

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 4481

02/29/2024 Authored by Coulter
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 property tax classifications; modifying
1.3 classification rates; modifying the definition of referendum market value;
1.4 eliminating the state general levy on seasonal residential recreational property;
1.5 eliminating the blind and disabled property tax classification and replacing it with
1.6 a refund; repealing the aggregate resource preservation property tax law; making
1.7 conforming technical changes; amending Minnesota Statutes 2022, sections
1.8 123A.455, subdivision 1; 126C.01, subdivision 3; 216E.12, subdivision 4; 271.21,
1.9 subdivision 2; 273.11, subdivision 13; 273.1115, subdivisions 1, 2, 3; 273.1231,
1.10 subdivision 4; 273.124, subdivisions 1, 3a, 17; 273.13, subdivisions 22, 23, 31;
1.11 273.165, subdivision 2; 273.42, subdivision 2; 275.025, subdivisions 1, 4; 276A.01,
1.12 subdivision 4; 278.03, subdivision 1; 278.05, subdivision 5; 279.01, subdivisions
1.13 1, 3; 279.37, subdivision 1; 290A.04, by adding a subdivision; 473F.02, subdivision
1.14 4; 507.235, subdivision 1; 580.23, subdivision 2; Minnesota Statutes 2023
1.15 Supplement, sections 273.11, subdivision 12; 273.13, subdivisions 24, 25, 35;
1.16 290.0694, subdivision 1; 290A.03, subdivisions 6, 13; 290A.04, subdivision 2h;
1.17 428A.01, subdivision 7; repealing Minnesota Statutes 2022, sections 273.1315,
1.18 subdivision 1; 273.1319; 275.025, subdivision 3; 279.01, subdivision 4; 327C.015,
1.19 subdivision 2; 327C.16; Minnesota Statutes 2023 Supplement, section 273.1315,
1.20 subdivision 2.

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

1.22 ARTICLE 1
1.23 CLASSIFICATION REFORM

1.24 Section 1. Minnesota Statutes 2022, section 126C.01, subdivision 3, is amended to read:

1.25 Subd. 3. Referendum market value. "Referendum market value" means the market
1.26 value of all taxable property, excluding property classified as class 2, 4e(4), or 4e(12) under
1.27 section 273.13. The portion of class 2a property consisting of the house, garage, and
1.28 surrounding one acre of land of an agricultural homestead is included in referendum market
1.29 value. For the purposes of this subdivision, in the case of class 1a, 1b, or 2a 1 property,

2.1 "market value" means the value prior to the exclusion under section 273.13, subdivision  
 2.2 35. Any class of property, or any portion of a class of property, that is included in the  
 2.3 definition of referendum market value and that has a classification rate of less than one  
 2.4 percent under section 273.13 shall have a referendum market value equal to its market value  
 2.5 times its classification rate, multiplied by 100.

2.6 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

2.7 Sec. 2. Minnesota Statutes 2023 Supplement, section 273.11, subdivision 12, is amended  
 2.8 to read:

2.9 Subd. 12. **Community land trusts.** (a) A community land trust, as defined under chapter  
 2.10 462A, is (i) a community-based nonprofit corporation organized under chapter 317A, which  
 2.11 qualifies for tax exempt status under 501(c)(3), or (ii) a "city" as defined in section 462C.02,  
 2.12 subdivision 6, which has received funding from the Minnesota housing finance agency for  
 2.13 purposes of the community land trust program. The Minnesota Housing Finance Agency  
 2.14 shall set the criteria for community land trusts.

2.15 (b) Before the community land trust can rent or sell a unit to an applicant, the community  
 2.16 land trust shall verify to the satisfaction of the administering agency or the city that the  
 2.17 family income of each person or family applying for a unit in the community land trust  
 2.18 building is within the income criteria provided in section 462A.30, subdivision 9. The  
 2.19 administering agency or the city shall verify to the satisfaction of the county assessor that  
 2.20 the occupant meets the income criteria under section 462A.30, subdivision 9. The property  
 2.21 tax benefits under paragraph (c) shall be granted only to property owned or rented by persons  
 2.22 or families within the qualifying income limits. The family income criteria and verification  
 2.23 is only necessary at the time of initial occupancy in the property.

2.24 (c) A unit which is owned by the occupant and used as a homestead by the occupant  
 2.25 qualifies for homestead treatment as class ~~4a~~ 1 under section 273.13, subdivision 22, unless  
 2.26 the unit meets the requirements of section 273.13, subdivision 25, paragraph ~~(e)~~ (c), clause  
 2.27 (2), in which case the unit shall be classified as 4d(2). A unit which is rented by the occupant  
 2.28 and used as a homestead by the occupant shall be class ~~4a or 4b~~ property, under section  
 2.29 273.13, subdivision 25, whichever is applicable 1 under section 273.13, subdivision 22.  
 2.30 Any remaining portion of the property not used for residential purposes shall be classified  
 2.31 by the assessor in the appropriate class based upon the use of that portion of the property  
 2.32 owned by the community land trust. The land upon which the building is located shall be  
 2.33 assessed at the same classification rate as the units within the building, provided that if the  
 2.34 building contains some units assessed as class ~~4a~~ 1 or class 4d(2) and some units assessed

3.1 as class 4a ~~or 4b~~, the market value of the land will be assessed in the same proportions as  
 3.2 the value of the building.

3.3 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

3.4 Sec. 3. Minnesota Statutes 2022, section 273.1115, subdivision 1, is amended to read:

3.5 Subdivision 1. **Definitions.** For purposes of this section and section 273.13, the following  
 3.6 terms have the meanings given:

3.7 (1) "commercial aggregate deposit" means a deposit that will yield crushed stone or sand  
 3.8 and gravel that is suitable for use as a construction aggregate; and

3.9 (2) "actively mined" ~~have the meanings given them in section 273.13, subdivision 23,~~  
 3.10 paragraph (m) means the removal of topsoil and overburden in preparation for excavation  
 3.11 or excavation of a commercial deposit.

3.12 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

3.13 Sec. 4. Minnesota Statutes 2022, section 273.1115, subdivision 2, is amended to read:

3.14 Subd. 2. **Requirement.** (a) Real estate is entitled to valuation under this section only if  
 3.15 all of the following requirements are met:

3.16 (1) the property is classified as class ~~1a, 1b~~ 1, 2a, or 2b property under section 273.13,  
 3.17 subdivisions 22 and 23, or the property is at least ten contiguous acres in size and is classified  
 3.18 as class ~~2e~~ 5(2) under section 273.13, subdivision 23, and immediately before being classified  
 3.19 as class ~~2e~~ 5(2) was classified as class ~~1a or 1b~~ 1;

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

3.22 (3) the owner has filed a completed application for deferment as specified in subdivision  
 3.23 3 with the county assessor in the county in which the property is located;

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

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

3.26 (b) Property classified as class 5(2) that was classified as class 2e prior to January 1,  
 3.27 2025, meets the requirements of paragraph (a), clause (1), only if immediately before being  
 3.28 classified as class 2e, it was classified as class 1a or class 1b.

3.29 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable  
 3.30 in 2026.

4.1 Sec. 5. Minnesota Statutes 2022, section 273.1115, subdivision 3, is amended to read:

4.2 Subd. 3. **Application.** (a) Application for valuation deferment under this section must  
 4.3 be filed by May 1 of the assessment year. Any application filed and granted continues in  
 4.4 effect for subsequent years until the property no longer qualifies, provided that supplemental  
 4.5 affidavits under subdivision 8 are timely filed. The application must be filed with the assessor  
 4.6 of the county in which the real property is located on such form as may be prescribed by  
 4.7 the commissioner of revenue. The application must be executed and acknowledged in the  
 4.8 manner required by law to execute and acknowledge a deed and must contain at least the  
 4.9 following information and any other information the commissioner deems necessary:

4.10 (1) the legal description of the area;

4.11 (2) the name and address of owner;

4.12 (3) a copy of the affidavit filed under ~~section 273.13, subdivision 23, paragraph (m)~~ (b),  
 4.13 when property is classified as 2e 5(2) under section 273.13, ~~subdivision 23, paragraph (m)~~  
 4.14 subdivision 31.

4.15 In other cases, the application must include a similar document with the same information  
 4.16 as contained in the affidavit under section 273.13, subdivision 23, paragraph (m); and

4.17 (4) a statement of proof from the owner that the land contains a restrictive covenant  
 4.18 limiting its use for the property's surface to that which exists on the date of the application  
 4.19 and limiting its future use to the preparation and removal of the commercial aggregate  
 4.20 deposit under its surface. To qualify under this clause, the covenant must be binding on the  
 4.21 owner or the owner's successor or assignee, and run with the land, except as provided in  
 4.22 subdivision 5 allowing for the cancellation of the covenant under certain conditions.

4.23 (b) To qualify for the valuation deferment under this section, the owner of property  
 4.24 classified as 5(2) must record with the county recorder of the county in which the property  
 4.25 is located an affidavit containing:

4.26 (1) a legal description of the property;

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

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

4.31 (4) documentation that a permit has been issued by the local unit of government or the  
 4.32 mining activity is allowed under local ordinance. The disclosure must include a statement

5.1 from a registered professional geologist, engineer, or soil scientist delineating the deposit  
5.2 and certifying that it is a commercial aggregate deposit.

5.3 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

5.4 Sec. 6. Minnesota Statutes 2022, section 273.124, subdivision 1, is amended to read:

5.5 Subdivision 1. **General rule.** (a) Class 1 residential real estate under section 273.13,  
5.6 subdivision 22, that (1) contains fewer than four dwelling units, and (2) is occupied and  
5.7 used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a  
5.8 residential homestead. In the case of a duplex or triplex in which one of the units is used  
5.9 for homestead purposes, the entire property is deemed to be used for homestead purposes.

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

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

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

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

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

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

5.27 (b) For purposes of this section, homestead property shall include property which is used  
5.28 for purposes of the homestead but is separated from the homestead by a road, street, lot,  
5.29 waterway, or other similar intervening property. The term "used for purposes of the  
5.30 homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings  
5.31 commonly associated with a homestead, but shall not include vacant land held primarily  
5.32 for future development. In order to receive homestead treatment for the noncontiguous  
5.33 property, the owner must use the property for the purposes of the homestead, and must apply

6.1 to the assessor, both by the deadlines given in subdivision 9. After initial qualification for  
6.2 the homestead treatment, additional applications for subsequent years are not required.

