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## State of Minnesota

## HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 2517

02/27/2014 Authored by Simon and Davids

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; modifying provisions for interest rate payments  
1.3 on delinquent taxes; amending Minnesota Statutes 2013 Supplement, section  
1.4 279.37, subdivision 2.

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

1.6 Section 1. Minnesota Statutes 2013 Supplement, section 279.37, subdivision 2, is  
1.7 amended to read:

1.8 Subd. 2. **Installment payments.** (a) The owner of any such parcel, or any person to  
1.9 whom the right to pay taxes has been given by statute, mortgage, or other agreement, may  
1.10 make and file with the county auditor of the county in which the parcel is located a written  
1.11 offer to pay the current taxes each year before they become delinquent, or to contest the  
1.12 taxes under Minnesota Statutes 1941, sections 278.01 to 278.13, and agree to confess  
1.13 judgment for the amount provided, as determined by the county auditor. By filing the  
1.14 offer, the owner waives all irregularities in connection with the tax proceedings affecting  
1.15 the parcel and any defense or objection which the owner may have to the proceedings, and  
1.16 also waives the requirements of any notice of default in the payment of any installment or  
1.17 interest to become due pursuant to the composite judgment to be so entered. Unless the  
1.18 property is subject to subdivision 1a, with the offer, the owner shall (i) tender one-tenth of  
1.19 the amount of the delinquent taxes, costs, penalty, and interest, and (ii) tender all current  
1.20 year taxes and penalty due at the time the confession of judgment is entered. In the offer,  
1.21 the owner shall agree to pay the balance in nine equal installments, with interest as provided  
1.22 in section 279.03, payable annually on installments remaining unpaid from time to time, on  
1.23 or before December 31 of each year following the year in which judgment was confessed.

(b) If any part of the parcel consists of real estate classified as 1a or 1b and used as the primary homestead by the owner of the property, the interest rate on offers made under paragraph (a) shall be set annually by the commissioner of revenue at the greater of five percent or two percent above the prime rate charged by banks during the six-month period ending on September 30 of that year, rounded to the nearest full percent. The rate of interest becomes effective on January 1 of the immediately succeeding year. For purposes of this subdivision, the term "prime rate charged by banks" means the average predominant prime rate quoted by commercial banks to large businesses, as determined by the Board of Governors of the Federal Reserve System. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and is not subject to the Administrative Procedure Act contained in chapter 14. In the event of default occurring in the payments to be made under any confessed judgment entered pursuant to this paragraph, the taxes and penalties due are subject to the interest rate specified in section 279.03.

(c) The interest rate established at the time the judgment is confessed shall remain for the duration of that judgment. By October 15 of each year, the commissioner of revenue must determine the rate of interest as provided under paragraph (b) and, by November 1 of each year, must certify the rate to the county auditor.

(d) The offer must be substantially as follows:

"To the court administrator of the district court of ..... county, I, .....,  
am the owner of the following described parcel of real estate located in .....  
county, Minnesota:

..... Upon that real estate there are delinquent taxes for the year ....., and  
prior years, as follows: (here insert year of delinquency and the total amount of delinquent  
taxes, costs, interest, and penalty). By signing this document I offer to confess judgment in  
the sum of \$..... and waive all irregularities in the tax proceedings affecting these taxes and  
any defense or objection which I may have to them, and direct judgment to be entered for  
the amount stated above, minus the sum of \$....., to be paid with this document, which  
is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and interest stated above.  
I agree to pay the balance of the judgment in nine or four equal, annual installments, with  
interest as provided in section 279.03, payable annually, on the installments remaining  
unpaid. I agree to pay the installments and interest on or before December 31 of each year  
following the year in which this judgment is confessed and current taxes each year before  
they become delinquent, or within 30 days after the entry of final judgment in proceedings  
to contest the taxes under Minnesota Statutes, sections 278.01 to 278.13.

Dated ....., ....."