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State of Minnesota  
HOUSE OF REPRESENTATIVES  
NINETIETH SESSION

H. F. No. 3276

03/01/2018 Authored by Whelan, Drazkowski and Marquart  
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; consolidating all residential property into a single  
1.3 classification; modifying class rates; eliminating the state general levy on  
1.4 seasonal-recreational property; eliminating the blind and disabled homestead  
1.5 classification and replacing it with a refund payment; amending Minnesota Statutes  
1.6 2016, sections 123A.455, subdivision 1; 126C.01, subdivision 3; 273.11,  
1.7 subdivision 12; 273.1115, subdivision 2; 273.1231, subdivision 4; 273.124,  
1.8 subdivisions 1, 3a, 17; 273.13, subdivision 35, by adding a subdivision; 276A.01,  
1.9 subdivision 4; 290A.04, subdivision 2h, by adding a subdivision; 473F.02,  
1.10 subdivision 4; Minnesota Statutes 2017 Supplement, sections 271.21, subdivision  
1.11 2; 273.13, subdivisions 22, 23, 25; 275.025, subdivisions 1, 2, 4; 290A.03,  
1.12 subdivision 13; repealing Minnesota Statutes 2016, sections 273.1315; 275.025,  
1.13 subdivision 3; Minnesota Statutes 2017 Supplement, sections 327C.01, subdivision  
1.14 13; 327C.16.

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

1.16 ARTICLE 1

1.17 RESIDENTIAL CLASSIFICATION REFORM

1.18 Section 1. Minnesota Statutes 2016, section 273.124, subdivision 1, is amended to read:

1.19 Subdivision 1. **General rule.** (a) Class 1 residential real estate under section 273.13,  
1.20 subdivision 22, that is occupied and used for the purposes of a homestead by its owner, who  
1.21 must be a Minnesota resident, is a residential homestead. In the case of a duplex or triplex  
1.22 in which one of the units is used for homestead purposes, the entire property is deemed to  
1.23 be used for homestead purposes.

1.24 Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used  
1.25 as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

2.1 Dates for establishment of a homestead and homestead treatment provided to particular  
2.2 types of property are as provided in this section.

2.3 Property held by a trustee under a trust is eligible for homestead classification if the  
2.4 requirements under this chapter are satisfied.

2.5 The assessor shall require proof, as provided in subdivision 13, of the facts upon which  
2.6 classification as a homestead may be determined. Notwithstanding any other law, the assessor  
2.7 may at any time require a homestead application to be filed in order to verify that any  
2.8 property classified as a homestead continues to be eligible for homestead status.

2.9 Notwithstanding any other law to the contrary, the Department of Revenue may, upon  
2.10 request from an assessor, verify whether an individual who is requesting or receiving  
2.11 homestead classification has filed a Minnesota income tax return as a resident for the most  
2.12 recent taxable year for which the information is available.

2.13 When there is a name change or a transfer of homestead property, the assessor may  
2.14 reclassify the property in the next assessment unless a homestead application is filed to  
2.15 verify that the property continues to qualify for homestead classification.

2.16 (b) For purposes of this section, homestead property shall include property which is used  
2.17 for purposes of the homestead but is separated from the homestead by a road, street, lot,  
2.18 waterway, or other similar intervening property. The term "used for purposes of the  
2.19 homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings  
2.20 commonly associated with a homestead, but shall not include vacant land held primarily  
2.21 for future development. In order to receive homestead treatment for the noncontiguous  
2.22 property, the owner must use the property for the purposes of the homestead, and must apply  
2.23 to the assessor, both by the deadlines given in subdivision 9. After initial qualification for  
2.24 the homestead treatment, additional applications for subsequent years are not required.

2.25 (c) Residential real estate that is occupied and used for purposes of a homestead by a  
2.26 relative of the owner is a homestead but only to the extent of the homestead treatment that  
2.27 would be provided if the related owner occupied the property. For purposes of this paragraph  
2.28 and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent,  
2.29 grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship may be by blood  
2.30 or marriage. Property that has been classified as seasonal residential recreational property  
2.31 at any time during which it has been owned by the current owner or spouse of the current  
2.32 owner will not be reclassified as a homestead unless it is occupied as a homestead by the  
2.33 owner; this prohibition also applies to property that, in the absence of this paragraph, would  
2.34 have been classified as seasonal residential recreational property at the time when the

3.1 residence was constructed. Neither the related occupant nor the owner of the property may  
3.2 claim a property tax refund under chapter 290A for a homestead occupied by a relative. In  
3.3 the case of a residence located on agricultural land, only the house, garage, and immediately  
3.4 surrounding one acre of land shall be classified as a homestead under this paragraph, except  
3.5 as provided in paragraph (d).

3.6 (d) Agricultural property that is occupied and used for purposes of a homestead by a  
3.7 relative of the owner, is a homestead, only to the extent of the homestead treatment that  
3.8 would be provided if the related owner occupied the property, and only if all of the following  
3.9 criteria are met:

3.10 (1) the relative who is occupying the agricultural property is a grandchild, child, sibling,  
3.11 or parent of the owner of the agricultural property or of the spouse of the owner;

3.12 (2) the owner of the agricultural property must be a Minnesota resident;

3.13 (3) the owner of the agricultural property must not receive homestead treatment on any  
3.14 other agricultural property in Minnesota; and

3.15 (4) the owner of the agricultural property is limited to only one agricultural homestead  
3.16 per family under this paragraph.

3.17 Neither the related occupant nor the owner of the property may claim a property tax  
3.18 refund under chapter 290A for a homestead occupied by a relative qualifying under this  
3.19 paragraph. For purposes of this paragraph, "agricultural property" means the house, garage,  
3.20 other farm buildings and structures, and agricultural land.

3.21 Application must be made to the assessor by the owner of the agricultural property to  
3.22 receive homestead benefits under this paragraph. The assessor may require the necessary  
3.23 proof that the requirements under this paragraph have been met.

3.24 (e) In the case of property owned by a property owner who is married, the assessor must  
3.25 not deny homestead treatment in whole or in part if only one of the spouses occupies the  
3.26 property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2)  
3.27 legal separation, (3) employment or self-employment in another location, or (4) other  
3.28 personal circumstances causing the spouses to live separately, not including an intent to  
3.29 obtain two homestead classifications for property tax purposes. To qualify under clause (3),  
3.30 the spouse's place of employment or self-employment must be at least 50 miles distant from  
3.31 the other spouse's place of employment, and the homesteads must be at least 50 miles distant  
3.32 from each other.

3.33 (f) The assessor must not deny homestead treatment in whole or in part if:

4.1 (1) in the case of a property owner who is not married, the owner is absent due to  
 4.2 residence in a nursing home, boarding care facility, or an elderly assisted living facility  
 4.3 property as defined in section 273.13, subdivision 25a, and the property is not otherwise  
 4.4 occupied; or

4.5 (2) in the case of a property owner who is married, the owner or the owner's spouse or  
 4.6 both are absent due to residence in a nursing home, boarding care facility, or an elderly  
 4.7 assisted living facility property as defined in section 273.13, subdivision 25a, and the property  
 4.8 is not occupied or is occupied only by the owner's spouse.

4.9 (g) If an individual is purchasing property with the intent of claiming it as a homestead  
 4.10 and is required by the terms of the financing agreement to have a relative shown on the deed  
 4.11 as a co-owner, the assessor shall allow a full homestead classification. This provision only  
 4.12 applies to first-time purchasers, whether married or single, or to a person who had previously  
 4.13 been married and is purchasing as a single individual for the first time. The application for  
 4.14 homestead benefits must be on a form prescribed by the commissioner and must contain  
 4.15 the data necessary for the assessor to determine if full homestead benefits are warranted.

4.16 (h) If residential or agricultural real estate is occupied and used for purposes of a  
 4.17 homestead by a child of a deceased owner and the property is subject to jurisdiction of  
 4.18 probate court, the child shall receive relative homestead classification under paragraph (c)  
 4.19 or (d) to the same extent they would be entitled to it if the owner was still living, until the  
 4.20 probate is completed. For purposes of this paragraph, "child" includes a relationship by  
 4.21 blood or by marriage.

4.22 (i) If a single-family home, duplex, or triplex classified as either residential homestead  
 4.23 or agricultural homestead is also used to provide licensed child care, the portion of the  
 4.24 property used for licensed child care must be classified as a part of the homestead property.

4.25 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

4.26 Sec. 2. Minnesota Statutes 2016, section 273.124, subdivision 3a, is amended to read:

4.27 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home park  
 4.28 is owned by a corporation or association organized under chapter 308A or 308B, and each  
 4.29 person who owns a share or shares in the corporation or association is entitled to occupy a  
 4.30 lot within the park, the corporation or association may claim homestead treatment for the  
 4.31 park. Each lot must be designated by legal description or number, and each lot is limited to  
 4.32 not more than one-half acre of land.

5.1 (b) The manufactured home park shall be entitled to homestead treatment if all of the  
5.2 following criteria are met:

5.3 (1) the occupant or the cooperative corporation or association is paying the ad valorem  
5.4 property taxes and any special assessments levied against the land and structure either  
5.5 directly, or indirectly through dues to the corporation or association; and

5.6 (2) the corporation or association organized under chapter 308A or 308B is wholly  
5.7 owned by persons having a right to occupy a lot owned by the corporation or association.

5.8 (c) A charitable corporation, organized under the laws of Minnesota with no outstanding  
5.9 stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status,  
5.10 qualifies for homestead treatment with respect to a manufactured home park if its members  
5.11 hold residential participation warrants entitling them to occupy a lot in the manufactured  
5.12 home park.