6.3 (c) Residential real estate that is occupied and used for purposes of a homestead by a  
6.4 relative of the owner is a homestead but only to the extent of the homestead treatment that  
6.5 would be provided if the related owner occupied the property. For purposes of this paragraph  
6.6 and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent,  
6.7 grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship may be by blood  
6.8 or marriage. Property that has been classified as seasonal residential recreational property  
6.9 at any time during which it has been owned by the current owner or spouse of the current  
6.10 owner will not be reclassified as a homestead unless it is occupied as a homestead by the  
6.11 owner; this prohibition also applies to property that, in the absence of this paragraph, would  
6.12 have been classified as seasonal residential recreational property at the time when the  
6.13 residence was constructed. Neither the related occupant nor the owner of the property may  
6.14 claim a property tax refund under chapter 290A for a homestead occupied by a relative. In  
6.15 the case of a residence located on agricultural land, only the house, garage, and immediately  
6.16 surrounding one acre of land shall be classified as a homestead under this paragraph, except  
6.17 as provided in paragraph (d).

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

6.22 (1) the relative who is occupying the agricultural property is a grandchild, child, sibling,  
6.23 parent, grandparent, stepparent, stepchild, uncle, aunt, nephew, or niece of the owner of the  
6.24 agricultural property or of the spouse of the owner;

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

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

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

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

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

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

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

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

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

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

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

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

8.4 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

8.5 Sec. 7. Minnesota Statutes 2022, section 273.124, subdivision 3a, is amended to read:

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

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

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

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

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

8.24 (d) "Homestead treatment" under this subdivision means the classification rate provided  
 8.25 for class ~~4e 1~~ property ~~classified under section 273.13, subdivision 25, paragraph (d), clause~~  
 8.26 ~~(5), item (ii) subdivision 22,~~ and the homestead market value exclusion under section 273.13,  
 8.27 subdivision 35, does not apply.

8.28 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

8.29 Sec. 8. Minnesota Statutes 2022, section 273.13, subdivision 22, is amended to read:

8.30 Subd. 22. **Class 1.** ~~(a) Except as provided in subdivision 23 and in paragraphs (b) and~~  
 8.31 ~~(c), real estate which is residential and used for homestead purposes is class 1a. In the case~~

9.1 ~~of a duplex or triplex in which one of the units is used for homestead purposes, the entire~~  
 9.2 ~~property is deemed to be used for homestead purposes. The market value of class 1a property~~  
 9.3 ~~must be determined based upon the value of the house, garage, and land.~~

9.4 (a) Class 1 property is residential real estate containing fewer than four units that is not  
 9.5 otherwise described in subdivision 25. The first \$500,000 of taxable market value of class  
 9.6 1a property has a net classification rate of one percent of its market value; and the taxable  
 9.7 market value of class 1a property that exceeds \$500,000 has a classification rate of 1.25  
 9.8 percent of its market value.

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

9.11 ~~(1) any person who is blind as defined in section 256D.35, or the person who is blind~~  
 9.12 ~~and the spouse of the person who is blind;~~

9.13 ~~(2) any person who is permanently and totally disabled or by the person with a disability~~  
 9.14 ~~and the spouse of the person with a disability; or~~

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

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

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

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

9.30 ~~(c) Class 1c property is commercial use real and personal property that abuts public~~  
 9.31 ~~water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by~~  
 9.32 ~~the Department of Natural Resources, and is devoted to temporary and seasonal residential~~  
 9.33 ~~occupancy for recreational purposes but not devoted to commercial purposes for more than~~

10.1 ~~250 days in the year preceding the year of assessment, and that includes a portion used as~~  
10.2 ~~a homestead by the owner, which includes a dwelling occupied as a homestead by a~~  
10.3 ~~shareholder of a corporation that owns the resort, a partner in a partnership that owns the~~  
10.4 ~~resort, or a member of a limited liability company that owns the resort even if the title to~~  
10.5 ~~the homestead is held by the corporation, partnership, or limited liability company. For~~  
10.6 ~~purposes of this paragraph, property is devoted to a commercial purpose on a specific day~~  
10.7 ~~if any portion of the property, excluding the portion used exclusively as a homestead, is~~  
10.8 ~~used for residential occupancy and a fee is charged for residential occupancy. Class 1e~~  
10.9 ~~property must contain three or more rental units. A "rental unit" is defined as a cabin,~~  
10.10 ~~condominium, townhouse, sleeping room, or individual camping site equipped with water~~  
10.11 ~~and electrical hookups for recreational vehicles. Class 1e property must provide recreational~~  
10.12 ~~activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill~~  
10.13 ~~or cross-country ski equipment; provide marina services, launch services, or guide services;~~  
10.14 ~~or sell bait and fishing tackle. Any unit in which the right to use the property is transferred~~  
10.15 ~~to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies~~  
10.16 ~~for class 1e even though it may remain available for rent. A camping pad offered for rent~~  
10.17 ~~by a property that otherwise qualifies for class 1e is also class 1e, regardless of the term of~~  
10.18 ~~the rental agreement, as long as the use of the camping pad does not exceed 250 days. If~~  
10.19 ~~the same owner owns two separate parcels that are located in the same township, and one~~  
10.20 ~~of those properties is classified as a class 1e property and the other would be eligible to be~~  
10.21 ~~classified as a class 1e property if it was used as the homestead of the owner, both properties~~  
10.22 ~~will be assessed as a single class 1e property; for purposes of this sentence, properties are~~  
10.23 ~~deemed to be owned by the same owner if each of them is owned by a limited liability~~  
10.24 ~~company, and both limited liability companies have the same membership. The portion of~~  
10.25 ~~the property used as a homestead is class 1a property under paragraph (a). The remainder~~  
10.26 ~~of the property is classified as follows: the first \$600,000 of market value is tier I, the next~~  
10.27 ~~\$1,700,000 of market value is tier II, and any remaining market value is tier III. The~~  
10.28 ~~classification rates for class 1e are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25~~  
10.29 ~~percent. Owners of real and personal property devoted to temporary and seasonal residential~~  
10.30 ~~occupancy for recreation purposes in which all or a portion of the property was devoted to~~  
10.31 ~~commercial purposes for not more than 250 days in the year preceding the year of assessment~~  
10.32 ~~desiring classification as class 1e, must submit a declaration to the assessor designating the~~  
10.33 ~~cabins or units occupied for 250 days or less in the year preceding the year of assessment~~  
10.34 ~~by January 15 of the assessment year. Those cabins or units and a proportionate share of~~  
10.35 ~~the land on which they are located must be designated as class 1e as otherwise provided.~~  
10.36 ~~The remainder of the cabins or units and a proportionate share of the land on which they~~

11.1 ~~are located must be designated as class 3a commercial. The owner of property desiring~~  
 11.2 ~~designation as class 1e property must provide guest registers or other records demonstrating~~  
 11.3 ~~that the units for which class 1e designation is sought were not occupied for more than 250~~  
 11.4 ~~days in the year preceding the assessment if so requested. The portion of a property operated~~  
 11.5 ~~as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)~~  
 11.6 ~~other nonresidential facility operated on a commercial basis not directly related to temporary~~  
 11.7 ~~and seasonal residential occupancy for recreation purposes does not qualify for class 1e.~~

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

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

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

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

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

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

11.21 ~~(b) Class 1 property under this subdivision includes the following types of property, and~~  
 11.22 ~~the assessor must not record them separately:~~

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

11.26 ~~(2) residential property devoted to noncommercial temporary and seasonal occupancy~~  
 11.27 ~~for recreation purposes;~~

11.28 ~~(3) unimproved property that is classified residential as determined under subdivision~~  
 11.29 ~~33;~~

11.30 ~~(4) manufactured home park land along with any ancillary structures;~~

11.31 ~~(5) manufactured homes not classified under any other provision;~~

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

12.5 (7) an owner-occupied dwelling unit within a property classified as class 4a under  
12.6 subdivision 25;

12.7 (8) a condominium-type storage unit having an individual property identification number  
12.8 that is not used for a commercial purpose;

12.9 (9) structures on property classified as agricultural under subdivision 23 that are occupied  
12.10 exclusively by seasonal farm workers during the time when the workers work on the farm,  
12.11 provided that use of the structures for storage of farm equipment or produce does not  
12.12 disqualify the structures from classification under this clause, if all the following criteria  
12.13 are met:

12.14 (i) the occupants are not charged rent for the privilege of occupying the property;

12.15 (ii) the structures meet all applicable health and safety requirements for the appropriate  
12.16 season; and

12.17 (iii) the structures are not salable as residential property because they do not comply  
12.18 with local ordinances relating to location in relation to streets or roads; and

12.19 (10) residential real estate, a portion of which is occupied by the owner, plus up to five  
12.20 additional lodging units, if all of the following criteria are met:

12.21 (i) the lodging units are provided for rent to transient guests that generally stay for periods  
12.22 of 14 days or less;

12.23 (ii) meals are provided to persons who rent lodging units, the cost of which is incorporated  
12.24 in the basic room rate;

12.25 (iii) meals are not provided to the general public except for special events on less than  
12.26 seven days in the calendar year preceding the year of assessment; and

12.27 (iv) the owner is the operator of the property.

12.28 (c) Any additional lodging units in a property described in paragraph (b), clause (10),  
12.29 are class 3a property as provided in subdivision 24.

12.30 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

13.1 Sec. 9. Minnesota Statutes 2022, section 273.13, subdivision 23, is amended to read:

13.2 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land  
13.3 and buildings that is are homesteaded, along with any class 2b rural vacant land that is  
13.4 contiguous to the class 2a land under the same ownership. ~~The market value of the house~~  
13.5 ~~and garage and immediately surrounding one acre of land has the same classification rates~~  
13.6 ~~as class 1a or 1b property under subdivision 22.~~ The value of the remaining land including  
13.7 improvements up to the first tier valuation limit of agricultural homestead property has a  
13.8 classification rate of 0.5 percent of market value. The remaining property over the first tier  
13.9 has a classification rate of one percent of market value. For purposes of this subdivision,  
13.10 the "first tier valuation limit of agricultural homestead property" and "first tier" means the  
13.11 limit certified under section 273.11, subdivision 23.

