

SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 2238

(SENATE AUTHORS: DZIEDZIC)

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Introduction and first reading

OFFICIAL STATUS

Referred to Environment and Natural Resources Policy and Legacy Finance

1.1 A bill for an act
 1.2 relating to taxation; giving county auditors additional authority; allowing counties
 1.3 to sell tax-forfeited lands online; making technical and conforming changes;
 1.4 amending Minnesota Statutes 2016, sections 276.017, subdivision 3; 281.173,
 1.5 subdivision 2; 281.174, subdivision 3; 282.01, subdivision 4, by adding
 1.6 subdivisions; 282.016; 282.018, subdivision 1; 282.02; 282.241, subdivision 1;
 1.7 282.322; proposing coding for new law in Minnesota Statutes, chapter 281;
 1.8 repealing Minnesota Statutes 2016, section 281.22.

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

1.10 Section 1. Minnesota Statutes 2016, section 276.017, subdivision 3, is amended to read:

1.11 Subd. 3. ~~United States Postal Service postmark~~ **Proof of timely payment.** The
 1.12 postmark or registration mark of the United States Postal Service qualifies as proof of timely
 1.13 mailing ~~for this section. If the payment is sent by United States registered mail, the date of~~
 1.14 ~~registration is the postmark date. If the payment is sent by United States certified mail, the~~
 1.15 ~~date of the United States Postal Service postmark on the receipt given to the person presenting~~
 1.16 ~~the payment for delivery is the date of mailing.~~ Mailing, or the time of mailing, may also
 1.17 be established by a delivery service's records or other available evidence ~~except that~~. The
 1.18 postmark of a private postage meter or Internet stamp may not be used as proof of a timely
 1.19 mailing made under this section.

1.20 Sec. 2. Minnesota Statutes 2016, section 281.173, subdivision 2, is amended to read:

1.21 Subd. 2. **Summons and complaint.** Any city, county, housing and redevelopment
 1.22 authority, port authority, or economic development authority, in which the premises are
 1.23 located may commence an action in district court to reduce the period otherwise allowed
 1.24 for redemption under this chapter. The action must be commenced by the filing of a

2.1 complaint, naming as defendants the record fee owners or the owner's personal representative,
2.2 or the owner's heirs as determined by a court of competent jurisdiction, contract for deed
2.3 purchasers, mortgagees, assigns of any of the above, the taxpayers as shown on the records
2.4 of the county auditor, the Internal Revenue Service of the United States and the Revenue
2.5 Department of the state of Minnesota if tax liens against the owners or contract for deed
2.6 purchasers have been recorded or filed; and any other person the plaintiff determines should
2.7 be made a party. The action shall be filed in district court for the county in which the premises
2.8 are located. The complaint must identify the premises by legal description. The complaint
2.9 must allege (1) that the premises are abandoned, (2) that the tax judgment sale pursuant to
2.10 section 280.01 has been made, and (3) notice of expiration of the time for redemption has
2.11 not been given.

2.12 The complaint must request an order reducing the redemption period to five weeks.
2.13 When the complaint has been filed, the court shall issue a summons commanding the person
2.14 or persons named in the complaint to appear before the court on a day and at a place stated
2.15 in the summons. The appearance date shall be not less than 15 nor more than 25 days from
2.16 the date of the issuing of the summons. A copy of the filed complaint must be attached to
2.17 the summons.

2.18 Sec. 3. Minnesota Statutes 2016, section 281.174, subdivision 3, is amended to read:

2.19 Subd. 3. **Summons and complaint.** Any city, county, housing and redevelopment
2.20 authority, port authority, or economic development authority in which the property is located
2.21 may commence an action in district court to reduce the period otherwise allowed for
2.22 redemption under this chapter from the date of the requested order. The action must be
2.23 commenced by the filing of a complaint, naming as defendants the record fee owners or the
2.24 owner's personal representative, or the owner's heirs as determined by a court of competent
2.25 jurisdiction, contract for deed purchasers, mortgagees, assigns of any of the above, the
2.26 taxpayers as shown on the records of the county auditor, the Internal Revenue Service of
2.27 the United States and the revenue department of the state of Minnesota if tax liens against
2.28 the owners or contract for deed purchasers have been recorded or filed, and any other person
2.29 the plaintiff determines should be made a party. The action shall be filed in district court
2.30 for the county in which the property is located. The complaint must identify the property
2.31 by legal description. The complaint must allege (1) that the property is vacant, (2) that the
2.32 tax judgment sale under section 280.01 has been made, and (3) notice of expiration of the
2.33 time for redemption has not been given.

