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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1884

02/25/2014 Authored by Davnie  
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to taxation; property; eliminating certain minor property tax  
1.3 classifications; amending Minnesota Statutes 2012, section 273.13, subdivision  
1.4 22; Minnesota Statutes 2013 Supplement, section 273.13, subdivisions 23, 25;  
1.5 repealing Minnesota Statutes 2012, sections 273.1115; 290C.06.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2012, section 273.13, subdivision 22, is amended to read:

1.8 Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b)  
1.9 and (c), real estate which is residential and used for homestead purposes is class 1a. In the  
1.10 case of a duplex or triplex in which one of the units is used for homestead purposes, the  
1.11 entire property is deemed to be used for homestead purposes. The market value of class 1a  
1.12 property must be determined based upon the value of the house, garage, and land.

1.13 The first \$500,000 of market value of class 1a property has a net class rate of  
1.14 one percent of its market value; and the market value of class 1a property that exceeds  
1.15 \$500,000 has a class rate of 1.25 percent of its market value.

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

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

1.20 (2) any person who is permanently and totally disabled or by the disabled person and  
1.21 the disabled person's spouse; or

1.22 (3) the surviving spouse of a permanently and totally disabled veteran homesteading  
1.23 a property classified under this paragraph for taxes payable in 2008.

1.24 Property is classified and assessed under clause (2) only if the government agency or  
1.25 income-providing source certifies, upon the request of the homestead occupant, that the

2.1 homestead occupant satisfies the disability requirements of this paragraph, and that the  
2.2 property is not eligible for the valuation exclusion under subdivision 34.

2.3 Property is classified and assessed under paragraph (b) only if the commissioner  
2.4 of revenue or the county assessor certifies that the homestead occupant satisfies the  
2.5 requirements of this paragraph.

2.6 Permanently and totally disabled for the purpose of this subdivision means a  
2.7 condition which is permanent in nature and totally incapacitates the person from working  
2.8 at an occupation which brings the person an income. The first \$50,000 market value of  
2.9 class 1b property has a net class rate of .45 percent of its market value. The remaining  
2.10 market value of class 1b property has a class rate using the rates for class 1a or class 2a  
2.11 property, whichever is appropriate, of similar market value.

2.12 (c) Class 1c property is commercial use real and personal property that abuts public  
2.13 water as defined in section 103G.005, subdivision 15, and is devoted to temporary and  
2.14 seasonal residential occupancy for recreational purposes but not devoted to commercial  
2.15 purposes for more than 250 days in the year preceding the year of assessment, and that  
2.16 includes a portion used as a homestead by the owner, which includes a dwelling occupied  
2.17 as a homestead by a shareholder of a corporation that owns the resort, a partner in a  
2.18 partnership that owns the resort, or a member of a limited liability company that owns  
2.19 the resort even if the title to the homestead is held by the corporation, partnership, or  
2.20 limited liability company. For purposes of this paragraph, property is devoted to a  
2.21 commercial purpose on a specific day if any portion of the property, excluding the portion  
2.22 used exclusively as a homestead, is used for residential occupancy and a fee is charged  
2.23 for residential occupancy. Class 1c property must contain three or more rental units. A  
2.24 "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual  
2.25 camping site equipped with water and electrical hookups for recreational vehicles. Class  
2.26 1c property must provide recreational activities such as the rental of ice fishing houses,  
2.27 boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina  
2.28 services, launch services, or guide services; or sell bait and fishing tackle. Any unit in  
2.29 which the right to use the property is transferred to an individual or entity by deeded  
2.30 interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may  
2.31 remain available for rent. A camping pad offered for rent by a property that otherwise  
2.32 qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as  
2.33 long as the use of the camping pad does not exceed 250 days. If the same owner owns  
2.34 two separate parcels that are located in the same township, and one of those properties is  
2.35 classified as a class 1c property and the other would be eligible to be classified as a class 1c  
2.36 property if it was used as the homestead of the owner, both properties will be assessed as a

3.1 single class 1c property; for purposes of this sentence, properties are deemed to be owned  
 3.2 by the same owner if each of them is owned by a limited liability company, and both  
 3.3 limited liability companies have the same membership. The portion of the property used  
 3.4 as a homestead is class 1a property under paragraph (a). The remainder of the property is  
 3.5 classified as follows: the first \$600,000 of market value is tier I, the next \$1,700,000 of  
 3.6 market value is tier II, and any remaining market value is tier III. The class rates for class  
 3.7 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and  
 3.8 personal property devoted to temporary and seasonal residential occupancy for recreation  
 3.9 purposes in which all or a portion of the property was devoted to commercial purposes for  
 3.10 not more than 250 days in the year preceding the year of assessment desiring classification  
 3.11 as class 1c, must submit a declaration to the assessor designating the cabins or units  
 3.12 occupied for 250 days or less in the year preceding the year of assessment by January 15 of  
 3.13 the assessment year. Those cabins or units and a proportionate share of the land on which  
 3.14 they are located must be designated as class 1c as otherwise provided. The remainder of  
 3.15 the cabins or units and a proportionate share of the land on which they are located must be  
 3.16 designated as class 3a commercial. The owner of property desiring designation as class  
 3.17 1c property must provide guest registers or other records demonstrating that the units for  
 3.18 which class 1c designation is sought were not occupied for more than 250 days in the  
 3.19 year preceding the assessment if so requested. The portion of a property operated as a  
 3.20 (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other  
 3.21 nonresidential facility operated on a commercial basis not directly related to temporary  
 3.22 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

