property that constitute separate businesses that may qualify for the first-tier class rate shall notify the assessor by July 1, for treatment beginning in the following taxes payable year.

(2) All personal property that is: (i) part of an electric generation, transmission, or distribution system; or (ii) part of a pipeline system transporting or distributing water, gas, crude oil, or petroleum products; and (iii) not described in clause (3), and all railroad operating property has a class rate as provided under clause (1) for the first tier of market value and the remaining market value. In the case of multiple parcels in one county that are owned by one person or entity, only one first tier amount is eligible for the reduced rate.

(3) The entire market value of personal property that is: (i) tools, implements, and machinery of an electric generation, transmission, or distribution system; (ii) tools, implements, and machinery of a pipeline system transporting or distributing water, gas, crude oil, or petroleum products; or (iii) the mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, has a class rate as provided under clause (1) for the remaining market value in excess of the first tier.

(b) Employment property defined in section 469.166, during the period provided in section 469.170, shall constitute class 3b. The class rates for class 3b property are determined under paragraph (a).

Subd. 24a. [Repealed, 1Sp2001 c 5 art 3 s 96]

Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. The market value of class 4a property has a class rate of 1.8 percent for taxes payable in 2002, 1.5 percent for taxes payable in 2003, and 1.25 percent for taxes payable in 2004 and thereafter, except that class 4a property consisting of a structure for which construction commenced after June 30, 2001, has a class rate of 1.25 percent of market value for taxes payable in 2003 and subsequent years.

(b) Class 4b includes:

(1) residential real estate containing less than four units that does not qualify as class 4bb, other than seasonal residential recreational property;

- (2) manufactured homes not classified under any other provision;
- (3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b) containing two or three units; and
- (4) unimproved property that is classified residential as determined under subdivision 33.

The market value of class 4b property has a class rate of 1.5 percent for taxes payable in 2002, and 1.25 percent for taxes payable in 2003 and thereafter.

(c) Class 4bb includes:

- (1) nonhomestead residential real estate containing one unit, other than seasonal residential recreational property; and
- (2) a single family dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4bb property has the same class rates as class 1a property under subdivision 22.

Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner does not qualify for class 4bb.

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. In order for a property to be classified as class 4c, seasonal residential recreational for commercial purposes, at least 40 percent of the annual gross lodging receipts related to the property must be from business conducted during 90 consecutive days and either (i) at least 60 percent of all paid bookings by lodging guests during the year must be for periods of at least two consecutive nights; or (ii) at least 20 percent of the annual gross receipts must be from charges for rental of fish houses, boats and motors, snowmobiles, downhill or cross-country ski equipment, or charges for marina services, launch services, and guide services, or the sale of bait and fishing tackle. For purposes of this determination, a paid booking of five or more nights shall be counted as two bookings. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c 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 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in this clause also includes the remainder of class 1c resorts provided that the entire property including that portion of the property classified as class 1c also meets the requirements for class 4c under this clause; otherwise the entire property is classified as class 3. Owners of real property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c or 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located will be designated class 1c or 4c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 1c or 4c property must provide guest registers or other records demonstrating that the units for which class 1c or 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, and (4)

other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes shall not qualify for class 1c or 4c;

(2) qualified property used as a golf course if:

(i) it is open to the public on a daily fee basis. It may charge membership fees or dues, but a membership fee may not be required in order to use the property for golfing, and its green fees for golfing must be comparable to green fees typically charged by municipal courses; and

(ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with the golf course is classified as class 3a property;

(3) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1990. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity;

(4) postsecondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus;

(5) manufactured home parks as defined in section 327.14, subdivision 3;

(6) real property that is actively and exclusively devoted to indoor fitness, health, social, recreational, and related uses, is owned and operated by a not-for-profit corporation, and is located within the metropolitan area as defined in section 473.121, subdivision 2;

(7) a leased or privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land is on an airport owned or operated by a city, town, county, Metropolitan Airports Commission, or group thereof; and

(ii) the land lease, or any ordinance or signed agreement restricting the use of the leased premise, prohibits commercial activity performed at the hangar.

If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be filed by the new owner with the assessor of the county where the property is located within 60 days of the sale; and

(8) residential real estate, a portion of which is used by the owner for homestead purposes, and that is also a place of lodging, if all of the following criteria are met:

(i) rooms are provided for rent to transient guests that generally stay for periods of 14 or fewer days;

(ii) meals are provided to persons who rent rooms, the cost of which is incorporated in the basic room rate;

(iii) meals are not provided to the general public except for special events on fewer than seven days in the calendar year preceding the year of the assessment; and

(iv) the owner is the operator of the property.

The market value subject to the 4c classification under this clause is limited to five rental units. Any rental units on the property in excess of five, must be valued and assessed as class 3a. The portion of the property used for purposes of a homestead by the owner must be classified as class 1a property under subdivision 22.

Class 4c property has a class rate of 1.5 percent of market value, except that (i) each parcel of seasonal residential recreational property not used for commercial purposes has the same class rates as class 4bb property, (ii) manufactured home parks assessed under clause (5) have the same class rate as class 4b property, (iii) commercial-use seasonal residential recreational property has a class rate of one percent for the first \$500,000 of market value, which includes any market value receiving the one percent rate under subdivision 22, and 1.25 percent for the remaining market value, (iv) the market value of property described in clause (4) has a class rate of one percent, (v) the market value of property described in clauses (2) and (6) has a class rate of 1.25 percent, and (vi) that portion of the market value of property in clause (8) qualifying for class 4c property has a class rate of 1.25 percent.

Subd. 25a. **Elderly assisted living facility property.** "Elderly assisted living facility property" means residential real estate containing more than one unit held for use by the tenants or lessees as a residence for periods of 30 days or more, along with community rooms, lounges, activity rooms, and related facilities, designed to meet the housing, health, and financial security needs of the elderly. The real estate may be owned by an individual, partnership, limited partnership, for-profit corporation or nonprofit corporation exempt from federal income taxation under United States Code, title 26, section 501(c)(3) or related sections.

An admission or initiation fee may be required of tenants. Monthly charges may include charges for the residential unit, meals, housekeeping, utilities, social programs, a health care alert system, or any combination of them. On-site health care may be provided by in-house staff or an outside health care provider.

The assessor shall classify elderly assisted living facility property, depending upon the property's ownership, occupancy, and use. The applicable class rates shall apply based on its classification, if taxable.

Subd. 26. [Repealed, 1987 c 268 art 6 s 53]

Subd. 27. [Repealed, 1987 c 268 art 6 s 53]

Subd. 28. [Repealed, 1987 c 268 art 6 s 53]

Subd. 29. [Repealed, 1987 c 268 art 6 s 53]

Subd. 30. [Repealed, 1988 c 719 art 5 s 81]

Subd. 31. **Class 5.** Class 5 property includes:

(1) unmined iron ore and low-grade iron-bearing formations as defined in section 273.14; and

(2) all other property not otherwise classified.

Class 5 property has a class rate of 2.0 percent of market value.

Subd. 32. [Repealed, 1998 c 389 art 2 s 21]

Subd. 33. **Classification of unimproved property.** (a) All real property that is not improved with a structure must be classified according to its current use.

(b) Real property that is not improved with a structure and for which there is no identifiable current use must be classified according to its highest and best use permitted under the local zoning ordinance. If the ordinance permits more than one use, the land must be classified according to the highest and best use permitted under the ordinance. If no such ordinance exists, the assessor shall consider the most likely

potential use of the unimproved land based upon the use made of surrounding land or land in proximity to the unimproved land.