5.13 (d) "Homestead treatment" under this subdivision means the classification rate provided  
5.14 for class ~~4e 1~~ property ~~classified under section 273.13, subdivision 25, paragraph (d), clause~~  
5.15 ~~(5), item (ii): 273.13, subdivision 22, and the homestead market value exclusion under~~  
5.16 ~~section 273.13, subdivision 35, does not apply and the property taxes assessed against the~~  
5.17 ~~park shall not be included in the determination of taxes payable for rent paid under section~~  
5.18 ~~290A.03.~~

5.19 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

5.20 Sec. 3. Minnesota Statutes 2017 Supplement, section 273.13, subdivision 22, is amended  
5.21 to read:

5.22 Subd. 22. **Class 1.** ~~(a) Except as provided in subdivision 23 and in paragraphs (b) and~~  
5.23 ~~(c), real estate which is residential and used for homestead purposes is class 1a. In the case~~  
5.24 ~~of a duplex or triplex in which one of the units is used for homestead purposes, the entire~~  
5.25 ~~property is deemed to be used for homestead purposes. The market value of class 1a property~~  
5.26 ~~must be determined based upon the value of the house, garage, and land.~~

5.27 (a) Class 1 property is residential real estate containing fewer than four dwelling units.  
5.28 The first \$500,000 of taxable market value of class ~~1a~~ 1 property has a ~~net~~ classification  
5.29 rate of one percent ~~of its market value;~~<sup>2</sup> and the taxable market value of class ~~1a~~ 1 property  
5.30 that exceeds \$500,000 has a classification rate of 1.25 percent ~~of its market value.~~

5.31 ~~(b) Class 1b property includes homestead real estate or homestead manufactured homes~~  
5.32 ~~used for the purposes of a homestead by:~~

6.1 ~~(1) any person who is blind as defined in section 256D.35, or the blind person and the~~  
 6.2 ~~blind person's spouse;~~

6.3 ~~(2) any person who is permanently and totally disabled or by the disabled person and~~  
 6.4 ~~the disabled person's spouse; or~~

6.5 ~~(3) the surviving spouse of a permanently and totally disabled veteran homesteading a~~  
 6.6 ~~property classified under this paragraph for taxes payable in 2008.~~

6.7 ~~Property is classified and assessed under clause (2) only if the government agency or~~  
 6.8 ~~income-providing source certifies, upon the request of the homestead occupant, that the~~  
 6.9 ~~homestead occupant satisfies the disability requirements of this paragraph, and that the~~  
 6.10 ~~property is not eligible for the valuation exclusion under subdivision 34.~~

6.11 ~~Property is classified and assessed under paragraph (b) only if the commissioner of~~  
 6.12 ~~revenue or the county assessor certifies that the homestead occupant satisfies the requirements~~  
 6.13 ~~of this paragraph.~~

6.14 ~~Permanently and totally disabled for the purpose of this subdivision means a condition~~  
 6.15 ~~which is permanent in nature and totally incapacitates the person from working at an~~  
 6.16 ~~occupation which brings the person an income. The first \$50,000 market value of class 1b~~  
 6.17 ~~property has a net classification rate of .45 percent of its market value. The remaining market~~  
 6.18 ~~value of class 1b property is classified as class 1a or class 2a property, whichever is~~  
 6.19 ~~appropriate.~~

6.20 ~~(e)~~ (b) Class 1c property is commercial use real and personal property that abuts public  
 6.21 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by  
 6.22 the Department of Natural Resources, and is devoted to temporary and seasonal residential  
 6.23 occupancy for recreational purposes but not devoted to commercial purposes for more than  
 6.24 250 days in the year preceding the year of assessment, and that includes a portion used as  
 6.25 a homestead by the owner, which includes a dwelling occupied as a homestead by a  
 6.26 shareholder of a corporation that owns the resort, a partner in a partnership that owns the  
 6.27 resort, or a member of a limited liability company that owns the resort even if the title to  
 6.28 the homestead is held by the corporation, partnership, or limited liability company. For  
 6.29 purposes of this paragraph, property is devoted to a commercial purpose on a specific day  
 6.30 if any portion of the property, excluding the portion used exclusively as a homestead, is  
 6.31 used for residential occupancy and a fee is charged for residential occupancy. Class 1c  
 6.32 property must contain three or more rental units. A "rental unit" is defined as a cabin,  
 6.33 condominium, townhouse, sleeping room, or individual camping site equipped with water  
 6.34 and electrical hookups for recreational vehicles. Class 1c property must provide recreational

7.1 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill  
 7.2 or cross-country ski equipment; provide marina services, launch services, or guide services;  
 7.3 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred  
 7.4 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies  
 7.5 for class 1c even though it may remain available for rent. A camping pad offered for rent  
 7.6 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of  
 7.7 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If  
 7.8 the same owner owns two separate parcels that are located in the same township, and one  
 7.9 of those properties is classified as a class 1c property and the other would be eligible to be  
 7.10 classified as a class 1c property if it was used as the homestead of the owner, both properties  
 7.11 will be assessed as a single class 1c property; for purposes of this sentence, properties are  
 7.12 deemed to be owned by the same owner if each of them is owned by a limited liability  
 7.13 company, and both limited liability companies have the same membership. The portion of  
 7.14 the property used as a homestead is class ~~1a~~ 1 property under paragraph (a). The remainder  
 7.15 of the property is classified as follows: the first \$600,000 of market value is tier I, the next  
 7.16 \$1,700,000 of market value is tier II, and any remaining market value is tier III. The  
 7.17 classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25  
 7.18 percent. Owners of real and personal property devoted to temporary and seasonal residential  
 7.19 occupancy for recreation purposes in which all or a portion of the property was devoted to  
 7.20 commercial purposes for not more than 250 days in the year preceding the year of assessment  
 7.21 desiring classification as class 1c, must submit a declaration to the assessor designating the  
 7.22 cabins or units occupied for 250 days or less in the year preceding the year of assessment  
 7.23 by January 15 of the assessment year. Those cabins or units and a proportionate share of  
 7.24 the land on which they are located must be designated as class 1c as otherwise provided.  
 7.25 The remainder of the cabins or units and a proportionate share of the land on which they  
 7.26 are located must be designated as class 3a commercial. The owner of property desiring  
 7.27 designation as class 1c property must provide guest registers or other records demonstrating  
 7.28 that the units for which class 1c designation is sought were not occupied for more than 250  
 7.29 days in the year preceding the assessment if so requested. The portion of a property operated  
 7.30 as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)  
 7.31 other nonresidential facility operated on a commercial basis not directly related to temporary  
 7.32 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

7.33 ~~(d) Class 1d property includes structures that meet all of the following criteria:~~

7.34 ~~(1) the structure is located on property that is classified as agricultural property under~~  
 7.35 ~~section 273.13, subdivision 23;~~

8.1 ~~(2) the structure is occupied exclusively by seasonal farm workers during the time when~~  
 8.2 ~~they work on that farm, and the occupants are not charged rent for the privilege of occupying~~  
 8.3 ~~the property, provided that use of the structure for storage of farm equipment and produce~~  
 8.4 ~~does not disqualify the property from classification under this paragraph;~~

8.5 ~~(3) the structure meets all applicable health and safety requirements for the appropriate~~  
 8.6 ~~season; and~~

8.7 ~~(4) the structure is not salable as residential property because it does not comply with~~  
 8.8 ~~local ordinances relating to location in relation to streets or roads.~~

8.9 ~~The market value of class 1d property has the same classification rates as class 1a property~~  
 8.10 ~~under paragraph (a).~~

8.11 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

8.12 Sec. 4. Minnesota Statutes 2017 Supplement, section 273.13, subdivision 23, is amended  
 8.13 to read:

8.14 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land  
 8.15 and buildings that is are homesteaded, along with any class 2b rural vacant land that is  
 8.16 contiguous to the class 2a land under the same ownership. ~~The market value of the house~~  
 8.17 ~~and garage and immediately surrounding one acre of land has the same classification rates~~  
 8.18 ~~as class 1a or 1b property under subdivision 22.~~ The value of the remaining land including  
 8.19 improvements up to the first tier valuation limit of agricultural homestead property has a  
 8.20 classification rate of 0.5 percent of market value. The remaining property over the first tier  
 8.21 has a classification rate of one percent of market value. For purposes of this subdivision,  
 8.22 the "first tier valuation limit of agricultural homestead property" and "first tier" means the  
 8.23 limit certified under section 273.11, subdivision 23.

8.24 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that  
 8.25 are agricultural land and buildings. Class 2a property has a classification rate of one percent  
 8.26 of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a  
 8.27 property must also include any property that would otherwise be classified as 2b, but is  
 8.28 interspersed with class 2a property, including but not limited to sloughs, wooded wind  
 8.29 shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement,  
 8.30 and other similar land that is impractical for the assessor to value separately from the rest  
 8.31 of the property or that is unlikely to be able to be sold separately from the rest of the property.

8.32 An assessor may classify the part of a parcel described in this subdivision that is used  
 8.33 for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

9.1 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that  
9.2 are unplatted real estate, rural in character and not used for agricultural purposes, including  
9.3 land used for growing trees for timber, lumber, and wood and wood products, that is not  
9.4 improved with a structure. The presence of a minor, ancillary nonresidential structure as  
9.5 defined by the commissioner of revenue does not disqualify the property from classification  
9.6 under this paragraph. Any parcel of 20 acres or more improved with a structure that is not  
9.7 a minor, ancillary nonresidential structure must be split-classified, and ten acres must be  
9.8 assigned to the split parcel containing the structure. Class 2b property has a classification  
9.9 rate of one percent of market value unless it is part of an agricultural homestead under  
9.10 paragraph (a), or qualifies as class 2c under paragraph (d).

9.11 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920  
9.12 acres statewide per taxpayer that is being managed under a forest management plan that  
9.13 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource  
9.14 management incentive program. It has a classification rate of .65 percent, provided that the  
9.15 owner of the property must apply to the assessor in order for the property to initially qualify  
9.16 for the reduced rate and provide the information required by the assessor to verify that the  
9.17 property qualifies for the reduced rate. If the assessor receives the application and information  
9.18 before May 1 in an assessment year, the property qualifies beginning with that assessment  
9.19 year. If the assessor receives the application and information after April 30 in an assessment  
9.20 year, the property may not qualify until the next assessment year. The commissioner of  
9.21 natural resources must concur that the land is qualified. The commissioner of natural  
9.22 resources shall annually provide county assessors verification information on a timely basis.  
9.23 The presence of a minor, ancillary nonresidential structure as defined by the commissioner  
9.24 of revenue does not disqualify the property from classification under this paragraph.