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

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

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

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

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

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

3.36 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

4.1 Sec. 2. Minnesota Statutes 2013 Supplement, section 273.13, subdivision 23, is  
4.2 amended to read:

4.3 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural  
4.4 land that is homesteaded, along with any class 2b rural vacant land that is contiguous to  
4.5 the class 2a land under the same ownership. The market value of the house and garage  
4.6 and immediately surrounding one acre of land has the same class rates as class 1a or 1b  
4.7 property under subdivision 22. The value of the remaining land including improvements  
4.8 up to the first tier valuation limit of agricultural homestead property has a net class rate  
4.9 of 0.5 percent of market value. The remaining property over the first tier has a class rate  
4.10 of one percent of market value. For purposes of this subdivision, the "first tier valuation  
4.11 limit of agricultural homestead property" and "first tier" means the limit certified under  
4.12 section 273.11, subdivision 23.

4.13 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that  
4.14 are agricultural land and buildings. Class 2a property has a net class rate of one percent of  
4.15 market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a  
4.16 property must also include any property that would otherwise be classified as 2b, but is  
4.17 interspersed with class 2a property, including but not limited to sloughs, wooded wind  
4.18 shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement,  
4.19 and other similar land that is impractical for the assessor to value separately from the rest of  
4.20 the property or that is unlikely to be able to be sold separately from the rest of the property.

4.21 An assessor may classify the part of a parcel described in this subdivision that is used  
4.22 for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

4.23 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof,  
4.24 that are unplatted real estate, rural in character and not used for agricultural purposes,  
4.25 including land used for growing trees for timber, lumber, and wood and wood products,  
4.26 that is not improved with a structure. The presence of a minor, ancillary nonresidential  
4.27 structure as defined by the commissioner of revenue does not disqualify the property from  
4.28 classification under this paragraph. Any parcel of 20 acres or more improved with a  
4.29 structure that is not a minor, ancillary nonresidential structure must be split-classified, and  
4.30 ten acres must be assigned to the split parcel containing the structure. Class 2b property  
4.31 has a net class rate of one percent of market value unless it is part of an agricultural  
4.32 homestead under paragraph (a), ~~or qualifies as class 2c under paragraph (d).~~

4.33 ~~(d) Class 2c managed forest land consists of no less than 20 and no more than 1,920~~  
4.34 ~~acres statewide per taxpayer that is being managed under a forest management plan that~~  
4.35 ~~meets the requirements of chapter 290C, but is not enrolled in the sustainable forest~~  
4.36 ~~resource management incentive program. It has a class rate of .65 percent, provided that~~

5.1 ~~the owner of the property must apply to the assessor in order for the property to initially~~  
 5.2 ~~qualify for the reduced rate and provide the information required by the assessor to verify~~  
 5.3 ~~that the property qualifies for the reduced rate. If the assessor receives the application~~  
 5.4 ~~and information before May 1 in an assessment year, the property qualifies beginning~~  
 5.5 ~~with that assessment year. If the assessor receives the application and information after~~  
 5.6 ~~April 30 in an assessment year, the property may not qualify until the next assessment~~  
 5.7 ~~year. The commissioner of natural resources must concur that the land is qualified. The~~  
 5.8 ~~commissioner of natural resources shall annually provide county assessors verification~~  
 5.9 ~~information on a timely basis. The presence of a minor, ancillary nonresidential structure~~  
 5.10 ~~as defined by the commissioner of revenue does not disqualify the property from~~  
 5.11 ~~classification under this paragraph.~~

5.12 (e) Agricultural land as used in this section means:

5.13 (1) contiguous acreage of ten acres or more, used during the preceding year for  
 5.14 agricultural purposes; or

5.15 (2) contiguous acreage used during the preceding year for an intensive livestock or  
 5.16 poultry confinement operation, provided that land used only for pasturing or grazing  
 5.17 does not qualify under this clause.