History: (1993) 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; 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; art 20 s 3; 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; 1979 c 334 art 1 s 25; 1980 c 437 s 5; 1980 c 562 s 1; 1980 c 607 art 2 s 7-15; art 4 s 4; 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; 1983 c 216 art 1 s 43,44; 1983 c 222 s 11-13; 1983 c 342 art 2 s 9-18; art 8 s 1; 1984 c 502 art 3 s 9-14; art 7 s 1,2; 1984 c 522 s 2; 1984 c 593 s 22-28; 1984 c 654 art 5 s 58; 1985 c 248 s 70; 1985 c 300 s 6; 1Sp1985 c 14 art 3 s 5-12; art 4 s 45-56; 1986 c 444; 1Sp1986 c 1 art 4 s 18-21; 1987 c 268 art 5 s 4; art 6 s 18,20-23; 1987 c 291 s 208-209; 1987 c 384 art 1 s 25; 1988 c 719 art 5 s 13-19; 1989 c 277 art 2 s 28,29; 1989 c 304 s 137; 1Sp1989 c 1 art 2 s 1-8,11; 1990 c 480 art 7 s 7; 1990 c 604 art 3 s 16-19; 1991 c 249 s 31; 1991 c 291 art 1 s 20-25; 1992 c 363 art 1 s 12; 1992 c 511 art 2 s 17,18; art 4 s 4,5; 1993 c 224 art 1 s 27; 1993 c 375 art 3 s 16; art 5 s 23-26; 1994 c 416 art 1 s 18,19; 1994 c 483 s 1; 1994 c 587 art 5 s 10,11; 1995 c 264 art 3 s 9,10; 1996 c 471 art 3 s 10-12; 1997 c 231 art 1 s 6-10; art 2 s 20,21; 3Sp1997 c 3 s 28; 1998 c 254 art 1 s 74; 1998 c 389 art 2 s 8-12; 1999 c 243 art 5 s 15-20; 1999 c 248 s 18; 1999 c 249 s 22; 2000 c 490 art 5 s 12,13; 1Sp2001 c 5 art 3 s 32-36; 2002 c 377 art 4 s 16,17; art 10 s 6; 2003 c 127 art 2 s 13,14; art 5 s 17; 2003 c 128 art 3 s 45; 1Sp2003 c 21 art 4 s 4

NOTE: The amendment to subdivision 22, paragraph (b), by Laws 2003, chapter 127, article 2, section 13, is effective for taxes payable in 2005 and thereafter. Laws 2003, chapter 127, article 2, section 13, the effective date.

273.131 [Repealed, 1965 c 45 s 73]

273.1311 [Repealed, 1987 c 268 art 6 s 53]

273.1312 [Repealed, 1987 c 291 s 244]

273.1313 [Repealed, 1987 c 291 s 244]

273.1314 [Repealed, 1983 c 342 art 8 s 10; 1987 c 291 s 244]

273.1315 CERTIFICATION OF 1B PROPERTY.

Any property owner seeking classification and assessment of the owner's homestead as class 1b property pursuant to section 273.13, subdivision 22, paragraph (b), shall file with the commissioner of revenue a 1b homestead declaration, on a form prescribed by the commissioner. The declaration shall contain the following information:

(a) the information necessary to verify that the property owner or the owner's spouse satisfies the requirements of section 273.13, subdivision 22, paragraph (b), for 1b classification; and

(b) any additional information prescribed by the commissioner.

The declaration must be filed on or before October 1 to be effective for property taxes payable during the succeeding calendar year. The declaration and any supplementary information received from the property owner pursuant to this section shall be subject to chapter 270B. If approved by the commissioner, the declaration remains in effect until the property no longer qualifies under section 273.13, subdivision 22, paragraph (b). Failure to notify the commissioner within 30 days that the property no longer qualifies under that paragraph because of a sale, change in occupancy, or change in the status or condition of an occupant shall result in the penalty provided in section 273.124, subdivision 13, computed on the basis of the class 1b benefits for the property, and the property shall lose its current class 1b classification.

The commissioner shall provide to the assessor on or before November 1 a listing of the parcels of property qualifying for 1b classification.

History: 1983 c 342 art 2 s 20; 1984 c 522 s 4; 1Sp1985 c 14 art 4 s 61; 1986 c 444; 1988 c 719 art 5 s 20,82,83; 1990 c 426 art 1 s 36; 2003 c 127 art 2 s 15

NOTE: The amendment to this section by Laws 2003, chapter 127, article 2, section 15, is effective for taxes payable in 2005 and thereafter. Laws 2003, chapter 127, article 2, section 15, the effective date.

273.1316 [Repealed, 2000 c 490 art 5 s 40]

273.1317 [Repealed, 1997 c 231 art 1 s 21]

273.1318 [Repealed, 1997 c 231 art 1 s 21]

273.1319 SINGLE FAMILY HOUSING; NONCOMPLIANCE; MINNEAPOLIS AND ST. PAUL.

(a) If the city determines that a residential rental property classified as class 4bb under section 273.13, subdivision 25, is not in compliance with the city's applicable rental licensing requirements and housing codes, the city shall notify the property owner of the specific items that are not in compliance. The owner has 60 days to correct the noncompliance items identified by the city. If they have not been corrected within the 60-day time period to the satisfaction of the city, the city shall notify the assessor that the property is out of compliance and is no longer eligible for the class 4bb property classification. Notwithstanding any other provision of law, the assessor shall reclassify the property for the current assessment year, for taxes payable in the following year as class 4b property. The assessor shall notify the property owner of the action.

(b) This section applies only to property located in the cities of Minneapolis and St. Paul.

(c) This section is effective for each of the cities of Minneapolis and St. Paul upon compliance with section 645.021, subdivision 3, by the governing body of the city.

History: 1997 c 231 art 1 s 11

273.132 [Repealed, 1988 c 719 art 5 s 81]

273.133 [Repealed, 1Sp1985 c 14 art 4 s 98]

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

(a) For purposes of this section and sections 273.135 and 273.1391, "municipality" means any city, however organized, or town, 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; 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.

"The applicable assessment date" is the date as of which property is listed and assessed for the tax in question.

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

(1) it is a school district 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 whose boundaries are within 20 miles of a taconite mine or plant; or

(2) it is a school district 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; 1994 c 416 art 1 s 20; 1Sp2001 c 5 art 6 s 4; 2003 c 127 art 11 s 1

273.1341 TACONITE ASSISTANCE AREA.

A "taconite assistance area" means the geographic area that falls within the boundaries of a school district that contains:

(1) 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; or

(2) 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: 2003 c 127 art 11 s 2; 1Sp2003 c 21 art 11 s 10

273.135 HOMESTEAD PROPERTY TAX RELIEF.

Subdivision 1. **Reduction in tax; tax relief area.** The property tax to be paid in respect to property taxable within a tax relief area as defined in section 273.134, paragraph (b), on homestead 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. **Reduction amount.** The amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within a municipality as defined under section 273.134, paragraph (a), 66 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in paragraph (c).

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

(c) The maximum reduction of the tax is \$315.10 on property described in paragraph (a) and \$289.80 on property described in paragraph (b).

Subd. 2a. [Repealed, 1Sp1989 c 1 art 3 s 34]

Subd. 3. **Certification to commissioner.** Not later than December 1 of each year, each county auditor having jurisdiction over one or more tax relief areas shall certify to the commissioner of revenue an 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 the county.

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

Subd. 5. **Reduction additional.** For the purposes of this section, the amount of property tax to be paid shall be determined after 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; 1983 c 342 art 2 s 21; 1984 c 502 art 7 s 3-4; 1984 c 593 s 29; 1Sp1985 c 14 art 4 s 62,63; 1986 c 444; 1987 c 268 art 6 s 25; 1988 c 719 art 5 s 22,82,83; 1989 c 277 art 2 s 30; 1Sp1989 c 1 art 2 s 11; art 3 s 11; 1992 c 511 art 4 s 6; 1993 c 375 art 5 s 28; 1998 c 389 art 10 s 2; 1Sp2001 c 5 art 6 s 5,6; 2003 c 127 art 11 s 3,4

273.136 TACONITE PROPERTY TAX RELIEF ACCOUNT; REPLACEMENT OF REVENUE.

Subdivision 1. **Payment from county.** Payment from the county 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. **Reduction amounts submitted to county.** The commissioner of revenue shall determine, not later than April 1 of each year, the amount of reduction resulting from section 273.135 in each county containing a tax relief area as defined by section 273.134, paragraph (b), basing determinations on a review of abstracts of tax lists submitted by the county auditors pursuant to section 275.29. The commissioner may make changes in the abstracts of tax lists as deemed necessary. The commissioner of revenue, after such review, shall submit to the St. Louis County auditor, on or before April 15, the amount of the first half payment payable hereunder and on or before September 15 the amount of the second half payment.

Subd. 3. **Payment times.** The St. Louis County auditor 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 May 15 and the remaining half not later than October 15 of each year.