9.25 (e) Agricultural land as used in this section means:

9.26 (1) contiguous acreage of ten acres or more, used during the preceding year for  
9.27 agricultural purposes; or

9.28 (2) contiguous acreage used during the preceding year for an intensive livestock or  
9.29 poultry confinement operation, provided that land used only for pasturing or grazing does  
9.30 not qualify under this clause.

9.31 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or  
9.32 storage of agricultural products for sale, or the storage of machinery or equipment used in  
9.33 support of agricultural production by the same farm entity. For a property to be classified  
9.34 as agricultural based only on the drying or storage of agricultural products, the products

10.1 being dried or stored must have been produced by the same farm entity as the entity operating  
10.2 the drying or storage facility. "Agricultural purposes" also includes enrollment in a local  
10.3 conservation program or the Reinvest in Minnesota program under sections 103F.501 to  
10.4 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198  
10.5 or a similar state or federal conservation program if the property was classified as agricultural  
10.6 (i) under this subdivision for taxes payable in 2003 because of its enrollment in a qualifying  
10.7 program and the land remains enrolled or (ii) in the year prior to its enrollment. For purposes  
10.8 of this section, a "local conservation program" means a program administered by a town,  
10.9 statutory or home rule charter city, or county, including a watershed district, water  
10.10 management organization, or soil and water conservation district, in which landowners  
10.11 voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in  
10.12 exchange for use or other restrictions placed on the land. In order for property to qualify  
10.13 under the local conservation program provision, a taxpayer must apply to the assessor by  
10.14 February 1 of the assessment year and must submit the information required by the assessor,  
10.15 including but not limited to a copy of the program requirements, the specific agreement  
10.16 between the land owner and the local agency, if applicable, and a map of the conservation  
10.17 area. Agricultural classification shall not be based upon the market value of any residential  
10.18 structures on the parcel or contiguous parcels under the same ownership.

10.19 "Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous  
10.20 portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion  
10.21 of, a set of contiguous tax parcels under that section that are owned by the same person.

10.22 (f) Agricultural land under this section also includes:

10.23 (1) contiguous acreage that is less than ten acres in size and exclusively used in the  
10.24 preceding year for raising or cultivating agricultural products; or

10.25 (2) contiguous acreage that contains a residence and is less than 11 acres in size, if the  
10.26 contiguous acreage exclusive of the house, garage, and surrounding one acre of land was  
10.27 used in the preceding year for one or more of the following three uses:

10.28 (i) for an intensive grain drying or storage operation, or for intensive machinery or  
10.29 equipment storage activities used to support agricultural activities on other parcels of property  
10.30 operated by the same farming entity;

10.31 (ii) as a nursery, provided that only those acres used intensively to produce nursery stock  
10.32 are considered agricultural land; or

10.33 (iii) for intensive market farming; for purposes of this paragraph, "market farming"  
10.34 means the cultivation of one or more fruits or vegetables or production of animal or other

11.1 agricultural products for sale to local markets by the farmer or an organization with which  
11.2 the farmer is affiliated.

11.3 "Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as  
11.4 described in section 272.193, or all of a set of contiguous tax parcels under that section that  
11.5 are owned by the same person.

11.6 (g) Land shall be classified as agricultural even if all or a portion of the agricultural use  
11.7 of that property is the leasing to, or use by another person for agricultural purposes.

11.8 Classification under this subdivision is not determinative for qualifying under section  
11.9 273.111.

11.10 (h) The property classification under this section supersedes, for property tax purposes  
11.11 only, any locally administered agricultural policies or land use restrictions that define  
11.12 minimum or maximum farm acreage.

11.13 (i) The term "agricultural products" as used in this subdivision includes production for  
11.14 sale of:

11.15 (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing  
11.16 animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees,  
11.17 and apiary products by the owner;

11.18 (2) aquacultural products for sale and consumption, as defined under section 17.47, if  
11.19 the aquaculture occurs on land zoned for agricultural use;

11.20 (3) the commercial boarding of horses, which may include related horse training and  
11.21 riding instruction, if the boarding is done on property that is also used for raising pasture  
11.22 to graze horses or raising or cultivating other agricultural products as defined in clause (1);

11.23 (4) property which is owned and operated by nonprofit organizations used for equestrian  
11.24 activities, excluding racing;

11.25 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section  
11.26 97A.105, provided that the annual licensing report to the Department of Natural Resources,  
11.27 which must be submitted annually by March 30 to the assessor, indicates that at least 500  
11.28 birds were raised or used for breeding stock on the property during the preceding year and  
11.29 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a  
11.30 shooting preserve licensed under section 97A.115;

11.31 (6) insects primarily bred to be used as food for animals;

12.1 (7) trees, grown for sale as a crop, including short rotation woody crops, and not sold  
 12.2 for timber, lumber, wood, or wood products; and

12.3 (8) maple syrup taken from trees grown by a person licensed by the Minnesota  
 12.4 Department of Agriculture under chapter 28A as a food processor.

12.5 (j) If a parcel used for agricultural purposes is also used for commercial or industrial  
 12.6 purposes, including but not limited to:

12.7 (1) wholesale and retail sales;

12.8 (2) processing of raw agricultural products or other goods;

12.9 (3) warehousing or storage of processed goods; and

12.10 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and  
 12.11 (3),

12.12 the assessor shall classify the part of the parcel used for agricultural purposes as class 1b,  
 12.13 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.

12.14 The grading, sorting, and packaging of raw agricultural products for first sale is considered  
 12.15 an agricultural purpose. A greenhouse or other building where horticultural or nursery  
 12.16 products are grown that is also used for the conduct of retail sales must be classified as  
 12.17 agricultural if it is primarily used for the growing of horticultural or nursery products from  
 12.18 seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products.  
 12.19 Use of a greenhouse or building only for the display of already grown horticultural or nursery  
 12.20 products does not qualify as an agricultural purpose.

12.21 ~~(k) The assessor shall determine and list separately on the records the market value of~~  
 12.22 ~~the homestead dwelling and the one acre of land on which that dwelling is located. If any~~  
 12.23 ~~farm buildings or structures are located on this homesteaded acre of land, their market value~~  
 12.24 ~~shall not be included in this separate determination.~~

12.25 ~~(k)~~ (k) Class 2d airport landing area consists of a landing area or public access area of a  
 12.26 privately owned public use airport. It has a classification rate of one percent of market value.  
 12.27 To qualify for classification under this paragraph, a privately owned public use airport must  
 12.28 be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing  
 12.29 area" means that part of a privately owned public use airport properly cleared, regularly  
 12.30 maintained, and made available to the public for use by aircraft and includes runways,  
 12.31 taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing  
 12.32 area also includes land underlying both the primary surface and the approach surfaces that  
 12.33 comply with all of the following:

13.1 (i) the land is properly cleared and regularly maintained for the primary purposes of the  
 13.2 landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities  
 13.3 for servicing, repair, or maintenance of aircraft is not included as a landing area;

13.4 (ii) the land is part of the airport property; and

13.5 (iii) the land is not used for commercial or residential purposes.

13.6 The land contained in a landing area under this paragraph must be described and certified  
 13.7 by the commissioner of transportation. The certification is effective until it is modified, or  
 13.8 until the airport or landing area no longer meets the requirements of this paragraph. For  
 13.9 purposes of this paragraph, "public access area" means property used as an aircraft parking  
 13.10 ramp, apron, or storage hangar, or an arrival and departure building in connection with the  
 13.11 airport.

13.12 ~~(m)~~ (l) Class 2e consists of land with a commercial aggregate deposit that is not actively  
 13.13 being mined and is not otherwise classified as class 2a or 2b, provided that the land is not  
 13.14 located in a county that has elected to opt-out of the aggregate preservation program as  
 13.15 provided in section 273.1115, subdivision 6. It has a classification rate of one percent of  
 13.16 market value. To qualify for classification under this paragraph, the property must be at  
 13.17 least ten contiguous acres in size and the owner of the property must record with the county  
 13.18 recorder of the county in which the property is located an affidavit containing:

13.19 (1) a legal description of the property;

13.20 (2) a disclosure that the property contains a commercial aggregate deposit that is not  
 13.21 actively being mined but is present on the entire parcel enrolled;

13.22 (3) documentation that the conditional use under the county or local zoning ordinance  
 13.23 of this property is for mining; and

13.24 (4) documentation that a permit has been issued by the local unit of government or the  
 13.25 mining activity is allowed under local ordinance. The disclosure must include a statement  
 13.26 from a registered professional geologist, engineer, or soil scientist delineating the deposit  
 13.27 and certifying that it is a commercial aggregate deposit.

13.28 For purposes of this section and section 273.1115, "commercial aggregate deposit"  
 13.29 means a deposit that will yield crushed stone or sand and gravel that is suitable for use as  
 13.30 a construction aggregate; and "actively mined" means the removal of top soil and overburden  
 13.31 in preparation for excavation or excavation of a commercial deposit.

13.32 ~~(n)~~ (m) When any portion of the property under this subdivision or subdivision 22 begins  
 13.33 to be actively mined, the owner must file a supplemental affidavit within 60 days from the

14.1 day any aggregate is removed stating the number of acres of the property that is actively  
 14.2 being mined. The acres actively being mined must be (1) valued and classified under  
 14.3 subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate  
 14.4 resource preservation property tax program under section 273.1115, if the land was enrolled  
 14.5 in that program. Copies of the original affidavit and all supplemental affidavits must be  
 14.6 filed with the county assessor, the local zoning administrator, and the Department of Natural  
 14.7 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each  
 14.8 time a subsequent portion of the property is actively mined, provided that the minimum  
 14.9 acreage change is five acres, even if the actual mining activity constitutes less than five  
 14.10 acres.

14.11 ~~(o)~~ (n) The definitions prescribed by the commissioner under paragraphs (c) and (d) are  
 14.12 not rules and are exempt from the rulemaking provisions of chapter 14, and the provisions  
 14.13 in section 14.386 concerning exempt rules do not apply.