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

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

13.22 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that  
13.23 are unplatted real estate, rural in character and not used for agricultural purposes, including  
13.24 land used for growing trees for timber, lumber, and wood and wood products, that is not  
13.25 improved with a structure. The presence of a minor, ancillary nonresidential structure as  
13.26 defined by the commissioner of revenue does not disqualify the property from classification  
13.27 under this paragraph. Any parcel of 20 acres or more improved with a structure that is not  
13.28 a minor, ancillary nonresidential structure must be split-classified, and ten acres must be  
13.29 assigned to the split parcel containing the structure. If a parcel of 20 acres or more is enrolled  
13.30 in the sustainable forest management incentive program under chapter 290C, the number  
13.31 of acres assigned to the split parcel improved with a structure that is not a minor, ancillary  
13.32 nonresidential structure must equal three acres or the number of acres excluded from the  
13.33 sustainable forest incentive act covenant due to the structure, whichever is greater. Class  
13.34 2b property has a classification rate of one percent of market value unless it is part of an  
13.35 agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

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

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

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

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

14.21 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or  
14.22 storage of agricultural products for sale, or the storage of machinery or equipment used in  
14.23 support of agricultural production by the same farm entity. For a property to be classified  
14.24 as agricultural based only on the drying or storage of agricultural products, the products  
14.25 being dried or stored must have been produced by the same farm entity as the entity operating  
14.26 the drying or storage facility. "Agricultural purposes" also includes (i) enrollment in a local  
14.27 conservation program or the Reinvest in Minnesota program under sections 103F.501 to  
14.28 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198  
14.29 or a similar state or federal conservation program if the property was classified as agricultural  
14.30 (A) under this subdivision for taxes payable in 2003 because of its enrollment in a qualifying  
14.31 program and the land remains enrolled or (B) in the year prior to its enrollment, or (ii) use  
14.32 of land, not to exceed three acres, to provide environmental benefits such as buffer strips,  
14.33 old growth forest restoration or retention, or retention ponds to prevent soil erosion. For  
14.34 purposes of this section, a "local conservation program" means a program administered by  
14.35 a town, statutory or home rule charter city, or county, including a watershed district, water

15.1 management organization, or soil and water conservation district, in which landowners  
15.2 voluntarily enroll land and receive incentive payments equal to at least \$50 per acre in  
15.3 exchange for use or other restrictions placed on the land. In order for property to qualify  
15.4 under the local conservation program provision, a taxpayer must apply to the assessor by  
15.5 February 1 of the assessment year and must submit the information required by the assessor,  
15.6 including but not limited to a copy of the program requirements, the specific agreement  
15.7 between the land owner and the local agency, if applicable, and a map of the conservation  
15.8 area. Agricultural classification shall not be based upon the market value of any residential  
15.9 structures on the parcel or contiguous parcels under the same ownership.

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

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

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

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

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

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

15.24 (iii) for intensive market farming; for purposes of this paragraph, "market farming"  
15.25 means the cultivation of one or more fruits or vegetables or production of animal or other  
15.26 agricultural products for sale to local markets by the farmer or an organization with which  
15.27 the farmer is affiliated.

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

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

16.1 Classification under this subdivision is not determinative for qualifying under section  
16.2 273.111.

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

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

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

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

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

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

16.18 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section  
16.19 97A.105, provided that the annual licensing report to the Department of Natural Resources,  
16.20 which must be submitted annually by March 30 to the assessor, indicates that at least 500  
16.21 birds were raised or used for breeding stock on the property during the preceding year and  
16.22 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a  
16.23 shooting preserve licensed under section 97A.115;

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

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

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

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

16.31 (1) wholesale and retail sales;

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

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

17.2 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and  
 17.3 (3), the assessor shall classify the part of the parcel used for agricultural purposes as class  
 17.4 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.  
 17.5 The grading, sorting, and packaging of raw agricultural products for first sale is considered  
 17.6 an agricultural purpose. A greenhouse or other building where horticultural or nursery  
 17.7 products are grown that is also used for the conduct of retail sales must be classified as  
 17.8 agricultural if it is primarily used for the growing of horticultural or nursery products from  
 17.9 seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products.  
 17.10 Use of a greenhouse or building only for the display of already grown horticultural or nursery  
 17.11 products does not qualify as an agricultural purpose.

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

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

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

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

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

17.30 ~~The land contained in a landing area under this paragraph must be described and certified~~  
 17.31 ~~by the commissioner of transportation. The certification is effective until it is modified, or~~  
 17.32 ~~until the airport or landing area no longer meets the requirements of this paragraph. For~~  
 17.33 ~~purposes of this paragraph, "public access area" means property used as an aircraft parking~~

18.1 ~~ramp, apron, or storage hangar, or an arrival and departure building in connection with the~~  
 18.2 ~~airport.~~

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

18.10 ~~(1) a legal description of the property;~~

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

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

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

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

18.23 ~~(n)~~ (k) ~~When any portion of the property under this subdivision or, subdivision 22, or~~  
 18.24 ~~subdivision 31, clause (2), begins to be actively mined, the owner must file a supplemental~~  
 18.25 ~~affidavit within 60 days from the day any aggregate is removed stating the number of acres~~  
 18.26 ~~of the property that is actively being mined. The acres actively being mined must be (1)~~  
 18.27 ~~valued and classified under subdivision 24 in the next subsequent assessment year, and (2)~~  
 18.28 ~~removed from the aggregate resource preservation property tax program under section~~  
 18.29 ~~273.1115, if the land was enrolled in that program. Copies of the original affidavit and all~~  
 18.30 ~~supplemental affidavits must be filed with the county assessor, the local zoning administrator,~~  
 18.31 ~~and the Department of Natural Resources, Division of Land and Minerals. A supplemental~~  
 18.32 ~~affidavit must be filed each time a subsequent portion of the property is actively mined,~~  
 18.33 ~~provided that the minimum acreage change is five acres, even if the actual mining activity~~

19.1 constitutes less than five acres. "Actively mined" has the meaning given in section 273.1115,  
19.2 subdivision 1.

19.3 ~~(1)~~ (1) The definitions prescribed by the commissioner under paragraphs (c) and (d) are  
19.4 not rules and are exempt from the rulemaking provisions of chapter 14, and the provisions  
19.5 in section 14.386 concerning exempt rules do not apply.

19.6 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

19.7 Sec. 10. Minnesota Statutes 2023 Supplement, section 273.13, subdivision 24, is amended  
19.8 to read:

19.9 Subd. 24. **Class 3.** Commercial and industrial property and utility real and personal  
19.10 property, including property described under clause (5), is class 3a.

19.11 (1) Except as otherwise provided, each parcel of commercial, industrial, or utility real  
19.12 property has a classification rate of 1.5 percent of the first tier of market value, and 2.0  
19.13 percent of the remaining market value. In the case of contiguous parcels of property owned  
19.14 by the same person or entity, only the value equal to the first-tier value of the contiguous  
19.15 parcels qualifies for the reduced classification rate, except that contiguous parcels owned  
19.16 by the same person or entity shall be eligible for the first-tier value classification rate on  
19.17 each separate business operated by the owner of the property, provided the business is  
19.18 housed in a separate structure. For the purposes of this subdivision, the first tier means the  
19.19 first \$150,000 of market value. Real property owned in fee by a utility for transmission line  
19.20 right-of-way shall be classified at the classification rate for the higher tier.

19.21 For purposes of this subdivision, parcels are considered to be contiguous even if they  
19.22 are separated from each other by a road, street, waterway, or other similar intervening type  
19.23 of property. Connections between parcels that consist of power lines or pipelines do not  
19.24 cause the parcels to be contiguous. Property owners who have contiguous parcels of property  
19.25 that constitute separate businesses that may qualify for the first-tier classification rate shall  
19.26 notify the assessor by July 1, for treatment beginning in the following taxes payable year.

19.27 (2) All personal property that is: (i) part of an electric generation, transmission, or  
19.28 distribution system; or (ii) part of a pipeline system transporting or distributing water, gas,  
19.29 crude oil, or petroleum products; and (iii) not described in clause (3), and all railroad  
19.30 operating property has a classification rate as provided under clause (1) for the first tier of  
19.31 market value and the remaining market value. In the case of multiple parcels in one county  
19.32 that are owned by one person or entity, only one first tier amount is eligible for the reduced  
19.33 rate.

20.1 (3) The entire market value of personal property that is: (i) tools, implements, and  
 20.2 machinery of an electric generation, transmission, or distribution system; (ii) tools,  
 20.3 implements, and machinery of a pipeline system transporting or distributing water, gas,  
 20.4 crude oil, or petroleum products; or (iii) the mains and pipes used in the distribution of  
 20.5 steam or hot or chilled water for heating or cooling buildings, has a classification rate as  
 20.6 provided under clause (1) for the remaining market value in excess of the first tier.

20.7 (4) Real property used for raising, cultivating, processing, or storing cannabis plants,  
 20.8 cannabis flower, or cannabis products for sale has a classification rate as provided under  
 20.9 clause (1) for the first tier of market value and the remaining market value. As used in this  
 20.10 paragraph, "cannabis plant" has the meaning given in section 342.01, subdivision 19,  
 20.11 "cannabis flower" has the meaning given in section 342.01, subdivision 16, and "cannabis  
 20.12 product" has the meaning given in section 342.01, subdivision 20.

20.13 (5) Class 3a property under this subdivision includes the following types of property,  
 20.14 and the assessor must not record them separately:

20.15 (i) real and personal property devoted to commercial temporary and seasonal residential  
 20.16 occupancy for recreation purposes;

20.17 (ii) property used as a golf course;

20.18 (iii) real property owned and used by a nonprofit community service oriented organization  
 20.19 that is not used for residential purposes on either a temporary or permanent basis;

20.20 (iv) real property that is actively and exclusively devoted to indoor fitness, health, social,  
 20.21 recreational, and related uses, including parcels that are owned by a not-for-profit corporation;

20.22 (v) real property located on a lake that is operated seasonally as a restaurant; and

20.23 (vi) lakeshore and riparian property and adjacent land used as a marina, as defined in  
 20.24 section 86A.20, subdivision 5.

20.25 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

20.26 Sec. 11. Minnesota Statutes 2023 Supplement, section 273.13, subdivision 25, is amended  
 20.27 to read:

20.28 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units  
 20.29 and used or held for use by the owner or by the tenants or lessees of the owner as a residence  
 20.30 for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a  
 20.31 also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt  
 20.32 under section 272.02, and contiguous property used for hospital purposes, without regard

21.1 to whether the property has been platted or subdivided. Class 4a also includes residential  
 21.2 real estate containing less than four units rented as a short-term rental property for more  
 21.3 than 14 days in the preceding year, other than property described in subdivision 22, paragraph  
 21.4 (b), clause (2), and subdivision 24, clause (5), item (i). For the purposes of this paragraph,  
 21.5 "short-term rental property" means nonhomestead residential real estate rented for periods  
 21.6 of less than 30 consecutive days. The market value of class 4a property has a classification  
 21.7 rate of 1.25 percent.