3.1 The complaint must request an order reducing the redemption period to five weeks.
 3.2 When the complaint has been filed, the court shall issue a summons commanding the person
 3.3 or persons named in the complaint to appear before the court on a day and at a place stated
 3.4 in the summons. The appearance date shall be not less than 15 nor more than 25 days from
 3.5 the date of the issuing of the summons, except that, when the United States of America is
 3.6 a party, the date shall be set in accordance with applicable federal law. A copy of the filed
 3.7 complaint must be attached to the summons.

3.8 Sec. 4. [281.231] MAINTENANCE; EXPENDITURE OF PUBLIC FUNDS.

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

3.15 Sec. 5. Minnesota Statutes 2016, section 282.01, subdivision 4, is amended to read:

3.16 Subd. 4. **Sale; method; requirements; effects.** (a) The sale authorized under
 3.17 subdivision 3 must be conducted by the county auditor at the county seat of the county in
 3.18 which the parcels lie, except that in St. Louis and Koochiching Counties, the sale may be
 3.19 conducted in any county facility within the county. The sale must not be for less than the
 3.20 appraised value except as provided in subdivision 7a. The parcels must be sold for cash
 3.21 only, unless the county board of the county has adopted a resolution providing for their sale
 3.22 on terms, in which event the resolution controls with respect to the sale. When the sale is
 3.23 made on terms other than for cash only (1) a payment of at least ten percent of the purchase
 3.24 price must be made at the time of purchase, and the balance must be paid in no more than
 3.25 ten equal annual installments, or (2) the payments must be made in accordance with county
 3.26 board policy, but in no event may the board require more than 12 installments annually,
 3.27 and the contract term must not be for more than ten years. Standing timber or timber products
 3.28 must not be removed from these lands until an amount equal to the appraised value of all
 3.29 standing timber or timber products on the lands at the time of purchase has been paid by
 3.30 the purchaser. If a parcel of land bearing standing timber or timber products is sold at public
 3.31 auction for more than the appraised value, the amount bid in excess of the appraised value
 3.32 must be allocated between the land and the timber in proportion to their respective appraised
 3.33 values. In that case, standing timber or timber products must not be removed from the land
 3.34 until the amount of the excess bid allocated to timber or timber products has been paid in

4.1 addition to the appraised value of the land. The purchaser is entitled to immediate possession,
4.2 subject to the provisions of any existing valid lease made in behalf of the state.

4.3 (b) For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price
4.4 is subject to interest at the rate determined pursuant to section 549.09. The unpaid balance
4.5 of the purchase price for sales occurring after December 31, 1990, is subject to interest at
4.6 the rate determined in section 279.03, subdivision 1a. The interest rate is subject to change
4.7 each year on the unpaid balance in the manner provided for rate changes in section 549.09
4.8 or 279.03, subdivision 1a, whichever, is applicable. Interest on the unpaid contract balance
4.9 on sales occurring before July 1, 1982, is payable at the rate applicable to the sale at the
4.10 time that the sale occurred.

4.11 (c) Notwithstanding subdivision 7, a county board may by resolution provide for listing
4.12 and selling individual parcels by other means, including through a real estate broker.
4.13 However, if the buyer under this paragraph could have repurchased a parcel of property
4.14 under section 282.012 or 282.241, that buyer may not purchase that same parcel of property
4.15 at the sale under this subdivision for a purchase price less than the sum of all taxes,
4.16 assessments, penalties, interest, and costs due at the time of forfeiture computed under
4.17 section 282.251, and any special assessments for improvements certified as of the date of
4.18 sale. This subdivision must be liberally construed to encourage the sale and use of
4.19 tax-forfeited land to eliminate nuisances and dangerous conditions and to increase compliance
4.20 with land use ordinances.

4.21 Sec. 6. Minnesota Statutes 2016, section 282.01, is amended by adding a subdivision to
4.22 read:

4.23 Subd. 4a. **Sale by sealed bid.** Notice of public sale conducted by sealed bid must comply
4.24 with section 282.02, except that the last publication of the notice must be at least 30 days
4.25 before the date of the sale. Sealed bids must also be solicited by mailing notices to prospective
4.26 bidders who request that their names be kept on file with the appropriate county official.
4.27 Prospective bidders must renew their filing in writing every two years to remain on the list.
4.28 All bids must be sealed when they are received and must be opened in public at the hour
4.29 stated in the notice. The land must be sold to the highest bidder but in no event may the
4.30 land be sold for less than its appraised value. All original bids and all documents pertaining
4.31 to the award of a sale must be retained by the county auditor and made part of a permanent
4.32 file or record. The file or record must remain open to public inspection for ten years after
4.33 the date of the sale.

5.1 Sec. 7. Minnesota Statutes 2016, section 282.01, is amended by adding a subdivision to
5.2 read:

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

5.9 **EFFECTIVE DATE.** This section is effective for sales of tax-forfeited property that
5.10 occur on or after August 1, 2017.