14.14 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

14.15 Sec. 5. Minnesota Statutes 2017 Supplement, section 273.13, subdivision 25, is amended  
 14.16 to read:

14.17 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units  
 14.18 and used or held for use by the owner or by the tenants or lessees of the owner as a residence  
 14.19 for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a  
 14.20 also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt  
 14.21 under section 272.02, and contiguous property used for hospital purposes, without regard  
 14.22 to whether the property has been platted or subdivided. The market value of class 4a property  
 14.23 has a classification rate of 1.25 percent.

14.24 ~~(b) Class 4b includes:~~

14.25 ~~(1) residential real estate containing less than four units that does not qualify as class~~  
 14.26 ~~4bb, other than seasonal residential recreational property;~~

14.27 ~~(2) manufactured homes not classified under any other provision;~~

14.28 ~~(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm~~  
 14.29 ~~classified under subdivision 23, paragraph (b) containing two or three units; and~~

14.30 ~~(4) unimproved property that is classified residential as determined under subdivision~~  
 14.31 ~~33.~~

14.32 ~~The market value of class 4b property has a classification rate of 1.25 percent.~~

15.1 ~~(e) Class 4bb includes:~~

15.2 ~~(1) nonhomestead residential real estate containing one unit, other than seasonal~~  
 15.3 ~~residential recreational property;~~

15.4 ~~(2) a single family dwelling, garage, and surrounding one acre of property on a~~  
 15.5 ~~nonhomestead farm classified under subdivision 23, paragraph (b); and~~

15.6 ~~(3) a condominium-type storage unit having an individual property identification number~~  
 15.7 ~~that is not used for a commercial purpose.~~

15.8 ~~Class 4bb property has the same classification rates as class 1a property under subdivision~~  
 15.9 ~~22.~~

15.10 ~~Property that has been classified as seasonal residential recreational property at any time~~  
 15.11 ~~during which it has been owned by the current owner or spouse of the current owner does~~  
 15.12 ~~not qualify for class 4bb.~~

15.13 ~~(d) (b) Class 4e 4c(1) property includes: (1),~~ except as provided in subdivision 22,  
 15.14 paragraph (c), real and personal property devoted to commercial temporary and seasonal  
 15.15 residential occupancy for recreation purposes, for not more than 250 days in the year  
 15.16 preceding the year of assessment. For purposes of this ~~clause~~ paragraph, property is devoted  
 15.17 to a commercial purpose on a specific day if any portion of the property is used for residential  
 15.18 occupancy, and a fee is charged for residential occupancy. Class 4e 4c(1) property under  
 15.19 this ~~clause~~ paragraph must contain three or more rental units. A "rental unit" is defined as  
 15.20 a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with  
 15.21 water and electrical hookups for recreational vehicles. A camping pad offered for rent ~~by~~  
 15.22 ~~a property that otherwise qualifies for class 4e under this clause is also class 4e under this~~  
 15.23 ~~clause 4c(1) regardless of the term of the rental agreement, as long as the use of the camping~~  
 15.24 ~~pad does not exceed 250 days. In order for a property to be classified under this ~~clause~~~~  
 15.25 paragraph, either (i) the business located on the property must provide recreational activities,  
 15.26 at least 40 percent of the annual gross lodging receipts related to the property must be from  
 15.27 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid  
 15.28 bookings by lodging guests during the year must be for periods of at least two consecutive  
 15.29 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for  
 15.30 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,  
 15.31 and must be located in a township or a city with a population of 2,500 or less located outside  
 15.32 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion  
 15.33 of a state trail administered by the Department of Natural Resources. For purposes of item  
 15.34 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4e

16.1 4c(1) property also includes commercial use real property used exclusively for recreational  
 16.2 purposes in conjunction with other class ~~4e~~ 4c(1) property classified under this ~~clause~~  
 16.3 paragraph and devoted to temporary and seasonal residential occupancy for recreational  
 16.4 purposes, up to a total of two acres, provided the property is not devoted to commercial  
 16.5 recreational use for more than 250 days in the year preceding the year of assessment and is  
 16.6 located within two miles of the class ~~4e~~ 4c(1) property with which it is used. In order for a  
 16.7 property to qualify for classification under this ~~clause~~ paragraph, the owner must submit a  
 16.8 declaration to the assessor designating the cabins or units occupied for 250 days or less in  
 16.9 the year preceding the year of assessment by January 15 of the assessment year. Those  
 16.10 cabins or units and a proportionate share of the land on which they are located must be  
 16.11 designated class ~~4e~~ 4c(1) under this ~~clause~~ paragraph as otherwise provided. The remainder  
 16.12 of the cabins or units and a proportionate share of the land on which they are located will  
 16.13 be designated as class 3a. The owner of property desiring designation as class ~~4e~~ 4c(1)  
 16.14 property under this ~~clause~~ paragraph must provide guest registers or other records  
 16.15 demonstrating that the units for which class ~~4e~~ 4c(1) designation is sought were not occupied  
 16.16 for more than 250 days in the year preceding the assessment if so requested. The portion  
 16.17 of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or  
 16.18 meeting room, and (5) other nonresidential facility operated on a commercial basis not  
 16.19 directly related to temporary and seasonal residential occupancy for recreation purposes  
 16.20 does not qualify for class ~~4e~~ 4c(1). For the purposes of this paragraph, "recreational activities"  
 16.21 means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country  
 16.22 ski equipment; providing marina services, launch services, or guide services; or selling bait  
 16.23 and fishing tackle; Class 4c(1) property has a class rate of one percent on the first \$500,000  
 16.24 of market value and 1.25 percent on the portion over \$500,000.

16.25 ~~(2)~~ (c) Class 4c(2) property is (1) real property that is actively and exclusively devoted  
 16.26 to indoor fitness, health, social, recreational, and related uses, is owned and operated by a  
 16.27 not-for-profit corporation, and is located within the metropolitan area as defined in section  
 16.28 473.121, subdivision 2; or (2) qualified property used as a golf course if:

16.29 (i) it is open to the public on a daily fee basis. It may charge membership fees or dues,  
 16.30 but a membership fee may not be required in order to use the property for golfing, and its  
 16.31 green fees for golfing must be comparable to green fees typically charged by municipal  
 16.32 courses; and

16.33 (ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

16.34 A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with  
 16.35 the golf course is classified as class 3a property;

17.1 Class 4c(2) property has a class rate of 1.25 percent.

17.2 ~~(3)~~ (d) Class 4c(3) property is real property up to a maximum of three acres of land  
 17.3 owned and used by a nonprofit community service oriented organization and not used for  
 17.4 residential purposes on either a temporary or permanent basis, provided that:

17.5 ~~(i)~~ (1) the property is not used for a revenue-producing activity for more than six days  
 17.6 in the calendar year preceding the year of assessment; or

17.7 ~~(ii)~~ (2) the organization makes annual charitable contributions and donations at least  
 17.8 equal to the property's previous year's property taxes and the property is allowed to be used  
 17.9 for public and community meetings or events for no charge, as appropriate to the size of  
 17.10 the facility.

17.11 For purposes of this ~~clause~~ paragraph:

17.12 ~~(A)~~ (i) "charitable contributions and donations" has the same meaning as lawful gambling  
 17.13 purposes under section 349.12, subdivision 25, excluding those purposes relating to the  
 17.14 payment of taxes, assessments, fees, auditing costs, and utility payments;

17.15 ~~(B)~~ (ii) "property taxes" excludes the state general tax;

17.16 ~~(C)~~ (iii) a "nonprofit community service oriented organization" means any corporation,  
 17.17 society, association, foundation, or institution organized and operated exclusively for  
 17.18 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from  
 17.19 federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal  
 17.20 Revenue Code; and

17.21 ~~(D)~~ (iv) "revenue-producing activities" shall include but not be limited to property or  
 17.22 that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt  
 17.23 liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling  
 17.24 alley, a retail store, gambling conducted by organizations licensed under chapter 349, an  
 17.25 insurance business, or office or other space leased or rented to a lessee who conducts a  
 17.26 for-profit enterprise on the premises.

17.27 Any portion of the property not qualifying under either ~~item (i)~~ clause (1) or (ii) (2) is  
 17.28 class 3a. The use of the property for social events open exclusively to members and their  
 17.29 guests for periods of less than 24 hours, when an admission is not charged nor any revenues  
 17.30 are received by the organization shall not be considered a revenue-producing activity.

17.31 The organization shall maintain records of its charitable contributions and donations  
 17.32 and of public meetings and events held on the property and make them available upon  
 17.33 request any time to the assessor to ensure eligibility. An organization meeting the requirement

18.1 under ~~item (ii)~~ clause (2) must file an application by May 1 with the assessor for eligibility  
 18.2 for the current year's assessment. The commissioner shall prescribe a uniform application  
 18.3 form and instructions;

18.4 Class 4c(3) property has a class rate of 1.5 percent, except that class 4c(3) property  
 18.5 owned or operated by a congressionally chartered veterans organization has a classification  
 18.6 rate of one percent. The commissioner of veterans affairs must provide a list of  
 18.7 congressionally chartered veterans organizations to the commissioner of revenue by January  
 18.8 1, 2018, and each year thereafter.

