CHAPTER 273

TAXES; LISTING, ASSESSMENT

273.01 LISTING AND ASSESSMENT, TIME.

All real property subject to taxation shall be listed and at least one-fourth of the parcels listed shall be appraised each year with reference to their value on January 2 preceding the assessment so that each parcel shall be reappraised at maximum intervals of four years. All real property becoming taxable in any year shall be listed with

reference to its value on January 2 of that year. Except for the corrections permitted herein, all real property assessments shall be completed two weeks prior to the date scheduled for the local board of review or equalization and no valuations entered thereafter shall be of any force and effect. In the event a valuation and classification is not placed on any real property by the dates scheduled for the local board of review or equalization the valuation and classification determined in the preceding assessment shall be continued in effect and the provisions of section 273.13 shall, in such case, not be applicable, except with respect to real estate which has been constructed since the previous assessment. The county assessor or any assessor in any city of the first class may either before or after the dates specified herein correct any errors in valuation of any parcels of property, that may have been incurred in the assessment; provided, that in the case of such correction it increases the valuation of any parcel of property, the assessor shall notify the owner of record or the person to whom the tax statement is mailed. Not more than two percent of the total number of parcels in the assessor's jurisdiction may be corrected after the dates specified herein and in the event of any corrections in excess of the authorized number of such corrections, all corrections shall be void. Real property containing iron ore, the fee to which is owned by the state of Minnesota, shall, if leased by the state after January 2 in any year, be subject to assessment for that year on the value of any iron ore removed under said lease prior to January 2 of the following year. Personal property subject to taxation shall be listed and assessed annually with reference to its value on January 2; and, if acquired on that day, shall be listed by or for the person acquiring it.

History: *(1984) RL s 802; 1945 c 485 s 1; Ex1959 c 70 art 1 s 1; 1965 c 624 s 1; 1969 c 709 s 1; 1971 c 564 s 5; 1975 c 437 art 8 s 2; 1986 c 444*

273.011 [Repealed, 1977 c 423 art 2 s 20]

273.012 [Repealed, 1977 c 423 art 2 s 20]

273.015 TAX COMPUTED TO NEAREST EVEN-NUMBERED CENT.

Subdivision 1. All tax page items computed by the county auditor for collection by the county treasurer, shall be adjusted individually and in their aggregate to the nearest even-numbered cent. Further, all items which are certified to the county auditor for collection by the county treasurer shall be first adjusted to the nearest even-numbered cent by the governmental subdivision which submits such certifications. For the purposes of this section whole odd-numbered cents shall be adjusted to the next higher even-numbered cent.

Subd. 2. MS 1971 [Expired]

History: *1961 c 414 s 1,2*

273.02 OMITTED PROPERTY.

Subdivision 1. **Discovery.** If any real or personal property be omitted in the assessment of any year or years, and the property thereby escape taxation, or if any real property be undervalued by reason of failure to take into consideration the existence of buildings or improvements thereon, or be erroneously classified as a homestead, when such omission, undervaluation or erroneous classification is discovered the county auditor shall in the case of omitted property enter such property on the assessment and tax books for the year or years omitted, and in the case of property undervalued by reason of failure to take into consideration the existence of buildings or improvements thereon, or property erroneously classified as a homestead, shall correct the valuation or classification thereof on the assessment and tax books and shall assess the property, and extend against the same on the tax list for the current year all arrearage of taxes properly accruing against it, including therein, in the case of personal property taxes, interest thereon at the rate of seven percent per annum from the time such taxes would have become delinquent, when the omission was caused by the failure of the owner to list the same. If any tax on any property liable to taxation is prevented from being collected for any year or years by reason of any erroneous proceedings,

undervaluation by reason of failure to take into consideration the existence of buildings or improvements, erroneous classification as a homestead, or other cause, the amount of such tax which such property should have paid shall be added to the tax on such property for the current year.

Subd. 2. **Limitation.** Nothing in subdivisions 1 to 3 shall authorize the county auditor to enter omitted property on the assessment and tax books more than six years after the assessment date of the year in which the property was originally assessed or should have been assessed and nothing in subdivisions 1 to 3 shall authorize the county auditor to correct the valuation or classification of real property as herein provided more than one year after December 1 of the year in which the property was assessed or should have been assessed.

Subd. 3. **What rights not affected.** Nothing in subdivisions 1 to 3 shall affect any rights in undervalued or erroneously classified property, acquired for value in good faith prior to the correction of the assessed value thereof by the county auditor as provided in this section. Any person whose rights are adversely affected by any action of the county auditor as provided in this subdivision may apply for a reduction of the assessed valuation under the provisions of section 270.07, relating to the powers of the commissioner of revenue.

Subd. 4. **Iron ore.** Newly discovered iron ore shall be entered on the assessment books for the six years immediately preceding the year of discovery and taxed as omitted property. The tax on such omitted property shall be determined by applying the rates of levy for the respective years in which the property was omitted.

Subd. 5. **Refunds for iron ore not found.** Any taxpayer having paid real estate taxes on valuations of iron ore, considered to be commercially mineable, which was believed to have existed, and was subsequently determined not to exist, may apply to the commissioner of revenue for a refund of taxes paid thereon, as provided herein. Such application for refund shall be filed in the year in which it is determined that the iron ore does not exist. No refund shall be made for taxes paid or payable more than six years previous to the date of said application. The refunds shall be paid from the special fund established in subdivision 6, and so much as is needed to pay such refunds is hereby appropriated.

Subd. 6. **Special fund.** The taxes collected in accordance with subdivision 4 shall be transmitted by the county treasurer to the state treasurer and deposited in a special fund. There shall be paid from this special fund the amount of refunds determined in accordance with subdivision 5. In the event the amount in such fund is not sufficient to pay such refunds, the refunds shall be paid as soon as sufficient amounts are available in the fund.

The balance in such fund shall be distributed at the end of each fiscal year to the iron range resources and rehabilitation board account.

History: *(1985) RL s 803; 1943 c 632 s 1; 1945 c 415 s 1; 1965 c 624 s 7; 1973 c 582 s 3; 1974 c 556 s 10-12; 1975 c 271 s 6; 1977 c 423 art 10 s 1; 1979 c 50 s 28,29; 1986 c 444*

273.03 REAL ESTATE; ASSESSMENT; METHOD.

Subdivision 1. The county auditor shall annually provide the necessary assessment books and blanks at the expense of the county, for and to correspond with each assessment district. The auditor shall make out, in the real property assessment book, complete lists of all lands or lots subject to taxation, showing the names of the owners, if known; and, if unknown, so stated opposite each tract or lot, the number of acres, and the lots or parts of lots or blocks, included in each description of property. The list of real property becoming subject to assessment and taxation may be appended to the personal property assessment book. The assessment books and blanks for real and personal property shall be in readiness for delivery to the assessors on or before the first Monday in December of each year.

Subd. 2. Any county in this state which employs a county assessor who maintains

a unit card ledger system or similar system of real estate and the market and assessed valuations ascertained by the assessor affecting such real estate, and which county has established an electronic data processing system or similar system to perform the processing of assessment and tax accounting, may discontinue the preparation of assessment books as provided in subdivision 1. The election to discontinue the preparation of assessment books as defined in subdivision 1 shall be made by the county auditor with the written approval of the commissioner of revenue.

Subd. 3. All laws or parts of laws, now or hereafter effective, not inconsistent with this section and sections 273.17, 274.04, 274.05, 275.28, and 276.01, as amended, shall continue in full force and effect.

