

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-EIGHTH SESSION**

**S.F. No. 2949**

(SENATE AUTHORS: SCHMIT)

DATE	D-PG	OFFICIAL STATUS
04/03/2014	7373	Introduction and first reading Referred to Taxes

A bill for an act

1.1  
 1.2 relating to taxation; property; exempting certain property used to provide services  
 1.3 to school district employees from taxation; amending Minnesota Statutes 2012,  
 1.4 section 272.02, subdivision 42; Minnesota Statutes 2013 Supplement, section  
 1.5 272.01, subdivision 2.

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

1.7 Section 1. Minnesota Statutes 2013 Supplement, section 272.01, subdivision 2, is  
 1.8 amended to read:

1.9 Subd. 2. **Exempt property used by private entity for profit.** (a) When any real or  
 1.10 personal property which is exempt from ad valorem taxes, and taxes in lieu thereof, is  
 1.11 leased, loaned, or otherwise made available and used by a private individual, association,  
 1.12 or corporation in connection with a business conducted for profit, there shall be imposed a  
 1.13 tax, for the privilege of so using or possessing such real or personal property, in the same  
 1.14 amount and to the same extent as though the lessee or user was the owner of such property.

1.15 (b) The tax imposed by this subdivision shall not apply to:

1.16 (1) property leased or used as a concession in or relative to the use in whole  
 1.17 or part of a public park, market, fairgrounds, port authority, economic development  
 1.18 authority established under chapter 469, municipal auditorium, municipal parking facility,  
 1.19 municipal museum, or municipal stadium;

1.20 (2) property of an airport owned by a city, town, county, or group thereof which is:

1.21 (i) leased to or used by any person or entity including a fixed base operator; and

1.22 (ii) used as a hangar for the storage or repair of aircraft or to provide aviation goods,  
 1.23 services, or facilities to the airport or general public;

1.24 the exception from taxation provided in this clause does not apply to:

2.1 (i) property located at an airport owned or operated by the Metropolitan Airports  
 2.2 Commission or by a city of over 50,000 population according to the most recent federal  
 2.3 census or such a city's airport authority; or

2.4 (ii) hangars leased by a private individual, association, or corporation in connection  
 2.5 with a business conducted for profit other than an aviation-related business;

2.6 (3) property constituting or used as a public pedestrian ramp or concourse in  
 2.7 connection with a public airport;

2.8 (4) property constituting or used as a passenger check-in area or ticket sale counter,  
 2.9 boarding area, or luggage claim area in connection with a public airport but not the  
 2.10 airports owned or operated by the Metropolitan Airports Commission or cities of over  
 2.11 50,000 population or an airport authority therein. Real estate owned by a municipality  
 2.12 in connection with the operation of a public airport and leased or used for agricultural  
 2.13 purposes is not exempt;

2.14 (5) property leased, loaned, or otherwise made available to a private individual,  
 2.15 corporation, or association under a cooperative farming agreement made pursuant to  
 2.16 section 97A.135; or

2.17 (6) property leased, loaned, or otherwise made available to a private individual,  
 2.18 corporation, or association under section 272.68, subdivision 4; or

2.19 (7) property owned by a school district and leased for use as a medical clinic serving  
 2.20 employees of the district.

2.21 (c) Taxes imposed by this subdivision are payable as in the case of personal property  
 2.22 taxes and shall be assessed to the lessees or users of real or personal property in the same  
 2.23 manner as taxes assessed to owners of real or personal property, except that such taxes  
 2.24 shall not become a lien against the property. When due, the taxes shall constitute a debt due  
 2.25 from the lessee or user to the state, township, city, county, and school district for which the  
 2.26 taxes were assessed and shall be collected in the same manner as personal property taxes.  
 2.27 If property subject to the tax imposed by this subdivision is leased or used jointly by two or  
 2.28 more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

2.29 (d) The tax on real property of the federal government, the state or any of its political  
 2.30 subdivisions that is leased, loaned, or otherwise made available to a private individual,  
 2.31 association, or corporation and becomes taxable under this subdivision or other provision  
 2.32 of law must be assessed and collected as a personal property assessment. The taxes do  
 2.33 not become a lien against the real property.

2.34 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2014.

2.35 Sec. 2. Minnesota Statutes 2012, section 272.02, subdivision 42, is amended to read:

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

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

3.4 (2) the terms of the lease must require the school district to pay a nominal  
3.5 consideration for use of the building;

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

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

3.14 (b) Property that is leased or rented to a charter school formed and operated under  
3.15 section 124D.10 is exempt from taxation if it meets all of the following requirements:

3.16 (1) the lease is for a period of at least 12 consecutive months;

3.17 (2) the property is owned by (i) a nonprofit corporation or association exempt from  
3.18 federal income tax under section 501(c)(2) or (3) of the Internal Revenue Code; (ii) a  
3.19 public school district, college, or university; (iii) a private academy, college, university, or  
3.20 seminary of learning; (iv) a church; or (v) the state or a political subdivision of the state;

3.21 (3) the charter school must use the property to provide (i) direct instruction in any  
3.22 grade from kindergarten through grade 12; (ii) special education for disabled children; or  
3.23 (iii) administrative services directly related to the educational program at that site; and

3.24 (4) except for lease provisions that allow for the shared use of the property by (i)  
3.25 the charter school and another public or private school; (ii) the charter school and a  
3.26 church; or (iii) the charter school and the state or a political subdivision of the state, the  
3.27 lease must provide that the charter school has the exclusive right to use the property  
3.28 during the lease period.

3.29 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2014.