Subd. 4. **Distribution of funds.** The county treasurer shall distribute as part of the May and October settlements the funds received 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; 1Sp1985 c 14 art 10 s 3-6; 1986 c 444; 1Sp1986 c 1 art 4 s 22; 1Sp2001 c 5 art 6 s 7

273.137 [Repealed, 1991 c 291 art 12 s 35]

273.138 Subdivision 1. [Repealed, 1983 c 342 art 5 s 16]

Subd. 2. [Repealed, 1Sp2003 c 21 art 6 s 17]

Subd. 3. [Repealed, 1Sp2003 c 21 art 6 s 17]

Subd. 4. [Repealed, 1983 c 342 art 5 s 16]

Subd. 5. [Repealed, 1Sp2003 c 21 art 6 s 17]

Subd. 6. [Repealed, 1Sp2003 c 21 art 6 s 17]

Subd. 7. MS 1975 [Repealed, 1977 c 447 art 6 s 13]

Subd. 7. MS 2002 [Repealed, 1Sp2003 c 21 art 6 s 17]

273.1381 [Repealed, 1994 c 587 art 3 s 21 para (b)]

273.1382 [Repealed, 1Sp2001 c 5 art 3 s 96]

273.1383 1997 FLOOD LOSS REPLACEMENT AID.

Subdivision 1. **Flood net tax capacity loss.** In assessment years 1998, 1999, and 2000, the county assessor of each county listed in section 273.124, subdivision 14, paragraph (d), clause (2), shall compute a hypothetical county net tax capacity based upon market values for the current assessment year and the class rates that were in effect for assessment year 1997. The amount, if any, by which the assessment year 1997 total taxable net tax capacity exceeds the hypothetical taxable net tax capacity shall be known as the county's "flood net tax capacity loss" for the current assessment year. The county assessor of each county whose flood net tax capacity loss for the current year exceeds five percent of its assessment year 1997 total taxable net tax capacity shall certify its flood net tax capacity loss to the commissioner of revenue by August 1 of the assessment year.

Subd. 2. **Flood loss aid.** Each year, each county with a flood net tax capacity loss equal to or greater than five percent of its assessment year 1997 total taxable net tax capacity shall be entitled to flood loss aid equal to the flood net tax capacity loss times the county government's average local tax rate for taxes payable in 1998.

Subd. 3. **Duties of commissioner.** The commissioner of revenue shall determine each qualifying county's aid amount. If the sum of the aid amounts for all qualifying counties exceeds the appropriation limit, the commissioner shall proportionately reduce each county's aid amount so that the sum of county aid amounts is equal to the appropriation limit. The commissioner shall notify each county of its flood loss aid amount by August 15 of the assessment year. The commissioner shall make payments to each county on or before July 20 of the taxes payable year corresponding to the assessment year.

Subd. 4. **Appropriation.** An amount necessary to fund the aid amounts under this section is annually appropriated from the general fund to the commissioner of revenue in fiscal years 2000, 2001, and 2002, for calendar years 1999, 2000, and 2001. The maximum amount of the appropriation is limited to \$1,700,000 for fiscal year 2000 and \$1,500,000 per year for fiscal years 2001 and 2002. In addition, the amount of the appropriation under Laws 1997, Second Special Session chapter 2, section 9, that the commissioner determines will not be spent for the programs under that section is available to pay the aid amounts under this section.

History: 1998 c 389 art 3 s 10

273.1384 MARKET VALUE HOMESTEAD CREDITS.

Subdivision 1. **Residential homestead market value credit.** Each county auditor shall determine a homestead credit for each class 1a, 1b, 1c, and 2a homestead property within the county equal to 0.4 percent of the market value of the property. The amount of homestead credit for a homestead may not exceed \$304 and is reduced by .09 percent of the market value in excess of \$76,000. In the case of an agricultural or resort homestead, only the market value of the house, garage, and immediately surrounding one acre of land is eligible in determining the property's homestead credit. In the case of a property which is classified as part homestead and part nonhomestead, the credit shall apply only to the homestead portion of the property.

Subd. 2. **Agricultural homestead market value credit.** Property classified as class 2a agricultural homestead is eligible for an agricultural credit. The credit is equal to 0.3 percent of the first \$115,000 of the property's market value. The credit under this subdivision is limited to \$345 for each homestead. The credit is reduced by .05 percent of the market value in excess of \$115,000, subject to a maximum reduction of \$115.

Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions allowed under this section within the county for each taxes payable year and shall certify that amount to the commissioner of revenue as a part of the abstracts of tax lists submitted by the county auditors under section 275.29. Any prior year adjustments shall also be certified on the abstracts of tax lists. The commissioner shall review the certifications for accuracy, and may make such changes as are deemed necessary, or return the certification to the county auditor for correction. The credits under this section must be used to proportionately reduce the net tax capacity-based property tax payable to each local taxing jurisdiction as provided in section 273.1393.

Subd. 4. **Payment.** (a) The commissioner of revenue shall reimburse each local taxing jurisdiction, other than school districts, for the tax reductions granted under this section in two equal installments on October 31 and December 26 of the taxes payable year for which the reductions are granted, including in each payment the prior year adjustments certified on the abstracts for that taxes payable year. The reimbursements related to tax increments shall be issued in one installment each year on December 26.

(b) The commissioner of revenue shall certify the total of the tax reductions granted under this section for each taxes payable year within each school district to the commissioner of the Department of Education and the commissioner of education shall pay the reimbursement amounts to each school district as provided in section 273.1392.

Subd. 5. **Appropriation.** An amount sufficient to make the payments required by this section to taxing jurisdictions other than school districts is annually appropriated from the general fund to the commissioner of revenue. An amount sufficient to make

the payments required by this section for school districts is annually appropriated from the general fund to the commissioner of education.

History: *1Sp2001 c 5 art 3 s 37; 2002 c 377 art 4 s 18,19; 2003 c 130 s 12*

273.1385 AID FOR PUBLIC EMPLOYEES RETIREMENT ASSOCIATION EMPLOYER CONTRIBUTION RATE INCREASE.

Subdivision 1. **Aid to offset rate increase.** Beginning with the December 26, 1997, payment, and according to the schedule for payment of local aid under section 477A.015 thereafter, the commissioner of revenue shall pay to each city, county, town, and other nonschool jurisdiction an amount equal to 0.35 percent of the fiscal year 1997 payroll for employees who were members of the general plan of the Public Employees Retirement Association. Except for the December 1997 distribution under this section, the amount of aid must be certified before September 1 of the year preceding the distribution year to the affected local government. The executive director of the Public Employees Retirement Association shall certify the general plan fiscal year covered payroll and other information requested by the commissioner of revenue, on or before August 1, 1997, and in subsequent years where necessary, in order to facilitate administration of this section. The amount necessary to make these aid payments is appropriated annually from the general fund to the commissioner of revenue. Expenditures under this section are estimated to be \$7,942,500 in fiscal year 1998, and \$15,885,000 in each subsequent fiscal year, less any future reductions under subdivision 2.

Subd. 2. **Limit on aid and potential future permanent aid reductions.** (a) The aid amount received by any jurisdiction in fiscal year 2000 or any year thereafter may not exceed the amount it received in fiscal year 1999. The commissioner may, from time to time, request the most recent fiscal year payroll information by jurisdiction to be certified by the executive director of the Public Employees Retirement Association. For any jurisdiction where newly certified public employees retirement association general plan payroll is significantly lower than the fiscal 1997 amount, as determined by the commissioner, the commissioner shall recalculate the aid amount based on the most recent fiscal year payroll information, certify the recalculated aid amount for the next distribution year, and permanently reduce the aid amount to that jurisdiction.

(b) Aid to a jurisdiction must not be reduced under this section due to a transfer of an employee from the general plan of the Public Employees Retirement Association to the local government correctional service plan administered by the Public Employees Retirement Association. The executive director of the Public Employees Retirement Association must provide the commissioner of revenue with any information requested by the commissioner to administer this paragraph.

Subd. 3. **Effect of reorganizations.** The commissioner of revenue may adjust the aid amounts for separate jurisdictions to account for significant changes in boundaries or in the form of government, as determined by the commissioner. If a local government function and the associated Public Employees Retirement Association general plan payroll is assumed by either the state, or a nonpublic organization, the aid amounts attributable to the function under this section must terminate.

Subd. 4. **Aid termination.** The aid provided under this section terminates on June 30, 2020.

History: *1997 c 233 art 1 s 15; 1999 c 222 art 2 s 3*

273.1386 2002 FLOOD LOSS; CITY REPLACEMENT AID.

