

272.011 TAXATION, GENERAL PROVISIONS

GENERAL PROPERTY TAXES

CHAPTER 272. TAXATION, GENERAL PROVISIONS

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272.011 State owned property used for housing officers or employees

Notwithstanding the provisions of section 272.02 or any other law to the contrary, any real property or portion thereof owned by the state and under the control of the state or any department, agency or institution thereof and regularly utilized as living accommodations for any officer or employee of the state or any department, agency or institution thereof shall be subject to assessment and taxation on the same basis as privately owned property of a like nature.

[1973 c 509 s 1]

(NOTE: This section shall be effective for taxes levied and assessed in 1975 and thereafter and payable in 1976 and thereafter.)

272.02 Exempt property

Subdivision 1. Except as provided in other subdivisions of this section, all property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds;
- (2) All public schoolhouses;
- (3) All public hospitals;
- (4) All academies, colleges, and universities, and all seminaries of learning;
- (5) All churches, church property, and houses of worship;
- (6) Institutions of purely public charity;
- (7) All public property exclusively used for any public purpose;
- (8) All natural cheese held in storage for aging by the original Minnesota manufacturer;

(9)(a) Class 2 property of every household of the value of \$100, maintained in the principal place of residence of the owner thereof. The county auditor shall deduct such exemption from the total valuation of such property as equalized by the tax commissioner assessed to such household, and extend the levy of taxes upon the remainder only. The term "household" as used in this section is defined to be a domestic establishment maintained either (1) by two or more persons living together within the same house or place of abode, subsisting in common and constituting a domestic or family relationship, or (2) by one person.

(b) During the period of his active service and for six months after his discharge therefrom, no member of the armed forces of the United States shall lose status of a householder under paragraph (a) which he had immediately prior to becoming a member of the armed forces.

In case there is an assessment against more than one member of a household the \$100 exemption shall be divided among the members assessed in the proportion that the assessed value of the Class 2 property of each bears to the total assessed value of the Class 2 property of all the members assessed. The Class 2 property of each household claimed to be exempt shall be limited to property in one taxing district, except in those cases where a single domestic establishment is maintained in two or more adjoining districts.

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Bonds and certificates of indebtedness hereafter issued by the state of Minnesota, or by any county, city, or village of the state, or any town, or any common or independent school district of the state, or any governmental board of the state, or any county, city, or village thereof, shall hereafter be exempt from taxation; provided, that nothing herein contained shall be construed as exempting such bonds from the payment of a tax thereon, as provided for by section 291.01, when any of such bonds constitute, in whole or in part, any inheritance or bequest, taken or received by any person or corporation.

(10) Farm machinery manufactured prior to 1930, which is used only for display purposes as a collectors item;

(11) The taxpayer shall be exempted with respect to, all agricultural products, inventories, stocks of merchandise of all sorts, all materials, parts and supplies, furniture and equipment, manufacturers material, manufactured articles including the inventories of manufacturers, wholesalers, retailers and contractors; and the furnishings of a room or apartment in a hotel, rooming house, tourist court, motel or trailer camp, tools and machinery which by law are considered as personal property, and the property described in section 272.03, subdivision 1(c), except personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products.

(12) Containers of a kind customarily in the possession of the consumer during the consumption of commodities, the sale of which are subject to tax under the provisions of the excise tax imposed by Extra Session Laws 1967, Chapter 32;

(13) All livestock, poultry, all horses, mules and other animals used exclusively for agricultural purposes;

(14) All agricultural tools, implements and machinery used by the owners in any agricultural pursuit.

(15) Real and personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used.

Any taxpayer requesting exemption of all or a portion of any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of taxation. Any such equipment or device shall meet standards, regulations or criteria prescribed by the Minnesota Pollution Control Agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information or advice to the commissioner. If the commissioner determines that property qualifies for exemption, he shall issue an order exempting such property from taxation. Any such equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota Pollution Control Agency remains in effect.

[1973 c 650 art. XXIV s 1]

[For text of subds. 2 and 3, see M.S.1971]

272.03 Definitions

Subdivision 1. (a) Real property. For the purposes of taxation, "real property" includes the land itself and all buildings, structures, and improvements or other fixtures on it, and all rights and privileges belonging or appertaining to it, and all mines, minerals, quarries, fossils, and trees on or under it.

(b) A building or structure shall include the building or structure itself, together with all improvements or fixtures annexed to the building or structure, which are integrated with and of permanent benefit to the building or structure, regardless of the present use of the building, and which cannot be removed without substantial damage to itself or to the building or structure.

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(c) The term real property shall not include tools, implements, machinery, and equipment attached to or installed in real property for use in the business or production activity conducted thereon, regardless of size, weight or method of attachment.

