

**SENATE**  
**STATE OF MINNESOTA**  
**NINETY-FIRST SESSION**

**S.F. No. 1043**

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DATE  
02/11/2019

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322 Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to taxation; property; allowing shareholders of manufactured home park  
1.3 cooperatives to include a portion of ground lease payments when filing for the  
1.4 homestead credit state refund; amending Minnesota Statutes 2018, sections 273.124,  
1.5 subdivision 3a; 290A.03, subdivision 13.

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

1.7 Section 1. Minnesota Statutes 2018, section 273.124, subdivision 3a, is amended to read:

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

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

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

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

1.21 (c) A charitable corporation, organized under the laws of Minnesota with no outstanding  
1.22 stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status,  
1.23 qualifies for homestead treatment with respect to a manufactured home park if its members

hold residential participation warrants entitling them to occupy a lot in the manufactured home park.

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

**EFFECTIVE DATE.** This section is effective beginning with claims for taxes payable in 2020.

Sec. 2. Minnesota Statutes 2018, section 290A.03, subdivision 13, is amended to read:

Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year, and after any refund claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the year that the property tax is payable. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. Regardless of the limitations in section 280A(c)(5) of the Internal Revenue Code, "property taxes payable" must be apportioned or reduced for the use of a portion of the claimant's homestead for a business purpose if the claimant deducts any business depreciation expenses for the use of a portion of the homestead or deducts expenses under section 280A of the Internal Revenue Code for a business operated in the claimant's homestead. For homesteads which are manufactured homes as defined in section 273.125, subdivision 8, ~~and for homesteads which are~~ including manufactured homes located in a manufactured home community owned by a cooperative organized under chapter 308A or 308B, and park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include 17 percent of the gross rent paid in the preceding year for the site on which the homestead is located. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

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

3.8 **EFFECTIVE DATE.** This section is effective beginning with claims for tax payable  
3.9 in 2020.