5.18 "Agricultural purposes" as used in this section means the raising, cultivation, drying,  
 5.19 or storage of agricultural products for sale, or the storage of machinery or equipment  
 5.20 used in support of agricultural production by the same farm entity. For a property to be  
 5.21 classified as agricultural based only on the drying or storage of agricultural products,  
 5.22 the products being dried or stored must have been produced by the same farm entity as  
 5.23 the entity operating the drying or storage facility. "Agricultural purposes" also includes  
 5.24 enrollment in the Reinvest in Minnesota program under sections 103F.501 to 103F.535  
 5.25 or the federal Conservation Reserve Program as contained in Public Law 99-198 or a  
 5.26 similar state or federal conservation program if the property was classified as agricultural  
 5.27 (i) under this subdivision for taxes payable in 2003 because of its enrollment in a  
 5.28 qualifying program and the land remains enrolled or (ii) in the year prior to its enrollment.  
 5.29 Agricultural classification shall not be based upon the market value of any residential  
 5.30 structures on the parcel or contiguous parcels under the same ownership.

5.31 "Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous  
 5.32 portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion  
 5.33 of, a set of contiguous tax parcels under that section that are owned by the same person.

5.34 (f) (e) Agricultural land under this section also includes:

5.35 (1) contiguous acreage that is less than ten acres in size and exclusively used in the  
 5.36 preceding year for raising or cultivating agricultural products; or

6.1 (2) contiguous acreage that contains a residence and is less than 11 acres in size, if  
 6.2 the contiguous acreage exclusive of the house, garage, and surrounding one acre of land  
 6.3 was used in the preceding year for one or more of the following three uses:

6.4 (i) for an intensive grain drying or storage operation, or for intensive machinery or  
 6.5 equipment storage activities used to support agricultural activities on other parcels of  
 6.6 property operated by the same farming entity;

6.7 (ii) as a nursery, provided that only those acres used intensively to produce nursery  
 6.8 stock are considered agricultural land; or

6.9 (iii) for intensive market farming; for purposes of this paragraph, "market farming"  
 6.10 means the cultivation of one or more fruits or vegetables or production of animal or other  
 6.11 agricultural products for sale to local markets by the farmer or an organization with which  
 6.12 the farmer is affiliated.

6.13 "Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as  
 6.14 described in section 272.193, or all of a set of contiguous tax parcels under that section  
 6.15 that are owned by the same person.

6.16 ~~(g)~~ (f) Land shall be classified as agricultural even if all or a portion of the agricultural  
 6.17 use of that property is the leasing to, or use by another person for agricultural purposes.

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

6.20 ~~(h)~~ (g) The property classification under this section supersedes, for property tax  
 6.21 purposes only, any locally administered agricultural policies or land use restrictions that  
 6.22 define minimum or maximum farm acreage.

6.23 ~~(i)~~ (h) The term "agricultural products" as used in this subdivision includes  
 6.24 production for sale of:

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

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

6.30 (3) the commercial boarding of horses, which may include related horse training and  
 6.31 riding instruction, if the boarding is done on property that is also used for raising pasture  
 6.32 to graze horses or raising or cultivating other agricultural products as defined in clause (1);

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

6.35 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under  
 6.36 section 97A.105, provided that the annual licensing report to the Department of Natural

7.1 Resources, which must be submitted annually by March 30 to the assessor, indicates  
 7.2 that at least 500 birds were raised or used for breeding stock on the property during the  
 7.3 preceding year and that the owner provides a copy of the owner's most recent schedule F;  
 7.4 or (ii) for use on a shooting preserve licensed under section 97A.115;

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

7.6 (7) trees, grown for sale as a crop, including short rotation woody crops, and not  
 7.7 sold for timber, lumber, wood, or wood products; and

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

7.10 ~~(j)~~ (i) If a parcel used for agricultural purposes is also used for commercial or  
 7.11 industrial purposes, including but not limited to:

7.12 (1) wholesale and retail sales;

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

7.14 (3) warehousing or storage of processed goods; and

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

7.17 the assessor shall classify the part of the parcel used for agricultural purposes as class  
 7.18 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its  
 7.19 use. The grading, sorting, and packaging of raw agricultural products for first sale is  
 7.20 considered an agricultural purpose. A greenhouse or other building where horticultural  
 7.21 or nursery products are grown that is also used for the conduct of retail sales must be  
 7.22 classified as agricultural if it is primarily used for the growing of horticultural or nursery  
 7.23 products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of  
 7.24 those products. Use of a greenhouse or building only for the display of already grown  
 7.25 horticultural or nursery products does not qualify as an agricultural purpose.

7.26 ~~(k)~~ (j) The assessor shall determine and list separately on the records the market  
 7.27 value of the homestead dwelling and the one acre of land on which that dwelling is  
 7.28 located. If any farm buildings or structures are located on this homesteaded acre of land,  
 7.29 their market value shall not be included in this separate determination.

