

to placement and pre-adoption residences commenced on or after that date. Sections 10 to 13 are effective August 1, 1980.

Approved April 14, 1980

CHAPTER 562—H.F.No. 1838

An act relating to taxation; real property; providing for the assessment of neighborhood real estate trusts; clarifying the treatment of cooperatives and charitable corporations; allowing lending institutions and original sellers to qualify as tenant-stockholders of cooperative apartment corporations; amending Minnesota Statutes 1978, Sections 273.13, by adding a subdivision; 273.133, Subdivision 1; and 290.09, Subdivision 17, and by adding a subdivision.

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

Section 1. Minnesota Statutes 1978, Section 273.13, is amended by adding a subdivision to read:

Subd. 17d. NEIGHBORHOOD REAL ESTATE TRUSTS. When a structure, consisting of one or more dwelling units, is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units are leased to or occupied by a lower income family as defined by section 8 of the United States Housing Act of 1937, as amended, the structure shall be assessed at 20 percent of the market value. This subdivision shall not apply to any portion of the structure used for nonresidential purposes.

For purposes of this subdivision, neighborhood real estate trust means an entity which (a) is a nonprofit corporation organized under chapter 317; (b) has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws; (c) limits membership with voting rights to residents of the designated community; and (d) has a board of directors consisting of at least seven directors, 60 percent of whom are voting members and 25 percent of whom are elected by resident members of buildings owned by the trust.

Sec. 2. Minnesota Statutes 1978, Section 273.133, Subdivision 1, is amended to read:

273.133 CLASSIFICATION OF COOPERATIVES, CHARITABLE AND NONPROFIT CORPORATIONS. Subdivision 1. **COOPERATIVES AND CHARITABLE CORPORATIONS.** When a building which contains one or more dwellings, or one or more buildings which each contain several dwelling units is , are owned by a corporation or association organized under sections 308.05 to 308.18, and each person who owns a share or shares in the corporation or association is entitled to occupy a dwelling, or dwelling unit in the building, the corporation or association may claim homestead treatment for each dwelling, or for each unit in

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case of a building containing several dwelling units, in accordance with section 273.13, subdivision 7, for the dwelling or for the part of the value of the building represented by each such unit occupied by a shareholder. Each dwelling or unit shall be designated by legal description or number, and the assessed value of each dwelling that qualifies for assessment under this subdivision shall include not more than one-half acre of land, if platted, nor more than 80 acres if unplatted. The assessed value of the building or buildings containing several dwelling units shall be the sum of the assessed values of each of the respective units comprising ~~said~~ the building. To qualify for the treatment provided by this section, the corporation or association must be wholly owned by persons having shares entitling them a right to occupy a unit in the building a dwelling or dwelling unit owned by the corporation or association. A charitable corporation organized under the laws of Minnesota and not otherwise exempt thereunder with no outstanding stock shall qualify for such homestead treatment with respect to member residents of such dwelling units who have purchased and hold residential participation warrants entitling them to occupy such units.

Sec. 3. Minnesota Statutes 1978, Section 290.09, Subdivision 17, is amended to read:

Subd. 17. **TAXES AND INTEREST PAID TO COOPERATIVE APARTMENT CORPORATION.** In the case of a tenant-stockholder as defined herein, amounts, not otherwise deductible, paid or accrued to a cooperative apartment corporation within the taxable year, if such amounts represent that proportion of (a) the real estate taxes (allowable as deductions under subdivision 4) paid or incurred by the corporation on the apartment building and the land on which it is situated, and (b) the interest (allowable as a deduction under subdivision 3) paid or incurred by the corporation on its indebtedness contracted in the acquisition, construction, alteration, rehabilitation, or maintenance of such apartment building or in the acquisition of the land on which the building is located, which the stock of the corporation owned by the tenant-stockholder is of the total outstanding stock of the corporation, including that held by the corporation.

As used in this subdivision the term "cooperative apartment corporation" means a corporation

(a) having one and only one class of stock outstanding,

(b) all of the stockholders of which are entitled, solely by reason of their ownership of stock in the corporation, to occupy for dwelling purposes apartments in a building owned or leased by such corporation, and who are not entitled, either conditionally or unconditionally, except upon a complete or partial liquidation of the corporation, to receive any distribution not out of earnings and profits of the corporation, and

(c) 80 percent or more of the gross income of which for the taxable year in which the taxes and interest described in this subdivision are paid or incurred is derived from tenant-stockholders.

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The term "tenant-stockholders" means an individual who is a stockholder in a cooperative apartment corporation, and whose stock is fully paid up in an amount not less than an amount shown to the satisfaction of the commissioner as bearing a reasonable relationship to the portion of the value of the corporation's equity in the building and the land on which it is situated which is attributable to the apartment which such individual is entitled to occupy. For purposes of this subdivision, if a bank or other lending institution acquires by foreclosure, or by instrument in lieu of foreclosure, the stock of a tenant-stockholder, and a lease or the right to occupy an apartment to which the stock is appurtenant, the bank or other lending institution shall be treated as a tenant-stockholder for a period not to exceed three years from the date of acquisition. The preceding sentence shall apply even though, by agreement with the cooperative apartment corporation, the bank or other lending institution, or its nominee, may not occupy the apartment without the prior approval of the corporation.

Sec. 4. Minnesota Statutes 1978, Section 290.09, is amended by adding a subdivision to read:

Subd. 17a. STOCK ACQUIRED BY ORIGINAL SELLER IN COOPERATIVE APARTMENT CORPORATION. If the original seller acquires any stock of a cooperative apartment corporation (1) from the corporation by purchase, or (2) by foreclosure, or by instrument in lieu of foreclosure, of any purchase-money security interest in stock of the corporation held by the original seller, for purposes of subdivision 17, the original seller shall be treated as a tenant-stockholder for a period not to exceed three years from the date of acquisition. This subdivision shall apply with respect to any acquisition of stock of a cooperative apartment corporation only if, together with such acquisition, the original seller acquires the right to occupy an apartment to which the stock is appurtenant. For purposes of the preceding sentence, there shall not be taken into account the fact that, by agreement with a cooperative apartment corporation, the original seller or its nominee may not occupy an apartment without the prior approval of the corporation. The term "original seller" means the person or corporation from whom the cooperative apartment corporation has acquired the apartments or leaseholds therein.

Sec. 5. EFFECTIVE DATE. Sections 1 and 2 are effective for taxes levied in 1980 and thereafter, payable in 1981 and thereafter. Sections 3 and 4 are effective for taxable years beginning after December 31, 1979.

Approved April 14, 1980

CHAPTER 563—H.F.No. 729

An act relating to public welfare; increasing personal needs allowance for residents of certain facilities; restricting the use of allowances by third parties; providing for a civil action and damages; providing a penalty; appropriating money; amending Minnesota Statutes 1978, Section 256B.35.

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