History: *(1986) 1905 c 86; 1913 c 503; 1917 c 297; 1921 c 86; 1947 c 331 s 1; 1963 c 781 s 1; 1965 c 624 s 2; 1969 c 709 s 2; 1973 c 582 s 3; 1975 c 339 s 8; 1975 c 437 art 8 s 3; 1980 c 423 s 3; 1986 c 444*

273.04 [Repealed, 1984 c 593 s 46]

273.05 ASSESSORS; APPOINTMENT, TERM, AND OATH.

Subdivision 1. **Appointment of town and city assessors.** Notwithstanding any other provision of law all town assessors shall be appointed by the town board, and notwithstanding any charter provisions to the contrary, all city assessors shall be appointed by the city council or other appointing authority as provided by law or charter. Such assessors shall be residents of the state but need not be a resident of the town or city for which they are appointed. They shall be selected and appointed because of their knowledge and training in the field of property taxation. All town and statutory city assessors shall be appointed for indefinite terms. Vacancies in the office of town or city assessor shall be filled within 90 days by appointment of the respective appointing authority indicated above. If the vacancy is not filled within 90 days, the office shall be terminated. When a vacancy in the office of town or city assessor is not filled by appointment, and it is imperative that the office of assessor be filled, the county auditor shall appoint some resident of the county as assessor for such town or city. The county auditor may appoint the county assessor as assessor for such town or city, in which case the town or city shall pay to the county treasurer the amount determined by the county auditor to be due for the services performed and expenses incurred by the county assessor in acting as assessor for such town or city. The term of any town or statutory city assessor in a county electing in accordance with section 273.052 shall be terminated as provided in section 273.055.

Subd. 2. **Oath of assessors.** Every person elected or appointed to the office of assessor, at or before the time of receiving the assessment books, shall take and subscribe an oath to be diligent, faithful, and impartial in performance of the duties enjoined on the assessor by law. Failure to take the oath within the time prescribed shall be deemed a refusal to serve.

History: *(1987) RL s 805; 1963 c 799 s 1; 1965 c 254 s 2; 1967 c 282 s 1; 1969 c 823 s 1; 1969 c 989 s 6; 1973 c 123 art 5 s 7; 1977 c 434 s 7,8; 1984 c 593 s 12; 1986 c 444*

273.051 CITY ASSESSORS, TERM.

The term of elected city assessors shall not expire until a vacancy occurs in the office or upon the completion of the present term for which an assessor is elected. Thereafter the term of such city assessors shall be for the period provided in the charter. The terms of all other city assessors shall continue as provided by charter or as otherwise provided by statute. The term of any city assessor in a county electing in accordance with section 273.052 shall be terminated as provided in section 273.055.

History: *1965 c 254 s 3; 1969 c 989 s 7*

273.052 APPOINTMENT; APPLICATION.

Any county in the state of Minnesota, notwithstanding any other provision of law

to the contrary, is hereby authorized and empowered to provide for the assessment of all taxable property in the county by the county assessor.

This section shall not apply to Ramsey county, or property assessable in cities whose assessor has the powers of a county assessor pursuant to section 273.063, or property which is by law assessed by the commissioner of revenue.

History: *1969 c 989 s 1; 1973 c 123 art 5 s 7; 1973 c 582 s 3; 1974 c 435 art 5 s 1*

273.053 ASSESSMENT; EXPENSES.

Any county electing in accordance with section 273.052 is authorized and empowered to appropriate sufficient money to defray the expenses of making a proper assessment of all property in such county for the purpose of general taxation. The county board shall by resolution authorize the county assessor to employ such additional deputies, clerks, field workers, appraisers, and employees as it may deem necessary for the proper performance of the duties of the office of county assessor; such expenditure to include the hiring of experts in property valuation for any period deemed necessary, the payment of the transportation expense of such experts or other employees in traveling from place to place in the county, and generally any expense reasonably and directly tending to the procurement of a fair and true assessment of property within such county; but all such shall be made under the supervision of, and with the consent of, the county assessor.

History: *1969 c 989 s 2; 1986 c 444*

273.054 DUTIES AND POWERS OF ASSESSOR.

A county assessor appointed in an electing county shall have all the duties and powers provided by statute, except those inconsistent with Laws 1969, chapter 989.

History: *1969 c 989 s 3*

273.055 RESOLUTION TO APPOINT ASSESSOR; TERMINATION OF LOCAL ASSESSOR'S OFFICE.

The election to provide for the assessment of property by the county assessor as provided in section 273.052 shall be made by the board of county commissioners by resolution. Such resolution shall be effective at the second assessment date following the adoption of the resolution. Notwithstanding any other provisions contained in any other section of law or charter, the office of all township and city assessors in such county shall be terminated 90 days before the assessment date at which the election becomes effective, except that if part of such taxing district is located in a county not electing to have the county assessor assess all property as provided in section 273.052, the office will continue but shall apply only to such property in a nonelecting county.

No township or city assessor in another county shall assess any property in an electing county, but shall turn over all tax records relating to property to the county assessor 90 days before the assessment date at which the county's election becomes effective.

History: *1969 c 989 s 4; 1973 c 123 art 5 s 7*

273.056 REVOCATION OF COUNTY ASSESSOR'S ELECTION; LOCAL ASSESSORS.

If after electing in accordance with section 273.055, the board of county commissioners shall determine that the interests of the county may be better served through valuation by local assessors, it may revoke the election. Such revocation may not be made within four years after the election. In the event of revocation, it shall be effective at the second assessment date following such revocation. The offices of all township and city assessors shall be filled as provided by charter or law 90 days before such effective date.

History: *1969 c 989 s 5; 1973 c 123 art 5 s 7*

273.06 DEPUTY ASSESSORS.

Any assessor who deems it necessary to complete the listing and valuation of the property of the town or district within the time prescribed, with the approbation of the county auditor, may appoint a well-qualified citizen of the town or district to act as assistant or deputy, and may assign to that person such portion of the district as the assessor thinks proper. Each assistant so appointed, after taking the required oath, shall perform, under the direction of the assessor, all the duties imposed upon assessors by this chapter.

History: *(1988) RL s 806; 1977 c 434 s 9; 1986 c 444*

273.061 ESTABLISHMENT OF OFFICE FOR EACH COUNTY.

Subdivision 1. **Office created; appointment, qualifications.** Every county in this state shall have a county assessor. The county assessor shall be appointed by the board of county commissioners and shall be a resident of this state. The assessor shall be selected and appointed because of knowledge and training in the field of property taxation and appointment shall be approved by the commissioner of revenue before the same shall become effective. Upon receipt by the county commissioners of the commissioner of revenue's refusal to approve an appointment, the term of the appointee shall terminate at the end of that day.

Subd. 2. **Term; vacancy.** (a) The terms of county assessors appointed under this section shall be four years. A new term shall begin on January 1 of every fourth year after 1973. When any vacancy in the office occurs, the board of county commissioners, within 30 days thereafter, shall fill the same by appointment for the remainder of the term, following the procedure prescribed in subdivision 1. The term of the county assessor may be terminated by the board of county commissioners at any time, on charges of inefficiency or neglect of duty by the commissioner of revenue. If the board of county commissioners does not intend to reappoint a county assessor who has been certified by the state board of assessors, the board shall present written notice to the county assessor not later than 90 days prior to the termination of the assessor's term, that it does not intend to reappoint the assessor. If written notice is not timely made, the county assessor will automatically be reappointed by the board of county commissioners.

(b) In the event of a vacancy in the office of county assessor, through death, resignation or other reasons, the deputy (or chief deputy, if more than one) shall perform the functions of the office. If there is no deputy, the county auditor shall designate a person to perform the duties of the office until an appointment is made as provided in clause (a). Such person shall perform the duties of the office for a period not exceeding 30 days during which the county board must appoint a county assessor. Such 30-day period may, however, be extended by written approval of the commissioner of revenue.

Subd. 3. **Oath.** Every county assessor, before entering upon duties, shall take and subscribe the oath required of public officials.

Subd. 4. **Assistants.** With the approval of the board of county commissioners, the county assessor may employ one or more assistants and sufficient clerical help to perform the duties of the assessor's office.

Subd. 5. **Offices; supplies.** The board of county commissioners shall provide suitable office space and equipment at the county seat for the county assessor, assistants and clerical help, and shall furnish such books, maps, stationery, postage and supplies as may be necessary for the discharge of the duties of the office.