5.11 Sec. 8. Minnesota Statutes 2016, section 282.016, is amended to read:

5.12 **282.016 PROHIBITED PURCHASERS.**

5.13 (a) A county auditor, county treasurer, county attorney, court administrator of the district
5.14 court, county assessor, supervisor of assessments, deputy or clerk or an employee of such
5.15 officer, a commissioner for tax-forfeited lands or an assistant to such commissioner, must
5.16 not become a purchaser, either personally or as an agent or attorney for another person, of
5.17 the properties offered for sale under the provisions of this chapter in the county for which
5.18 the person performs duties. ~~A person prohibited from purchasing property under this section~~
5.19 ~~must not directly or indirectly have another person purchase it on behalf of the prohibited~~
5.20 ~~purchaser for the prohibited purchaser's benefit or gain.~~

5.21 (b) Notwithstanding paragraph (a), such officer, deputy, clerk, or employee or
5.22 commissioner for tax-forfeited lands or assistant to such commissioner may (1) purchase
5.23 lands owned by that official at the time the state became the absolute owner thereof or (2)
5.24 bid upon and purchase forfeited property offered for sale under the alternate sale procedure
5.25 described in section 282.01, subdivision 7a.

5.26 (c) In addition to the persons identified in paragraph (a), a county auditor may prohibit
5.27 other persons and entities from becoming a purchaser, either personally or as an agent or
5.28 attorney for another person or entity, of the properties offered for sale under this chapter in
5.29 the following circumstances:

5.30 (1) the person or entity owns another property within the county for which there are
5.31 delinquent taxes owing;

5.32 (2) the person or entity has held a rental license in the county and the license has been
5.33 revoked within the last five years;

6.1 (3) the person or entity has been the vendee of a contract for purchase of a property
6.2 offered for sale under this chapter, which contract has been canceled within the last five
6.3 years;

6.4 (4) the person or entity owns another property within the county for which there is an
6.5 unresolved housing code violation, including an unpaid charge or fine; or

6.6 (5) the person or entity has acted as a seller in four or more contracts for deed involving
6.7 residential real property during the 12-month period that precedes either:

6.8 (i) the date on which the purchaser executes a purchase agreement under section 559.202;
6.9 or

6.10 (ii) if there is no purchase agreement, the date on which the purchaser executes a contract
6.11 for deed under section 559.202.

6.12 (d) A person prohibited from purchasing property under this section must not directly
6.13 or indirectly have another person purchase the property on behalf of the prohibited purchaser
6.14 for the prohibited purchaser's benefit or gain.

6.15 Sec. 9. Minnesota Statutes 2016, section 282.018, subdivision 1, is amended to read:

6.16 Subdivision 1. **Land on or adjacent to public waters.** (a) All land which is the property
6.17 of the state as a result of forfeiture to the state for nonpayment of taxes, regardless of whether
6.18 the land is held in trust for taxing districts, and which borders on or is adjacent to meandered
6.19 lakes and other public waters and watercourses, and the live timber growing or being thereon,
6.20 is hereby withdrawn from sale except as hereinafter provided. The authority having
6.21 jurisdiction over the timber on any such lands may sell the timber as otherwise provided by
6.22 law for cutting and removal under such conditions as the authority may prescribe in
6.23 accordance with approved, sustained yield forestry practices. The authority having jurisdiction
6.24 over the timber shall reserve such timber and impose such conditions as the authority deems
6.25 necessary for the protection of watersheds, wildlife habitat, shorelines, and scenic features.
6.26 Within the area in Cook, Lake, and St. Louis counties described in the Act of Congress
6.27 approved July 10, 1930 (46 Stat. 1020), the timber on tax-forfeited lands shall be subject
6.28 to like restrictions as are now imposed by that act on federal lands.

6.29 (b) Of all tax-forfeited land bordering on or adjacent to meandered lakes and other public
6.30 waters and watercourses and so withdrawn from sale, a strip two rods in width, the ordinary
6.31 high-water mark being the waterside boundary thereof, and the land side boundary thereof
6.32 being a line drawn parallel to the ordinary high-water mark and two rods distant landward
6.33 therefrom, hereby is reserved for public travel thereon, and whatever the conformation of

7.1 the shore line or conditions require, the authority having jurisdiction over such lands shall
7.2 reserve a wider strip for such purposes.

7.3 (c) Any tract or parcel of land which has 150 feet or less of waterfront may be sold by
7.4 the authority having jurisdiction over the land, in the manner otherwise provided by law
7.5 for the sale of such lands, if the authority determines that it is in the public interest to do
7.6 so. If the authority having jurisdiction over the land is not the commissioner of natural
7.7 resources, the land may not be offered for sale without the prior approval of the commissioner
7.8 of natural resources.