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

21.9 ~~(1) residential real estate containing less than four units, including property rented as a~~  
 21.10 ~~short-term rental property for more than 14 days in the preceding year, that does not qualify~~  
 21.11 ~~as class 4bb, other than seasonal residential recreational property;~~

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

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

21.15 ~~(4) unimproved property that is classified residential as determined under subdivision~~  
 21.16 ~~33.~~

21.17 ~~For the purposes of this paragraph, "short-term rental property" means nonhomestead~~  
 21.18 ~~residential real estate rented for periods of less than 30 consecutive days.~~

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

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

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

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

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

21.27 ~~Class 4bb property has the same classification rates as class 1a property under subdivision~~  
 21.28 ~~22.~~

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

22.1 (d) Class 4e property includes:

22.2 (1) ~~except as provided in subdivision 22, paragraph (c), real and personal property~~  
22.3 ~~devoted to commercial temporary and seasonal residential occupancy for recreation purposes,~~  
22.4 ~~for not more than 250 days in the year preceding the year of assessment. For purposes of~~  
22.5 ~~this clause, property is devoted to a commercial purpose on a specific day if any portion of~~  
22.6 ~~the property is used for residential occupancy, and a fee is charged for residential occupancy.~~  
22.7 ~~Class 4e property under this clause must contain three or more rental units. A "rental unit"~~  
22.8 ~~is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site~~  
22.9 ~~equipped with water and electrical hookups for recreational vehicles. A camping pad offered~~  
22.10 ~~for rent by a property that otherwise qualifies for class 4e under this clause is also class 4e~~  
22.11 ~~under this clause regardless of the term of the rental agreement, as long as the use of the~~  
22.12 ~~camping pad does not exceed 250 days. In order for a property to be classified under this~~  
22.13 ~~clause, either (i) the business located on the property must provide recreational activities,~~  
22.14 ~~at least 40 percent of the annual gross lodging receipts related to the property must be from~~  
22.15 ~~business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid~~  
22.16 ~~bookings by lodging guests during the year must be for periods of at least two consecutive~~  
22.17 ~~nights; or (B) at least 20 percent of the annual gross receipts must be from charges for~~  
22.18 ~~providing recreational activities, or (ii) the business must contain 20 or fewer rental units,~~  
22.19 ~~and must be located in a township or a city with a population of 2,500 or less located outside~~  
22.20 ~~the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion~~  
22.21 ~~of a state trail administered by the Department of Natural Resources. For purposes of item~~  
22.22 ~~(i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4e~~  
22.23 ~~property also includes commercial use real property used exclusively for recreational~~  
22.24 ~~purposes in conjunction with other class 4e property classified under this clause and devoted~~  
22.25 ~~to temporary and seasonal residential occupancy for recreational purposes, up to a total of~~  
22.26 ~~two acres, provided the property is not devoted to commercial recreational use for more~~  
22.27 ~~than 250 days in the year preceding the year of assessment and is located within two miles~~  
22.28 ~~of the class 4e property with which it is used. In order for a property to qualify for~~  
22.29 ~~classification under this clause, the owner must submit a declaration to the assessor~~  
22.30 ~~designating the cabins or units occupied for 250 days or less in the year preceding the year~~  
22.31 ~~of assessment by January 15 of the assessment year. Those cabins or units and a proportionate~~  
22.32 ~~share of the land on which they are located must be designated class 4e under this clause~~  
22.33 ~~as otherwise provided. The remainder of the cabins or units and a proportionate share of~~  
22.34 ~~the land on which they are located will be designated as class 3a. The owner of property~~  
22.35 ~~desiring designation as class 4e property under this clause must provide guest registers or~~  
22.36 ~~other records demonstrating that the units for which class 4e designation is sought were not~~

23.1 ~~occupied for more than 250 days in the year preceding the assessment if so requested. The~~  
 23.2 ~~portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center~~  
 23.3 ~~or meeting room, and (5) other nonresidential facility operated on a commercial basis not~~  
 23.4 ~~directly related to temporary and seasonal residential occupancy for recreation purposes~~  
 23.5 ~~does not qualify for class 4c. For the purposes of this paragraph, "recreational activities"~~  
 23.6 ~~means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country~~  
 23.7 ~~ski equipment; providing marina services, launch services, or guide services; or selling bait~~  
 23.8 ~~and fishing tackle;~~

23.9 ~~(2) qualified property used as a golf course if:~~

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

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

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

23.17 ~~(3) real property up to a maximum of three acres of land owned and used by a nonprofit~~  
 23.18 ~~community service-oriented organization and not used for residential purposes on either a~~  
 23.19 ~~temporary or permanent basis, provided that:~~

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

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

23.26 ~~For purposes of this clause:~~

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

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

23.31 ~~(C) a "nonprofit community service-oriented organization" means any corporation,~~  
 23.32 ~~society, association, foundation, or institution organized and operated exclusively for~~

24.1 ~~charitable, religious, fraternal, civic, or educational purposes, and which is exempt from~~  
 24.2 ~~federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal~~  
 24.3 ~~Revenue Code; and~~

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

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

24.14 ~~The organization shall maintain records of its charitable contributions and donations~~  
 24.15 ~~and of public meetings and events held on the property and make them available upon~~  
 24.16 ~~request any time to the assessor to ensure eligibility. An organization meeting the requirement~~  
 24.17 ~~under item (ii) must file an application by May 1 with the assessor for eligibility for the~~  
 24.18 ~~current year's assessment. The commissioner shall prescribe a uniform application form~~  
 24.19 ~~and instructions;~~

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

24.24 ~~(5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding~~  
 24.25 ~~manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as~~  
 24.26 ~~defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision~~  
 24.27 ~~3a, and (iii) class I manufactured home parks as defined in section 327C.015, subdivision~~  
 24.28 ~~2;~~

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

24.32 ~~(7) a leased or privately owned noncommercial aircraft storage hangar not exempt under~~  
 24.33 ~~section 272.01, subdivision 2, and the land on which it is located, provided that:~~

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

25.3 ~~(ii) the land lease, or any ordinance or signed agreement restricting the use of the leased~~  
 25.4 ~~premise, prohibits commercial activity performed at the hangar.~~

25.5 ~~If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be~~  
 25.6 ~~filed by the new owner with the assessor of the county where the property is located within~~  
 25.7 ~~60 days of the sale;~~

25.8 ~~(8) a privately owned noncommercial aircraft storage hangar not exempt under section~~  
 25.9 ~~272.01, subdivision 2, and the land on which it is located, provided that:~~

25.10 ~~(i) the land abuts a public airport; and~~

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

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

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

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

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

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

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

25.27 ~~(10) real property up to a maximum of three acres and operated as a restaurant as defined~~  
 25.28 ~~under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under~~  
 25.29 ~~section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to~~  
 25.30 ~~commercial purposes for not more than 250 consecutive days, or receives at least 60 percent~~  
 25.31 ~~of its annual gross receipts from business conducted during four consecutive months. Gross~~  
 25.32 ~~receipts from the sale of alcoholic beverages must be included in determining the property's~~

26.1 ~~qualification under item (ii). The property's primary business must be as a restaurant and~~  
 26.2 ~~not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.~~  
 26.3 ~~Owners of real property desiring 4c classification under this clause must submit an annual~~  
 26.4 ~~declaration to the assessor by February 1 of the current assessment year, based on the~~  
 26.5 ~~property's relevant information for the preceding assessment year;~~

26.6 ~~(11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as~~  
 26.7 ~~a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public~~  
 26.8 ~~and devoted to recreational use for marina services. The marina owner must annually provide~~  
 26.9 ~~evidence to the assessor that it provides services, including lake or river access to the public~~  
 26.10 ~~by means of an access ramp or other facility that is either located on the property of the~~  
 26.11 ~~marina or at a publicly owned site that abuts the property of the marina. No more than 800~~  
 26.12 ~~feet of lakeshore may be included in this classification. Buildings used in conjunction with~~  
 26.13 ~~a marina for marina services, including but not limited to buildings used to provide food~~  
 26.14 ~~and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified~~  
 26.15 ~~as class 3a property; and~~

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

26.18 ~~Class 4c property has a classification rate of 1.5 percent of market value, except that (i)~~  
 26.19 ~~each parcel of noncommercial seasonal residential recreational property under clause (12)~~  
 26.20 ~~has the same classification rates as class 4bb property, (ii) manufactured home parks assessed~~  
 26.21 ~~under clause (5), item (i), have the same classification rate as class 4b property, the market~~  
 26.22 ~~value of manufactured home parks assessed under clause (5), item (ii), have a classification~~  
 26.23 ~~rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by~~  
 26.24 ~~shareholders in the cooperative corporation or association and a classification rate of one~~  
 26.25 ~~percent if 50 percent or less of the lots are so occupied, and class I manufactured home~~  
 26.26 ~~parks as defined in section 327C.015, subdivision 2, have a classification rate of 1.0 percent,~~  
 26.27 ~~(iii) commercial-use seasonal residential recreational property and marina recreational land~~  
 26.28 ~~as described in clause (11), has a classification rate of one percent for the first \$500,000 of~~  
 26.29 ~~market value, and 1.25 percent for the remaining market value, (iv) the market value of~~  
 26.30 ~~property described in clause (4) has a classification rate of one percent, (v) the market value~~  
 26.31 ~~of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent,~~  
 26.32 ~~(vi) that portion of the market value of property in clause (9) qualifying for class 4c property~~  
 26.33 ~~has a classification rate of 1.25 percent, and (vii) property qualifying for classification under~~  
 26.34 ~~clause (3) that is owned or operated by a congressionally chartered veterans organization~~  
 26.35 ~~has a classification rate of one percent. The commissioner of veterans affairs must provide~~

27.1 ~~a list of congressionally chartered veterans organizations to the commissioner of revenue~~  
 27.2 ~~by June 30, 2017, and by January 1, 2018, and each year thereafter.~~

27.3 ~~(e)~~ (b) Class 4d property includes:

27.4 (1) qualifying low-income rental housing certified to the assessor by the Housing Finance  
 27.5 Agency under section 273.128, subdivision 3. If only a portion of the units in the building  
 27.6 qualify as low-income rental housing units as certified under section 273.128, subdivision  
 27.7 3, only the proportion of qualifying units to the total number of units in the building qualify  
 27.8 for class 4d(1). The remaining portion of the building shall be classified by the assessor  
 27.9 based upon its use. Class 4d(1) also includes the same proportion of land as the qualifying  
 27.10 low-income rental housing units are to the total units in the building. For all properties  
 27.11 qualifying as class 4d(1), the market value determined by the assessor must be based on the  
 27.12 normal approach to value using normal unrestricted rents; and

27.13 (2) a unit that is owned by the occupant and used as a homestead by the occupant, and  
 27.14 otherwise meets all the requirements for community land trust property under section 273.11,  
 27.15 subdivision 12, provided that by December 31 of each assessment year, the community land  
 27.16 trust certifies to the assessor that (i) the community land trust owns the real property on  
 27.17 which the unit is located, and (ii) the unit owner is a member in good standing of the  
 27.18 community land trust. For all units qualifying as class 4d(2), the market value determined  
 27.19 by the assessor must be based on the normal approach to value without regard to any  
 27.20 restrictions that apply because the unit is a community land trust property.