Subd. 6. **Salaries; expenses.** The salaries of the county assessor and assistants and clerical help, shall be fixed by the board of county commissioners and shall be payable in monthly installments out of the general revenue fund of the county. In counties with a population of less than 50,000 inhabitants, according to the then last preceding federal census, the board of county commissioners shall not fix the salary of the county assessor at an amount below the following schedule:

In counties with a population of less than 6,500, $5,900;
In counties with a population of 6,500 but less than 12,000, $6,200;
In counties with a population of 12,000 but less than 16,000, $6,500;
In counties with a population of 16,000 but less than 21,000, $6,700;
In counties with a population of 21,000 but less than 30,000, $6,900;
In counties with a population of 30,000 but less than 39,500, $7,100;
In counties with a population of 39,500 but less than 50,000, $7,300;
In counties with a population of 50,000 or more, $8,300.

In addition to their salaries, the county assessor and assistants shall be allowed their expenses for reasonable and necessary travel in the performance of their duties, including necessary travel, lodging and meal expense incurred by them while attending meetings of instructions or official hearings called by the commissioner of revenue. These expenses shall be payable out of the general revenue fund of the county, and shall be allowed on the same basis as such expenses are allowed to other county officers.

Subd. 7. **Division of duties between local and county assessor.** The duty of the duly appointed local assessor shall be to view and appraise the value of all property as provided by law, but all the book work shall be done by the county assessor, or the assessor's assistants, and the value of all property subject to assessment and taxation shall be determined by the county assessor, except as otherwise hereinafter provided.

NOTE: Laws 1971, Chapter 434, Section 5, reads as follows:

"Sec. 5. This act shall not apply to cities or villages whose assessors have the powers and duties of a county assessor pursuant to Minnesota Statutes, Section 273.063."

Subd. 8. **Powers and duties.** The county assessor shall have the following powers and duties:

(1) To call upon and confer with the township and city assessors in the county, and advise and give them the necessary instructions and directions as to their duties under the laws of this state, to the end that a uniform assessment of all real property in the county will be attained.

(2) To assist and instruct the local assessors in the preparation and proper use of land maps and record cards, in the property classification of real and personal property, and in the determination of proper standards of value.

(3) To keep the local assessors in the county advised of all changes in assessment laws and all instructions which the assessor receives from the commissioner of revenue relating to their duties.

(4) To have authority to require the attendance of groups of local assessors at sectional meetings called by the assessor for the purpose of giving them further assistance and instruction as to their duties.

(5) To immediately commence the preparation of a large scale topographical land map of the county, in such form as may be prescribed by the commissioner of revenue, showing thereon the location of all railroads, highways and roads, bridges, rivers and lakes, swamp areas, wooded tracts, stony ridges and other features which might affect the value of the land. Appropriate symbols shall be used to indicate the best, the fair and the poor land of the county. For use in connection with the topographical land map, the assessor shall prepare and keep available in the assessor's office tables showing fair average minimum and maximum market values per acre of cultivated, meadow, pasture, cut-over, timber and waste lands of each township. The assessor shall keep the map and tables available in the office for the guidance of town assessors, boards of review, and the county board of equalization.

(6) To also prepare and keep available in the office for the guidance of town assessors, boards of review and the county board of equalization, a land valuation map of the county, in such form as may be prescribed by the commissioner of revenue. This map, which shall include the bordering tier of townships of each county adjoining, shall show the average market value per acre, both with and without improvements, as finally equalized in the last assessment of real estate, of all land in each town or unorganized township which lies outside the corporate limits of cities.

(7) To regularly examine all conveyances of land outside the corporate limits of cities of the first and second class, filed with the county recorder of the county, and keep a file, by descriptions, of the considerations shown thereon. From the information obtained by comparing the considerations shown with the market values assessed, the assessor shall make recommendations to the county board of equalization of necessary changes in individual assessments or aggregate valuations.

(8) To prepare annually and keep available in the assessor's office for the guidance of boards of review and the county board of equalization, a table showing the market value per capita of all personal property in each assessment district in the county as finally equalized in the last previous assessment of personal property. For the guidance of the county board of equalization, the assessor shall also add to the table the market value per capita of all personal property of each assessment district for the current year as equalized by the local board of review.

(9) To become familiar with the values of the different items of personal property so as to be in a position when called upon to advise the boards of review and the county board of equalization concerning property, market values thereof.

(10) While the county board of equalization is in session, to give it every possible assistance to enable it to perform its duties. The assessor shall furnish the board with all necessary charts, tables, comparisons and data which it requires in its deliberations, and shall make whatever investigations the board may desire.

(11) At the request of either the board of county commissioners or the commissioner of revenue, to investigate applications for reductions of valuation and abatements and settlements of taxes, examine the real or personal property involved, and submit written reports and recommendations with respect to the applications, in such form as may be prescribed by the board of county commissioners and commissioner of revenue.

(12) To make diligent search each year for real and personal property which has been omitted from assessment in the county, and report all such omissions to the county auditor.

(13) To render such other services pertaining to the assessment of real and personal property in the county as are not inconsistent with the duties set forth in this section, and as may be required by the board of county commissioners or by the commissioner of revenue.

Subd. 9. **Additional general duties.** Additional duties of the county assessor shall be as follows: (a) to make all assessments, based upon the appraised values reported by the local assessors or assistants and the county assessor's own knowledge of the value of the property assessed; (b) to personally view and determine the value of any property which because of its type or character may be difficult for the local assessor to appraise; (c) to make all changes ordered by the local boards of review, relative to the assessed value of the property of any individual, firm or corporation after notice has been given and hearings held as provided by law. A local board of review shall have the power to reduce assessments upon petition of the taxpayer but the total of such adjustments shall not reduce the aggregate assessment made by the county assessor by more than one percent of said aggregate assessment. If the total of such adjustments would lower the aggregate assessments made by the county assessor by more than one percent, none of such adjustments shall be allowed. The assessor shall correct any clerical errors or double assessments discovered by the board of review without affecting the one percent referred to above; (d) to enter all assessments in the assessment books, furnished by the county auditor, with each book and the tabular statements for each book in correct balance; (e) to prepare all assessment cards, charts, maps and any other forms prescribed by the commissioner of revenue; (f) to attend the meeting of the county board of equalization; to investigate and report on any assessment ordered by said board; to enter all changes made by said board in the assessment books and prepare the abstract of assessments for the commissioner of revenue; to enter all changes made by the state board of equalization in the assessment books; to deduct all exemptions authorized by law from each assessment and certify to the county auditor the taxable value of each

parcel of land, as described and listed in the assessment books by the county auditor, and the taxable value of the personal property of each person, firm, or corporation assessed; (g) to investigate and make recommendations relative to all applications for the abatement of taxes or applications for the reduction of the assessed valuation of any property; (h) to perform all other duties relating to the assessment of property for the purpose of taxation which may be required by the commissioner of revenue.

Subd. 10. **Assessor in unorganized territory.** In counties having unorganized territory divided into one or more assessment districts, the board of county commissioners may appoint the county assessor for all such districts. In such case the assessor shall receive no compensation for performing the duties of assessor. The assessor shall, however, be allowed expenses for reasonable and necessary travel in the performance of duties. Such expenses shall be payable out of the general revenue fund of the county.

Subd. 11. [Repealed, 1Sp1981 c 4 art 1 s 189]

History: *Ex1967 c 32 art 8 s 1; 1969 c 9 s 68,69; 1969 c 498 s 1; 1971 c 434 s 4; 1973 c 123 art 5 s 7; 1973 c 582 s 3; 1974 c 18 s 1; 1974 c 567 s 1; 1975 c 301 s 3; 1975 c 339 s 8; 1975 c 437 art 1 s 32; 1976 c 181 s 2; 1977 c 434 s 10; 1979 c 50 s 30; 1980 c 423 s 5; 1984 c 593 s 13; 1986 c 444*

273.062 VALUATION AND ASSESSMENT OF PERSONAL PROPERTY.

The county assessor, or city assessor in a city with population of 30,000 or more shall value and assess all personal property. The assessor shall make an alphabetical list of the names of all persons in the town or district liable to an assessment of personal property, and shall call at the office or place of business or residence of each person required by this chapter to list property, and shall list the person's name, and shall require each person to make and deliver a correct list and statement of such property, according to the prescribed form, which shall be subscribed and sworn to by the person listing; and the assessor shall thereupon determine the value of the property in such statement, and enter the same in the assessment books, opposite the name of the person assessed, with the name and post office address of the person listing the property; and, if such person reside in a city, the street and number, or other brief description, of the person's residence or place of business. If any property is listed or assessed on or after the last Monday in February, and before the return of the assessor's books, the same shall be as legal and binding as if listed and assessed before that time.