Subdivision 1. **Flood net tax capacity loss.** The county assessor of each qualified county shall compute a hypothetical city taxable net tax capacity for each city in the county based upon market values for assessment year 2003 and the class rates that were in effect for assessment year 2002. The amount, if any, by which the assessment year 2002 total taxable net tax capacity of the city exceeds the hypothetical taxable net tax capacity of the city is the city's "flood net tax capacity loss." A county assessor of a qualified county that contains a city that has a flood net tax capacity loss that exceeds

five percent of its assessment year 2002 total taxable net tax capacity shall certify the city's flood net tax capacity loss to the commissioner of revenue by August 1, 2003.

As used in this section, a "qualified county" is a county located within the area included in DR-1419.

Subd. 2. **Flood loss aid.** In 2004, each city with a flood net tax capacity loss equal to or greater than five percent of its assessment year 2002 total taxable net tax capacity shall be entitled to flood loss aid equal to the flood net tax capacity loss times the city's average local tax rate for taxes payable in 2003.

Subd. 3. **Duties of commissioner.** The commissioner of revenue shall determine each city's aid amount under this section. The commissioner shall notify each eligible city of its flood loss aid amount by August 15, 2003. The commissioner shall make payments to each city after July 1, and before July 20, 2004.

Subd. 4. **Optional city expenditure.** A city that receives aid under this section may choose to expend a portion of the aid received for repair of county roads located within the city.

Subd. 5. **Appropriation.** The amount necessary to pay the aid amounts under this section in fiscal year 2005, for calendar year 2004, is appropriated to the commissioner of revenue from the general fund.

Subd. 6. **Local government aid appropriation reduction.** The appropriation under section 477A.03, subdivision 2, paragraph (d), for fiscal year 2005 is reduced by the amount appropriated under subdivision 5. The appropriation under section 477A.03, subdivision 3, paragraph (d), for fiscal year 2006 must be based on the appropriation under that paragraph in the previous year before the reduction under this subdivision.

History: *1Sp2002 c 1 s 15*

273.139 [Repealed, 1983 c 342 art 5 s 16]

273.1391 SUPPLEMENTARY HOMESTEAD PROPERTY TAX RELIEF.

Subdivision 1. **Homestead property tax reduction; tax relief area.** The property tax to be paid in respect to property taxable within a tax relief area described in subdivision 2 on homestead 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. **Reduction amount.** 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, paragraph (b), 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, paragraph (b), lies within such county, 57 percent of the tax on qualified property located in the school district that does not meet the qualifications of section 273.134, paragraph (b), provided that the amount of said reduction shall not exceed the maximum amounts specified in paragraph (d). The reduction provided by this paragraph 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, paragraph (b), 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 municipality as defined in section 273.134, paragraph (a), 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 municipality as defined in section 273.134, paragraph (a), 57 percent of the tax, but not to exceed the maximums specified in paragraph (d).

(c) In the case of property located within the boundaries of a municipality that meets the qualifications in section 273.134, paragraph (a), but not the qualifications of

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a tax relief area in section 273.134, paragraph (b), 66 percent of the tax, provided that the reduction shall not exceed \$315.10. In the case of property located within the boundaries of a school district which qualifies as a taconite assistance area under section 273.1341, but does not qualify as a tax relief area under section 273.134, paragraph (b), but which is outside the boundaries of a municipality which meets the qualifications of the preceding sentence, 57 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in paragraph (d).

(d) Except as otherwise provided in this section, the maximum reduction of the tax is \$289.80.

Subd. 2a. [Repealed, 1Sp1989 c 1 art 3 s 34]

Subd. 3. **Certification; payment by commissioner.** Not later than December 1, each county auditor having jurisdiction over one or more tax relief areas defined in subdivision 2 shall certify to the commissioner of revenue an 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 the auditor's county. The commissioner shall make payments to the county at the times provided in section 477A.015. The county treasurer shall distribute as part of the May and October settlements the funds received from the commissioner.

Subd. 4. **Additional reduction.** For the purposes of this section, the amount of property tax to be paid shall be determined after 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. **Appropriation.** 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; 1983 c 342 art 2 s 22; 1984 c 502 art 7 s 5,6; 1984 c 593 s 31; 1Sp1985 c 14 art 4 s 64,65; 1986 c 444; 1Sp1986 c 1 art 4 s 23; 1987 c 268 art 6 s 26; 1988 c 719 art 5 s 23,82,83; 1989 c 277 art 2 s 31; 1Sp1989 c 1 art 2 s 11; art 3 s 12; 1990 c 480 art 7 s 8; 1992 c 511 art 4 s 7; 1998 c 389 art 10 s 3; 1Sp2001 c 5 art 6 s 8,9; 2003 c 127 art 11 s 5

273.1392 PAYMENT; SCHOOL DISTRICTS.

The amounts of conservation tax credits under section 273.119; disaster or emergency reimbursement under section 273.123; homestead and agricultural credits under section 273.1384; aids and credits under section 273.1398; wetlands reimbursement under section 275.295; enterprise zone property credit payments under section 469.171; and metropolitan agricultural preserve reduction under section 473H.10 for school districts, shall be certified to the Department of Education by the Department of Revenue. The amounts so certified shall be paid according to section 127A.45, subdivisions 9 and 13.

History: 1982 c 641 art 2 s 12; 1983 c 342 art 7 s 5; 1Sp1985 c 14 art 4 s 66; 1987 c 268 art 5 s 6; art 6 s 27; 1988 c 719 art 5 s 24; 1Sp1989 c 1 art 3 s 13; art 9 s 25; 1991 c 199 art 2 s 19; 1Sp1993 c 1 art 2 s 4; 1Sp1995 c 3 art 16 s 13; 1997 c 31 art 3 s 6; 1998 c 397 art 11 s 3; 1Sp2001 c 5 art 3 s 38; 2002 c 377 art 10 s 7; 2003 c 130 s 12; 2004 c 228 art 3 s 5

273.1393 COMPUTATION OF NET PROPERTY TAXES.

Notwithstanding any other provisions to the contrary, "net" property taxes are determined by subtracting the credits in the order listed from the gross tax:

- (1) disaster credit as provided in section 273.123;
- (2) powerline credit as provided in section 273.42;
- (3) agricultural preserves credit as provided in section 473H.10;
- (4) enterprise zone credit as provided in section 469.171;
- (5) disparity reduction credit;
- (6) conservation tax credit as provided in section 273.119;

(7) homestead and agricultural credits as provided in section 273.1384;

(8) taconite homestead credit as provided in section 273.135; and

(9) supplemental homestead credit as provided in section 273.1391.

The combination of all property tax credits must not exceed the gross tax amount.

History: 1985 c 300 s 8; 1Sp1985 c 14 art 4 s 67; 1987 c 268 art 5 s 7; art 6 s 28; 1987 c 291 s 210; 1988 c 719 art 5 s 25; 1989 c 277 art 2 s 32; 1997 c 231 art 1 s 13; 1Sp2001 c 5 art 3 s 39

273.1394 [Repealed, 1988 c 719 art 5 s 81]

273.1395 [Repealed, 1988 c 719 art 5 s 81]

273.1396 [Repealed, 1988 c 719 art 5 s 81]

273.1397 [Repealed, 1988 c 719 art 5 s 81]

273.1398 DISPARITY REDUCTION AID AND CREDIT; AIDS FOR COURT COSTS.

Subdivision 1. **Definitions.** (a) In this section, the terms defined in this subdivision have the meanings given them.

(b) "Unique taxing jurisdiction" means the geographic area subject to the same set of local tax rates.

(c) For purposes of calculating and allocating disparity reduction aid authorized in subdivision 3, "gross taxes levied on all properties," "gross taxes," or "taxes levied" means the total net tax capacity based taxes levied on all properties except that levied on the captured value of tax increment districts as defined in section 469.177, subdivision 2, and that levied on the portion of commercial industrial properties' assessed value or gross tax capacity, as defined in section 473F.02, subdivision 3, subject to the areawide tax as provided in section 473F.08, subdivision 6, in a unique taxing jurisdiction. "Gross taxes" are before any reduction for disparity reduction aid but "taxes levied" are after any reduction for disparity reduction aid. Gross taxes levied or taxes levied cannot be less than zero.

