

SENATE

STATE OF MINNESOTA

EIGHTY-NINTH SESSION

S.F. No. 3566

(SENATE AUTHORS: DZIEDZIC and Rest)

DATE	D-PG	OFFICIAL STATUS
04/21/2016	5937	Introduction and first reading Referred to Taxes

1.1 A bill for an act
1.2 relating to tax forfeiture; amending the period of redemption; giving county
1.3 auditors additional authority; allowing counties to sell tax-forfeited lands
1.4 online; allowing an eviction action when an individual holds over real property
1.5 after a real estate tax judgment sale; allowing a landlord to dispose of an
1.6 evicted tenant's property; making technical and conforming changes; amending
1.7 Minnesota Statutes 2014, sections 281.17; 281.23, by adding a subdivision;
1.8 282.01, by adding a subdivision; 282.02; 282.241, subdivision 1; 282.322;
1.9 504B.285, subdivision 1; 504B.365, subdivision 3; proposing coding for new
1.10 law in Minnesota Statutes, chapter 281; repealing Minnesota Statutes 2014,
1.11 section 281.22.

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

1.13 Section 1. Minnesota Statutes 2014, section 281.17, is amended to read:

1.14 **281.17 PERIOD FOR OF REDEMPTION.**

1.15 (a) Except for properties described in paragraphs (b) and (c), or properties for which
1.16 the period of redemption has been limited under sections 281.173 and 281.174, the
1.17 following periods for period of redemption apply:

1.18 ~~The period of redemption for all lands sold to the state at a tax judgment sale shall~~
1.19 ~~be three years from the date of sale to the state of Minnesota.~~

1.20 ~~The period of redemption for homesteaded lands as defined in section 273.13,~~
1.21 ~~subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter~~
1.22 ~~386, article 6, section 4, and sold to the state at a tax judgment sale is three years from~~
1.23 ~~the date of sale.~~

1.24 (b) The period of redemption for all lands located in a targeted neighborhood
1.25 community as defined in Laws 1987, chapter 386, article 6, section 4 section 469.201,
1.26 subdivision 10, except homesteaded lands as defined in section 273.13, subdivision 22, is
1.27 one year from the date of sale.

(c) The period of redemption for all real property constituting a mixed municipal solid waste disposal facility that is a qualified facility under section 115B.39, subdivision 1, is one year from the date of the sale to the state of Minnesota.

(d) In determining the period of redemption, the county must use the property's classification and homestead classification for the assessment year on which the tax judgment is based. Any change in the property's classification or homestead classification after the assessment year on which the tax judgment is based does not affect the period of redemption.

Sec. 2. Minnesota Statutes 2014, section 281.23, is amended by adding a subdivision to read:

Subd. 10. **Business to cease operations after notice.** (a) After the execution of a certificate pursuant to subdivision 9, the county auditor may direct a business located on a parcel of tax-forfeited property to immediately cease operations while the title to the parcel is held by the state in trust for the local taxing districts.

(b) If the county auditor directs a business to cease operations under this subdivision, the county and state are not liable for any loss of business, damages, or other costs or expenses that result from the direction to cease operations.

Sec. 3. **[281.231] MAINTENANCE; EXPENDITURE OF PUBLIC FUNDS.**

If the county auditor provides notice as required by section 281.23, the state, agency, political subdivision, or other entity that becomes the fee owner or manager of a property as a result of forfeiture due to nonpayment of real property taxes is not bound by any servitude, agreement, easement, or other encumbrance affecting the property that requires the expenditure of public funds. The fee owner or manager of a property may, at its discretion, spend public funds necessary for the maintenance, security, or management of the property.

Sec. 4. **[281.70] LIMITED RIGHT OF ENTRY.**

Subdivision 1. **Limited right of entry.** If premises described in a real estate tax judgment sale are vacant or unoccupied, the county auditor or a person acting on behalf of the county auditor may, but is not obligated to, enter the premises to protect the premises from waste or trespass until the county auditor is notified that the premises are occupied. An affidavit of the sheriff, the county auditor, or a person acting on behalf of the county auditor describing the premises and stating that the premises are vacant and unoccupied is prima facie evidence of the facts stated in the affidavit. If the affidavit contains a legal

description of the premises, the affidavit may be recorded in the office of the county recorder or the registrar of titles in the county where the premises are located.

Subd. 2. **Authorized actions.** (a) The county auditor may take one or more of the following actions to protect the premises from waste or trespass:

(1) install or change locks on doors and windows;

(2) board windows; and

(3) other actions to prevent or minimize damage to the premises from the elements, vandalism, trespass, or other illegal activities.

(b) If the county auditor installs or changes locks on premises under paragraph (a), the county auditor must promptly deliver a key to the premises to the taxpayer or any person lawfully claiming through the taxpayer upon request.