Such county or city assessor shall have power and authority to summon witnesses to appear and give testimony, and to produce books, records, papers and documents relating to the listing of personal property.

History: *Ex1967 c 32 art 8 s 9; 1969 c 709 s 3; 1973 c 123 art 5 s 7; 1986 c 444*

273.063 APPLICATION; LIMITATIONS.

The provisions of Extra Session Laws 1967, Chapter 32, Article 8, shall apply to all counties except Ramsey county. The following limitations shall apply as to the extent of the county assessors jurisdiction:

In counties having a city of the first class, the powers and duties of the county assessor within such city shall be performed by the duly appointed city assessor. In all other cities having a population of 30,000 persons or more, according to the last preceding federal census, except in counties having a county assessor on January 1, 1967, the powers and duties of the county assessor within such cities shall be performed by the duly appointed city assessor, provided that the county assessor shall retain the supervisory duties contained in section 273.061, subdivision 8.

History: *Ex1967 c 32 art 8 s 10; 1973 c 123 art 5 s 7; 1974 c 435 art 5 s 2*

273.064 EXAMINATION OF LOCAL ASSESSOR'S WORK; COMPLETION OF ASSESSMENTS.

The county assessor shall examine the assessment appraisal records of each local assessor anytime after January 15 of each year and shall immediately give notice in

writing to the governing body of said district of any deficiencies in the assessment procedures with respect to the quantity of or quality of the work done as of that date and indicating corrective measures to be undertaken and effected by the local assessor not later than 30 days thereafter. If, upon re-examination of such records at that time, the deficiencies noted in the written notice previously given have not been substantially corrected to the end that a timely and uniform assessment of all real property in the county will be attained, then the county assessor with the approval of the county board shall collect the necessary records from the local assessor and complete the assessment or employ others to complete the assessment. When the county assessor has completed the assessments, the local assessor shall thereafter resume the assessment function within the district. In this circumstance the cost of completing the assessment shall be charged against the assessment district involved. The county auditor shall certify the costs thus incurred to the appropriate governing body not later than September 1 and if unpaid as of October 10 of the assessment year, the county auditor shall levy a tax upon the taxable property of said assessment district sufficient to pay such costs. The amount so collected shall be credited to the general revenue fund of the county.

History: *1971 c 434 s 1*

NOTE: Laws 1971, Chapter 434, Section 5, reads as follows:

"Sec. 5. This act shall not apply to cities or villages whose assessors have the powers and duties of a county assessor pursuant to Minnesota Statutes, Section 273.063."

273.065 DELIVERY OF ASSESSMENT APPRAISAL RECORDS; EXTENSIONS.

Assessment districts shall complete the assessment appraisal records on or before May 1. The records shall be delivered to the county assessor as of that date and any work which is the responsibility of the local assessor which is not completed by May 1 shall be accomplished by the county assessor or persons employed by the county assessor and the cost of such work shall be charged against the assessment district as provided in section 273.064. Extensions of time to complete the assessment appraisal records may be granted to the local assessor by the county assessor if such extension is approved by the county board.

History: *1971 c 434 s 2; 1986 c 444*

NOTE: Laws 1971, Chapter 434, Section 5, reads as follows:

"Sec. 5. This act shall not apply to cities or villages whose assessors have the powers and duties of a county assessor pursuant to Minnesota Statutes, Section 273.063."

273.07 [Repealed, 1947 c 531 s 10]

273.071 [Repealed, Ex1967 c 32 art 8 s 12]

273.072 AGREEMENTS FOR JOINT ASSESSMENT.

Subdivision 1. Any county and any city or town lying wholly or partially within the county and constituting a separate assessment district may, by agreement entered into under section 471.59 and approved by the commissioner of revenue, provide for the assessment of property in the municipality or town by the county assessor. Any two or more cities or towns constituting separate assessment districts, whether their assessors are elective or appointive, may enter into an agreement under section 471.59 for the assessment of property in the contracting units by the assessor of one of the units or by an assessor who is jointly employed.

Subd. 2. The agreement may provide for the abolition of the office of local assessor in any contracting unit when the assessment of property within it is to be made under the agreement by another assessor. In such case, the office of assessor in that unit shall cease to exist upon the date fixed in the agreement but not before the end of the term of the incumbent, if serving for a fixed term, or when an earlier vacancy occurs.

Subd. 3. When the agreement provides for joint employment of an assessor, the assessor shall be appointed and removed in a manner and shall hold office for such term as is provided in the agreement, notwithstanding charter or other statutory provisions for election or appointment of an assessor for a prescribed term.

Subd. 4. If the agreement is for an indefinite term, it may be terminated on six months notice by either party. Upon the termination of the agreement, whether for a fixed or indefinite term, any office of assessor abolished as a result of the agreement shall be automatically re-established and shall be filled as provided by applicable law or charter.

Subd. 5. Any amount paid to the county for personal services of the county assessor under such an agreement shall be paid into the general revenue fund of the county.

Subd. 6. Agreements made under this section have no effect upon the powers and duties of local boards of review and equalization.

History: *1959 c 382 s 1; Ex1967 c 32 art 8 s 5,6; 1973 c 123 art 5 s 7; 1973 c 582 s 3; 1986 c 444; 1Sp1986 c 1 art 4 s 11*

273.075 INSTRUCTIONAL COURSES FOR ASSESSORS AND DEPUTIES.

Personnel employed as assessors or deputies of said assessor may be enrolled in courses approved by the commissioner of revenue and have the tuition for such course paid for from moneys appropriated by Laws 1971, chapter 931. Such payment shall be made to the University of Minnesota or any other college or institution conducting such an accredited course, provided that such payment may only be made if the application is made by or approved by the taxing district or districts for which the assessor or deputy is employed and the commissioner of revenue.

Two or more taxing districts may join together in enrolling assessors in such approved courses.

History: *1971 c 931 s 1; 1973 c 582 s 3*

273.08 ASSESSOR'S DUTIES.

The assessor shall actually view, and determine the market value of each tract or lot of real property listed for taxation, including the value of all improvements and structures thereon, at maximum intervals of four years and shall enter the value opposite each description.

History: *(1990) RL s 808; 1945 c 481 s 1; 1963 c 799 s 2; 1965 c 624 s 4; Ex1967 c 32 art 8 s 7; 1975 c 437 art 8 s 9; 1984 c 593 s 14*

273.09 [Local, South St. Paul]

273.10 SCHOOL DISTRICTS.

When assessing personal property the county assessor shall designate the number of the school district in which each person assessed is liable for tax, by writing the number of the district opposite each assessment in a column provided for that purpose in the assessment book. When the personal property of any person is assessable in several school districts, the amount in each shall be assessed separately, and the name of the owner placed opposite each amount.