7.30 ~~(l) Class 2d airport landing area consists of a landing area or public access area of~~  
 7.31 ~~a privately owned public use airport. It has a class rate of one percent of market value.~~  
 7.32 ~~To qualify for classification under this paragraph, a privately owned public use airport~~  
 7.33 ~~must be licensed as a public airport under section 360.018. For purposes of this paragraph,~~  
 7.34 ~~"landing area" means that part of a privately owned public use airport properly cleared,~~  
 7.35 ~~regularly maintained, and made available to the public for use by aircraft and includes~~  
 7.36 ~~runways, taxiways, aprons, and sites upon which are situated landing or navigational aids.~~

8.1 ~~A landing area also includes land underlying both the primary surface and the approach~~  
 8.2 ~~surfaces that comply with all of the following:~~

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

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

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

8.8 ~~The land contained in a landing area under this paragraph must be described and certified~~  
 8.9 ~~by the commissioner of transportation. The certification is effective until it is modified,~~  
 8.10 ~~or until the airport or landing area no longer meets the requirements of this paragraph.~~

8.11 ~~For purposes of this paragraph, "public access area" means property used as an aircraft~~  
 8.12 ~~parking ramp, apron, or storage hangar, or an arrival and departure building in connection~~  
 8.13 ~~with the airport.~~

8.14 ~~(m) Class 2e consists of land with a commercial aggregate deposit that is not actively~~  
 8.15 ~~being mined and is not otherwise classified as class 2a or 2b, provided that the land is not~~  
 8.16 ~~located in a county that has elected to opt-out of the aggregate preservation program as~~  
 8.17 ~~provided in section 273.1115, subdivision 6. It has a class rate of one percent of market~~  
 8.18 ~~value. To qualify for classification under this paragraph, the property must be at least~~  
 8.19 ~~ten contiguous acres in size and the owner of the property must record with the county~~  
 8.20 ~~recorder of the county in which the property is located an affidavit containing:~~

8.21 ~~(1) a legal description of the property;~~

8.22 ~~(2) a disclosure that the property contains a commercial aggregate deposit that is not~~  
 8.23 ~~actively being mined but is present on the entire parcel enrolled;~~

8.24 ~~(3) documentation that the conditional use under the county or local zoning~~  
 8.25 ~~ordinance of this property is for mining; and~~

8.26 ~~(4) documentation that a permit has been issued by the local unit of government~~  
 8.27 ~~or the mining activity is allowed under local ordinance. The disclosure must include a~~  
 8.28 ~~statement from a registered professional geologist, engineer, or soil scientist delineating~~  
 8.29 ~~the deposit and certifying that it is a commercial aggregate deposit.~~

8.30 ~~For purposes of this section and section 273.1115, "commercial aggregate deposit"~~  
 8.31 ~~means a deposit that will yield crushed stone or sand and gravel that is suitable for use~~  
 8.32 ~~as a construction aggregate; and "actively mined" means the removal of top soil and~~  
 8.33 ~~overburden in preparation for excavation or excavation of a commercial deposit.~~

8.34 ~~(n) When any portion of the property under this subdivision or subdivision 22 begins~~  
 8.35 ~~to be actively mined, the owner must file a supplemental affidavit within 60 days from~~  
 8.36 ~~the day any aggregate is removed stating the number of acres of the property that is~~

9.1 actively being mined. The acres actively being mined must be (1) valued and classified  
 9.2 under subdivision 24 in the next subsequent assessment year, and (2) removed from the  
 9.3 aggregate resource preservation property tax program under section 273.1115, if the  
 9.4 land was enrolled in that program. Copies of the original affidavit and all supplemental  
 9.5 affidavits must be filed with the county assessor, the local zoning administrator, and the  
 9.6 Department of Natural Resources, Division of Land and Minerals. A supplemental  
 9.7 affidavit must be filed each time a subsequent portion of the property is actively mined,  
 9.8 provided that the minimum acreage change is five acres, even if the actual mining activity  
 9.9 constitutes less than five acres.

9.10 ~~(o)~~ (k) The definitions definition prescribed by the commissioner under paragraphs  
 9.11 paragraph (c) and (d) are is not rules a rule and are is exempt from the rulemaking provisions  
 9.12 of chapter 14, and the provisions in section 14.386 concerning exempt rules do not apply.

9.13 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

9.14 Sec. 3. Minnesota Statutes 2013 Supplement, section 273.13, subdivision 25, is  
 9.15 amended to read:

9.16 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more  
 9.17 units and used or held for use by the owner or by the tenants or lessees of the owner  
 9.18 as a residence for rental periods of 30 days or more, excluding property qualifying for  
 9.19 class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other  
 9.20 than hospitals exempt under section 272.02, and contiguous property used for hospital  
 9.21 purposes, without regard to whether the property has been platted or subdivided. The  
 9.22 market value of class 4a property has a class rate of 1.25 percent.