18.9 ~~(4) postsecondary student housing of not more than one acre of land that is owned by a~~  
 18.10 ~~nonprofit corporation organized under chapter 317A and is used exclusively by a student~~  
 18.11 ~~cooperative, sorority, or fraternity for on-campus housing or housing located within two~~  
 18.12 ~~miles of the border of a college campus;~~

18.13 ~~(5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding~~  
 18.14 ~~manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as~~  
 18.15 ~~defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision~~  
 18.16 ~~3a, and (iii) class I manufactured home parks as defined in section 327C.01, subdivision~~  
 18.17 ~~13;~~

18.18 ~~(6) real property that is actively and exclusively devoted to indoor fitness, health, social,~~  
 18.19 ~~recreational, and related uses, is owned and operated by a not-for-profit corporation, and is~~  
 18.20 ~~located within the metropolitan area as defined in section 473.121, subdivision 2;~~

18.21 ~~(7) a~~ (e) Class 4c(4) property is (1) leased or privately owned noncommercial aircraft  
 18.22 storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is  
 18.23 located, provided that:

18.24 (i) the land is on an airport owned or operated by a city, town, county, Metropolitan  
 18.25 Airports Commission, or group thereof; and

18.26 (ii) the land lease, or any ordinance or signed agreement restricting the use of the leased  
 18.27 premise, prohibits commercial activity performed at the hangar; or

18.28 ~~If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be~~  
 18.29 ~~filed by the new owner with the assessor of the county where the property is located within~~  
 18.30 ~~60 days of the sale;~~

18.31 ~~(8) (2)~~ a privately owned noncommercial aircraft storage hangar not exempt under section  
 18.32 272.01, subdivision 2, and the land on which it is located, provided that:

18.33 (i) the land abuts a public airport; and

19.1 (ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement  
 19.2 restricting the use of the premises, prohibiting commercial use or activity performed at the  
 19.3 hangar; ~~and.~~

19.4 Class 4c(4) property has a class rate of 1.5 percent.

19.5 If a hangar classified under clause (1), item (i), is sold after June 30, 2000, a bill of sale  
 19.6 must be filed by the new owner with the assessor of the county where the property is located  
 19.7 within 60 days of the sale.

19.8 ~~(9) residential real estate, a portion of which is used by the owner for homestead purposes,~~  
 19.9 ~~and that is also a place of lodging, if all of the following criteria are met:~~

19.10 ~~(i) rooms are provided for rent to transient guests that generally stay for periods of 14~~  
 19.11 ~~or fewer days;~~

19.12 ~~(ii) meals are provided to persons who rent rooms, the cost of which is incorporated in~~  
 19.13 ~~the basic room rate;~~

19.14 ~~(iii) meals are not provided to the general public except for special events on fewer than~~  
 19.15 ~~seven days in the calendar year preceding the year of the assessment; and~~

19.16 ~~(iv) the owner is the operator of the property.~~

19.17 ~~The market value subject to the 4c classification under this clause is limited to five rental~~  
 19.18 ~~units. Any rental units on the property in excess of five, must be valued and assessed as~~  
 19.19 ~~class 3a. The portion of the property used for purposes of a homestead by the owner must~~  
 19.20 ~~be classified as class 1a property under subdivision 22;~~

19.21 ~~(10) (f) Class 4c(5) property is real property up to a maximum of three acres and operated~~  
 19.22 ~~as a restaurant as defined under section 157.15, subdivision 12, provided it: (i) (1) is located~~  
 19.23 ~~on a lake as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and~~  
 19.24 ~~(ii) (2) is either devoted to commercial purposes for not more than 250 consecutive days,~~  
 19.25 ~~or receives at least 60 percent of its annual gross receipts from business conducted during~~  
 19.26 ~~four consecutive months. Gross receipts from the sale of alcoholic beverages must be~~  
 19.27 ~~included in determining the property's qualification under item (ii) clause (2). The property's~~  
 19.28 ~~primary business must be as a restaurant and not as a bar. Gross receipts from gift shop~~  
 19.29 ~~sales located on the premises must be excluded. Owners of real property desiring 4e~~  
 19.30 ~~classification under this clause paragraph~~ must submit an annual declaration to the assessor  
 19.31 by February 1 of the current assessment year, based on the property's relevant information  
 19.32 for the preceding assessment year; Class 4c(5) has a class rate of 1.25 percent.

20.1 ~~(11)~~ (g) Class 4c(6) property is lakeshore and riparian property and adjacent land, not  
 20.2 to exceed six acres, used as a marina, as defined in section 86A.20, subdivision 5, which is  
 20.3 made accessible to the public and devoted to recreational use for marina services. The marina  
 20.4 owner must annually provide evidence to the assessor that it provides services, including  
 20.5 lake or river access to the public by means of an access ramp or other facility that is either  
 20.6 located on the property of the marina or at a publicly owned site that abuts the property of  
 20.7 the marina. No more than 800 feet of lakeshore may be included in this classification.  
 20.8 Buildings used in conjunction with a marina for marina services, including but not limited  
 20.9 to buildings used to provide food and beverage services, fuel, boat repairs, or the sale of  
 20.10 bait or fishing tackle, are classified as class 3a property; and, Class 4c(6) property has a  
 20.11 class rate of one percent on the first \$500,000 of market value and 1.25 percent on the  
 20.12 portion over \$500,000.

20.13 ~~(12) real and personal property devoted to noncommercial temporary and seasonal~~  
 20.14 ~~residential occupancy for recreation purposes.~~

20.15 ~~Class 4c property has a classification rate of 1.5 percent of market value, except that (i)~~  
 20.16 ~~each parcel of noncommercial seasonal residential recreational property under clause (12)~~  
 20.17 ~~has the same classification rates as class 4bb property, (ii) manufactured home parks assessed~~  
 20.18 ~~under clause (5), item (i), have the same classification rate as class 4b property, the market~~  
 20.19 ~~value of manufactured home parks assessed under clause (5), item (ii), have a classification~~  
 20.20 ~~rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by~~  
 20.21 ~~shareholders in the cooperative corporation or association and a classification rate of one~~  
 20.22 ~~percent if 50 percent or less of the lots are so occupied, and class I manufactured home~~  
 20.23 ~~parks as defined in section 327C.01, subdivision 13, have a classification rate of 1.0 percent,~~  
 20.24 ~~(iii) commercial use seasonal residential recreational property and marina recreational land~~  
 20.25 ~~as described in clause (11), has a classification rate of one percent for the first \$500,000 of~~  
 20.26 ~~market value, and 1.25 percent for the remaining market value, (iv) the market value of~~  
 20.27 ~~property described in clause (4) has a classification rate of one percent, (v) the market value~~  
 20.28 ~~of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent,~~  
 20.29 ~~(vi) that portion of the market value of property in clause (9) qualifying for class 4c property~~  
 20.30 ~~has a classification rate of 1.25 percent, and (vii) property qualifying for classification under~~  
 20.31 ~~clause (3) that is owned or operated by a congressionally chartered veterans organization~~  
 20.32 ~~has a classification rate of one percent. The commissioner of veterans affairs must provide~~  
 20.33 ~~a list of congressionally chartered veterans organizations to the commissioner of revenue~~  
 20.34 ~~by June 30, 2017, and by January 1, 2018, and each year thereafter.~~

21.1 ~~(e)~~ (h) Class 4d property is qualifying low-income rental housing certified to the assessor  
 21.2 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of  
 21.3 the units in the building qualify as low-income rental housing units as certified under section  
 21.4 273.128, subdivision 3, only the proportion of qualifying units to the total number of units  
 21.5 in the building qualify for class 4d. The remaining portion of the building shall be classified  
 21.6 by the assessor based upon its use. Class 4d also includes the same proportion of land as  
 21.7 the qualifying low-income rental housing units are to the total units in the building. For all  
 21.8 properties qualifying as class 4d, the market value determined by the assessor must be based  
 21.9 on the normal approach to value using normal unrestricted rents.

21.10 ~~(f)~~ (i) The first tier of market value of class 4d property has a classification rate of 0.75  
 21.11 percent. The remaining value of class 4d property has a classification rate of 0.25 percent.  
 21.12 For the purposes of this paragraph, the "first tier of market value of class 4d property" means  
 21.13 the market value of each housing unit up to the first tier limit. For the purposes of this  
 21.14 paragraph, all class 4d property value must be assigned to individual housing units. The  
 21.15 first tier limit is \$100,000 for assessment year 2014. For subsequent years, the limit is  
 21.16 adjusted each year by the average statewide change in estimated market value of property  
 21.17 classified as class 4a and 4d under this section for the previous assessment year, excluding  
 21.18 valuation change due to new construction, rounded to the nearest \$1,000, provided, however,  
 21.19 that the limit may never be less than \$100,000. Beginning with assessment year 2015, the  
 21.20 commissioner of revenue must certify the limit for each assessment year by November 1  
 21.21 of the previous year.

21.22 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

21.23 Sec. 6. Minnesota Statutes 2016, section 273.13, is amended by adding a subdivision to  
 21.24 read:

21.25 Subd. 36. Clarification of residential classification. Class 1 property under subdivision  
 21.26 22 includes the following types of property, which are not required to be recorded separately  
 21.27 by the assessor:

21.28 (1) residential structures containing fewer than four dwelling units plus one acre of land  
 21.29 for each structure located on agricultural land, but excluding any farm buildings or structures  
 21.30 located on the acre of land;

21.31 (2) residential property devoted to noncommercial temporary and seasonal occupancy  
 21.32 for recreation purposes;

- 22.1 (3) unimproved property that is classified residential as determined under subdivision  
22.2 33;
- 22.3 (4) manufactured home park land along with any ancillary structures;
- 22.4 (5) manufactured homes not classified under any other provision;
- 22.5 (6) postsecondary student housing of not more than one acre of land that is owned by a  
22.6 nonprofit corporation organized under chapter 317A and is used exclusively by a student  
22.7 cooperative, sorority, or fraternity for on-campus housing or housing located within two  
22.8 miles of the border of a college campus;
- 22.9 (7) an owner-occupied dwelling unit within a property classified as class 4a under  
22.10 subdivision 25;
- 22.11 (8) a condominium-type storage unit having an individual property identification number  
22.12 that is not used for a commercial purpose;
- 22.13 (9) structures on property classified as agricultural under section 273.13, subdivision  
22.14 23, that are occupied exclusively by seasonal farm workers during the time when they work  
22.15 on the farm, provided that use of the structures for storage of farm equipment or produce  
22.16 does not disqualify the structures from classification under this clause, and further provided  
22.17 that:
- 22.18 (i) the occupants are not charged rent for the privilege of occupying the property;
- 22.19 (ii) the structures meet all applicable health and safety requirements for the appropriate  
22.20 season; and
- 22.21 (iii) the structures are not salable as residential property because they do not comply  
22.22 with local ordinances relating to location in relation to streets or roads; and
- 22.23 (10) residential real estate, a portion of which is occupied by the owner, plus up to two  
22.24 additional lodging units, if all of the following criteria are met:
- 22.25 (i) the lodging units are provided for rent to transient guests that generally stay for periods  
22.26 of 14 days or less;
- 22.27 (ii) meals are provided to persons who rent lodging units, the cost of which is incorporated  
22.28 in the basic room rate;
- 22.29 (iii) meals are not provided to the general public except for special events on less than  
22.30 seven days in the calendar year preceding the year of assessment; and
- 22.31 (iv) the owner is the operator of the property.