Subd. 1a. [Repealed, 2004 c 228 art 3 s 18]

Subd. 2. [Repealed, 1Sp2003 c 21 art 6 s 17]

Subd. 2a. [Repealed, 1994 c 416 art 1 s 65]

Subd. 2b. [Repealed, 1990 c 604 art 4 s 21]

Subd. 2c. [Repealed, 1Sp2003 c 21 art 6 s 17]

Subd. 2d. **Aids determined as of June 30.** For aid amounts authorized under subdivision 3: (i) if the effective date for a municipal incorporation, consolidation, annexation, detachment, dissolution, or township organization is on or before June 30 of the year preceding the aid distribution year, the change in boundaries or form of government shall be recognized for aid determinations for the aid distribution year; (ii) if the effective date for a municipal incorporation, consolidation, annexation, detachment, dissolution, or township organization is after June 30 of the year preceding the aid distribution year, the change in boundaries or form of government shall not be recognized for aid determinations until the following year.

Subd. 2e. [Repealed, 2004 c 228 art 3 s 18]

Subd. 3. **Disparity reduction aid.** For taxes payable in 2003 and subsequent years, the amount of disparity aid certified for each taxing district within each unique taxing jurisdiction for taxes payable in the prior year shall be multiplied by the ratio of (1) the jurisdiction's tax capacity using the class rates for taxes payable in the year for which aid is being computed, to (2) its tax capacity using the class rates for taxes payable in the year prior to that for which aid is being computed, both based upon market values for taxes payable in the year prior to that for which aid is being computed. For the purposes of this aid determination, disparity reduction aid certified for taxes payable in the prior year for a taxing entity other than a town or school district is deemed to be county government disparity reduction aid. The amount of disparity aid certified to

each taxing jurisdiction shall be reduced by any reductions required in the current year or permanent reductions required in previous years under section 477A.0132.

Subd. 3a. **Disparity reduction aid to cities.** Notwithstanding the provisions of subdivision 3 or section 275.08, subdivision 1d, the amount of disparity reduction aid for a city for aid payable in calendar year 1994 and thereafter is zero, and the local tax rate for taxes payable in 1994 and thereafter for a city shall not be adjusted under section 275.08, subdivision 1d. For purposes of this subdivision, city means a statutory or home rule charter city.

Subd. 4. **Disparity reduction credit.** (a) Beginning with taxes payable in 1989, class 4a, class 3a, and class 3b property qualifies for a disparity reduction credit if: (1) the property is located in a border city that has an enterprise zone designated pursuant to section 469.168, subdivision 4; (2) the property is located in a city with a population greater than 2,500 and less than 35,000 according to the 1980 decennial census; (3) the city is adjacent to a city in another state or immediately adjacent to a city adjacent to a city in another state; and (4) the adjacent city in the other state has a population of greater than 5,000 and less than 75,000.

(b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a property to 2.3 percent of the property's market value and (ii) the tax on class 3a and class 3b property to 2.3 percent of market value.

(c) The county auditor shall annually certify the costs of the credits to the Department of Revenue. The department shall reimburse local governments for the property taxes foregone as the result of the credits in proportion to their total levies.

Subd. 4a. **Temporary aid for court costs.** (a) In calendar years 2004 and 2005, the commissioner of revenue shall pay the amounts determined in paragraph (d) to the eligible counties on the dates specified in subdivision 6. By July 15, 2003, the Supreme Court shall determine and certify to the commissioner of revenue for each county the county's share of the costs to be assumed in the judicial districts specified under section 480.183, subdivision 1, during each of the succeeding fiscal years.

(b) The amount certified in paragraph (a) shall be equal to the following:

(1) 103 percent of the required court administration expenditures as defined under section 480.183, subdivision 3, for calendar year 2003, as determined under subdivision 4b, paragraph (a); plus

(2) an adjustment for any cumulative percentage increase in salary expenditures as defined under section 480.183, subdivision 2, in excess of a maintenance of effort increase of six percent; less

(3) an amount equal to the county's share of transferred fines collected by the district courts in the county during 2002, increased by two percent for counties in Districts One and Three, and by 4.04 percent for counties in Districts Six and Ten.

The court and the county may, if both parties agree, negotiate and certify an amount higher than the amount calculated under this paragraph.

(c) For purposes of this subdivision, the adjustment in paragraph (b), clause (2), shall be equal to:

(1) the sum of the court administration expenditures as defined under section 480.183, subdivision 3, required under subdivision 4b, paragraph (a), plus the temporary aid payment under subdivision 4c; multiplied by

(2) the difference between (i) the cumulative percentage increase in actual and anticipated salary settlements for court employees from July 1, 2001, until the date of the court transfer and (ii) the percentage specified in subdivision 4b, paragraph (a).

(d) For calendar year 2004, each county in Judicial Districts One and Three shall receive an amount equal to 25 percent of the amount certified under paragraph (b), and each county in Judicial Districts Six and Ten shall receive an amount equal to the amount certified under paragraph (b). For calendar year 2005, each county in Judicial Districts Six and Ten shall receive an amount equal to 25 percent of the amount certified under paragraph (b), and each county in Judicial Districts One and Three receives zero.

Subd. 4b. **Court expenditures; maintenance of effort.** (a) Until the costs of court administration as defined under section 480.183, subdivision 3, in a county have been transferred to the state, each county in a judicial district transferring court administration costs to state funding after July 1, 2001, shall budget for the funding of these costs an amount at least equal to the certified budget amount for calendar year 2001, increased by six percent for each year from 2001 to 2003 and by eight percent from 2004 to the year of the transfer. The county shall budget, fund, and authorize expenditures not less than the amount calculated under this paragraph.

(b) By July 15, 2001, the court shall certify to each county in the judicial district its cost of court administration as defined under section 480.183, subdivision 3, based on 2001 budgets. In making that determination, the court shall exclude the budget costs of the county for the following categories:

- (1) rent;
- (2) examiner of titles;
- (3) civil court appointed attorneys for civil matters;
- (4) hospitalization costs; and
- (5) cost of maintaining vital statistics.

The amount of funding provided by a county for courts that is increased by the maintenance of effort requirement may not be used by a county to pay the costs described in clauses (1) to (5).

Subd. 4c. **Temporary aid; court administration costs.** For calendar years 2004 and 2005, each county in a judicial district that has not been transferred to the state by January 1 of that year shall receive temporary court maintenance of effort cost aid. The amount of aid is equal to the difference between (1) the amount budgeted for court administration costs in 2001 as determined under subdivision 4b, paragraph (b), multiplied by the maintenance of effort percent for the calendar year as determined under subdivision 4b, paragraph (a), and (2) the amount calculated under subdivision 4b, paragraph (a), for calendar year 2003, except that the payment under this section is reduced by 50 percent in the calendar year in which the district is transferred to the state. This additional aid must be used only to fund court administration expenditures as defined in section 480.183, subdivision 3. This amount must be added to the state court's base budget in the year when the court in that judicial district in which the county is located is transferred to the state.

Subd. 4d. [Repealed, 1Sp2003 c 21 art 6 s 17]

Subd. 5. [Repealed, 1993 c 375 art 4 s 21]

Subd. 5a. [Repealed, 1Sp1993 c 1 art 2 s 7]

Subd. 5b. [Repealed, 1996 c 471 art 3 s 55]

Subd. 5c. [Repealed, 1Sp1993 c 1 art 2 s 7]

Subd. 6. **Payment.** The commissioner shall certify the aids provided in subdivision 3 before September 1 of the year preceding the distribution year to the county auditor of the affected local government. The aids provided in subdivisions 3, 4a, and 4c must be paid to local governments other than school districts at the times provided in section 477A.015 for payment of local government aid to taxing jurisdictions, except that the first one-half payment of disparity reduction aid provided in subdivision 3 must be paid on or before August 31. The disparity reduction credit provided in subdivision 4 must be paid to taxing jurisdictions other than school districts at the time provided in section 473H.10, subdivision 3. Aids and credit reimbursements to school districts must be certified to the commissioner of education and paid under section 273.1392. Payment shall not be made to any taxing jurisdiction that has ceased to levy a property tax.