27.21 ~~(f)~~ (c) Class 4d(1) property has a classification rate of 0.25 percent. Class 4d(2) property  
 27.22 has a classification rate of 0.75 percent.

27.23 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

27.24 Sec. 12. Minnesota Statutes 2022, section 273.13, subdivision 31, is amended to read:

27.25 Subd. 31. **Class 5.** (a) Class 5 property includes:

27.26 (1) unmined iron ore and low-grade iron-bearing formations as defined in section 273.14;  
 27.27 ~~and~~

27.28 (2) land with a commercial aggregate deposit that is not actively being mined and is not  
 27.29 otherwise classified as class 2a or 2b;

27.30 (3) the landing area or public access area of a privately owned public use airport;

27.31 (4) property used as a noncommercial aircraft storage hangar not exempt under section  
 27.32 272.01, subdivision 2, and the land on which it is located; and

28.1 (5) all other property not otherwise classified.

28.2 (b) Class 5 property has a classification rate of 2.0 percent of market value, except for  
 28.3 property described in clause (2), which has a classification rate of 1.0 percent of market  
 28.4 value.

28.5 (c) The terms "actively mined" and "commercial aggregate deposit" have the meanings  
 28.6 given in section 273.1115, subdivision 1.

28.7 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

28.8 Sec. 13. Minnesota Statutes 2022, section 275.025, subdivision 1, is amended to read:

28.9 Subdivision 1. **Levy amount.** The state general levy is levied against  
 28.10 commercial-industrial property ~~and seasonal residential recreational property~~, as defined  
 28.11 in this section. The state general levy for commercial-industrial property is \$716,990,000  
 28.12 for taxes payable in 2023 through 2025. The state general levy for commercial-industrial  
 28.13 property is \$758,680,000 for taxes payable in 2026 and thereafter. The state general levy  
 28.14 for seasonal-recreational property is \$41,690,000 for taxes payable in 2020 ~~and thereafter~~  
 28.15 through 2025. The tax under this section is not treated as a local tax rate under section  
 28.16 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

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

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

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

28.24 (3) an increase or decrease in taxable value for commercial-industrial or seasonal  
 28.25 residential recreational property reported to the commissioner under section 270C.85,  
 28.26 subdivision 2, clause (4), for the same year.

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

28.29 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

29.1 Sec. 14. Minnesota Statutes 2022, section 275.025, subdivision 4, is amended to read:

29.2 Subd. 4. **Apportionment and levy of state general tax.** The state general tax must be  
 29.3 levied by applying a uniform rate to all commercial-industrial tax capacity ~~and a uniform~~  
 29.4 ~~rate to all seasonal residential recreational tax capacity.~~ On or before October 1 each year,  
 29.5 the commissioner of revenue shall certify the preliminary state general levy ~~rates~~ rate to  
 29.6 each county auditor that must be used to prepare the notices of proposed property taxes for  
 29.7 taxes payable in the following year. By January 1 of each year, the commissioner shall  
 29.8 certify the final state general levy ~~rates~~ rate to each county auditor that shall be used in  
 29.9 spreading taxes.

29.10 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

29.11 Sec. 15. Minnesota Statutes 2023 Supplement, section 290A.03, subdivision 13, is amended  
 29.12 to read:

29.13 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax  
 29.14 exclusive of special assessments, penalties, and interest payable on a claimant's homestead  
 29.15 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,  
 29.16 and any other state paid property tax credits in any calendar year, and after any refund  
 29.17 claimed and allowable under section 290A.04, subdivision 2h or 2k, that is first payable in  
 29.18 the year that the property tax is payable. In the case of a claimant who makes ground lease  
 29.19 payments, "property taxes payable" includes the amount of the payments directly attributable  
 29.20 to the property taxes assessed against the parcel on which the house is located. Regardless  
 29.21 of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes  
 29.22 payable" must be apportioned or reduced for the use of a portion of the claimant's homestead  
 29.23 for a business purpose if the claimant deducts any business depreciation expenses for the  
 29.24 use of a portion of the homestead or deducts expenses under section 280A of the Internal  
 29.25 Revenue Code for a business operated in the claimant's homestead. For manufactured homes,  
 29.26 "property taxes payable" shall also include 17 percent of the gross rent paid in the preceding  
 29.27 year for the site on which the homestead is located. When a homestead is owned by two or  
 29.28 more persons as joint tenants or tenants in common, such tenants shall determine between  
 29.29 them which tenant may claim the property taxes payable on the homestead. If they are  
 29.30 unable to agree, the matter shall be referred to the commissioner of revenue whose decision  
 29.31 shall be final. Property taxes are considered payable in the year prescribed by law for  
 29.32 payment of the taxes.

29.33 In the case of a claim relating to "property taxes payable," the claimant must have owned  
 29.34 and occupied the homestead on January 2 of the year in which the tax is payable and (i) the

30.1 property must have been classified as homestead property pursuant to section 273.124, on  
30.2 or before December 31 of the assessment year to which the "property taxes payable" relate;  
30.3 or (ii) the claimant must provide documentation from the local assessor that application for  
30.4 homestead classification has been made on or before December 31 of the year in which the  
30.5 "property taxes payable" were payable and that the assessor has approved the application.

30.6 **EFFECTIVE DATE.** This section is effective beginning with claims based on property  
30.7 taxes payable in 2026.

30.8 Sec. 16. Minnesota Statutes 2023 Supplement, section 290A.04, subdivision 2h, is amended  
30.9 to read:

30.10 Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead,  
30.11 net of any refund under subdivision 2k, increase more than 12 percent over the property  
30.12 taxes payable in the prior year on the same property that is owned and occupied by the same  
30.13 owner on January 2 of both years, and the amount of that increase is \$100 or more, a claimant  
30.14 who is a homeowner shall be allowed an additional refund equal to 60 percent of the amount  
30.15 of the increase over the greater of 12 percent of the prior year's property taxes payable or  
30.16 \$100. This subdivision shall not apply to any increase in the gross property taxes payable  
30.17 attributable to improvements made to the homestead after the assessment date for the prior  
30.18 year's taxes. This subdivision shall not apply to any increase in the gross property taxes  
30.19 payable attributable to the termination of valuation exclusions under section 273.11,  
30.20 subdivision 16.

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

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

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

30.27 (d) Upon request, the appropriate county official shall make available the names and  
30.28 addresses of the property taxpayers who may be eligible for the additional property tax  
30.29 refund under this section. The information shall be provided electronically. The county may  
30.30 recover its costs by charging the person requesting the information the reasonable cost for  
30.31 preparing the data. The information may not be used for any purpose other than for notifying  
30.32 the homeowner of potential eligibility and assisting the homeowner, without charge, in  
30.33 preparing a refund claim.

31.1 **EFFECTIVE DATE.** This section is effective beginning with claims based on property  
 31.2 taxes payable in 2026.

31.3 Sec. 17. Minnesota Statutes 2022, section 290A.04, is amended by adding a subdivision  
 31.4 to read:

31.5 Subd. 2k. **Additional refund for homeowners with a disability.** (a) A claimant is  
 31.6 eligible for an additional refund equal to the lesser of ... percent of the property's taxable  
 31.7 market value or \$..... if the claimant is:

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

31.9 (2) permanently and totally disabled; or

31.10 (3) the surviving spouse of a veteran who was permanently and totally disabled and who  
 31.11 homesteaded a property classified as class 1b under Minnesota Statutes 2022, section 273.13,  
 31.12 subdivision 22, for taxes payable in 2008, provided that the surviving spouse continues to  
 31.13 homestead the same property.

31.14 (b) If the spouse of the claimant meets the requirements of paragraph (a) and occupies  
 31.15 as a homestead the same homestead property as the claimant, then the claimant is eligible  
 31.16 for the additional refund under this subdivision.

31.17 (c) A claimant qualifies under paragraph (a), clause (2), only if the government agency  
 31.18 or income-providing source certifies that the claimant satisfies the disability requirements  
 31.19 of paragraph (e).

31.20 (d) The commissioner of revenue may require an applicant who has not previously  
 31.21 received a refund under this subdivision to submit whatever documentation is required to  
 31.22 determine eligibility under this subdivision. The application and any supplementary  
 31.23 information received from the property owner pursuant to this subdivision shall be subject  
 31.24 to chapter 270B. An applicant who has previously received refunds under this subdivision  
 31.25 is not required to submit proof of eligibility, except that the applicant may be required to  
 31.26 affirmatively state that no change in eligibility status has occurred.

31.27 (e) For the purposes of this subdivision, "permanently and totally disabled" means a  
 31.28 condition that is permanent in nature and totally incapacitates the person from working at  
 31.29 an occupation that brings the person an income.

31.30 (f) An applicant whose homestead qualified for class 1b under Minnesota Statutes 2022,  
 31.31 section 273.13, subdivision 22, for assessment year 2024 due to the applicant's disability is  
 31.32 automatically eligible for a refund under this section.

32.1 **EFFECTIVE DATE.** This section is effective beginning with claims based on property  
 32.2 taxes payable in 2026.

32.3 Sec. 18. **REPEALER.**

32.4 (a) Minnesota Statutes 2022, sections 273.1315, subdivision 1; 273.1319; 275.025,  
 32.5 subdivision 3; 279.01, subdivision 4; 327C.015, subdivision 2; and 327C.16, are repealed.

32.6 (b) Minnesota Statutes 2023 Supplement, section 273.1315, subdivision 2, is repealed.