History: *(1991) RL s 809; Ex1967 c 32 art 8 s 8*

273.11 VALUATION OF PROPERTY.

Subdivision 1. **Generally.** Except as provided in subdivisions 6, 8, and 9 or section 273.17, subdivision 1, all property shall be valued at its market value. The market value as determined pursuant to this section shall be stated such that any amount under $100 is rounded up to $100 and any amount exceeding $100 shall be rounded to the nearest $100. In estimating and determining such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall the assessor adopt as a criterion of value the price for which such property would sell at a forced sale, or in the aggregate with all the property in the town or district; but the assessor shall value each article or description of property by

itself, and at such sum or price as the assessor believes the same to be fairly worth in money. In assessing any tract or lot of real property, the value of the land, exclusive of structures and improvements, shall be determined, and also the value of all structures and improvements thereon, and the aggregate value of the property, including all structures and improvements, excluding the value of crops growing upon cultivated land. In valuing real property upon which there is a mine or quarry, it shall be valued at such price as such property, including the mine or quarry, would sell for a fair, voluntary sale, for cash. In valuing real property which is vacant, the fact that such property is platted shall not be taken into account. An individual lot of such platted property shall not be assessed in excess of the assessment of the land as if it were unplatted until the lot is improved with a permanent improvement all or a portion of which is located upon the lot, or for a period of three years after final approval of said plat whichever is shorter. When a lot is sold or construction begun, the assessed value of that lot or any single contiguous lot fronting on the same street shall be eligible for reassessment. All property, or the use thereof, which is taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market value of such property and not at the value of a leasehold estate in such property, or at some lesser value than its market value.

Subd. 2. [Repealed, 1979 c 303 art 2 s 38]

Subd. 3. [Repealed, 1975 c 437 art 8 s 10]

Subd. 4. [Repealed, 1976 c 345 s 3]

Subd. 5. Notwithstanding any other provision of law to the contrary, the limitation contained in subdivision 1 shall also apply to the authority of the local board of review as provided in section 274.01, the county board of equalization as provided in section 274.13, the state board of equalization and the commissioner of revenue as provided in sections 270.11, 270.12 and 270.16.

Subd. 6. For purposes of property taxation, the market value of real and personal property installed prior to January 1, 1984, which is a solar, wind, or agriculturally derived methane gas system used as a heating, cooling, or electric power source of a building or structure shall be excluded from the market value of that building or structure if the property is not used to provide energy for sale.

Subd. 7. [Repealed, 1984 c 502 art 3 s 36]

Subd. 8. **Limited equity cooperative apartments.** For the purposes of this subdivision, the terms defined in this subdivision have the meanings given them.

A "limited equity cooperative" is a corporation organized under chapter 308, which has as its primary purpose the provision of housing and related services to its members, whose income must not exceed 90 percent of the St. Paul-Minneapolis metropolitan area income as determined by the United States Department of Housing and Urban Development at the time they purchase their membership, and which meets the following requirements:

(a) The articles of incorporation set the sale price of occupancy entitling cooperative shares or memberships at no more than a transfer value determined as provided in the articles. That value may not exceed the sum of the following:

(1) the consideration paid for the membership or shares by the first occupant of the unit, as shown in the records of the corporation;

(2) the fair market value, as shown in the records of the corporation, of any improvements to the real property that were installed at the sole expense of the member with the prior approval of the board of directors;

(3) accumulated interest, or an inflation allowance not to exceed the greater of a ten percent annual noncompounded increase on the consideration paid for the membership or share by the first occupant of the unit, or the amount that would have been paid on that consideration if interest had been paid on it at the rate of the percentage increase in the revised consumer price index for all urban consumers for the Minneapolis-St. Paul metropolitan area prepared by the United States Department of Labor, provided that the amount determined pursuant to this clause may not exceed $500 for each year or fraction of a year the membership or share was owned; plus

(4) real property capital contributions shown in the records of the corporation to have been paid by the transferor member and previous holders of the same membership, or of separate memberships that had entitled occupancy to the unit of the member involved. These contributions include contributions to a corporate reserve account the use of which is restricted to real property improvements or acquisitions, contributions to the corporation which are used for real property improvements or acquisitions, and the amount of principal amortized by the corporation on its indebtedness due to the financing of real property acquisition or improvement or the averaging of principal paid by the corporation over the term of its real property-related indebtedness.

(b) The articles of incorporation require that the board of directors limit the purchase price of stock or membership interests for new member-occupants or resident shareholders to an amount which does not exceed the transfer value for the membership or stock as defined in clause (a).

(c) The articles of incorporation require that the total distribution out of capital to a member shall not exceed that transfer value.

(d) The articles of incorporation require that upon liquidation of the corporation any assets remaining after retirement of corporate debts and distribution to members will be conveyed to a charitable organization described in section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1984, or a public agency.

A "limited equity cooperative apartment" is a dwelling unit owned or leased by a limited equity cooperative. If the dwelling unit is leased by the cooperative the lease agreement must meet the conditions for a cooperative lease stated in section 273.124, subdivision 6.

"Occupancy entitling cooperative share or membership" is the ownership interest in a cooperative organization which entitles the holder to an exclusive right to occupy a dwelling unit owned or leased by the cooperative.

For purposes of taxation, the assessor shall value a unit owned by a limited equity cooperative at the lesser of its market value or the value determined by capitalizing the net operating income of a comparable apartment operated on a rental basis at the capitalization rate used in valuing comparable buildings that are not limited equity cooperatives. If a cooperative fails to operate in accordance with the provisions of clauses (a) to (d), the property shall be subject to additional property taxes in the amount of the difference between the taxes determined in accordance with this subdivision for the last ten years that the property had been assessed pursuant to this subdivision and the amount that would have been paid if the provisions of this subdivision had not applied to it. The additional taxes, plus interest at the rate specified in section 549.09, shall be extended against the property on the tax list for the current year.

Subd. 9. **Condominium property.** Notwithstanding any other provision of law to the contrary, for purposes of property taxation, condominium property shall be valued in accordance with this subdivision.

(a) A structure or building that is initially constructed as condominiums shall be identified as separate units after the filing of a declaration. The market value of the residential units in that structure or building and included in the declaration shall be valued as condominiums.

(b) When 60 percent or more of the residential units in a structure or building being converted to condominiums have been sold as condominiums including those units that the converters retain for their own investment, the market value of the remaining residential units in that structure or building which are included in the declaration shall be valued as condominiums. If not all of the residential units in the structure or building are included in the declaration, the 60 percent factor shall apply to those in the declaration. A separate description shall be recognized when a declaration is filed. For purposes of this clause, "retain" shall mean units that are rented and completed units that are not available for sale.

(c) For purposes of this subdivision, a "sale" is defined as the date when the first written document for the purchase or conveyance of the property is signed, unless that document is revoked.

History: *(1992) RL s 810; Ex1967 c 32 art 7 s 3; 1969 c 574 s 1; 1969 c 990 s 1; 1971 c 427 s 1; 1971 c 489 s 1; 1971 c 831 s 1; 1973 c 582 s 3; 1973 c 650 art 23 s 1-4; 1974 c 556 s 14; 1975 c 437 art 8 s 4-6; 1976 c 2 s 93; 1976 c 345 s 1; 1977 c 423 art 4 s 4; 1978 c 786 s 10,11; 1979 c 303 art 2 s 7; 1Sp1981 c 1 art 2 s 3,4; 1Sp1981 c 4 art 2 s 50; 1982 c 424 s 61,62; 1982 c 523 art 19 s 2; art 21 s 1; 1983 c 222 s 7; 1983 c 342 art 2 s 5-7; 1984 c 502 art 3 s 6; 1Sp1985 c 14 art 4 s 35; 1986 c 444; 1Sp1986 c 1 art 4 s 12*

273.1101 VALUATION, TERMINOLOGY IN STATUTES, LAWS OR CHARTERS.

Notwithstanding the provisions of any statute, special law or city charter, all references in such provisions to "true and full" values, relating to the procedure of boards of review and equalization, and to certifications by assessors and other public officers, shall be construed as referring to the current market values as determined in assessment.

History: *1971 c 427 s 23*

273.1102 RATE OF TAX, TERMINOLOGY OF LAWS OR CHARTERS.

The rate of property taxation by any political subdivision or other public corporation for any purpose for which any law or charter now provides a maximum tax rate expressed in mills times the assessed value or times the full and true value of taxable property (except any value determined by the state equalization aid review committee) shall not exceed 33-1/3 percent of such maximum tax rate until and unless such law or charter is amended to provide a different maximum tax rate.

