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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 444

01/28/2019 Authored by Gruenhagen, Urdahl, McDonald and Scott
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; exempting charter schools renting property from
1.3 private individuals from property tax; amending Minnesota Statutes 2018, section
1.4 272.02, subdivision 42.

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

1.6 Section 1. Minnesota Statutes 2018, section 272.02, subdivision 42, is amended to read:

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

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

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

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

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

1.19 (b) Property that is leased or rented to a charter school formed and operated under chapter
1.20 124E is exempt from taxation if it meets all of the following requirements:

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

2.1 (2) the property is owned by (i) a nonprofit corporation or association exempt from  
2.2 federal income tax under section 501(c)(2) or (3) of the Internal Revenue Code; (ii) a public  
2.3 school district, college, or university; (iii) a private academy, college, university, or seminary  
2.4 of learning; (iv) a church; ~~or~~ (v) the state or a political subdivision of the state; or (vi) a  
2.5 private individual;

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

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

2.14 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2019.