Subd. 7. [Repealed, 1994 c 587 art 3 s 21 para (b)]

Subd. 8. **Appropriation.** An amount sufficient to pay the aids and credits provided under this section for school districts, intermediate school districts, or any group of school districts levying as a single taxing entity, is annually appropriated from the general fund to the commissioner of education. An amount sufficient to pay the aids and credits provided under this section for counties, cities, towns, and special taxing

districts is annually appropriated from the general fund to the commissioner of revenue. A jurisdiction's aid amount may be increased or decreased based on any prior year adjustments for homestead credit or other property tax credit or aid programs.

History: 1988 c 719 art 5 s 26,84; 1989 c 277 art 2 s 33-36; 1989 c 329 art 6 s 47; 1Sp1989 c 1; art 2 s 11; art 3 s 14-21,33; art 6 s 8; 1990 c 480 art 7 s 9-13; 1990 c 604 art 3 s 20; art 4 s 2-4; 1991 c 130 s 37; 1991 c 199 art 1 s 62; 1991 c 291 art 3 s 1-4; art 12 s 10; 1991 c 292 art 7 s 22; 1992 c 499 art 12 s 29; 1992 c 511 art 1 s 8,9; art 3 s 1; art 4 s 8,27; 1993 c 224 art 1 s 28,29; art 14 s 16; 1993 c 375 art 3 s 18-20; art 4 s 3-5; 1Sp1993 c 1 art 2 s 5; 1994 c 416 art 1 s 21,22; 1994 c 587 art 3 s 8; 1995 c 264 art 3 s 11; art 16 s 10; 1Sp1995 c 3 art 16 s 13; 1996 c 471 art 3 s 13-15; art 11 s 1; 1997 c 7 art 1 s 109,110; 1997 c 31 art 3 s 7; 1997 c 231 art 11 s 6; 1998 c 254 art 1 s 75; 1998 c 389 art 2 s 15-17; 1998 c 397 art 11 s 3; 1999 c 243 art 5 s 22,23; art 11 s 2,3; 2000 c 260 s 43; 2000 c 490 art 6 s 3; 1Sp2001 c 5 art 3 s 40; art 5 s 5-8; 2002 c 377 art 4 s 20,21; art 6 s 3,4; art 10 s 8; 2003 c 127 art 5 s 18,19; 2003 c 130 s 12; 1Sp2003 c 21 art 6 s 1-4; 2004 c 228 art 1 s 76 subd 7; art 3 s 6-9

NOTE: The amendment to subdivision 4a by Laws 2003, First Special Session chapter 21, article 6, section 1, is effective for aid payable in 2004 and 2005. Laws 2003, First Special Session chapter 21, article 6, section 1, the effective date.

NOTE: The amendment to subdivision 4c by Laws 2003, First Special Session chapter 21, article 6, section 2, is effective for aid payable in 2004 and 2005 for counties in Judicial Districts One, Three, Six, and Ten. Laws 2003, First Special Session chapter 21, article 6, section 2, the effective date.

273.1399 [Repealed, 1Sp2001 c 5 art 3 s 96; art 15 s 41]

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: (1993-2) 1937 c 364 s 1

273.15 [Repealed, 1Sp1985 c 14 art 4 s 98]

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 provided. 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 the deposit under the provisions of sections 273.14 to 273.16. The taxpayer shall furnish any available data and information concerning the operation of the deposit as the commissioner of revenue requires. The commissioner shall, upon receipt of it, submit the 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. Based on all engineering data and information furnished, it shall file a written report with the commissioner of revenue, who, after hearing, shall approve or disapprove the report. If a classification is made covering the deposit and property, the commissioner of revenue shall give appropriate notice of it to the taxing districts affected by it. If the commissioner of revenue disapproves of the classification, the commissioner's findings and order on it may be reviewed by the Court of Appeals on petition of the party aggrieved presented to the court within 30 days after the date of the order. The 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: (1993-4) 1937 c 364 s 3; 1973 c 582 s 3; 1983 c 247 s 119; 1986 c 444

273.165 TAXATION OF SEPARATE MINERAL INTERESTS AND UNMINED IRON ORE.

Subdivision 1. **Mineral interest.** "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, are taxed as provided in this subdivision unless specifically excluded by this subdivision. A tax of 40 cents per acre or portion of an acre of mineral interest is imposed and is 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 40 cents, computed to the nearest cent. However, the minimum annual tax on any mineral interest is \$3.20. No such tax on mineral interests is imposed on the following: (1) mineral interests valued and taxed under other laws relating to the taxation of minerals, gas, coal, oil, or other similar interests; or (2) mineral interests which are exempt from taxation pursuant to constitutional or related statutory provisions. Taxes received under this subdivision must be apportioned to the taxing districts included in the area taxed in the same proportion as the surface interest local tax rate of a taxing district bears to the total local tax 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 does 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. Twenty percent of the revenues received from the tax imposed by this subdivision must be distributed under the provisions of section 116J.64.

Subd. 2. **Iron ore.** Unmined iron ore included in class 5, paragraph (b), must be assessed with and as a part of the real estate in which it is located, but its net tax capacity would be as established in section 273.13, subdivision 31. The real estate in which iron ore is located, other than the ore, must be classified and assessed in accordance with the provisions of the appropriate classes. In assessing any tract or lot of real estate in which iron ore is known to exist, the assessable net tax capacity of the

ore exclusive of the land in which it is located, and the assessable net tax capacity of the land exclusive of the ore must be determined and set down separately and the aggregate of the two must be assessed against the tract or lot.

History: *1Sp1985 c 14 art 4 s 68; 1987 c 268 art 6 s 32; 1988 c 719 art 5 s 27,84; 1989 c 329 art 13 s 20; 1Sp1989 c 1 art 2 s 11; 1994 c 587 art 5 s 12*

273.1651 TAXATION AND FORFEITURE OF STOCKPILED METALLIC MINERALS MATERIAL.

Subdivision 1. **Definition.** "Stockpiled metallic minerals material" for purposes of this section, means surface overburden, rock, lean ore, tailings, or other material that has been removed from the ground and deposited elsewhere on the surface in the process of iron ore, taconite, or other metallic minerals mining, or in the process of beneficiation. Stockpiled metallic minerals material does not include processed metallic minerals concentrates in the form of pellets, chips, briquettes, fines, or other form which have been prepared for or are in the process of shipment.

Subd. 2. **Purpose.** The purpose of this section is to clarify the ownership of stockpiled metallic minerals material in this state. Depending on the intent of the person who extracted the material from the ground, stockpiled metallic minerals material may or may not be owned separately and apart from the fee title to the surface of the real property. The legislature finds that the uncertainty of ownership of stockpiled metallic minerals material located on real property that becomes tax forfeited has created a burden on the public owner of the surface of the real property and an impediment to productive management or use of a public resource.

Subd. 3. **Taxation and forfeiture.** From and after July 1, 1997, for purposes of taxation, the definition of "real property," as contained in section 272.03, subdivision 1, includes stockpiled metallic minerals material. Nothing in this subdivision shall be construed to subject stockpiled metallic minerals material to the general property tax when the stockpiled metallic minerals material is exempt from the general property tax pursuant to section 298.015 or 298.25. If the surface of the real property forfeits for delinquent taxes, stockpiled metallic minerals material located on the real property forfeits with the surface of the property.

Subd. 4. **Prior forfeiture.** Stockpiled metallic minerals material located on real property that forfeited prior to July 1, 1997, or forfeits due to a judgment for delinquent taxes issued prior to July 1, 1997, shall be assessed and taxed as real property. The tax applies only to stockpiled metallic minerals material located on real property that remains in the ownership of the state or a political subdivision of the state. The tax shall be based on the market value of the rental of the property for storage of stockpiled metallic minerals material.

Subd. 5. **Exceptions; tax laws.** (a) The tax imposed pursuant to this section shall not be imposed on the following:

- (1) stockpiled metallic minerals material valued and taxed under other laws relating to the taxation of minerals, gas, coal, oil, or other similar interests;
- (2) stockpiled metallic minerals material that is exempt from taxation pursuant to constitutional or related statutory provisions; or
- (3) stockpiled metallic minerals material that is owned by the state.

(b) All laws for the enforcement of taxes on real property shall apply to the tax imposed pursuant to this section on stockpiled metallic minerals material.

Subd. 6. **Fee owner.** For purposes of section 276.041, the owner of stockpiled metallic minerals material is a fee owner.