History: *1971 c 427 s 24*

273.1103 NET DEBT, TERMINOLOGY OF LAWS OR CHARTERS.

Net debt incurred by any political subdivision or other public corporation for which any law or any charter provision provides a limit expressed as a percentage of the assessed value or the full and true value of taxable property (except any value determined by the state equalization aid review committee) shall not exceed 33-1/3 percent of such limit until and unless such law or charter is amended to provide a different limit.

History: *1971 c 427 s 25*

273.1104 IRON ORE, VALUE.

Subdivision 1. The term value as applied to iron ore in sections 273.165, subdivision 2 and 273.13, subdivision 30, paragraph (b) shall be deemed to be three times the present value of future income notwithstanding the provisions of section 273.11. The present value of future income shall be determined by the commissioner of revenue in accordance with professionally recognized mineral valuation practice and procedure. Nothing contained herein shall be construed as requiring any change in the method of determining present value of iron ore utilized by the commissioner prior to the enactment hereof or as limiting any remedy presently available to the taxpayer in connection with the commissioner's determination of present value, or precluding the commissioner from making subsequent changes in the present worth formula.

Subd. 2. On or before October 1 in each year, the commissioner shall send to each person subject to the tax on unmined iron ores and to each taxing district affected, a notice of the assessed valuation of the unmined ores as determined by the commissioner. Said notice shall be sent by mail directed to such person at the address given in the report filed and the assessor of such taxing district, but the validity of the tax shall not be affected by the failure of the commissioner of revenue to mail such notice or the failure of the person subject to the tax to receive it.

On the first secular day following the tenth day of October, the commissioner of revenue shall hold a hearing which may be adjourned from day to day. All relevant and material evidence having probative value with respect to the issues shall be submitted at the hearing and such hearing shall not be a "contested case" within the meaning of section 14.02, subdivision 3. Every person subject to such tax may at such hearing present evidence and argument on any matter bearing upon the validity or correctness of the tax determined to be due, and the commissioner of revenue shall review the determination of such tax.

History: *1971 c 427 s 27; 1973 c 582 s 3; 1977 c 203 s 3; 1982 c 424 s 130; 1984 c 522 s 1; 1Sp1985 c 14 art 4 s 36; 1986 c 444*

273.1105 [Repealed, 1Sp1985 c 14 art 4 s 98]

273.111 AGRICULTURAL PROPERTY TAX.

Subdivision 1. This section may be cited as the "Minnesota agricultural property tax law."

Subd. 2. The present general system of ad valorem property taxation in the state of Minnesota does not provide an equitable basis for the taxation of certain agricultural real property and has resulted in inadequate taxes on some lands and excessive taxes on others. Therefore, it is hereby declared to be the public policy of this state that the public interest would best be served by equalizing tax burdens upon agricultural property within this state through appropriate taxing measures.

Subd. 3. Real estate consisting of ten acres or more shall be entitled to valuation and tax deferment under this section only if it is actively and exclusively devoted to agricultural use as defined in subdivision 6 and either (1) is the homestead of the owner, or of a surviving spouse, child, or sibling of the owner or is real estate which is farmed with the real estate which contains the homestead property, or (2) has been in possession of the applicant, the applicant's spouse, parent, or sibling, or any combination thereof, for a period of at least seven years prior to application for benefits under the provisions of Laws 1969, chapter 1039, or (3) is the homestead of a shareholder in a family farm corporation as defined in section 500.24, notwithstanding the fact that legal title to the real estate may be held in the name of the family farm corporation. Valuation of real estate under this section is limited to parcels the ownership of which is in noncorporate entities except for family farm corporations organized pursuant to section 500.24. Corporate entities who previously qualified for tax deferment pursuant to this section and who continue to otherwise qualify under subdivisions 3 and 6 for a period of at least three years following the effective date of this section will not be required to make payment of the previously deferred taxes, notwithstanding the provisions of subdivision 9. Sale of the land prior to the expiration of the three-year period shall result in payment of deferred taxes as follows: sale within the first year requires payment of payable 1980, 1981, and 1982 deferred taxes; sale during the second year requires payment of payable 1981 and 1982 taxes deferred; and sale at any time during the third year will require payment of payable 1983 taxes deferred. Deferred taxes shall be paid even if the land qualifies pursuant to subdivision 11a. Special assessments are payable at the end of the three-year period or at time of sale, whichever comes first.

Subd. 4. The value of any real estate described in subdivision 3 shall upon timely application by the owner, in the manner provided in subdivision 8, be determined solely with reference to its appropriate agricultural classification and value notwithstanding sections 272.03, subdivision 8 and 273.11. In determining such value for ad valorem tax purposes the assessor shall not consider any added values resulting from nonagricultural factors.

Subd. 5. The assessor shall, however, make a separate determination of the market value of such real estate. The tax based upon the appropriate mill rate applicable to such property in the taxing district shall be recorded on the property assessment records.

Subd. 6. Real property shall be considered to be in agricultural use provided that annually: (1) at least 33 1/3 percent of the total family income of the owner is derived therefrom, or the total production income including rental from the property is $300 plus $10 per tillable acre; and (2) it is devoted to the production for sale of livestock, dairy animals, dairy products, poultry and poultry products, fur bearing animals, horticultural and nursery stock which is under sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees and apiary products by the owner, slough, wasteland, and woodland contiguous to or surrounded by land described in subdivision 3 shall be considered to be in agricultural use if under the same ownership and management.

Subd. 7. [Repealed, 1969 c 1039 s 10]

Subd. 8. Application for deferment of taxes and assessment under this section shall be filed by May 1 of the year prior to the year in which the taxes are payable. Any application filed hereunder and granted shall continue in effect for subsequent years until the property no longer qualifies. Such application shall be filed with the assessor of the taxing district in which the real property is located on such form as may be prescribed by the commissioner of revenue. The assessor may require proof by affidavit or otherwise that the property qualifies under subdivisions 3 and 6.

Subd. 8a. [Repealed, 1984 c 593 s 46]

Subd. 9. When real property which is being, or has been valued and assessed under this section no longer qualifies under subdivisions 3 and 6, the portion no longer qualifying shall be subject to additional taxes, in the amount equal to the difference between the taxes determined in accordance with subdivision 4, and the amount determined under subdivision 5, provided, however, that the amount determined under subdivision 5 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arms length transaction been used in lieu of the market value determined under subdivision 5. Such additional taxes shall be extended against the property on the tax list for the current year, provided, however, that no interest or penalties shall be levied on such additional taxes if timely paid, and provided further, that such additional taxes shall only be levied with respect to the last three years that the said property has been valued and assessed under this section.

Subd. 10. The tax imposed by this section shall be a lien upon the property assessed to the same extent and for the same duration as other taxes imposed upon property within this state. The tax shall be annually extended by the county auditor and if and when payable shall be collected and distributed in the manner provided by law for the collection and distribution of other property taxes.

Subd. 11. The payment of special local assessments levied after June 1, 1967 for improvements made to any real property described in subdivision 3 together with the interest thereon shall, on timely application as provided in subdivision 8, be deferred as long as such property meets the conditions contained in subdivisions 3 and 6. If special assessments against the property have been deferred pursuant to this subdivision, the governmental unit shall file with the county recorder in the county in which the property is located a certificate containing the legal description of the affected property and of the amount deferred. When such property no longer qualifies under subdivisions 3 and 6, all deferred special assessments plus interest shall be payable in equal installments spread over the time remaining until the last maturity date of the bonds issued to finance the improvement for which the assessments were levied. If the bonds have matured, the deferred special assessments plus interest shall be payable within 90 days. The provisions of section 429.061, subdivision 2, apply to the collection of these installments. Penalty shall not be levied on any such special assessments if timely paid.

Subd. 11a. When real property qualifying under subdivisions 3 and 6 is sold, no additional taxes or deferred special assessments plus interest shall be extended against the property provided the property continues to qualify pursuant to subdivisions 3 and 6, and provided the new owner files an application for continued deferment within 30 days after the sale.

For purposes of meeting the income requirements of subdivision 6, the property

purchased shall be considered in conjunction with other qualifying property owned by the purchaser.