32.7 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

32.8

## ARTICLE 2

32.9

### CONFORMING TECHNICAL CHANGES

32.10 Section 1. Minnesota Statutes 2022, section 123A.455, subdivision 1, is amended to read:

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

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

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

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

32.17 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

32.18 Sec. 2. Minnesota Statutes 2022, section 216E.12, subdivision 4, is amended to read:

32.19 Subd. 4. **Contiguous land.** (a) When private real property that is an agricultural or  
 32.20 nonagricultural homestead, nonhomestead agricultural land, or rental residential property,  
 32.21 ~~and both commercial and noncommercial seasonal residential recreational property,~~ as those  
 32.22 terms are defined in section 273.13 is proposed to be acquired for the construction of a site  
 32.23 or route for a high-voltage transmission line with a capacity of 200 kilovolts or more by  
 32.24 eminent domain proceedings, the owner shall have the option to require the utility to condemn  
 32.25 a fee interest in any amount of contiguous, commercially viable land which the owner wholly  
 32.26 owns in undivided fee and elects in writing to transfer to the utility within 60 days after  
 32.27 receipt of the notice of the objects of the petition filed pursuant to section 117.055.

32.28 Commercial viability shall be determined without regard to the presence of the utility route  
 32.29 or site. Within 60 days after receipt by the utility of an owner's election to exercise this  
 32.30 option, the utility shall provide written notice to the owner of any objection the utility has

33.1 to the owner's election, and if no objection is made within that time, any objection shall be  
 33.2 deemed waived. Within 120 days of the service of an objection by the utility, the district  
 33.3 court having jurisdiction over the eminent domain proceeding shall hold a hearing to  
 33.4 determine whether the utility's objection is upheld or rejected. The utility has the burden of  
 33.5 proof to prove by a preponderance of the evidence that the property elected by the owner  
 33.6 is not commercially viable. The owner shall have only one such option and may not expand  
 33.7 or otherwise modify an election without the consent of the utility. The required acquisition  
 33.8 of land pursuant to this subdivision shall be considered an acquisition for a public purpose  
 33.9 and for use in the utility's business, for purposes of chapter 117 and section 500.24,  
 33.10 respectively; provided that a utility shall divest itself completely of all such lands used for  
 33.11 farming or capable of being used for farming not later than the time it can receive the market  
 33.12 value paid at the time of acquisition of lands less any diminution in value by reason of the  
 33.13 presence of the utility route or site. Upon the owner's election made under this subdivision,  
 33.14 the easement interest over and adjacent to the lands designated by the owner to be acquired  
 33.15 in fee, sought in the condemnation petition for a right-of-way for a high-voltage transmission  
 33.16 line with a capacity of 200 kilovolts or more shall automatically be converted into a fee  
 33.17 taking.

33.18 (b) All rights and protections provided to an owner under chapter 117 apply to acquisition  
 33.19 of land or an interest in land under this section.

33.20 (c) Within 120 days of an owner's election under this subdivision to require the utility  
 33.21 to acquire land, or 120 days after a district court decision overruling a utility objection to  
 33.22 an election made pursuant to paragraph (a), the utility must make a written offer to acquire  
 33.23 that land and amend its condemnation petition to include the additional land.

33.24 (d) For purposes of this subdivision, "owner" means the fee owner, or when applicable,  
 33.25 the fee owner with the written consent of the contract for deed vendee, or the contract for  
 33.26 deed vendee with the written consent of the fee owner.

33.27 **EFFECTIVE DATE.** This section is effective January 1, 2026.

33.28 Sec. 3. Minnesota Statutes 2022, section 271.21, subdivision 2, is amended to read:

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

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

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

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

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

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

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

34.10 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

34.11 Sec. 4. Minnesota Statutes 2022, section 273.11, subdivision 13, is amended to read:

34.12 Subd. 13. **Valuation of income-producing property.** Only accredited assessors or  
 34.13 senior accredited assessors or other licensed assessors who have successfully completed at  
 34.14 least two income-producing property appraisal courses may value income-producing property  
 34.15 for ad valorem tax purposes. "Income-producing property" as used in this subdivision means  
 34.16 the taxable property in class 3a and 3b in section 273.13, subdivision 24; class 4a ~~and 4e~~,  
 34.17 ~~except for seasonal recreational property not used for commercial purposes~~; and class 5 in  
 34.18 section 273.13, subdivision 31, clauses (1), (2), and (5). "Income-producing property"  
 34.19 includes any property in class 4e in section 273.13, subdivision 25, that would be  
 34.20 income-producing property under the definition in this subdivision if it were not substandard.  
 34.21 "Income-producing property appraisal course" as used in this subdivision means a course  
 34.22 of study of approximately 30 instructional hours, with a final comprehensive test. An assessor  
 34.23 must successfully complete the final examination for each of the two required courses. The  
 34.24 course must be approved by the board of assessors.

34.25 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

34.26 Sec. 5. Minnesota Statutes 2022, section 273.1231, subdivision 4, is amended to read:

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

34.31 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

35.1 Sec. 6. Minnesota Statutes 2022, section 273.124, subdivision 17, is amended to read:

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

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

35.12 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

35.13 Sec. 7. Minnesota Statutes 2023 Supplement, section 273.13, subdivision 35, is amended  
 35.14 to read:

35.15 Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's  
 35.16 net tax capacity under this section, property classified as class 4d(2) under subdivision 25,  
 35.17 paragraph (e), clause (2), ~~class 1a, or 1b under subdivision 22, and the portion of property~~  
 35.18 ~~classified as class 2a under subdivision 23 consisting of the house, garage, and surrounding~~  
 35.19 ~~one acre of land,~~ or homestead property classified as class 1 under subdivision 22 shall be  
 35.20 eligible for a market value exclusion as determined under paragraph (b).

35.21 (b) For a homestead valued at \$95,000 or less, the exclusion is 40 percent of market  
 35.22 value. For a homestead valued between \$95,000 and \$517,200, the exclusion is \$38,000  
 35.23 minus nine percent of the valuation over \$95,000. For a homestead valued at \$517,200 or  
 35.24 more, there is no valuation exclusion. The valuation exclusion shall be rounded to the nearest  
 35.25 whole dollar, and may not be less than zero.

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

35.28 (d) In the case of a property that is classified as part homestead and part nonhomestead,  
 35.29 (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion  
 35.30 of a property is classified as nonhomestead solely because not all the owners occupy the  
 35.31 property, not all the owners have qualifying relatives occupying the property, or solely  
 35.32 because not all the spouses of owners occupy the property, the exclusion amount shall be  
 35.33 initially computed as if that nonhomestead portion were also in the homestead class and

36.1 then prorated to the owner-occupant's percentage of ownership. For the purpose of this  
 36.2 section, when an owner-occupant's spouse does not occupy the property, the percentage of  
 36.3 ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

36.4 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

36.5 Sec. 8. Minnesota Statutes 2022, section 273.165, subdivision 2, is amended to read:

36.6 Subd. 2. **Iron ore.** Unmined iron ore included in class 5, ~~paragraph (b)~~, must be assessed  
 36.7 with and as a part of the real estate in which it is located, but its net tax capacity would be  
 36.8 as established in section 273.13, subdivision 31. The real estate in which iron ore is located,  
 36.9 other than the ore, must be classified and assessed in accordance with the provisions of the  
 36.10 appropriate classes. In assessing any tract or lot of real estate in which iron ore is known to  
 36.11 exist, the assessable net tax capacity of the ore exclusive of the land in which it is located,  
 36.12 and the assessable net tax capacity of the land exclusive of the ore must be determined and  
 36.13 set down separately and the aggregate of the two must be assessed against the tract or lot.

36.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

36.15 Sec. 9. Minnesota Statutes 2022, section 273.42, subdivision 2, is amended to read:

36.16 Subd. 2. **Property tax credit.** Owners of land that is an agricultural or nonagricultural  
 36.17 homestead, nonhomestead agricultural land, or rental residential property, ~~and both~~  
 36.18 ~~commercial and noncommercial seasonal residential recreational property~~, as those terms  
 36.19 are defined in section 273.13 listed on records of the county auditor or county treasurer over  
 36.20 which runs a high voltage transmission line with a capacity of 200 kilovolts or more, except  
 36.21 a high voltage transmission line the construction of which was commenced prior to July 1,  
 36.22 1974, shall receive a property tax credit in an amount determined by multiplying a fraction,  
 36.23 the numerator of which is the length of high voltage transmission line which runs over that  
 36.24 parcel and the denominator of which is the total length of that particular line running over  
 36.25 all property within the city or township by ten percent of the transmission line tax revenue  
 36.26 derived from the tax on that portion of the line within the city or township pursuant to section  
 36.27 273.36. In the case of property owners in unorganized townships, the property tax credit  
 36.28 shall be determined by multiplying a fraction, the numerator of which is the length of the  
 36.29 qualifying high voltage transmission line which runs over the parcel and the denominator  
 36.30 of which is the total length of the qualifying high voltage transmission line running over all  
 36.31 property within all the unorganized townships within the county, by the total utility property  
 36.32 tax credit fund amount available within the county for that year pursuant to subdivision 1.  
 36.33 Where a right-of-way width is shared by more than one property owner, the numerator shall

37.1 be adjusted by multiplying the length of line on the parcel by the proportion of the total  
 37.2 width on the parcel owned by that property owner. The amount of credit for which the  
 37.3 property qualifies shall not exceed 20 percent of the total gross tax on the parcel prior to  
 37.4 deduction of the state paid agricultural credit, provided that, if the property containing the  
 37.5 right-of-way is included in a parcel which exceeds 40 acres, the total gross tax on the parcel  
 37.6 shall be multiplied by a fraction, the numerator of which is the sum of the number of acres  
 37.7 in each quarter-quarter section or portion thereof which contains a right-of-way and the  
 37.8 denominator of which is the total number of acres in the parcel set forth on the tax statement,  
 37.9 and the maximum credit shall be 20 percent of the product of that computation, prior to  
 37.10 deduction of those credits. The auditor of the county in which the affected parcel is located  
 37.11 shall calculate the amount of the credit due for each parcel and transmit that information to  
 37.12 the county treasurer. The county auditor, in computing the credit received pursuant to section  
 37.13 273.135, shall reduce the gross tax by the amount of the credit received pursuant to this  
 37.14 section, unless the amount of the credit would be less than \$10.

37.15 If, after the county auditor has computed the credit to those qualifying property owners  
 37.16 in unorganized townships, there is money remaining in the utility property tax credit fund,  
 37.17 then that excess amount in the fund shall be returned to the general school fund of the county.