9.23 (b) Class 4b includes:

9.24 (1) residential real estate containing less than four units, including property on a  
 9.25 nonhomestead farm, that does not qualify as class 4bb, other than seasonal residential  
 9.26 recreational property;

9.27 (2) manufactured homes not classified under any other provision; and

9.28 (3) ~~a dwelling, garage, and surrounding one acre of property on a nonhomestead~~  
 9.29 ~~farm classified under subdivision 23, paragraph (b) containing two or three units; and~~

9.30 (4) unimproved property that is classified residential as determined under subdivision  
 9.31 33.

9.32 The market value of class 4b property has a class rate of 1.25 percent.

9.33 (c) Class 4bb includes nonhomestead residential real estate containing one unit,  
 9.34 other than seasonal residential recreational property, and a single family dwelling, garage,

10.1 and surrounding one acre of property on a nonhomestead farm classified under subdivision  
10.2 23, paragraph (b).

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

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

10.7 (d) Class 4c property includes:

10.8 (1) except as provided in subdivision 22, paragraph (c), real and personal property  
10.9 devoted to commercial temporary and seasonal residential occupancy for recreation  
10.10 purposes, for not more than 250 days in the year preceding the year of assessment. For  
10.11 purposes of this clause, property is devoted to a commercial purpose on a specific day  
10.12 if any portion of the property is used for residential occupancy, and a fee is charged for  
10.13 residential occupancy. Class 4c property under this clause must contain three or more  
10.14 rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room,  
10.15 or individual camping site equipped with water and electrical hookups for recreational  
10.16 vehicles. A camping pad offered for rent by a property that otherwise qualifies for class  
10.17 4c under this clause is also class 4c under this clause regardless of the term of the rental  
10.18 agreement, as long as the use of the camping pad does not exceed 250 days. In order for a  
10.19 property to be classified under this clause, ~~either (i)~~ the business located on the property  
10.20 must provide recreational activities, at least 40 percent of the annual gross lodging receipts  
10.21 related to the property must be from business conducted during 90 consecutive days, and  
10.22 either ~~(A)~~ (i) at least 60 percent of all paid bookings by lodging guests during the year  
10.23 must be for periods of at least two consecutive nights; or ~~(B)~~ (ii) at least 20 percent of the  
10.24 annual gross receipts must be from charges for providing recreational activities, ~~or (ii) the~~  
10.25 ~~business must contain 20 or fewer rental units, and must be located in a township or a city~~  
10.26 ~~with a population of 2,500 or less located outside the metropolitan area, as defined under~~  
10.27 ~~section 473.121, subdivision 2, that contains a portion of a state trail administered by the~~  
10.28 ~~Department of Natural Resources.~~ For purposes of item (i)(A), a paid booking of five or  
10.29 more nights shall be counted as two bookings. Class 4c property also includes commercial  
10.30 use real property used exclusively for recreational purposes in conjunction with other class  
10.31 4c property classified under this clause and devoted to temporary and seasonal residential  
10.32 occupancy for recreational purposes, up to a total of two acres, provided the property is  
10.33 not devoted to commercial recreational use for more than 250 days in the year preceding  
10.34 the year of assessment and is located within two miles of the class 4c property with which  
10.35 it is used. In order for a property to qualify for classification under this clause, the owner  
10.36 must submit a declaration to the assessor designating the cabins or units occupied for 250

11.1 days or less in the year preceding the year of assessment by January 15 of the assessment  
11.2 year. Those cabins or units and a proportionate share of the land on which they are located  
11.3 must be designated class 4c under this clause as otherwise provided. The remainder of the  
11.4 cabins or units and a proportionate share of the land on which they are located will be  
11.5 designated as class 3a. The owner of property desiring designation as class 4c property  
11.6 under this clause must provide guest registers or other records demonstrating that the units  
11.7 for which class 4c designation is sought were not occupied for more than 250 days in the  
11.8 year preceding the assessment if so requested. The portion of a property operated as a  
11.9 (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other  
11.10 nonresidential facility operated on a commercial basis not directly related to temporary and  
11.11 seasonal residential occupancy for recreation purposes does not qualify for class 4c. For  
11.12 the purposes of this paragraph, "recreational activities" means renting ice fishing houses,  
11.13 boats and motors, snowmobiles, downhill or cross-country ski equipment; providing  
11.14 marina services, launch services, or guide services; or selling bait and fishing tackle;

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

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

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

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

11.23 (3) real property up to a maximum of three acres of land owned and used by a  
11.24 nonprofit community service oriented organization and not used for residential purposes  
11.25 on either a temporary or permanent basis, provided that:

11.26 (i) the property is not used for a revenue-producing activity for more than six days  
11.27 in the calendar year preceding the year of assessment; or

11.28 (ii) the organization makes annual charitable contributions and donations at least  
11.29 equal to the property's previous year's property taxes and the property is allowed to be  
11.30 used for public and community meetings or events for no charge, as appropriate to the  
11.31 size of the facility.