Subd. 12. This section shall be broadly construed to achieve its purpose. The invalidity of any provision shall be deemed not to affect the validity of other provisions.

Subd. 13. This section shall apply to assessments for tax purposes made in 1968 and thereafter.

Subd. 14. This section shall apply to special local assessments levied after July 1, 1967, and payable in the years thereafter, but shall not apply to any special assessments levied at any time by a county or district court under the provisions of chapter 116A.

History: *Ex1967 c 60 s 1-13; 1969 c 1039 s 1-9; 1973 c 322 s 25; 1973 c 450 s 1; 1973 c 582 s 3; 1976 c 2 s 94,95; 1976 c 134 s 78; 1977 c 307 s 29; 1977 c 423 art 3 s 4; 1980 c 437 s 2; 1980 c 497 s 1; 1980 c 560 s 4; 1982 c 523 art 22 s 1-3; 1983 c 222 s 8; 1984 c 593 s 16,17; 1Sp1985 c 14 art 20 s 2; 1986 c 444*

273.112 PRIVATE OUTDOOR RECREATIONAL, OPEN SPACE AND PARK LAND TAX.

Subdivision 1. This section may be cited as the "Minnesota open space property tax law."

Subd. 2. The present general system of ad valorem property taxation in the state of Minnesota does not provide an equitable basis for the taxation of certain private outdoor recreational, open space and park land property and has resulted in excessive taxes on some of these lands. Therefore, it is hereby declared that the public policy of this state would be best served by equalizing tax burdens upon private outdoor, recreational, open space and park land within this state through appropriate taxing measures to encourage private development of these lands which would otherwise have to be provided by governmental authority.

Subd. 3. Real estate shall be entitled to valuation and tax deferment under this section only if it is:

(a) actively and exclusively devoted to golf, skiing or archery or firearms range recreational use or uses and other recreational uses carried on at the establishment;

(b) five acres in size or more, except in the case of an archery or firearms range;

(c)(1) operated by private individuals and open to the public; or

(2) operated by firms or corporations for the benefit of employees or guests; or

(3) operated by private clubs having a membership of 50 or more, provided that the club does not discriminate in membership requirements or selection on the basis of sex; and

(d) made available, in the case of real estate devoted to golf, for use without discrimination on the basis of sex during the time when the facility is open to use by the public or by members, except that use for golf may be restricted on the basis of sex no more frequently than one, or part of one, weekend each calendar month for each sex and no more than two, or part of two, weekdays each week for each sex.

For purposes of this subdivision and subdivision 7a, discrimination means a pattern or course of conduct and not linked to an isolated incident.

Subd. 4. The value of any real estate described in subdivision 3 shall upon timely application by the owner, in the manner provided in subdivision 6, be determined solely with reference to its appropriate private outdoor, recreational, open space and park land classification and value notwithstanding sections 272.03, subdivision 8, and 273.11. In determining such value for ad valorem tax purposes the assessor shall not consider the value such real estate would have if it were converted to commercial, industrial, residential or seasonal residential use.

Subd. 5. The assessor shall, however, make a separate determination of the market value of such real estate. The tax based upon the appropriate mill rate applicable to such property in the taxing district shall be recorded on the property assessment records.

Subd. 6. Application for deferment of taxes and assessment under this section shall be made at least 60 days prior to January 2 of each year. Such application shall be filed with the assessor of the taxing district in which the real property is located on such form as may be prescribed by the commissioner of revenue. The assessor may require proof by affidavit or other written verification that the property qualifies under subdivision 3. In the case of property operated by private clubs pursuant to subdivision 3, clause (c)(3), in order to qualify for valuation and tax deferment under this section, the taxpayer must submit to the assessor proof by affidavit or other written verification that the bylaws or rules and regulations of the club meet the eligibility requirements provided under this section. The signed affidavit or other written verification shall be sufficient demonstration of eligibility for the assessor unless the county attorney determines otherwise.

The county assessor shall refer any question regarding the eligibility for valuation and deferment under this section to the county attorney for advice and opinion under section 388.051, subdivision 1. Upon request of the county attorney, the taxpayer shall furnish information that the county attorney considers necessary in order to determine eligibility under this section.

Subd. 7. When real property which is being, or has been, valued and assessed under this section no longer qualifies under subdivision 3, the portion which no longer qualifies shall be subject to additional taxes, in the amount equal to the difference between the taxes determined in accordance with subdivision 4, and the amount determined under subdivision 5, provided, however, that the amount determined under subdivision 5 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arms length transaction been used in lieu of the market value determined under subdivision 5. The additional taxes shall be extended against the property on the tax list for the current year, provided, however, that no interest or penalties shall be levied on the additional taxes if timely paid, and provided further, that the additional taxes shall only be levied with respect to the last seven years that the property has been valued and assessed under this section.

Subd. 7a. Notwithstanding subdivision 7, when real property ceases to qualify under subdivision 3 because of failure to comply with prohibitions against discrimination on the basis of sex, payment of additional taxes imposed under subdivision 7 is not required.

Subd. 8. The tax imposed by this section shall be a lien upon the property assessed to the same extent and for the same duration as other taxes imposed upon property within this state. The tax shall be annually extended by the county auditor and shall be collected and distributed in the manner provided by law for the collection and distribution of other property taxes.

Subd. 9. This section shall apply to assessments for tax purposes made beginning in 1970 used to determine taxes payable in 1971.

Subd. 10. When title to real property qualifying under subdivision 3 is transferred, no additional taxes shall be extended against the property if (a) the property continues to qualify pursuant to subdivision 3 and (b) the purchaser files an application for continued deferment of taxes pursuant to subdivision 6 within 30 days after the sale.

History: *1969 c 1135 s 1; 1973 c 582 s 3; 1Sp1981 c 1 art 2 s 5; 1983 c 222 s 9,10; 1986 c 412 s 1-4*

273.115 STATE PAID WETLANDS CREDIT.

Subdivision 1. The county auditor shall annually reduce the tax liability of each owner of wetlands exempt from property taxation pursuant to section 272.02, subdivision 1, clause (10), by an amount equal to one-half of one percent of the average level of estimated market value of an acre of tillable land in the township, city or unorganized territory in which the qualifying wetland is located, multiplied by the number of acres of wetlands owned. Any excess of credit over tax liability shall not be paid to the property owner but shall be applied to the tax liability of the owner of the wetlands for any parcel owned which is contiguous to the parcel containing the wetlands.

Subd. 2. The total amounts of credits allowed pursuant to subdivision 1 and the total amounts of revenue lost as a result of the exemption provided in section 272.02, subdivision 1, clause (15), shall be submitted by the county auditor to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. The amount of revenue lost as a result of the exemption shall be computed each year by applying the current mill rates of the taxing jurisdictions in which the wetlands are located to the assessed valuation of the wetlands for purposes of taxes levied in 1979, payable in 1980. Provided that payment to the county for lost revenue shall not be less than the revenue which would have been received in taxes if the wetlands had an assessed value of $5 per acre. The commissioner of revenue shall review such certifications to determine their accuracy. The commissioner may make such changes in the certification as are deemed necessary or return a certification to the county auditor for corrections.

Subd. 3. Payment shall be made according to the procedure provided in section 273.13, subdivision 15a, for the purpose of replacing revenue lost as a result of the exemption provided in section 272.02, subdivision 1, clause (15), and the credit provided in this section.

Subd. 4. There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make the payments provided in subdivision 3.

Subd. 5. In order to receive the wetlands credit provided in this section, an owner of wetlands shall agree not to drain the wetlands during the year for which the owner receives the credit. To initially qualify for the credit, the agreement shall be made by a date set by the county board. After initial qualification, an owner of wetlands shall not be required to reapply to receive the credit for subsequent years. The agreement shall remain in effect until the wetlands are drained. The credit shall not be available (a) for any year prior to which a timely agreement has been made or (b) for any year in which the owner drains the wetlands. The local assessor shall certify that each land owner receiving the credit has so agreed.

Subd. 6. The amount of the wetlands credit shall be reflected on the property tax statement of each eligible taxpayer.