23.1 Any additional lodging units in a property described in clause (10) are class 3a.

23.2 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

23.3 Sec. 7. Minnesota Statutes 2017 Supplement, section 275.025, subdivision 1, is amended  
23.4 to read:

23.5 Subdivision 1. **Levy amount.** The state general levy is levied against  
23.6 commercial-industrial property ~~and seasonal residential recreational property~~, as defined  
23.7 in this section. The state general levy ~~for commercial-industrial property~~ is \$784,590,000  
23.8 for taxes payable in 2018 and \$785,640,000 for taxes payable in 2019 and thereafter. ~~The~~  
23.9 ~~state general levy for seasonal recreational property is \$44,190,000 for taxes payable in~~  
23.10 ~~2018 and thereafter.~~ The tax under this section is not treated as a local tax rate under section  
23.11 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

23.12 The commissioner shall increase or decrease the preliminary or final rate for a year as  
23.13 necessary to account for errors and tax base changes that affected a preliminary or final rate  
23.14 for either of the two preceding years. Adjustments are allowed to the extent that the necessary  
23.15 information is available to the commissioner at the time the rates for a year must be certified,  
23.16 and for the following reasons:

23.17 (1) an erroneous report of taxable value by a local official;

23.18 (2) an erroneous calculation by the commissioner; and

23.19 (3) an increase or decrease in taxable value for commercial-industrial or seasonal  
23.20 residential recreational property reported on the abstracts of tax lists submitted under section  
23.21 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89  
23.22 for the same year.

23.23 The commissioner may, but need not, make adjustments if the total difference in the tax  
23.24 levied for the year would be less than \$100,000.

23.25 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

23.26 Sec. 8. Minnesota Statutes 2017 Supplement, section 275.025, subdivision 2, is amended  
23.27 to read:

23.28 Subd. 2. **Commercial-industrial tax capacity.** (a) For the purposes of this section,  
23.29 "commercial-industrial tax capacity" means the tax capacity of all taxable property classified  
23.30 as class 3 or class 5(1) under section 273.13, excluding:

24.1 (1) the tax capacity attributable to the first \$100,000 of market value of each parcel of  
 24.2 commercial-industrial property as defined under section 273.13, subdivision 24, clauses (1)  
 24.3 and (2);

24.4 (2) electric generation attached machinery under class 3; and

24.5 (3) property described in section 473.625.

24.6 ~~County~~ (b) For purposes of this section, commercial-industrial tax capacity also includes  
 24.7 one-half of the net tax capacity of: tier III of class 1c, class 4c(1), and class 4c(3), clause  
 24.8 (2), property under section 273.13.

24.9 (c) Commercial-industrial tax capacity amounts are not adjusted for the captured net tax  
 24.10 capacity of a tax increment financing district under section 469.177, subdivision 2, the net  
 24.11 tax capacity of transmission lines deducted from a local government's total net tax capacity  
 24.12 under section 273.425, or fiscal disparities contribution and distribution net tax capacities  
 24.13 under chapter 276A or 473F. For purposes of this subdivision, the procedures for determining  
 24.14 eligibility for tier 1 under section 273.13, subdivision 24, clauses (1) and (2), shall apply in  
 24.15 determining the portion of a property eligible to be considered within the first \$100,000 of  
 24.16 market value.

24.17 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

24.18 Sec. 9. Minnesota Statutes 2017 Supplement, section 275.025, subdivision 4, is amended  
 24.19 to read:

24.20 Subd. 4. **Apportionment and levy of state general tax.** The state general tax must be  
 24.21 levied by applying a uniform rate to all commercial-industrial tax capacity ~~and a uniform~~  
 24.22 ~~rate to all seasonal residential recreational tax capacity.~~ On or before October 1 each year,  
 24.23 the commissioner of revenue shall certify the preliminary state general levy ~~rates~~ rate to  
 24.24 each county auditor that must be used to prepare the notices of proposed property taxes for  
 24.25 taxes payable in the following year. By January 1 of each year, the commissioner shall  
 24.26 certify the final state general levy ~~rates~~ rate to each county auditor that shall be used in  
 24.27 spreading taxes.

24.28 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

24.29 Sec. 10. Minnesota Statutes 2017 Supplement, section 290A.03, subdivision 13, is amended  
 24.30 to read:

24.31 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax  
 24.32 exclusive of special assessments, penalties, and interest payable on a claimant's homestead

25.1 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,  
 25.2 and any other state paid property tax credits in any calendar year, and after any refund  
 25.3 claimed and allowable under section 290A.04, subdivision 2h or 2k, that is first payable in  
 25.4 the year that the property tax is payable. In the case of a claimant who makes ground lease  
 25.5 payments, "property taxes payable" includes the amount of the payments directly attributable  
 25.6 to the property taxes assessed against the parcel on which the house is located. Regardless  
 25.7 of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes  
 25.8 payable" must be apportioned or reduced for the use of a portion of the claimant's homestead  
 25.9 for a business purpose if the claimant deducts any business depreciation expenses for the  
 25.10 use of a portion of the homestead or deducts expenses under section 280A of the Internal  
 25.11 Revenue Code for a business operated in the claimant's homestead. For homesteads which  
 25.12 are manufactured homes as defined in section 273.125, subdivision 8, ~~and for homesteads~~  
 25.13 ~~which are~~ including manufactured homes located in a manufactured home community owned  
 25.14 by a cooperative organized under chapter 308A or 308B, and park trailers taxed as  
 25.15 manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall  
 25.16 also include 17 percent of the gross rent paid in the preceding year for the site on which the  
 25.17 homestead is located. When a homestead is owned by two or more persons as joint tenants  
 25.18 or tenants in common, such tenants shall determine between them which tenant may claim  
 25.19 the property taxes payable on the homestead. If they are unable to agree, the matter shall  
 25.20 be referred to the commissioner of revenue whose decision shall be final. Property taxes  
 25.21 are considered payable in the year prescribed by law for payment of the taxes.

25.22 In the case of a claim relating to "property taxes payable," the claimant must have owned  
 25.23 and occupied the homestead on January 2 of the year in which the tax is payable and (i) the  
 25.24 property must have been classified as homestead property pursuant to section 273.124, on  
 25.25 or before December 15 of the assessment year to which the "property taxes payable" relate;  
 25.26 or (ii) the claimant must provide documentation from the local assessor that application for  
 25.27 homestead classification has been made on or before December 15 of the year in which the  
 25.28 "property taxes payable" were payable and that the assessor has approved the application.

25.29 **EFFECTIVE DATE.** This section is effective beginning with claims based on taxes  
 25.30 payable in 2019.

25.31 Sec. 11. Minnesota Statutes 2016, section 290A.04, subdivision 2h, is amended to read:

25.32 Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead<sub>2</sub>  
 25.33 net of any refund under subdivision 2k, increase more than 12 percent over the property  
 25.34 taxes payable in the prior year on the same property that is owned and occupied by the same

26.1 owner on January 2 of both years, and the amount of that increase is \$100 or more, a claimant  
 26.2 who is a homeowner shall be allowed an additional refund equal to 60 percent of the amount  
 26.3 of the increase over the greater of 12 percent of the prior year's property taxes payable or  
 26.4 \$100. This subdivision shall not apply to any increase in the gross property taxes payable  
 26.5 attributable to improvements made to the homestead after the assessment date for the prior  
 26.6 year's taxes. This subdivision shall not apply to any increase in the gross property taxes  
 26.7 payable attributable to the termination of valuation exclusions under section 273.11,  
 26.8 subdivision 16.

26.9 The maximum refund allowed under this subdivision is \$1,000.

26.10 (b) For purposes of this subdivision "gross property taxes payable" means property taxes  
 26.11 payable determined without regard to the refund allowed under this subdivision.

26.12 (c) In addition to the other proofs required by this chapter, each claimant under this  
 26.13 subdivision shall file with the property tax refund return a copy of the property tax statement  
 26.14 for taxes payable in the preceding year or other documents required by the commissioner.

26.15 (d) Upon request, the appropriate county official shall make available the names and  
 26.16 addresses of the property taxpayers who may be eligible for the additional property tax  
 26.17 refund under this section. The information shall be provided on a magnetic computer disk.  
 26.18 The county may recover its costs by charging the person requesting the information the  
 26.19 reasonable cost for preparing the data. The information may not be used for any purpose  
 26.20 other than for notifying the homeowner of potential eligibility and assisting the homeowner,  
 26.21 without charge, in preparing a refund claim.

26.22 **EFFECTIVE DATE.** This section is effective beginning with claims based on taxes  
 26.23 payable in 2019.

26.24 Sec. 12. Minnesota Statutes 2016, section 290A.04, is amended by adding a subdivision  
 26.25 to read:

26.26 **Subd. 2k. Additional refund for homeowners who are blind or disabled.** (a) A  
 26.27 homeowner who is blind or disabled or whose spouse is blind or disabled is eligible for an  
 26.28 additional refund equal to 0.8 percent of the property's taxable market value, but not to  
 26.29 exceed \$400. For the purposes of this subdivision, "blind or disabled" means a person who  
 26.30 is:

26.31 (1) blind as defined in section 256D.35;

26.32 (2) permanently and totally disabled; or

27.1 (3) the surviving spouse of a veteran who was permanently and totally disabled and who  
27.2 homesteaded a property classified 1b under Minnesota Statutes 2016, section 273.13,  
27.3 subdivision 22, for taxes payable in 2008, provided that the surviving spouse continues to  
27.4 homestead the same property as in 2008.