Subd. 3. **Costs.** Costs incurred by the county auditor in protecting the premises from waste or trespass under this section may be added to the delinquent taxes due. The costs may bear interest to the extent provided, and interest may be added to the delinquent taxes due.

Subd. 4. **Scope.** The actions authorized under this section are in addition to, and do not limit or replace, any other rights or remedies available to the county auditor under Minnesota law.

Sec. 5. Minnesota Statutes 2014, section 282.01, is amended by adding a subdivision to read:

Subd. 13. **Online auction.** A county board, or a county auditor if the auditor has been delegated such authority under section 282.135, may sell tax-forfeited lands through an online auction. When an online auction is used to sell tax-forfeited lands, the county auditor shall post a physical notice of the online auction and shall publish a notice of the online auction on its Web site not less than ten days before the online auction begins, in addition to any other notice required.

EFFECTIVE DATE. This section is effective for sales of tax-forfeited property that occur on or after August 1, 2016.

Sec. 6. Minnesota Statutes 2014, section 282.02, is amended to read:

282.02 LIST OF LANDS FOR SALE; NOTICE; ONLINE AUCTIONS PERMITTED.

(a) Immediately after classification and appraisal of the land, and after approval by the commissioner of natural resources when required pursuant to section 282.01, subdivision 3, the county board shall provide and file with the county auditor a list of

parcels of land to be offered for sale. This list shall contain a description of the parcels of land and the appraised value thereof. The auditor shall publish a notice of the intended public sale of such parcels of land and a copy of the resolution of the county board fixing the terms of the sale, if other than for cash only, by publication once a week for two weeks in the official newspaper of the county, the last publication to be not less than ten days previous to the commencement of the sale.

(b) The notice shall include the parcel's description and appraised value. The notice shall also indicate the amount of any special assessments which may be the subject of a reassessment or new assessment or which may result in the imposition of a fee or charge pursuant to sections 429.071, subdivision 4, 435.23, and 444.076. The county auditor shall also mail notice to the owners of land adjoining the parcel to be sold. For purposes of this section, "owner" means the taxpayer as listed in the records of the county auditor.

(c) If the county board of ~~St. Louis or Koochiing Counties~~ determines that the sale shall take place in a county facility other than the courthouse, the notice shall specify the facility and its location. If the county board determines that the sale shall take place as an online auction under section 282.01, subdivision 13, the notice shall specify the auction Web site and the date of the auction.

EFFECTIVE DATE. This section is effective for sales of tax-forfeited property that occur on or after August 1, 2016.

Sec. 7. Minnesota Statutes 2014, section 282.241, subdivision 1, is amended to read:

Subdivision 1. **Repurchase requirements.** The owner at the time of forfeiture, or the owner's heirs, devisees, or representatives, or any person to whom the right to pay taxes was given by statute, mortgage, or other agreement, may repurchase any parcel of land claimed by the state to be forfeited to the state for taxes unless before the time repurchase is made the parcel is sold under installment payments, or otherwise, by the state as provided by law, or is under mineral prospecting permit or lease, or proceedings have been commenced by the state or any of its political subdivisions or by the United States to condemn the parcel of land. The parcel of land may be repurchased for the sum of all delinquent taxes and assessments computed under section 282.251, together with penalties, interest, and costs, that accrued or would have accrued if the parcel of land had not forfeited to the state. Except for property which was homesteaded on the date of forfeiture, repurchase is permitted during ~~one year~~ six months only from the date of forfeiture, and in any case only after the adoption of a resolution by the board of county commissioners determining that by repurchase undue hardship or injustice resulting from the forfeiture will be corrected, or that permitting the repurchase will promote the use of

the lands that will best serve the public interest. If the county board has good cause to believe that a repurchase installment payment plan for a particular parcel is unnecessary and not in the public interest, the county board may require as a condition of repurchase that the entire repurchase price be paid at the time of repurchase. A repurchase is subject to any easement, lease, or other encumbrance granted by the state before the repurchase, and if the land is located within a restricted area established by any county under Laws 1939, chapter 340, the repurchase must not be permitted unless the resolution approving the repurchase is adopted by the unanimous vote of the board of county commissioners.

The person seeking to repurchase under this section shall pay all maintenance costs incurred by the county auditor during the time the property was tax-forfeited.

EFFECTIVE DATE. This section is effective January 1, 2017.

Sec. 8. Minnesota Statutes 2014, section 282.322, is amended to read:

282.322 FORFEITED LANDS LIST.

The county board of any county may file a list of forfeited lands with the county auditor, if the board is of the opinion that such lands may be acquired by the state or any municipal subdivision ~~thereof of the state~~ for public purposes. Upon the filing of ~~such~~ the list of forfeited lands, the county auditor shall withhold said lands from repurchase. If no proceeding ~~shall be~~ is started to acquire such lands by the state or some municipal subdivision ~~thereof of the state~~ within one year after the filing of ~~such~~ the list of forfeited lands, the county board shall withdraw ~~said~~ the list and thereafter, if the property was classified as nonhomestead at the time of forfeiture, the owner shall have ~~one year~~ not more than six months in which to repurchase.