[1973 c 650 art. XXIV s 2]

[For text of subds. 3 to 11, see M.S.1971]

272.039 Legislative findings and conclusions related to the taxation of minerals owned separately from the surface

The legislature finds, for the reasons stated below, that a class of real property has been created which, although not exempt from taxation, is not assessed for tax purposes and does not, therefore, contribute anything toward the cost of supporting the governments which protect and preserve the continued existence of the property. These reasons are as follows: (1) In the case of *Washburn v. Gregory*, 1914, 125 Minn. 491, 147 N.W. 706, the Minnesota Supreme Court determined that where mineral interests are owned separately from the surface interests in real estate, the mineral interest is a separate interest in land, separately taxable, and does not forfeit if the overlying surface interest forfeits for nonpayment of taxes due on the surface interest; (2) Since this 1914 decision, mineral interests owned separately from the surface have been valued and assessed for tax purposes, as a practical matter, only if the value of the minerals has been determined through drilling and drill core analysis; and (3) The absence of any taxation of mineral interests owned separately from the surface, except where drilling analysis is available, has encouraged the separation of ownership of surface and mineral estates and resulted in the creation of hundreds of thousands of acres of untaxed mineral estate lands which thus are immune from tax forfeiture. The legislature also finds that the province of Ontario in Canada, which has land ownership patterns and mineral characteristics similar to that of Minnesota, has imposed a tax of \$.50 an acre on minerals owned separately from the surface since 1968, and \$.10 an acre before that. The legislature further finds that the identification of separately owned mineral interests by taxing authorities requires title searches which are extremely burdensome and, where no public tract index is available, prohibitively expensive. This result is caused in part by the decision in *Wichelman v. Messner*, 1957, 250 Minn. 88, 83 N.W.(2d) 800, where the so called "40 year law" was held inapplicable to mineral interests owned separately from surface interests. On the basis of the above findings, and for the purpose of requiring mineral interests owned separately from surface interests to contribute to the costs of government at a time when other interests in real property are heavily burdened with real property taxes, the legislature concludes that the taxation of severed mineral interests as provided in section 273.13, subdivision 2a is necessary and in the public interest, and provides fair taxation of a class of real property which has escaped taxation for many years. The legislature further concludes that such a tax is not prohibited by Minnesota Constitution, Article 18. The legislature concludes finally that the amendments and repeals made by Laws 1973, Chapter 650 to sections 93.52 to 93.58, are necessary to provide adequate identification of mineral interests owned separately from the surface and to prevent the continued escape from taxation of obscure and fractionalized severed mineral interests.

[1973 c 650 art. XX s 1]

272.04 Mineral, gas, coal, and oil owned apart from land; space above and below surface

Subdivision 1. When any mineral, gas, coal, oil, or other similar interests in real estate are owned separately and apart from and independently of the rights and interests owned in the surface of such real estate, such mineral, gas, coal, oil, or other similar interests may be assessed and taxed separately from such surface rights and interests in such real estate, including but not

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limited to the taxation provided in section 273.13, subdivision 2a, and may be sold for taxes in the same manner and with the same effect as other interests in real estate are sold for taxes.

[1973 c 650 art. XX s 2]

[For text of subds. 2 and 3, see M.S.1971]

TAX LIEN REGISTRATION ACT

272.68 Payment of taxes and assessments on property acquired by the state

Subdivision 1. When the state or a political subdivision of the state, except the state highway department, acquires a fee interest in property before forfeiture, by any means, provision must be made to pay all taxes, including all unpaid special assessments and future installments thereof, unpaid on the property at the date of acquisition. For the purpose of this section, the date of acquisition shall be the date on which the acquiring authority shall be entitled under law to take possession of the property except in cases of condemnation, the date of acquisition shall be the date of the filing of the petition in condemnation. Taxes which become a lien on such property after the date of acquisition and before the condemning authority is by law entitled to actually take possession thereof shall, if paid by the owner, be added to the award, and if not so paid, shall be paid by the condemning authority. Taxes lawfully levied shall not be abated. This subdivision shall not be construed to require the payment of accrued taxes and unpaid assessments on the acquired property which exceed the fair market value thereof. The state or a subdivision acquiring property may make provisions for the apportionment of the taxes and unpaid assessments if less than a complete parcel is acquired.

If such accrued taxes and unpaid assessments are not paid as hereinabove required, then the county auditor of the county in which the acquired property is located shall notify the state auditor of the pertinent facts, and the state auditor shall divert an amount equal to such accrued taxes and unpaid assessments from any funds which are thereafter to be distributed by the state auditor or the state treasurer to the acquiring authority, and shall pay over such diverted funds to the county treasurer of the county in which the acquired property is located in payment of such accrued taxes and unpaid assessments.

[1973 c 543 s 2]

[For text of subds. 2 to 4, see M.S.1971]

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273.011 Definitions

Subdivision 1. Words, terms, phrases. Unless the language or context clearly indicates that a different meaning is intended, the following words, terms, and phrases, for the purposes of sections 273.011, 273.012 and 290.066 shall have the meanings given to them.

Subd. 2. Qualified home owner. The term "qualified home owner" means:

- (a)(i) A person 65 years of age or older; or
- (ii) The surviving spouse of a decedent, if such decedent was 65 years of age or older at his death, and such spouse has not remarried; and