11.32 For purposes of this clause:

11.33 (A) "charitable contributions and donations" has the same meaning as lawful  
11.34 gambling purposes under section 349.12, subdivision 25, excluding those purposes  
11.35 relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;

11.36 (B) "property taxes" excludes the state general tax;

12.1 (C) a "nonprofit community service oriented organization" means any corporation,  
 12.2 society, association, foundation, or institution organized and operated exclusively for  
 12.3 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from  
 12.4 federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal  
 12.5 Revenue Code; and

12.6 (D) "revenue-producing activities" shall include but not be limited to property or that  
 12.7 portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt  
 12.8 liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling  
 12.9 alley, a retail store, gambling conducted by organizations licensed under chapter 349, an  
 12.10 insurance business, or office or other space leased or rented to a lessee who conducts a  
 12.11 for-profit enterprise on the premises.

12.12 Any portion of the property not qualifying under either item (i) or (ii) is class 3a.  
 12.13 The use of the property for social events open exclusively to members and their guests  
 12.14 for periods of less than 24 hours, when an admission is not charged nor any revenues are  
 12.15 received by the organization shall not be considered a revenue-producing activity.

12.16 The organization shall maintain records of its charitable contributions and donations  
 12.17 and of public meetings and events held on the property and make them available upon  
 12.18 request any time to the assessor to ensure eligibility. An organization meeting the  
 12.19 requirement under item (ii) must file an application by May 1 with the assessor for  
 12.20 eligibility for the current year's assessment. The commissioner shall prescribe a uniform  
 12.21 application form and instructions;

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

12.26 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3,  
 12.27 excluding manufactured home parks described in section 273.124, subdivision 3a, and (ii)  
 12.28 manufactured home parks as defined in section 327.14, subdivision 3, that are described in  
 12.29 section 273.124, subdivision 3a;

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

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

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

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

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

13.6 ~~(8) a privately owned nonecommercial aircraft storage hangar not exempt under~~  
 13.7 ~~section 272.01, subdivision 2, and the land on which it is located, provided that:~~

13.8 ~~(i) the land abuts a public airport; and~~

13.9 ~~(ii) the owner of the aircraft storage hangar provides the assessor with a signed~~  
 13.10 ~~agreement restricting the use of the premises, prohibiting commercial use or activity~~  
 13.11 ~~performed at the hangar; and~~

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

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

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

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

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

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

13.25 ~~(10) real property up to a maximum of three acres and operated as a restaurant~~  
 13.26 ~~as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake~~  
 13.27 ~~as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B)~~  
 13.28 ~~is either devoted to commercial purposes for not more than 250 consecutive days, or~~  
 13.29 ~~receives at least 60 percent of its annual gross receipts from business conducted during~~  
 13.30 ~~four consecutive months. Gross receipts from the sale of alcoholic beverages must be~~  
 13.31 ~~included in determining the property's qualification under subitem (B). The property's~~  
 13.32 ~~primary business must be as a restaurant and not as a bar. Gross receipts from gift shop~~  
 13.33 ~~sales located on the premises must be excluded. Owners of real property desiring 4c~~  
 13.34 ~~classification under this clause must submit an annual declaration to the assessor by~~  
 13.35 ~~February 1 of the current assessment year, based on the property's relevant information for~~  
 13.36 ~~the preceding assessment year;~~

14.1 ~~(11) lakeshore and riparian property and adjacent land, not to exceed six acres, used~~  
 14.2 ~~as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to~~  
 14.3 ~~the public and devoted to recreational use for marina services. The marina owner must~~  
 14.4 ~~annually provide evidence to the assessor that it provides services, including lake or river~~  
 14.5 ~~access to the public by means of an access ramp or other facility that is either located on~~  
 14.6 ~~the property of the marina or at a publicly owned site that abuts the property of the marina.~~  
 14.7 ~~No more than 800 feet of lakeshore may be included in this classification. Buildings used~~  
 14.8 ~~in conjunction with a marina for marina services, including but not limited to buildings~~  
 14.9 ~~used to provide food and beverage services, fuel, boat repairs, or the sale of bait or fishing~~  
 14.10 ~~tackle, are classified as class 3a property; and~~

14.11 ~~(12)~~ (6) real and personal property devoted to noncommercial temporary and  
 14.12 seasonal residential occupancy for recreation purposes.