7.9 (d) Where the authority having jurisdiction over lands withdrawn from sale under this
7.10 section is not the commissioner of natural resources, the authority may submit proposals
7.11 for disposition of the lands to the commissioner. The commissioner of natural resources
7.12 shall evaluate the lands and their public benefits and make recommendations on the proposed
7.13 dispositions to the committees of the legislature with jurisdiction over natural resources.
7.14 The commissioner shall include any recommendations of the commissioner for disposition
7.15 of lands withdrawn from sale under this section over which the commissioner has jurisdiction.
7.16 The commissioner's recommendations may include a public sale, sale to a private party,
7.17 acquisition by the Department of Natural Resources for public purposes, or a cooperative
7.18 management agreement with, or transfer to, another unit of government.

7.19 (e) Notwithstanding this subdivision, a county may sell property governed by this section
7.20 upon written authorization from the commissioner of natural resources. Before selling or
7.21 conveying lands under this subdivision, the county board must give notice of its intent to
7.22 meet for that purpose as provided in section 282.01, subdivision 1.

7.23 Sec. 10. Minnesota Statutes 2016, section 282.02, is amended to read:

7.24 **282.02 LIST OF LANDS FOR SALE; NOTICE; ONLINE AUCTIONS**
7.25 **PERMITTED.**

7.26 (a) Immediately after classification and appraisal of the land, and after approval by the
7.27 commissioner of natural resources when required pursuant to section 282.01, subdivision
7.28 3, the county board shall provide and file with the county auditor a list of parcels of land to
7.29 be offered for sale. This list shall contain a description of the parcels of land and the appraised
7.30 value thereof. The auditor shall publish a notice of the intended public sale of such parcels
7.31 of land and a copy of the resolution of the county board fixing the terms of the sale, if other
7.32 than for cash only, by publication once a week for two weeks in the official newspaper of
7.33 the county, the last publication to be not less than ten days previous to the commencement
7.34 of the sale.

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

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

8.12 **EFFECTIVE DATE.** This section is effective for sales of tax-forfeited property that
 8.13 occur on or after August 1, 2017.

8.14 Sec. 11. Minnesota Statutes 2016, section 282.241, subdivision 1, is amended to read:

8.15 Subdivision 1. **Repurchase requirements.** (a) The owner at the time of forfeiture, or
 8.16 the owner's heirs, devisees, or representatives, or any person to whom the right to pay taxes
 8.17 was given by statute, mortgage, or other agreement, may repurchase any parcel of land
 8.18 claimed by the state to be forfeited to the state for taxes unless before the time repurchase
 8.19 is made the parcel is sold under installment payments, or otherwise, by the state as provided
 8.20 by law, or is under mineral prospecting permit or lease, or proceedings have been commenced
 8.21 by the state or any of its political subdivisions or by the United States to condemn the parcel
 8.22 of land. The parcel of land may be repurchased for the sum of all delinquent taxes and
 8.23 assessments computed under section 282.251, together with penalties, interest, and costs,
 8.24 that accrued or would have accrued if the parcel of land had not forfeited to the state. Except
 8.25 for property ~~which~~ that was homesteaded on the date of forfeiture, repurchase is permitted
 8.26 during ~~one year~~ six months only from the date of forfeiture, and in any case only after the
 8.27 adoption of a resolution by the board of county commissioners determining that by repurchase
 8.28 undue hardship or injustice resulting from the forfeiture will be corrected, or that permitting
 8.29 the repurchase will promote the use of the lands that will best serve the public interest. If
 8.30 the county board has good cause to believe that a repurchase installment payment plan for
 8.31 a particular parcel is unnecessary and not in the public interest, the county board may require
 8.32 as a condition of repurchase that the entire repurchase price be paid at the time of repurchase.
 8.33 A repurchase is subject to any easement, lease, or other encumbrance granted by the state
 8.34 before the repurchase, and if the land is located within a restricted area established by any

9.1 county under Laws 1939, chapter 340, the repurchase must not be permitted unless the
9.2 resolution approving the repurchase is adopted by the unanimous vote of the board of county
9.3 commissioners.

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

9.6 **EFFECTIVE DATE.** This section is effective January 1, 2018.

9.7 Sec. 12. Minnesota Statutes 2016, section 282.322, is amended to read:

9.8 **282.322 FORFEITED LANDS LIST.**

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

9.18 **EFFECTIVE DATE.** This section is effective January 1, 2018.

9.19 Sec. 13. **REPEALER.**

9.20 Minnesota Statutes 2016, section 281.22, is repealed.

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.