27.5 (b) A person qualifies under paragraph (a), clause (2), only if the government agency  
27.6 or income-providing source certifies that the person satisfies the disability requirements of  
27.7 paragraph (d).

27.8 (c) The commissioner of revenue may require an applicant who has not previously  
27.9 received a refund under this subdivision to submit whatever documentation is required to  
27.10 determine eligibility under this subdivision. The application and any supplementary  
27.11 information received from the property owner pursuant to this subdivision shall be subject  
27.12 to chapter 270B. An applicant who has previously received refunds under this subdivision  
27.13 is not required to submit proof of eligibility, except that the applicant may be required to  
27.14 affirmatively state that no change in eligibility status has occurred.

27.15 (d) "Permanently and totally disabled" for the purpose of this subdivision means a  
27.16 condition that is permanent in nature and totally incapacitates the person from working at  
27.17 an occupation that brings the person an income.

27.18 (e) An applicant whose homestead qualified for class 1b under Minnesota Statutes 2016,  
27.19 section 273.13, subdivision 22, for assessment year 2017 due to the applicant's disability is  
27.20 automatically eligible for a refund under this section.

27.21 **EFFECTIVE DATE.** This section is effective beginning with claims based on taxes  
27.22 payable in 2019.

27.23 **Sec. 13. ADDITIONAL REFUND; TAXES PAYABLE IN 2019 ONLY.**

27.24 (a) If the gross property taxes payable on a property wholly or partially classified as  
27.25 4c(9) under Minnesota Statutes, section 273.13, subdivision 25, for taxes payable in 2018  
27.26 increase more than two percent and more than \$50 from taxes payable in 2018 to taxes  
27.27 payable in 2019, and if the property is owned and occupied by the same person and used  
27.28 for the same purpose in both assessment year 2017 and 2018, the owner shall be allowed a  
27.29 refund equal to the amount of the increase over the greater of two percent of the 2018  
27.30 property taxes payable or \$50. This refund shall not apply to any increase in the gross  
27.31 property taxes payable attributable to improvements made to the property after January 2,  
27.32 2017. Applications for refunds and refund payments shall be made in the manner specified  
27.33 under Minnesota Statutes, section 290A.04, subdivision 2h.

28.1 (b) For purposes of this section "gross property taxes payable" includes property taxes  
 28.2 payable on the portions of the property classified as class 1a, class 4c, and class 3a for taxes  
 28.3 payable in 2018, and the portions of the property classified as class 1 and class 3a for taxes  
 28.4 payable in 2019, including the state general levy.

28.5 (c) Each claimant under this section shall file with the property tax refund return a copy  
 28.6 of the property tax statement for taxes payable in the preceding year or other documents  
 28.7 required by the commissioner.

28.8 **EFFECTIVE DATE.** This section is effective for claims based on taxes payable in  
 28.9 2019.

28.10 Sec. 14. **REPEALER.**

28.11 Minnesota Statutes 2016, sections 273.1315; and 275.025, subdivision 3, are repealed.

28.12 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

## 28.13 **ARTICLE 2**

### 28.14 **CONFORMING TECHNICAL CHANGES**

28.15 Section 1. Minnesota Statutes 2016, section 123A.455, subdivision 1, is amended to read:

28.16 Subdivision 1. **Definitions.** "Split residential property parcel" means a parcel of real  
 28.17 estate that is located within the boundaries of more than one school district and that is  
 28.18 classified as residential property under:

28.19 ~~(1) section 273.13, subdivision 22, paragraph (a) or (b);~~

28.20 ~~(2) section 273.13, subdivision 25, paragraph (b), clause (1); or~~

28.21 ~~(3) section 273.13, subdivision 25, paragraph (c).~~

28.22 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

28.23 Sec. 2. Minnesota Statutes 2016, section 126C.01, subdivision 3, is amended to read:

28.24 Subd. 3. **Referendum market value.** "Referendum market value" means the market  
 28.25 value of all taxable property, excluding property classified as class 2, ~~4e(4), or 4e(12)~~ under  
 28.26 section 273.13. ~~The portion of class 2a property consisting of the house, garage, and~~  
 28.27 ~~surrounding one acre of land of an agricultural homestead is included in referendum market~~  
 28.28 ~~value.~~ For the purposes of this subdivision, in the case of class 1a, 1b, or 2a property  
 28.29 qualifying for the exclusion under section 273.13, subdivision 35, "market value" means  
 28.30 the value prior to the exclusion under section 273.13, subdivision 35. Any class of property,

29.1 or any portion of a class of property, that is included in the definition of referendum market  
 29.2 value and that has a classification rate of less than one percent under section 273.13 shall  
 29.3 have a referendum market value equal to its market value times its classification rate,  
 29.4 multiplied by 100.

29.5 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

29.6 Sec. 3. Minnesota Statutes 2017 Supplement, section 271.21, subdivision 2, is amended  
 29.7 to read:

29.8 Subd. 2. **Jurisdiction.** At the election of the taxpayer, the Small Claims Division shall  
 29.9 have jurisdiction only in the following matters:

29.10 (a) cases involving valuation, assessment, or taxation of real or personal property, if:

29.11 (i) the issue is a denial of a current year application for the homestead classification for  
 29.12 the taxpayer's property;

29.13 (ii) only one parcel is included in the petition, the entire parcel is classified as homestead  
 29.14 class ~~1a or 1b~~ 1 under section 273.13, and the parcel contains no more than one dwelling  
 29.15 unit;

29.16 (iii) the ~~entire~~ property is classified as agricultural homestead class ~~2a or 1b~~, a portion  
 29.17 of which may be classified as homestead class 1, under section 273.13; or

29.18 (iv) the assessor's estimated market value of the property included in the petition is less  
 29.19 than \$300,000; or

29.20 (b) any case not involving valuation, assessment, or taxation of real and personal property  
 29.21 in which the amount in controversy does not exceed \$15,000, including penalty and interest.

29.22 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

29.23 Sec. 4. Minnesota Statutes 2016, section 273.11, subdivision 12, is amended to read:

29.24 Subd. 12. **Community land trusts.** (a) A community land trust, as defined under chapter  
 29.25 462A, is (i) a community-based nonprofit corporation organized under chapter 317A, which  
 29.26 qualifies for tax exempt status under 501(c)(3), or (ii) a "city" as defined in section 462C.02,  
 29.27 subdivision 6, which has received funding from the Minnesota housing finance agency for  
 29.28 purposes of the community land trust program. The Minnesota Housing Finance Agency  
 29.29 shall set the criteria for community land trusts.

29.30 (b) All occupants of a community land trust building must have a family income of less  
 29.31 than 80 percent of the greater of (1) the state median income, or (2) the area or county

30.1 median income, as most recently determined by the Department of Housing and Urban  
 30.2 Development. Before the community land trust can rent or sell a unit to an applicant, the  
 30.3 community land trust shall verify to the satisfaction of the administering agency or the city  
 30.4 that the family income of each person or family applying for a unit in the community land  
 30.5 trust building is within the income criteria provided in this paragraph. The administering  
 30.6 agency or the city shall verify to the satisfaction of the county assessor that the occupant  
 30.7 meets the income criteria under this paragraph. The property tax benefits under paragraph  
 30.8 (c) shall be granted only to property owned or rented by persons or families within the  
 30.9 qualifying income limits. The family income criteria and verification is only necessary at  
 30.10 the time of initial occupancy in the property.

30.11 (c) A unit which is owned by the occupant and used as a homestead by the occupant  
 30.12 qualifies for homestead treatment as class ~~4a~~ 1 under section 273.13, subdivision 22. A unit  
 30.13 which is rented by the occupant and used as a homestead by the occupant shall be class 4a  
 30.14 or ~~4b~~ nonhomestead class 1 property, under section 273.13, ~~subdivision 25~~, whichever is  
 30.15 applicable. Any remaining portion of the property not used for residential purposes shall  
 30.16 be classified by the assessor in the appropriate class based upon the use of that portion of  
 30.17 the property owned by the community land trust. The land upon which the building is located  
 30.18 shall be assessed at the same classification rate as the units within the building, provided  
 30.19 that if the building contains some units assessed as homestead class 4a 1 and some units  
 30.20 assessed as class 4a or ~~4b~~ nonhomestead class 1, the market value of the land will be assessed  
 30.21 in the same proportions as the value of the building.

30.22 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

30.23 Sec. 5. Minnesota Statutes 2016, section 273.1115, subdivision 2, is amended to read:

30.24 Subd. 2. **Requirement.** Real estate is entitled to valuation under this section only if all  
 30.25 of the following requirements are met:

30.26 (1) the property is classified as class ~~4a, 4b~~ 1, 2a, or 2b property under section 273.13,  
 30.27 subdivisions 22 and 23, or the property is classified as class 2e under section 273.13,  
 30.28 subdivision 23, and immediately before being classified as class 2e was classified as class  
 30.29 ~~4a or 4b~~ 1;

30.30 (2) the property is at least ten contiguous acres, when the application is filed under  
 30.31 subdivision 3;

30.32 (3) the owner has filed a completed application for deferment as specified in subdivision  
 30.33 3 with the county assessor in the county in which the property is located;

31.1 (4) there are no delinquent taxes on the property; and

31.2 (5) a covenant on the land restricts its use as provided in subdivision 3, clause (4).

31.3 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

31.4 Sec. 6. Minnesota Statutes 2016, section 273.1231, subdivision 4, is amended to read:

31.5 Subd. 4. **Homestead property.** "Homestead property" means a homestead dwelling that  
 31.6 is classified as class ~~1a, 1b, or 2a~~ 1 property or a manufactured home or sectional home  
 31.7 used as a homestead and taxed pursuant to section 273.125, subdivision 8, paragraph (b),  
 31.8 (c), or (d).