EFFECTIVE DATE. This section is effective January 1, 2017.

Sec. 9. Minnesota Statutes 2014, section 504B.285, subdivision 1, is amended to read:

Subdivision 1. **Grounds.** (a) The person entitled to the premises may recover possession by eviction when:

(1) any person holds over real property:

(i) after a sale of the property on an execution or judgment; ~~or~~

(ii) after the expiration of the time for redemption on foreclosure of a mortgage, or after termination of contract to convey the property; or

(iii) after the expiration of the time for redemption on a real estate tax judgment sale;

(2) any person holds over real property after termination of the time for which it is demised or leased to that person or to the persons under whom that person holds possession,

contrary to the conditions or covenants of the lease or agreement under which that person holds, or after any rent becomes due according to the terms of such lease or agreement; or

(3) any tenant at will holds over after the termination of the tenancy by notice to quit.

(b) A landlord may not commence an eviction action against a tenant or authorized occupant solely on the basis that the tenant or authorized occupant has been the victim of any of the acts listed in section 504B.206, subdivision 1, paragraph (a). Nothing in this paragraph should be construed to prohibit an eviction action based on a breach of the lease.

Sec. 10. Minnesota Statutes 2014, section 504B.365, subdivision 3, is amended to read:

Subd. 3. **Removal and storage of property.** (a) If the defendant's personal property is to be stored in a place other than the premises, the officer shall remove all personal property of the defendant at the expense of the plaintiff.

(b) The defendant must make immediate payment for all expenses of removing personal property from the premises. If the defendant fails or refuses to do so, the plaintiff has a lien on all the personal property for the reasonable costs and expenses incurred in removing, caring for, storing, and transporting it to a suitable storage place.

(c) The plaintiff may enforce the lien by detaining the personal property until paid. If no payment has been made for 60 days after the execution of the order to vacate, the plaintiff may dispose of the property or hold a public sale as provided in sections 514.18 to 514.22.

(d) If the defendant's personal property is to be stored on the premises, the officer shall enter the premises, breaking in if necessary, and the plaintiff may remove the defendant's personal property. Section 504B.271 applies to personal property removed under this paragraph. The plaintiff must prepare an inventory and mail a copy of the inventory to the defendant's last known address or, if the defendant has provided a different address, to the address provided. The inventory must be prepared, signed, and dated in the presence of the officer and must include the following:

(1) a list of the items of personal property and a description of their condition;

(2) the date, the signature of the plaintiff or the plaintiff's agent, and the name and telephone number of a person authorized to release the personal property; and

(3) the name and badge number of the officer.

(e) The officer must retain a copy of the inventory.

(f) The plaintiff is responsible for the proper removal, storage, and care of the defendant's personal property and is liable for damages for loss of or injury to it caused by the plaintiff's failure to exercise the same care that a reasonably careful person would exercise under similar circumstances.

(g) The plaintiff shall notify the defendant of the date and approximate time the officer is scheduled to remove the defendant, family, and personal property from the premises. The notice must be sent by first class mail. In addition, the plaintiff must make a good faith effort to notify the defendant by telephone. The notice must be mailed as soon as the information regarding the date and approximate time the officer is scheduled to enforce the order is known to the plaintiff, except that the scheduling of the officer to enforce the order need not be delayed because of the notice requirement. The notice must inform the defendant that the defendant and the defendant's personal property will be removed from the premises if the defendant has not vacated the premises by the time specified in the notice.

Sec. 11. **REPEALER.**

Minnesota Statutes 2014, section 281.22, is repealed.

APPENDIX
Repealed Minnesota Statutes: 16-7304

281.22 COUNTY AUDITOR TO GIVE NOTICE.

In case any parcel of land bid in for the state at any tax judgment sale heretofore held has not been sold or assigned to an actual purchaser by one year before the expiration of the stated period of redemption of such parcel, it shall be the duty of the county auditor thereupon forthwith to give notice of expiration of the time for redemption of such parcel, as herein provided. Such notice shall be given and all other things done with respect to all such parcels, as provided by section 281.23, except that the notice shall state that the time for redemption will expire one year after service of notice and the filing of proof thereof, instead of 60 days. Otherwise, all the provisions of section 281.23 shall apply to and govern the corresponding matters under this section.

The time for redemption of any parcel of land as to which notice of expiration has been given, as provided in this section, shall expire one year after the giving of such notice and the filing of proof thereof in the office of the county auditor, unless such parcel shall theretofore be assigned to an actual purchaser, as herein provided.