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DATE	D-PG	OFFICIAL STATUS
03/07/2011	424	Introduction and first reading Referred to Taxes

1.1

A bill for an act

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relating to taxation; property; providing property valuation freeze and an

1.3

exclusion for improvements made to purchased foreclosed properties; amending

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Minnesota Statutes 2010, sections 273.11, subdivision 5, by adding a subdivision;

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273.121, subdivision 1; 276.04, subdivision 2.

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

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Section 1. Minnesota Statutes 2010, section 273.11, subdivision 5, is amended to read:

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Subd. 5. **Boards of review and equalization.** Notwithstanding any other provision

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of law to the contrary, the limitation contained in subdivisions 1 ~~and~~ 1a, and 24 shall

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also apply to the authority of the local board of review as provided in section 274.01,

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the county board of equalization as provided in section 274.13, the State Board of

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Equalization and the commissioner of revenue as provided in sections 270.11, subdivision

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1, 270.12, 270C.92, and 270C.94.

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EFFECTIVE DATE. This section is effective for property taxes payable in 2012

1.15

and thereafter.

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Sec. 2. Minnesota Statutes 2010, section 273.11, is amended by adding a subdivision to

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read:

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Subd. 24. **Purchase of foreclosed property; valuation freeze and exclusion.** (a)

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The taxable market value used for taxes levied in the current year on class 1 property as

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defined in section 273.13, subdivision 22, and that portion of class 2a property as defined

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in section 273.13, subdivision 23, consisting of the house, garage, and surrounding one

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acre of land, may not exceed the property's taxable market value used for taxes levied in

the year the property was purchased, provided that all of the following conditions are met. The property must:

(1) have been a foreclosed property at the time the property was purchased;

(2) be homesteaded;

(3) have an estimated market value at the time of the purchase that is equal to or less than \$300,000; and

(4) be in compliance with all local ordinances and codes within two years of the date of purchase.

(b) The owner or owners must apply to the county assessor where the property is located by August 1 of the levy year for which the valuation freeze under paragraph (a) is first requested. The applicants must submit further information the county assessor deems necessary to determine continued homestead status and eligibility under this subdivision.

(c) The valuation freeze allowed under this subdivision expires at the occurrence of one of the activities listed in clause (1) or as determined in clause (2), whichever one comes first:

(1) when the property loses its homestead status, is sold or transferred, or is not in compliance with all local ordinances and codes within two years from the date of the purchase of the property; or

(2) after ten assessment years from the date of the purchase of the property. Upon expiration of the valuation freeze, the property must be assessed for the current assessment year as otherwise provided by law.

(d) Improvements made to property qualifying under paragraph (a) are fully excludable from the value of the property for assessment purposes.

(1) 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. The assessor shall require an application. 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.

(2) 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 (i) a building permit was issued prior to the commencement of the improvement if the jurisdiction requires a building permit, and (ii) an application was completed.

(3) 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:

(i) 50 percent in the two subsequent assessment years if the qualifying value is equal to or less than \$10,000 market value; or

(ii) 20 percent in the five subsequent assessment years if the qualifying value is greater than \$10,000 market value.

(4) 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 the property loses its homestead status, is sold or transferred, or if the property is not in compliance with all local ordinances and codes within two years from the date of the purchase of the property.

(5) The total qualifying value for a homestead may not exceed \$50,000. The term "qualifying value" means the increase in estimated market value resulting from the improvement. The \$50,000 maximum qualifying value under this subdivision may result from multiple improvements to the homestead.

EFFECTIVE DATE. This section is effective for property taxes payable in 2012 and thereafter.

Sec. 3. Minnesota Statutes 2010, section 273.121, subdivision 1, is amended to read:

Subdivision 1. **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. Upon written request by the owner of the property, the assessor may send the notice in electronic form or by electronic mail instead of on paper or by ordinary mail. 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 or 24, for the current assessment, (4) the amount of any market value increase prohibited under section 273.11, subdivision 24, (5) the market value subject to taxation after subtracting the amount of any qualifying improvements under clause (3) or any valuation freeze amount under clause (4) for the current assessment, ~~(5)~~ (6) the classification of the property for the current and prior assessment, ~~(6)~~ (7) 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)~~ (8) the assessor's office address, and ~~(8)~~ (9) 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 management and budget of the amount necessary to provide such notices. The commissioner of management and budget 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.

EFFECTIVE DATE. This section is effective for property taxes payable in 2012 and thereafter.

Sec. 4. Minnesota Statutes 2010, section 276.04, subdivision 2, is amended to read:

Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The tax statement must not state or imply that property tax credits are paid by the state of Minnesota. The statement must contain

a tabulated statement of the dollar amount due to each taxing authority and the amount of the state tax from the parcel of real property for which a particular tax statement is prepared. The dollar amounts attributable to the county, the state tax, the voter approved school tax, the other local school tax, the township or municipality, and the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The amounts due all other special taxing districts, if any, may be aggregated except that any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly under the appropriate county's levy. If the county levy under this paragraph includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount. In the case of Ramsey County, if the county levy under this paragraph includes an amount for public library service under section 134.07, the amount attributable for that purpose may be separated from the remaining county levy amount. The amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount. The amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement.

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

- (1) the property's estimated market value under section 273.11, subdivision 1;
- (2) the property's taxable market value after reductions under section 273.11, subdivisions 1a ~~and~~ 16, and 24;
- (3) the property's gross tax, before credits;
- (4) for homestead residential and agricultural properties, the credits under section 273.1384;

(5) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and

(6) the net tax payable in the manner required in paragraph (a).

(d) If the county uses envelopes for mailing property tax statements and if the county agrees, a taxing district may include a notice with the property tax statement notifying taxpayers when the taxing district will begin its budget deliberations for the current year, and encouraging taxpayers to attend the hearings. If the county allows notices to be included in the envelope containing the property tax statement, and if more than one taxing district relative to a given property decides to include a notice with the tax statement, the county treasurer or auditor must coordinate the process and may combine the information on a single announcement.

EFFECTIVE DATE. This section is effective for property taxes payable in 2012 and thereafter.