37.18 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

37.19 Sec. 10. Minnesota Statutes 2022, section 276A.01, subdivision 4, is amended to read:

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

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

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

37.26 (3) property valued and assessed under section 273.13, subdivision 25, except for hospitals  
 37.27 and property valued and assessed under section 273.13, subdivision 25, ~~paragraph (d),~~  
 37.28 ~~clauses (1) and (3).~~

37.29 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

37.30 Sec. 11. Minnesota Statutes 2022, section 278.03, subdivision 1, is amended to read:

37.31 Subdivision 1. **Real property.** In the case of real property, if the proceedings instituted  
 37.32 by the filing of the petition have not been completed before the 16th day of May next

38.1 following the filing, the petitioner shall pay to the county treasurer 50 percent of the tax  
 38.2 levied for such year against the property involved, unless permission to continue prosecution  
 38.3 of the petition without such payment is obtained as herein provided. If the proceedings  
 38.4 instituted by the filing of the petition have not been completed by the next October 16, or,  
 38.5 in the case of ~~class 1b agricultural homestead~~, class 2a agricultural homestead, and class  
 38.6 2b(2) agricultural nonhomestead property, November 16, the petitioner shall pay to the  
 38.7 county treasurer 50 percent of the unpaid balance of the taxes levied for the year against  
 38.8 the property involved if the unpaid balance is \$2,000 or less and 80 percent of the unpaid  
 38.9 balance if the unpaid balance is over \$2,000, unless permission to continue prosecution of  
 38.10 the petition without payment is obtained as herein provided. The petitioner, upon ten days'  
 38.11 notice to the county attorney and to the county auditor, given at least ten days prior to the  
 38.12 16th day of May or the 16th day of October, or, in the case of ~~class 1b agricultural homestead~~,  
 38.13 class 2a agricultural homestead, and class 2b(2) agricultural nonhomestead property, the  
 38.14 16th day of November, may apply to the court for permission to continue prosecution of  
 38.15 the petition without payment; and, if it is made to appear:

38.16 (1) that the proposed review is to be taken in good faith;

38.17 (2) that there is probable cause to believe that the property may be held exempt from  
 38.18 the tax levied or that the tax may be determined to be less than 50 percent of the amount  
 38.19 levied; and

38.20 (3) that it would work a hardship upon petitioner to pay the taxes due,

38.21 the court may permit the petitioner to continue prosecution of the petition without payment,  
 38.22 or may fix a lesser amount to be paid as a condition of continuing the prosecution of the  
 38.23 petition.

38.24 Failure to make payment of the amount required when due shall operate automatically  
 38.25 to dismiss the petition and all proceedings thereunder unless the payment is waived by an  
 38.26 order of the court permitting the petitioner to continue prosecution of the petition without  
 38.27 payment. The petition shall be automatically reinstated upon payment of the entire tax plus  
 38.28 interest and penalty if the payment is made within one year of the dismissal. The county  
 38.29 treasurer shall, upon request of the petitioner, issue duplicate receipts for the tax payment,  
 38.30 one of which shall be filed by the petitioner in the proceeding.

38.31 **EFFECTIVE DATE.** This section is effective for petitions filed for property taxes  
 38.32 payable in 2026 and thereafter.

39.1 Sec. 12. Minnesota Statutes 2022, section 278.05, subdivision 5, is amended to read:

39.2 Subd. 5. **Offer to reduce valuation.** Any time after the filing of the petition and before  
 39.3 the trial of the issues raised thereby, when the defense or claim presented is that the property  
 39.4 has been partially, unfairly, or unequally assessed, or that the property has been assessed  
 39.5 at a valuation greater than its real or actual value, or that a parcel which is classified as  
 39.6 homestead under the provisions of section 273.13, subdivision 22 or 23, has been assessed  
 39.7 at a valuation which exceeds by ten percent or more the valuation which the parcel would  
 39.8 have if it were valued at the average assessment/sales ratio for real property in the same  
 39.9 class in that portion of the county in which the parcel is located, for which the commissioner  
 39.10 is able to establish and publish a sales ratio study, the attorney representing the state, county,  
 39.11 city or town in the proceedings may serve on the petitioner, or the petitioner's attorney, and  
 39.12 file with the court administrator of the district court, an offer to reduce the valuation of the  
 39.13 property or a portion of the property to a valuation set forth in the offer. If, within ten days  
 39.14 thereafter, the petitioner, or the attorney, gives notice in writing to the county attorney, or  
 39.15 the attorney for the city or town, that the offer is accepted, the official notified may file the  
 39.16 offer with proof of notice, and the court administrator shall enter judgment accordingly.  
 39.17 Otherwise, the offer shall be deemed withdrawn and evidence thereof shall not be given;  
 39.18 and, unless a lower valuation than specified in the offer is found by the court, no costs or  
 39.19 disbursements shall be allowed to the petitioner, but the costs and disbursements of the  
 39.20 state, county, city or town, including interest at six percent on the tax based on the amount  
 39.21 of the offer from and after the 16th day of October, or, in the case of ~~class 1b agricultural~~  
 39.22 ~~homestead~~, class 2a agricultural homestead, class 2b(2) agricultural nonhomestead property,  
 39.23 and manufactured homes treated as personal property, the 16th day of November, of the  
 39.24 year the taxes are payable, shall be taxed in its favor and included in the judgment and when  
 39.25 collected shall be credited to the county revenue fund, unless the taxes were paid in full  
 39.26 before the 16th day of October, or, in the case of ~~class 1b agricultural homestead~~, class 2a  
 39.27 agricultural homestead, and class 2b(2) agricultural nonhomestead property, and  
 39.28 manufactured homes treated as personal property, the 16th day of November, of the year  
 39.29 in which the taxes were payable, in which event interest shall not be taxable.

39.30 **EFFECTIVE DATE.** This section is effective for petitions filed for property taxes  
 39.31 payable in 2026 and thereafter.

39.32 Sec. 13. Minnesota Statutes 2022, section 279.01, subdivision 1, is amended to read:

39.33 Subdivision 1. **Due dates; penalties.** (a) When the taxes against any tract or lot exceed  
 39.34 \$100, one-half of the amount of tax due must be paid prior to May 16, and the remaining

40.1 one-half must be paid prior to the following October 16. If either tax amount is unpaid as  
40.2 of its due date, a penalty is imposed at a rate of two percent on homestead property and four  
40.3 percent on nonhomestead property. If complete payment has not been made by the first day  
40.4 of the month following either due date, an additional penalty of two percent on homestead  
40.5 property and four percent on nonhomestead property is imposed. Thereafter, for both  
40.6 homestead and nonhomestead property, on the first day of each subsequent month through  
40.7 December, an additional penalty of one percent for each month accrues and is charged on  
40.8 all such unpaid taxes provided that the penalty must not exceed eight percent in the case of  
40.9 homestead property, or 12 percent in the case of nonhomestead property.

40.10 (b) If the property tax statement was not postmarked prior to April 25, the first half  
40.11 payment due date in paragraph (a) shall be 21 days from the postmark date of the property  
40.12 tax statement, and all penalties referenced in paragraph (a) shall be determined with regard  
40.13 to the later due date.

40.14 (c) In the case of a tract or lot with taxes of \$100 or less, the due date and penalties as  
40.15 specified in paragraph (a) or (b) for the first half payment shall apply to the entire amount  
40.16 of the tax due.

40.17 (d) For commercial use real property used for seasonal residential recreational purposes  
40.18 ~~and classified as class 1e or 4e, and on other commercial use real property~~ classified as class  
40.19 3a, provided that over 60 percent of the gross income earned by the enterprise on the class  
40.20 3a property is earned during the months of May, June, July, and August, the first half  
40.21 payment is due prior to June 1. For a class 3a property to qualify for the later due date, the  
40.22 owner of the property must attach an affidavit to the payment attesting to compliance with  
40.23 the income requirements of this paragraph.

40.24 (e) This section applies to payment of personal property taxes assessed against  
40.25 improvements to leased property, except as provided by section 277.01, subdivision 3.

40.26 (f) A county may provide by resolution that in the case of a property owner that has  
40.27 multiple tracts or parcels with aggregate taxes exceeding \$100, payments may be made in  
40.28 installments as provided in this subdivision.

40.29 (g) The county treasurer may accept payments of more or less than the exact amount of  
40.30 a tax installment due. Payments must be applied first to the oldest installment that is due  
40.31 but which has not been fully paid. If the accepted payment is less than the amount due,  
40.32 payments must be applied first to the penalty accrued for the year or the installment being  
40.33 paid. Acceptance of partial payment of tax does not constitute a waiver of the minimum

41.1 payment required as a condition for filing an appeal under section 278.03 or any other law,  
41.2 nor does it affect the order of payment of delinquent taxes under section 280.39.

41.3 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

41.4 Sec. 14. Minnesota Statutes 2022, section 279.01, subdivision 3, is amended to read:

41.5 Subd. 3. **Agricultural property.** In the case of ~~class 1b agricultural homestead~~, class  
41.6 2a agricultural homestead property, class 2a agricultural nonhomestead property, and class  
41.7 2b rural vacant land that is part of an agricultural homestead, no penalties shall attach to  
41.8 the second one-half property tax payment as provided in this section if paid by November  
41.9 15. Thereafter, penalties shall attach as provided in subdivision 1.

41.10 If the owner of ~~class 1b agricultural homestead~~ or class 2a agricultural property receives  
41.11 a consolidated property tax statement that shows only an aggregate of the taxes and special  
41.12 assessments due on that property and on other property not classified as ~~class 1b agricultural~~  
41.13 ~~homestead~~ or class 2a agricultural property, the aggregate tax and special assessments shown  
41.14 due on the property by the consolidated statement will be due on November 15.

41.15 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

41.16 Sec. 15. Minnesota Statutes 2022, section 279.37, subdivision 1, is amended to read:

41.17 Subdivision 1. **Composition into one item.** Delinquent taxes upon any parcel of real  
41.18 estate may be composed into one item or amount by confession of judgment at any time  
41.19 prior to the forfeiture of the parcel of land to the state for taxes, for the aggregate amount  
41.20 of all the taxes, costs, penalties, and interest accrued against the parcel, as provided in this  
41.21 section. Taxes upon property which, for the previous year's assessment, was classified as  
41.22 mineral property, employment property, or commercial or industrial property are only  
41.23 eligible to be composed into any confession of judgment under this section as provided in  
41.24 subdivision 1a. ~~Delinquent taxes for property that has been reclassified from 4bb to 4b under~~  
41.25 ~~section 273.1319 may not be composed into a confession of judgment under this subdivision.~~  
41.26 Delinquent taxes on unimproved land are eligible to be composed into a confession of  
41.27 judgment only if the land is classified under section 273.13 as homestead, agricultural, rural  
41.28 vacant land, or managed forest land, in the previous year or is eligible for installment payment  
41.29 under subdivision 1a. The entire parcel is eligible for the ten-year installment plan as provided  
41.30 in subdivision 2 if 25 percent or more of the market value of the parcel is eligible for  
41.31 confession of judgment under this subdivision.