History: *1997 c 231 art 8 s 4*

273.166 [Repealed, 1Sp2003 c 21 art 6 s 17]

273.17 ASSESSMENT OF REAL PROPERTY.

Subdivision 1. **Property additions; classification changes.** 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. The assessor shall make return thereof to the county auditor, with a 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 net tax capacity upon the tax lists, caused by a change in classification, and shall calculate the taxes for such year on such changed net tax capacity. 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. **Record of changes.** 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 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 net tax capacities and the new market values and net tax capacities, 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 net tax capacity 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." Such records on file in the county auditor's office may be destroyed when they are more than ten years old pursuant to the conditions for destruction of government records contained in sections 138.161 to 138.25.

History: (1994) *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; 1986 c 444; 1988 c 719 art 5 s 84; 1989 c 329 art 13 s 20; 1995 c 264 art 16 s 11*

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

(a) 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.

(b) For purposes of the apportionment of fire state aid under section 69.021, subdivision 7, the county auditor shall include on the abstract of assessment of exempt real property filed under this section, the total number of acres of all natural resources lands for which in lieu payments are made under sections 477A.11 to 477A.14. The assessor shall estimate its market value, provided that if the assessor is not able to

estimate the market value of the land on a per parcel basis, the assessor shall furnish the commissioner of revenue with an estimate of the average value per acre of this land within the county.

History: (1995) *RL s 812; 1925 c 211 s 1; 1997 c 231 art 2 s 22*

273.19 LESSEES AND EQUITABLE OWNERS.

Subdivision 1. Tax-exempt property; lease. Except as provided in subdivision 3 or 4, tax-exempt property held under a lease for a term of at least one year, and not taxable under section 272.01, subdivision 2, or under a contract for the purchase thereof, shall be considered, for all purposes of taxation, as the property of the person holding it. In this subdivision, "tax-exempt property" means property owned by the United States, the state, a school, or any religious, scientific, or benevolent society or institution, incorporated or unincorporated, or any corporation whose property is not taxed in the same manner as other property. This subdivision does not apply to property exempt from taxation under section 272.01, subdivision 2, paragraph (b), clauses (2), (3), and (4).

Subd. 1a. Lease described. For purposes of this section, a lease includes any agreement permitting a nonexempt person or entity to use the property, regardless of whether the agreement is characterized as a lease. A lease has a "term of at least one year" if the term is for a period of less than one year and the lease permits the parties to renew the lease without requiring that similar terms for leasing the property will be offered to other applicants or bidders through a competitive bidding or other form of offer to potential lessees or users.

Subd. 2. Seaway port authority property; exception. 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. Property located within a federal reservation. The net tax capacity of property held under a lease for a term of at least one year 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 located within a national park. Property held under a lease for a term of at least one year 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 at least one year 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 38, 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.

Subd. 5. Property used for production of hydro power. Notwithstanding the provisions of subdivision 4, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power and leased from the state or a local governmental unit pursuant to section 103G.535 may be exempt from taxation or payments in lieu of taxes.

The exemption from taxation or payments in lieu of taxes provided by this subdivision does not apply to hydroelectric or hydromechanical facilities operated at any time between January 1, 1980 and January 1, 1984.

History: (1996) *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; 1984 c 502 art 3 s 15; 1985 c 300 s 9; 1987 c 268 art 8 s 4-7; 1988 c 719 art 5 s 84; 1989 c 239 s 2; 1989 c 329 art 13 s 20; 1990 c 391 art 8 s 34*

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 duties, enter any dwelling-house, building, or structure, and view the same and the property therein.

Any officer authorized by law to assess property for ad valorem tax purposes shall have reasonable access to land and structures as necessary for the proper performance of their duties. A property owner may refuse to allow an assessor to inspect their property. This refusal by the property owner must be either verbal or expressly stated in a letter to the county assessor. If the assessor is denied access to view a property, the assessor is authorized to estimate the property's estimated market value by making assumptions believed appropriate concerning the property's finish and condition.

History: (1997) *RL s 814*; 1986 *c 444*; 1999 *c 243 art 5 s 24*

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 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: (1998) *RL s 815*; 1975 *c 339 s 8*; 1986 *c 444*

273.22 [Repealed, 1994 *c 416 art 1 s 65*]

273.23 [Repealed, 1983 *c 222 s 45*]

273.24 [Repealed, 1983 *c 222 s 45*]

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 the assessor, a verified statement of all personal property owned on January 2 of the current year. The person shall also make separate statements in like manner of all personal property possessed or controlled by the person and required by this chapter to be listed 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 the 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: (2002) *RL s 819*; 1969 *c 709 s 6*; 1986 *c 444*

273.26 PERSONAL PROPERTY; 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: (2003) *RL s 820*

273.27 [Repealed, 1984 *c 593 s 46*]

273.28 [Repealed, 1983 *c 222 s 45*]

273.29 [Repealed, 1983 *c 222 s 45*]

273.30 [Repealed, 1983 *c 222 s 45*]

273.31 [Repealed, 1983 *c 222 s 45*]

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: (2008) *RL s 825*

273.33 EXPRESS, STAGE AND TRANSPORTATION COMPANIES; PIPE LINES.

Subdivision 1. **Listing and assessment in county.** The personal property of express, stage and transportation companies, and of pipeline companies engaged in the business of transporting natural gas, gasoline, crude oil, 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. **Listing and assessment by commissioner.** 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, crude oil, or other petroleum products by pipelines, 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 pipelines nor to the lines of local commercial gas companies engaged primarily in the business of distributing gas to consumers at retail nor to pipelines 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. If more than 85 percent of the natural gas or other petroleum products actually transported over the pipeline is used for the owner's own consumption and not for resale to others, then this subdivision shall not apply; provided, however, that in that event, the pipeline shall be assessed in proportion to the percentage of gas actually transported over such pipeline that is not used for the owner's own consumption. On or before June 30, 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: (2009) *RL s 826; 1943 c 604 s 1; 1949 c 547 s 1; 1973 c 582 s 3; 1985 c 300 s 10,11; 1987 c 268 art 7 s 35; 1Sp1989 c 1 art 9 s 26; 1993 c 375 art 5 s 29*

273.34 [Repealed, 1983 c 222 s 45]

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

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

273.37 COMPANIES SUPPLYING ELECTRIC POWER.

Subdivision 1. **Listing and assessment where situated.** 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. Listing and assessment by commissioner. 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 June 30, 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.

Subd. 3. Taxable wind energy conversion systems. Taxable wind energy conversion systems, as defined in section 216C.06, subdivision 19, which are not owned, operated, and exclusively controlled by the owner of the land upon which the system is situated, must be listed and assessed by the commissioner of revenue as personal property in the name of the owner of the system in the taxing district where it is situated.

History: (2012-1) 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; 1987 c 268 art 6 s 33; art 7 s 36; 1988 c 719 art 5 s 28; 1Sp1989 c 1 art 9 s 27; 1995 c 264 art 3 s 12; 2000 c 490 art 5 s 15

273.371 REPORTS OF UTILITY COMPANIES.

Subdivision 1. Report required. Every electric light, power, gas, water, express, stage, and transportation company and pipeline doing business in Minnesota shall annually file with the commissioner on or before March 31 a report under oath setting forth the information prescribed by the commissioner to enable the commissioner to make valuations, recommended valuations, and equalization required under sections 273.33, 273.35, 273.36, and 273.37. If all the required information is not available on March 31, the company or pipeline shall file the information that is available on or before March 31, and the balance of the information as soon as it becomes available.

Subd. 2. Extension. The commissioner for good cause may extend the time for filing the report required by subdivision 1. The extension may not exceed 15 days.

History: 1Sp1989 c 1 art 9 s 28; 1990 c 604 art 3 s 21

273.372 PROCEEDINGS AND APPEALS; UTILITY OR RAILROAD VALUATIONS.

An appeal by a utility or railroad company concerning the exemption, valuation, or classification of property for which the commissioner of revenue has provided the city or county assessor with valuations by order, or for which the commissioner has recommended values to the city or county assessor, must be brought against the commissioner in Tax Court or in district court of the county where the property is located, and not against the county or taxing district where the property is located. If the appeal to court is from an order of the commissioner, it must be brought under chapter 271. If the appeal is from the exemption, valuation, classification, or tax that results from implementation of the commissioner's order or recommendation, it must be brought under chapter 278, and the provisions in that chapter apply, except that service shall be on the commissioner only and not on the county officials specified in section 278.01, subdivision 1. This provision applies to the property described in sections 273.33, 273.35, 273.36, and 273.37, but only if the appealed values have remained unchanged from those provided to the city or county by the commissioner. If the exemption, valuation, or classification being appealed has been changed by the city or county, then the action must be brought under chapter 278 in the county where the property is located and proper service must be made upon the county officials as specified in section 278.01, subdivision 1.

