A bill for an act

relating to property taxes; providing clarification for eligibility for property tax exemption for public charity institutions; amending Minnesota Statutes 2006, section 272.02, subdivision 7.

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

Section 1. Minnesota Statutes 2006, section 272.02, subdivision 7, is amended to read:

Subd. 7. **Institutions of public charity.** (a) Institutions of purely public charity are exempt. In determining whether the owner of real property is exempt as an institution of purely public charity, the assessing authority shall consider each of the following factors:

(1) whether the stated purpose of the undertaking is to be helpful to others without immediate expectation of material reward;

(2) whether the entity involved is supported by donations and gifts in whole or in part;

(3) whether the recipients of the charity are required to pay for the assistance received in whole or in part;

(4) whether the income received from the gifts and donations and charges to users produces a profit to the charitable institution;

(5) whether the beneficiaries of the charity are restricted or unrestricted and, if restricted, whether the class of persons to whom the charity is made available is one having a reasonable relationship to the charitable objectives; and

(6) whether dividends, in form or substance, or assets upon dissolutions are available to private interests.

None of the six factors alone shall be determinative or given greater weight by the assessing authority and the courts and other factors may be considered.

(b) In determining whether rental housing property qualifies for exemption under this subdivision, the following are not gifts or donations to the owner of the rental housing:

(1) rent assistance provided by the government to or on behalf of tenants; and

(2) financing assistance or tax credits provided by the government to the owner on condition that specific units or a specific quantity of units be set aside for persons or families with certain income characteristics.

In all other instances, government payments of any nature whatsoever to an entity shall be considered as gifts or donations to the entity for purposes of determining whether an entity satisfies the factors enumerated above.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and thereafter.

Sec. 2. **PURPOSE.**

The purpose of section 1 is to codify, but not expand, the standards set forth for consideration in North Star Research Institute v. County of Hennepin, 306 Minn. 1, 6, 236 N.W.2d 754, 757 (1975).