14.13 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each  
 14.14 parcel of noncommercial seasonal residential recreational property under clause ~~(12)~~ (6)  
 14.15 has the same class rates as class 4bb property, (ii) manufactured home parks assessed  
 14.16 under clause (5), item (i), have the same class rate as class 4b property, and the market  
 14.17 value of manufactured home parks assessed under clause (5), item (ii), has the same class  
 14.18 rate as class 4d property if more than 50 percent of the lots in the park are occupied by  
 14.19 shareholders in the cooperative corporation or association and a class rate of one percent if  
 14.20 50 percent or less of the lots are so occupied, (iii) ~~commercial-use seasonal residential~~  
 14.21 ~~recreational property and marina recreational land as described in clause (11), has a~~  
 14.22 ~~class rate of one percent for the first \$500,000 of market value, and 1.25 percent for the~~  
 14.23 ~~remaining market value, (iv) the market value of property described in clause (4) has a class~~  
 14.24 ~~rate of one percent, (v) and (iv) the market value of property described in clauses clause~~  
 14.25 ~~(2), (6), and (10) has a class rate of 1.25 percent, and (vi) that portion of the market value~~  
 14.26 ~~of property in clause (9) qualifying for class 4c property has a class rate of 1.25 percent.~~

14.27 (e) Class 4d property is qualifying low-income rental housing certified to the assessor  
 14.28 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion  
 14.29 of the units in the building qualify as low-income rental housing units as certified under  
 14.30 section 273.128, subdivision 3, only the proportion of qualifying units to the total number  
 14.31 of units in the building qualify for class 4d. The remaining portion of the building shall be  
 14.32 classified by the assessor based upon its use. Class 4d also includes the same proportion of  
 14.33 land as the qualifying low-income rental housing units are to the total units in the building.  
 14.34 For all properties qualifying as class 4d, the market value determined by the assessor must  
 14.35 be based on the normal approach to value using normal unrestricted rents.

15.1 (f) The first tier of market value of class 4d property has a class rate of 0.75 percent.  
15.2 The remaining value of class 4d property has a class rate of 0.25 percent. For the purposes  
15.3 of this paragraph, the "first tier of market value of class 4d property" means the market  
15.4 value of each housing unit up to the first tier limit. For the purposes of this paragraph, all  
15.5 class 4d property value must be assigned to individual housing units. The first tier limit is  
15.6 \$100,000 for assessment year 2014. For subsequent years, the limit is adjusted each year  
15.7 by the average statewide change in estimated market value of property classified as class 4a  
15.8 and 4d under this section for the previous assessment year, excluding valuation change due  
15.9 to new construction, rounded to the nearest \$1,000, provided, however, that the limit may  
15.10 never be less than \$100,000. Beginning with assessment year 2015, the commissioner of  
15.11 revenue must certify the limit for each assessment year by November 1 of the previous year.

15.12 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

15.13 Sec. 4. **REPEALER.**

15.14 Minnesota Statutes 2012, sections 273.1115; and 290C.06, are repealed.

15.15 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.

**273.1115 AGGREGATE RESOURCE PRESERVATION PROPERTY TAX LAW.**

Subdivision 1. **Definitions.** For purposes of this section, "commercial aggregate deposit" and "actively mined" have the meanings given them in section 273.13, subdivision 23, paragraph (m).

Subd. 2. **Requirement.** Real estate is entitled to valuation under this section only if all of the following requirements are met:

(1) the property is classified as class 1a, 1b, 2a, or 2b property under section 273.13, subdivisions 22 and 23, or the property is classified as class 2e under section 273.13, subdivision 23, and immediately before being classified as class 2e was classified as class 1a or 1b;

(2) the property is at least ten contiguous acres, when the application is filed under subdivision 3;

(3) the owner has filed a completed application for deferment as specified in subdivision 3 with the county assessor in the county in which the property is located;

(4) there are no delinquent taxes on the property; and

(5) a covenant on the land restricts its use as provided in subdivision 3, clause (4).

Subd. 3. **Application.** Application for valuation deferment under this section must be filed by May 1 of the assessment year. Any application filed and granted continues in effect for subsequent years until the property no longer qualifies, provided that supplemental affidavits under subdivision 8 are timely filed. The application must be filed with the assessor of the county in which the real property is located on such form as may be prescribed by the commissioner of revenue. The application must be executed and acknowledged in the manner required by law to execute and acknowledge a deed and must contain at least the following information and any other information the commissioner deems necessary:

(1) the legal description of the area;

(2) the name and address of owner;

(3) a copy of the affidavit filed under section 273.13, subdivision 23, paragraph (m), when property is classified as 2e under section 273.13, subdivision 23, paragraph (m).