41.32 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

42.1 Sec. 16. Minnesota Statutes 2023 Supplement, section 290.0694, subdivision 1, is amended  
42.2 to read:

42.3 Subdivision 1. **Definitions.** (a) For purposes of this section, the following definitions  
42.4 have the meanings given.

42.5 (b) "Qualified property" means a manufactured home park in Minnesota ~~classified as~~  
42.6 ~~4c(5)(i) or 4c(5)(iii) under section 273.13, subdivision 25, paragraph (d) as defined in section~~  
42.7 327.14, subdivision 3, excluding manufactured home parks described in section 273.124,  
42.8 subdivision 3a.

42.9 (c) "Qualified seller" means a taxpayer, as defined under section 290.01, subdivision 6,  
42.10 who sells qualified property to: (1) a corporation or association organized under chapter  
42.11 308A or 308B, where each person who owns a share or shares in the corporation or  
42.12 association would be entitled to occupy a lot within the qualified property after the sale; (2)  
42.13 a charitable corporation, organized under the laws of Minnesota with no outstanding stock,  
42.14 and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status, whose  
42.15 members hold residential participation warrants entitling the members to occupy the units  
42.16 in the manufactured home park; or (3) a nonprofit or a representative acting on behalf of  
42.17 residents, as defined by section 327C.015, subdivision 13, who purchases the property on  
42.18 behalf of residents who intend to form a corporation or association as described in clause  
42.19 (1) or (2).

42.20 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December  
42.21 31, 2024.

42.22 Sec. 17. Minnesota Statutes 2023 Supplement, section 290A.03, subdivision 6, is amended  
42.23 to read:

42.24 Subd. 6. **Homestead.** "Homestead" means the dwelling occupied as the claimant's  
42.25 principal residence and so much of the land surrounding it, not exceeding ten acres, as is  
42.26 reasonably necessary for use of the dwelling as a home and any other property used for  
42.27 purposes of a homestead as defined in section 273.13, subdivision 22, or section 273.13,  
42.28 subdivision 25, paragraph ~~(e)~~ (b), clause (2). For agricultural land assessed as part of a  
42.29 homestead pursuant to section 273.13, subdivision 23, "homestead" is limited to the house  
42.30 and garage and immediately surrounding one acre of land. The homestead may be owned  
42.31 as a part of a multidwelling or multipurpose building and the land on which it is built. A  
42.32 manufactured home, as defined in section 273.125, subdivision 8, or a park trailer taxed as  
42.33 a manufactured home under section 168.012, subdivision 9, assessed as personal property  
42.34 may be a dwelling for purposes of this subdivision.

43.1 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

43.2 Sec. 18. Minnesota Statutes 2023 Supplement, section 428A.01, subdivision 7, is amended  
43.3 to read:

43.4 Subd. 7. **Multiunit residential property.** "Multiunit residential property" means:

43.5 (1) property classified as class 4a under section 273.13, subdivision 25, paragraph (a);

43.6 (2) condominiums, as defined under section 515A.1-103, clause (7), that are classified  
43.7 as class ~~4a~~ 1 under section 273.13, subdivision 22, paragraph (a); ~~class 4b under section~~  
43.8 ~~273.13, subdivision 25, paragraph (b), clause (1); class 4bb under section 273.13, subdivision~~  
43.9 ~~25, paragraph (c), clause (1);~~ or condominiums under chapters 515 and 515A established  
43.10 prior to the enactment of the Minnesota Common Interest Ownership act under chapter  
43.11 515B;

43.12 (3) condominium-type storage units classified as class ~~4bb under section 273.13,~~  
43.13 ~~subdivision 25, paragraph (e), clause (3)~~ 1 under section 273.13, subdivision 22; and

43.14 (4) duplex or triplex property classified as class ~~4a~~ 1 under section 273.13, subdivision  
43.15 22, ~~paragraph (a); or classified as class 4b under section 273.13, subdivision 25, paragraph~~  
43.16 ~~(b), clause (1).~~

43.17 Multiunit residential property does not include any unit that is an affordable housing unit  
43.18 classified as 4d low-income rental housing under section 273.13, subdivision 25, paragraph  
43.19 ~~(e)~~ (b).

43.20 **EFFECTIVE DATE.** This section is effective for the establishment or enlargement of  
43.21 a special service district after December 31, 2024.

43.22 Sec. 19. Minnesota Statutes 2022, section 473F.02, subdivision 4, is amended to read:

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

43.26 (a) class ~~1, 1b, 2a, 4a, 4b, 4c,~~ property under section 273.13, subdivision 22, and 4d  
43.27 class 4 property ~~except resorts and property classified under section 273.13, subdivision~~  
43.28 ~~25, paragraph (d), clause (3);~~ and

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

43.30 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2026.

44.1 Sec. 20. Minnesota Statutes 2022, section 507.235, subdivision 1, is amended to read:

44.2 Subdivision 1. **Filing required.** All contracts for deed executed on or after January 1,  
 44.3 1984, shall be recorded by the vendee within four months in the office of the county recorder  
 44.4 or registrar of titles in the county in which the land is located. Any other person may record  
 44.5 the contract. This filing period may be extended if failure to pay the property tax due in the  
 44.6 current year on a parcel as required in section 272.121 has prevented filing and recording  
 44.7 of the contract. In the case of a parcel that was divided and classified under section 273.13  
 44.8 as class ~~1a or 1b~~ 1, the period may be extended to October 31 of the year in which the sale  
 44.9 occurred, and in the case of a parcel that was divided and classified under section 273.13  
 44.10 as class 2a, the period may be extended to November 30 of the year in which the sale  
 44.11 occurred.

44.12 A person receiving an assignment of a vendee's interest in a contract for deed that is  
 44.13 transferred on or after January 1, 1989, shall record the assignment within four months of  
 44.14 the date of transfer in the office of the county recorder or registrar of titles in the county in  
 44.15 which the land is located. For the purpose of this section, "assignment" means an assignment  
 44.16 or other transfer of all or part of a vendee's interest in a contract for deed. Any other person  
 44.17 may record an assignment.

44.18 **EFFECTIVE DATE.** This section is effective beginning January 1, 2025.

44.19 Sec. 21. Minnesota Statutes 2022, section 580.23, subdivision 2, is amended to read:

44.20 Subd. 2. **12-month redemption period.** Notwithstanding the provisions of subdivision  
 44.21 1 hereof, when lands have been sold in conformity with the preceding sections of this  
 44.22 chapter, the mortgagor, the mortgagor's personal representatives or assigns, within 12 months  
 44.23 after such sale, may redeem such lands in accordance with the provisions of payment of  
 44.24 subdivision 1 thereof, if:

44.25 (1) the mortgage was executed prior to July 1, 1967;

44.26 (2) the amount claimed to be due and owing as of the date of the notice of foreclosure  
 44.27 sale is less than  $66\frac{2}{3}$  percent of the original principal amount secured by the mortgage;

44.28 (3) the mortgage was executed prior to July 1, 1987, and the mortgaged premises, as of  
 44.29 the date of the execution of the mortgage, exceeded ten acres in size;

44.30 (4) the mortgage was executed prior to August 1, 1994, and the mortgaged premises, as  
 44.31 of the date of the execution of the mortgage, exceeded ten acres but did not exceed 40 acres  
 44.32 in size and was in agricultural use as defined in section 40A.02, subdivision 3;

45.1 (5) the mortgaged premises, as of the date of the execution of the mortgage, exceeded  
45.2 40 acres in size;

45.3 (6) the mortgage was executed on or after August 1, 1994, and the mortgaged premises,  
45.4 as of the date of the execution of the mortgage, exceeded ten acres but did not exceed 40  
45.5 acres in size and was in agricultural use. For purposes of this clause, "in agricultural use"  
45.6 means that at least a portion of the mortgaged premises was classified for ad valorem tax  
45.7 purposes as:

45.8 (i) class 2a agricultural homestead property under section 273.13, subdivision 23;

45.9 (ii) class 2b rural or agricultural nonhomestead property under section 273.13, subdivision  
45.10 23; or

45.11 ~~(iii) class 1b agricultural homestead property under section 273.13, subdivision 22; or~~

45.12 ~~(iv)~~ (iii) exempt wetlands under section 272.02, subdivision 11; or

45.13 (7) the mortgage qualifies as a reverse mortgage as defined in section 47.58.

45.14 **EFFECTIVE DATE.** This section is effective for sales occurring after December 31,  
45.15 2025.

45.16 Sec. 22. **REVISOR INSTRUCTION.**

45.17 The revisor of statutes, in consultation with staff from the House Research Department  
45.18 and the Office of Senate Counsel, Research and Fiscal Analysis, and the Department of  
45.19 Revenue, shall prepare legislation that makes conforming changes in accordance with the  
45.20 provisions of this act. The revisor shall submit the proposal, in a form ready for introduction,  
45.21 during the 2025 regular legislative session to the chairs and ranking minority members of  
45.22 the legislative committees with jurisdiction over taxes.

45.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

**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, individual taxpayer identification 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.

**273.1319 SINGLE FAMILY HOUSING; NONCOMPLIANCE; MINNEAPOLIS AND ST. PAUL.**

(a) If the city determines that a residential rental property classified as class 4bb under section 273.13, subdivision 25, is not in compliance with the city's applicable rental licensing requirements and housing codes, the city shall notify the property owner of the specific items that are not in compliance. The owner has 60 days to correct the noncompliance items identified by the city. If they have not been corrected within the 60-day time period to the satisfaction of the city, the city shall notify the assessor that the property is out of compliance and is no longer eligible for the class 4bb property classification. Notwithstanding any other provision of law, the assessor shall reclassify the property for the current assessment year, for taxes payable in the following year as class 4b property. The assessor shall notify the property owner of the action.

(b) This section applies only to property located in the cities of Minneapolis and St. Paul.

(c) This section is effective for each of the cities of Minneapolis and St. Paul upon compliance with section 645.021, subdivision 3, by the governing body of the city.

**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.

**279.01 DUE DATES; PENALTIES.**

Subd. 4. **Seasonal residential recreational property.** In the case of class 4c seasonal residential recreational property not used for commercial purposes, penalties shall accrue and be charged on unpaid taxes at the times and at the rates provided in subdivision 1 for homestead property.

**327C.015 DEFINITIONS.**

Subd. 2. **Class I.** "Class I" means a manufactured home 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.015, subdivision 2, 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.