A bill for an act

relating to taxation; providing that certain property leased to school districts is exempt from taxation; amending Minnesota Statutes 2006, section 272.02, subdivision 42.

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

Section 1. Minnesota Statutes 2006, section 272.02, subdivision 42, is amended to read:

Subd. 42. **Property leased to school districts.** Property that is leased or rented to a school district is exempt from taxation if it meets the following requirements:

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

(2) the terms of the lease must either:

(i) require the school district to pay a nominal consideration for use of the building; or

(ii) provide that the consideration that would otherwise be charged to the school district for lease or rental of the property will be reduced by an amount equal to the property tax forgone due to the exemption, as verified by the assessor;

(3) the school district must use the property to provide direct instruction in any grade from kindergarten through grade 12; special education for disabled children; adult basic education as described in section 124D.52; preschool and early childhood family education; or community education programs, including provision of administrative services directly related to the educational program at that site; and

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

EFFECTIVE DATE. This section is effective for taxes payable in 2007 and thereafter.