31.9 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

31.10 Sec. 7. Minnesota Statutes 2016, section 273.124, subdivision 17, is amended to read:

31.11 Subd. 17. **Owner-occupied motel property.** For purposes of class ~~1a~~ 1 determinations,  
 31.12 a homestead includes that portion of property defined as a motel under chapter 157, provided  
 31.13 that the person residing in the motel property is using that property as a homestead, is part  
 31.14 owner, and is actively engaged in the operation of the motel business. Homestead treatment  
 31.15 applies even if legal title to the property is in the name of a corporation or partnership and  
 31.16 not in the name of the person residing in the motel. The homestead is limited to that portion  
 31.17 of the motel actually occupied by the person.

31.18 A taxpayer meeting the requirements of this subdivision must notify the county assessor,  
 31.19 or the assessor who has the powers of the county assessor under section 273.063, in writing,  
 31.20 in order to qualify under this subdivision for ~~1a~~ homestead class 1 classification.

31.21 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

31.22 Sec. 8. Minnesota Statutes 2016, section 273.13, subdivision 35, is amended to read:

31.23 Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's  
 31.24 net tax capacity under this section, homestead property classified as class ~~1a or 1b~~ 1 under  
 31.25 subdivision 22, ~~and the portion of property classified as class 2a under subdivision 23~~  
 31.26 ~~consisting of the house, garage, and surrounding one acre of land,~~ shall be eligible for a  
 31.27 market value exclusion as determined under paragraph (b).

31.28 (b) For a homestead valued at \$76,000 or less, the exclusion is 40 percent of market  
 31.29 value. For a homestead valued between \$76,000 and \$413,800, the exclusion is \$30,400  
 31.30 minus nine percent of the valuation over \$76,000. For a homestead valued at \$413,800 or

32.1 more, there is no valuation exclusion. The valuation exclusion shall be rounded to the nearest  
32.2 whole dollar, and may not be less than zero.

32.3 (c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior  
32.4 to determining the amount of the valuation exclusion under this subdivision.

32.5 (d) In the case of a property that is classified as part homestead and part nonhomestead,  
32.6 (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion  
32.7 of a property is classified as nonhomestead solely because not all the owners occupy the  
32.8 property, not all the owners have qualifying relatives occupying the property, or solely  
32.9 because not all the spouses of owners occupy the property, the exclusion amount shall be  
32.10 initially computed as if that nonhomestead portion were also in the homestead class and  
32.11 then prorated to the owner-occupant's percentage of ownership. For the purpose of this  
32.12 section, when an owner-occupant's spouse does not occupy the property, the percentage of  
32.13 ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

32.14 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

32.15 Sec. 9. Minnesota Statutes 2016, section 276A.01, subdivision 4, is amended to read:

32.16 Subd. 4. **Residential property.** "Residential property" means the following categories  
32.17 of property, as defined in section 273.13, excluding that portion of the property that is  
32.18 exempt from taxation pursuant to section 272.02:

32.19 (1) class ~~1a, 1b, and 2a~~ 1 property, ~~limited to the homestead dwelling, a garage, and the~~  
32.20 ~~one acre of land on which the dwelling is located;~~

32.21 (2) that portion of class 3 property used exclusively for residential occupancy; and

32.22 (3) property valued and assessed as class 4a or 4d under section 273.13, subdivision 25,  
32.23 ~~except for hospitals and property valued and assessed under section 273.13, subdivision 25,~~  
32.24 ~~paragraph (d), clauses (1) and (3).~~

32.25 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

32.26 Sec. 10. Minnesota Statutes 2016, section 473F.02, subdivision 4, is amended to read:

32.27 Subd. 4. **Residential property.** "Residential property" means the following categories  
32.28 of property, as defined in section 273.13, excluding that portion of such property exempt  
32.29 from taxation pursuant to section 272.02:

32.30 (a) class 1, ~~1b, 2a, 4a, 4b, 4c,~~ and 4d property ~~except resorts and property classified~~  
32.31 ~~under section 273.13, subdivision 25, paragraph (d), clause (3); and~~

33.1 (b) that portion of class 3a, 3b, and 5 property used exclusively for residential occupancy.

33.2 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

33.3 Sec. 11. **REVISOR'S INSTRUCTION.**

33.4 In Minnesota Statutes and Minnesota Rules, the revisor of statutes shall make  
33.5 cross-reference changes that are needed as a result of the repealers in this act. The revisor  
33.6 shall make any necessary technical and grammatical changes to preserve the meaning of  
33.7 the text.

33.8 Sec. 12. **REPEALER.**

33.9 Minnesota Statutes 2017 Supplement, sections 327C.01, subdivision 13; and 327C.16,  
33.10 are repealed.

33.11 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2019.

APPENDIX  
Article locations in HF3276-0

ARTICLE 1 RESIDENTIAL CLASSIFICATION REFORM..... Page.Ln 1.16  
ARTICLE 2 CONFORMING TECHNICAL CHANGES..... Page.Ln 28.13

**273.1315 CERTIFICATION OF CLASS 1B PROPERTY.**

Subdivision 1. **Class 1b homestead declaration before 2009.** Any property owner seeking classification and assessment of the owner's homestead as class 1b property pursuant to section 273.13, subdivision 22, paragraph (b), on or before October 1, 2008, shall file with the commissioner of revenue a 1b homestead declaration, on a form prescribed by the commissioner. The declaration shall contain the following information:

- (1) the information necessary to verify that on or before June 30 of the filing year, the property owner or the owner's spouse satisfies the requirements of section 273.13, subdivision 22, paragraph (b), for 1b classification; and
- (2) any additional information prescribed by the commissioner.

The declaration must be filed on or before October 1 to be effective for property taxes payable during the succeeding calendar year. The declaration and any supplementary information received from the property owner pursuant to this subdivision shall be subject to chapter 270B. If approved by the commissioner, the declaration remains in effect until the property no longer qualifies under section 273.13, subdivision 22, paragraph (b). Failure to notify the commissioner within 30 days that the property no longer qualifies under that paragraph because of a sale, change in occupancy, or change in the status or condition of an occupant shall result in the penalty provided in section 273.124, subdivision 13b, computed on the basis of the class 1b benefits for the property, and the property shall lose its current class 1b classification.

The commissioner shall provide to the assessor on or before November 1 a listing of the parcels of property qualifying for 1b classification.

Subd. 2. **Class 1b homestead declaration 2009 and thereafter.** (a) Any property owner seeking classification and assessment of the owner's homestead as class 1b property pursuant to section 273.13, subdivision 22, paragraph (b), after October 1, 2008, shall file with the county assessor a class 1b homestead declaration, on a form prescribed by the commissioner of revenue. The declaration must contain the following information:

- (1) the information necessary to verify that, on or before June 30 of the filing year, the property owner or the owner's spouse satisfies the requirements of section 273.13, subdivision 22, paragraph (b), for class 1b classification; and
- (2) any additional information prescribed by the commissioner.

(b) The declaration must be filed on or before October 1 to be effective for property taxes payable during the succeeding calendar year. The Social Security numbers and income and medical information received from the property owner pursuant to this subdivision are private data on individuals as defined in section 13.02. If approved by the assessor, the declaration remains in effect until the property no longer qualifies under section 273.13, subdivision 22, paragraph (b). Failure to notify the assessor within 30 days that the property no longer qualifies under that paragraph because of a sale, change in occupancy, or change in the status or condition of an occupant shall result in the penalty provided in section 273.124, subdivision 13b, computed on the basis of the class 1b benefits for the property, and the property shall lose its current class 1b classification.

**275.025 STATE GENERAL TAX.**

Subd. 3. **Seasonal residential recreational tax capacity.** For the purposes of this section, "seasonal residential recreational tax capacity" means the tax capacity of tier III of class 1c under section 273.13, subdivision 22, and all class 4c(1), 4c(3)(ii), and 4c(12) property under section 273.13, subdivision 25, except that the first \$76,000 of market value of each noncommercial class 4c(12) property has a tax capacity for this purpose equal to 40 percent of its tax capacity under section 273.13.

**327C.01 DEFINITIONS.**

Subd. 13. **Class I manufactured home park.** A "class I manufactured home park" means a park that complies with the provisions of section 327C.16.

**327C.16 CLASS I MANUFACTURED HOME PARK.**

Subdivision 1. **Qualifications.** (a) To qualify as a class I manufactured home park, as defined in section 327C.01, subdivision 13, a park owner, or on-site attendant as an employee of the manufactured home park, must satisfy 12 hours of qualifying education courses every three years, as prescribed in this subdivision. Park owners or on-site attendants may begin accumulating qualifying hours to qualify as a class I manufactured home park beginning in 2017.

(b) The qualifying education courses required for classification under this subdivision must be continuing education courses approved by the Department of Labor and Industry or the Department of Commerce for:

(1) continuing education in real estate; or

(2) continuing education for residential contractors and manufactured home installers.

(c) The qualifying education courses must include:

(1) two hours on fair housing, approved for real estate licensure or residential contractor licensure;

(2) one hour on the Americans with Disabilities Act, approved for real estate licensure or residential contractor licensure;

(3) four hours on legal compliance related to any of the following: landlord/tenant, licensing requirements, or home financing under chapters 58, 327, 327B, 327C, and 504B, and Minnesota Rules, chapter 1350 or 4630;

(4) three hours of general education approved for real estate, residential contractors, or manufactured home installers; and

(5) two hours of HUD-specific manufactured home installer courses as required under section 327B.041.

(d) If the qualifying owner or employee attendant is no longer the person meeting the requirements under this subdivision, but did qualify during the current assessment year, then the manufactured home park shall still qualify for the class rate provided for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause (5), item (iii).

Subd. 2. **Proof of compliance.** (a) A park owner that has met the requirements of subdivision 1 shall provide an affidavit to the park owner's county assessor certifying that the park owner, corporate officer, or on-site attendant has complied with subdivision 1 and that the park meets the definition of a class I manufactured home park as defined in this section, and is entitled to the property tax classification rate for class I manufactured home parks in section 273.13, subdivision 25. The park owner shall retain the original course completion certificates issued by the course sponsor under this section for three years and, upon written request for verification, provide these to the county assessor within 30 days.

(b) A park owner must provide the county assessor written notice of any change in compliance status of the manufactured home park no later than December 15 of the assessment year.