Upon filing of any appeal by a utility company or railroad against the commissioner, the commissioner shall give notice by first class mail to each county which would be affected by the appeal.

Companies that submit the reports under section 270.82 or 273.371 by the date specified in that section, or by the date specified by the commissioner in an extension, may appeal administratively to the commissioner under the procedures in section 270.11, subdivision 6, prior to bringing an action in Tax Court or in district court, however, instituting an administrative appeal with the commissioner does not change or modify the deadline in section 271.06 for appealing an order of the commissioner in Tax Court or the deadline in section 278.01 for filing a property tax claim or objection in Tax Court or district court.

History: 2000 c 490 art 5 s 16; 2003 c 127 art 5 s 20

273.38 PERCENTAGE OF ASSESSMENTS; EXCEPTIONS.

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, nonprofit and cooperative plan, shall be assessed and taxed as provided in sections 273.40 and 273.41.

History: (2012-2) 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; 1Sp1985 c 14 art 4 s 69; 1987 c 268 art 6 s 34

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 nonfarm population thereof.

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

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, nonprofit, 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 have a tax capacity 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, subdivisions 24 and 31.

History: (2012-4) 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; 1988 c 719 art 5 s 29

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. **Tax rate; payment.** 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 local tax rate of taxes levied for all purposes throughout the county after disparity reduction aid is applied, 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 ten percent to a utility property tax credit fund, which is hereby established.

Subd. 2. **Property tax credit.** Owners of land that is an agricultural or nonagricultural homestead, nonhomestead agricultural land, rental residential property, and both commercial and noncommercial seasonal residential recreational property, as those terms are defined in section 273.13 listed on records of the county auditor or county treasurer over which runs a high voltage transmission line with a capacity of 200 kilovolts or more, 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 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 credit received pursuant to section 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.

Subd. 3. **State tax on transmission and distribution lines.** Notwithstanding section 273.425, the entire tax capacity of property taxed at the average local tax rate under subdivision 1 is subject to the state tax rate provided in section 275.025. Notwithstanding subdivisions 1 and 2, the entire proceeds of the state tax levy for each such property must be distributed to the state under the procedures provided in chapter 276. No portion of the proceeds from the state levy on such property is distributed within the county under subdivision 1 or 2.

History: (2012-3) 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; 1Sp1985 c 14 art 4 s 70; 1Sp1986 c 1 art 4 s 24; 1987 c 268 art 6 s 35; 1Sp1989 c 1 art 2 s 11; 1990 c 604 art 3 s 22; 1Sp2001 c 5 art 3 s 44; 2003 c 127 art 5 s 21

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 net tax capacity of the property within the county an amount equal to ten percent of the net tax capacity of transmission lines with respect to which a credit is to be paid and which are valued pursuant to section 273.36. The local tax rate necessary to be applied to this reduced total net tax capacity in order to raise the required amount of tax revenue for the local taxing authorities shall be applied to the net tax capacity of all taxable property in the county, including the entire net tax capacity of those transmission lines. The proceeds of the tax levied against the excluded ten percent of the net tax capacity 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 local tax rates, to be used for general levy purposes.

History: 1979 c 303 art 2 s 21; 1982 c 523 art 16 s 2; 1988 c 719 art 5 s 84; 1989 c 329 art 13 s 20; 1Sp1989 c 1 art 2 s 11

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

273.44 [Repealed, 1983 c 222 s 45]

273.45 [Repealed, 1983 c 222 s 45]

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 the appointment of the assignee or receiver.

History: (2016) RL s 832; 1986 c 444

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 the owner is first called upon by the assessor. A person moving into this state from another state between those dates shall list the property the person owns on January 2 of such year in the county, town, or district in which the person resides, unless it appears to the

assessor that the person is held for tax of the current year on the property in another state.

History: (2017) *RL s 833; 1969 c 709 s 8; 1986 c 444*

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

273.49 [Repealed, 1993 c 375 art 3 s 47]

273.50 LISTS MAY BE DESTROYED.

The county auditor may destroy any list or statement of personal property on file in the auditor's 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: (2020) *RL s 837; 1986 c 444*

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

273.52 [Repealed, 1983 c 222 s 45]

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 [Repealed, 1984 c 593 s 46]

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 that person, or for any other person, company, or corporation, has not made a full, fair, and complete list thereof, the assessor may examine such person, under oath, in regard to the amount of the property required to be listed; and, if such person shall refuse to

make full discovery under oath, the assessor may list the property of such person, or the person's principal, according to the assessor's best judgment and information.

History: (2030) *RL s 843; 1986 c 444*

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 the assessment book.

History: (2031) *RL s 844; 1986 c 444*

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 a 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 the assessor may require to testify, and may examine, upon oath, any person supposed to have knowledge of the amount or value of the personal property of any person refusing to list or to verify a list of personal property.

History: (2032) *RL s 845; 1986 c 444*

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 the assessor believes to be the market value thereof. When requested, the assessor shall sign and deliver to the person assessed a copy of the statement showing the valuation of the property so listed.

History: (2033) *RL s 846; 1975 c 339 s 8; 1986 c 444*

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

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

273.71 [Repealed, 1987 c 291 s 244]

273.72 [Repealed, 1987 c 291 s 244]

273.73 [Repealed, 1987 c 291 s 244]

273.74 [Repealed, 1987 c 291 s 244]

273.75 [Repealed, 1987 c 291 s 244]

273.76 [Repealed, 1987 c 291 s 244]

273.77 [Repealed, 1987 c 291 s 244]

273.78 [Repealed, 1987 c 291 s 244]

273.80 DISTRESSED HOMESTEAD REINVESTMENT EXEMPTION.

Subdivision 1. **Definitions.** For purposes of this section, the following terms shall have the meanings given.

“Substantially condition deficient” means that repairs estimated to cost at least \$20,000 are necessary to restore a house to sound operating condition, according to prevailing costs of home improvements for the area.

“Sound operating condition” means that a home meets minimal health and safety standards for residential occupancy under applicable housing or building codes.

“Residential rehabilitation consultant” means a person who is employed by a housing services organization recognized by resolution of the city council of the city in which the property is located, and who has been trained in residential housing rehabilitation.

“Census tract” means a tract defined for the 1990 federal census.

Subd. 2. Eligibility. An owner-occupied, detached, single-family dwelling is eligible for treatment under this section if it:

- (1) is located in a city of the first class;
- (2) is located in a census tract where the median value of owner-occupied homes is less than 80 percent of the median value of owner-occupied homes for the entire city, according to the 1998 assessment;
- (3) has an estimated market value less than 60 percent of the median value of owner-occupied homes for the entire city, according to the 1998 assessment; and
- (4) has been declared to be substantially condition deficient, by a residential rehabilitation consultant.

Subd. 3. Qualification. A home which meets the eligibility requirements of subdivision 2 before May 1, 2003, qualifies for the property tax exemption under subdivision 4 after a residential rehabilitation consultant certifies that the home is in sound operating condition, and that all permits necessary to make the repairs were obtained. An owner need not occupy the dwelling while the necessary repairs are being done, provided that the property is occupied prior to granting the exemption under subdivision 4. All or a part of the repairs necessary to restore the house to sound operating conditions may be done prior to the owner purchasing the property, if those repairs are done by or for a 501(c)(3) nonprofit organization.

Subd. 4. Property tax exemption. A home qualifying under subdivision 3 is exempt from all property taxes on the land and buildings for taxes payable for five consecutive years following its certification under subdivision 3, if the property is owned and occupied by the same person who owned it when the home was certified as substantially condition deficient or by the first purchaser from the 501(c)(3) nonprofit organization that repaired the property. To be effective beginning with taxes payable in the following year, the certification must be made by September 1.

Subd. 5. Assessment; record. The assessor may require whatever information is necessary to determine eligibility for the tax exemption under this section. During the time that the property is exempt, the assessor shall continue to value the property and record its current value on the tax rolls.

History: 1998 c 389 art 3 s 11

273.86 [Repealed, 1987 c 291 s 244]