In other cases, the application must include a similar document with the same information as contained in the affidavit under section 273.13, subdivision 23, paragraph (m); and

(4) a statement of proof from the owner that the land contains a restrictive covenant limiting its use for the property's surface to that which exists on the date of the application and limiting its future use to the preparation and removal of the commercial aggregate deposit under its surface. To qualify under this clause, the covenant must be binding on the owner or the owner's successor or assignee, and run with the land, except as provided in subdivision 5 allowing for the cancellation of the covenant under certain conditions.

Subd. 4. **Determination of value.** Upon timely application by the owner as provided in subdivision 3, notwithstanding sections 272.03, subdivision 8, and 273.11, the value of any qualifying land described in subdivision 3 must be valued as if it were agricultural property, using a per acre valuation equal to the current assessment year's average per acre valuation of agricultural land in the county. The assessor shall not consider any additional value resulting from potential alternative and future uses of the property. The buildings located on the land shall be valued by the assessor in the normal manner.

Subd. 5. **Cancellation of covenant.** The covenant required under subdivision 3 may be canceled in two ways:

(1) by the owner beginning with the next subsequent assessment year provided that the additional taxes as determined under subdivision 7 are paid by the owner at the time of cancellation; or

(2) by the city or town in which the property is located beginning with the next subsequent assessment year, if the city council or town board:

(i) changes the conditional use of the property;

(ii) revokes the mining permit; or

(iii) changes the zoning to disallow mining.

No additional taxes are imposed on the property under this clause.

Subd. 6. **County termination.** Within two years of May 30, 2008, a county may, following notice and public hearing, terminate application of this section in the county. The termination is effective upon adoption of a resolution of the county board. A county has 60 days from receipt of the first application for enrollment under this section to notify the applicant and any subsequent applicants of the county's intent to begin the process of terminating application of this section in the county. The county must act on the termination within six months. Upon termination by a vote of the county board, all applications received prior to and during notification of intent to terminate shall be deemed void. If the county board does not act on the termination within six

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months of notification, all applications for valuation for deferment received shall be deemed eligible for consideration to be enrolled under this section. Following this initial 60-day grace period, a termination applies prospectively and does not affect property enrolled under this section prior to the termination date. A county may reauthorize application of this section by a resolution of the county board revoking the termination.

Subd. 7. **Additional taxes.** When real property which has been valued and assessed under this section no longer qualifies, the portion of the land classified under subdivision 2, clause (1), is subject to additional taxes. The additional tax amount is determined by:

(1) computing the difference between (i) the current year's taxes determined in accordance with subdivision 4, and (ii) an amount as determined by the assessor based upon the property's current year's estimated market value of like real estate at its highest and best use and the appropriate local tax rate; and

(2) multiplying the amount determined in clause (1) by the number of years the land was in the program under this section. The current year's estimated market value as determined by the assessor must not exceed the market value that would result if the property was sold in an arms-length transaction and must not be greater than it would have been had the actual bona fide sale price of the property been used in lieu of that market value. The additional taxes must be extended against the property on the tax list for the current year, except that interest or penalties must not be levied on these additional taxes if timely paid. The additional tax under this subdivision must not be imposed on that portion of the property which has actively been mined and has been removed from the program based upon the supplemental affidavits filed under subdivision 8.

Subd. 8. **Supplemental affidavits; mining activity on land.** When any portion of the property begins to be actively mined, the owner must file a supplemental affidavit within 60 days from the day any aggregate is removed stating the number of acres of the property that is actively being mined. The acres actively being mined shall be (1) valued and classified under section 273.13, subdivision 24, in the next subsequent assessment year, and (2) removed from the aggregate resource preservation property tax program under this section. The additional taxes under subdivision 7 must not be imposed on the acres that are actively being mined and have been removed from the program under this section. Copies of the original affidavit and all supplemental affidavits must be filed with the county assessor, the local zoning administrator, and the Department of Natural Resources, Division of Land and Minerals. A supplemental affidavit must be filed each time a subsequent portion of the property is actively mined, provided that the minimum acreage change is five acres, even if the actual mining activity constitutes less than five acres. Failure to file the affidavits timely shall result in the property losing its valuation deferment under this section, and additional taxes must be imposed as calculated under subdivision 7.

Subd. 9. **Lien.** The additional tax imposed by this section is a lien upon the property assessed to the same extent and for the same duration as other taxes imposed upon property within this state and, when collected, must be distributed in the manner provided by law for the collection and distribution of other property taxes.

Subd. 10. **Continuation of tax treatment upon sale.** When real property qualifying under subdivision 2 is sold, additional taxes must not be extended against the property if the property continues to qualify under subdivision 2, and the new owner files an application with the assessor for continued deferment within 30 days after the sale.

**290C.06 CALCULATION OF AVERAGE ESTIMATED MARKET VALUE;  
MANAGED FOREST LAND.**

The commissioner shall annually calculate a statewide average estimated market value per acre for class 2c managed forest land under section 273.13, subdivision 23.