Subd. 7. The total credits allowed by subdivision 1 shall be deducted from the gross property tax before determination of the homestead credit provided by section 273.13, subdivisions 22 and 23 and the taconite homestead credit provided by section 273.135.

History: *1979 c 303 art 2 s 8; 1980 c 432 s 2-6; 1Sp1981 c 1 art 10 s 6-8; 1983 c 342 art 2 s 8; 1984 c 593 s 18,19; 1Sp1985 c 14 art 4 s 38; 1986 c 444*

273.116 STATE PAID NATIVE PRAIRIE CREDIT.

Subdivision 1. The county auditor shall annually reduce the tax liability of each owner of native prairie exempt from property taxation pursuant to section 272.02, subdivision 1, clause (11), by an amount equal to 1-1/2 percent of the average level of estimated market value of an acre of tillable land in the township, city or unorganized territory in which the qualifying native prairie is located, multiplied by the number of acres of native prairie owned. Any excess of credit over tax liability shall not be paid to the property owner but shall be applied to the tax liability of the owner of the native prairie for any parcel owned which is contiguous to the parcel containing the native prairie or if the owner of the native prairie does not own any contiguous parcel to which the credit can be applied, the credit shall be applied to the owner's tax liability for any parcel owned which is located in the same township or city or not farther than two townships or cities or combination thereof from the native prairie.

Subd. 2. The total amounts of credits allowed pursuant to subdivision 1 and the total amounts of revenue lost as a result of the exemption provided in section 272.02, subdivision 1, clause (16), shall be submitted by the county auditor to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner

under the provisions of section 275.29. The amount of revenue lost as a result of the exemption shall be computed each year by applying the current mill rates of the taxing jurisdictions in which the native prairie is located to the assessed valuation of the native prairie for purposes of taxes levied in 1979, payable in 1980. Provided that payment to the county for lost revenue shall not be less than the revenue which would have been received in taxes if the native prairie had an assessed value of $5 per acre. The commissioner of revenue shall review such certifications to determine their accuracy. The commissioner may make any changes in the certification deemed necessary or return a certification to the county auditor for corrections.

Subd. 3. Payment shall be made according to the procedure provided in section 273.13, subdivision 15a, for the purpose of replacing revenue lost as a result of the exemption provided in section 272.02, subdivision 1, and the credit provided in this section.

Subd. 4. There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make the payments provided in subdivision 3.

Subd. 5. In order to receive the native prairie credit provided in this section, an owner of native prairie shall agree to preserve the prairie in its natural state during the year for which the credit is received. To initially qualify for the credit, the agreement shall be made by a date set by the county board. After initial qualification, an owner of native prairie shall not be required to reapply to receive the credit for subsequent years. The agreement shall remain in effect until the native prairie is no longer maintained in its natural state. The credit shall not be available (a) for any year prior to which a timely agreement has been made or (b) for any year in which the owner ceases to maintain the native prairie in its natural state. The local assessor shall certify that each land owner receiving the credit has so agreed.

Subd. 6. The amount of the native prairie credit shall be reflected on the property tax statement of each eligible taxpayer.

Subd. 7. The total credits allowed by subdivision 1 shall be deducted from the gross property tax before determination of the homestead credit provided by section 273.13, subdivisions 22 and 23 and the taconite homestead credit provided by section 273.135.

History: *1980 c 432 s 7; 1Sp1981 c 1 art 10 s 9,10; 1984 c 593 s 20,21; 1Sp1985 c 14 art 4 s 39; 1986 c 444*

273.117 CONSERVATION PROPERTY TAX VALUATION.

Real property which is subject to a conservation restriction or easement shall be entitled to reduced valuation under this section if:

(a) The restriction or easement is for a conservation purpose as defined in section 84.64, subdivision 2, and is recorded on the property;

(b) The property is being used in accordance with the terms of the conservation restriction or easement.

History: *1Sp1981 c 1 art 2 s 6*

273.118 TAX PAID IN RECOGNITION OF CONGRESSIONAL MEDAL OF HONOR.

An owner of homestead property who submits to the commissioner of revenue a property tax statement and reasonable proof that the owner of the property:

(a) is a veteran as defined in section 197.447;

(b) was a resident of this state for at least six months before entering military service, or has been a resident of this state for five consecutive years before submitting the statement and proof; and

(c) has been awarded the congressional medal of honor;

shall be paid by the commissioner of revenue, within 30 days after the commission-

er receives the statement and proof, the amount of the owner's property tax liability as shown on the statement, up to $2,000. The surviving spouse of a property owner who has received a payment under this section may receive payment of property taxes under this section as long as the spouse continues to own and occupy the property for which the taxes were paid under this section and the property continues to be a homestead. Property taxes paid under this section reduce property taxes payable for purposes of chapter 290A.

History: *1983 c 301 s 177; 1984 c 655 art 1 s 46; 1Sp1985 c 14 art 4 s 40; 1986 c 444*

273.119 CONSERVATION TAX CREDIT.

Subdivision 1. **Eligibility; amount of credit.** Land located in an exclusive agricultural use zone created under chapter 40A is eligible for a property tax credit of $1.50 per acre. To qualify for the tax credit in any year the owner shall file with the assessor by June 30 of that year a record of the restrictive covenant received by the owner under section 40A.10, subdivision 3. An owner who has given notice of termination of the exclusive agricultural use zone under section 40A.11, subdivision 2, is not eligible for the credit. The assessor shall indicate the amount of the property tax reduction on the property tax statement of each taxpayer receiving a credit under this section. The credit paid pursuant to this section shall be deducted from the tax due on the property before computation of the homestead credit paid pursuant to section 273.13 and the state agricultural credit paid pursuant to section 124.2137.

Subd. 2. **Reimbursement for lost revenue.** The county may transfer money from the county conservation account created in section 40A.152 to the county revenue fund to reimburse the fund for the cost of the property tax credit. The county auditor shall certify to the commissioner of revenue on or before June 1 of each year the amount of tax lost to the county from the property tax credit under subdivision 1 and the extent that the tax lost exceeds funds available in the county conservation account. On or before July 15 of each year, the commissioner shall reimburse the county from the Minnesota conservation fund under section 40A.151 for the taxes lost in excess of the county account.

History: *1986 c 398 art 28 s 3*

NOTE: This section, as added by Laws 1986, chapter 398, article 28, section 3, is effective for taxes levied in 1987 and payable in 1988 and after. See Laws 1986, chapter 398, article 28, section 5.

273.12 ASSESSMENT OF REAL PROPERTY.

It shall be the duty of every assessor and board, in estimating and determining the value of lands for the purpose of taxation, to consider and give due weight to every element and factor affecting the market value thereof, including its location with reference to roads and streets and the location of roads and streets thereon or over the same, and to take into consideration a reduction in the acreage of each tract or lot sufficient to cover the amount of land actually used for any improved public highway and the reduction in area of land caused thereby, provided, that in determining the market value of vacant land, the fact that such land is platted shall not be taken into account. An individual lot of such platted property shall not be assessed in excess of the assessment of the land as if it were unplatted until the lot is improved with a permanent improvement all or a portion of which is located upon the lot, or for a period of three years after final approval of said plat whichever is shorter. When a lot is sold or construction begun, the assessed value of that lot or any single contiguous lot fronting on the same street shall be eligible for reassessment. It shall be the duty of every assessor and board, in estimating and determining the value of lands for the purpose of taxation, to consider and give due weight to lands which are comparable in character, quality, and location, to the end that all lands similarly located and improved will be assessed upon a uniform basis and without discrimination and, for agricultural lands, to consider and give recognition to its earning potential as measured by its free market rental rate.

History: *(1992-1) 1927 c 123; 1931 c 224 s 1; 1935 c 237 s 1; 1969 c 574 s 2; 1971 c 427 s 2; 1971 c 489 s 2; Ex1971 c 31 art 23 s 1*

273.121 VALUATION OF REAL PROPERTY, NOTICE.

Any county assessor or city assessor having the powers of a county assessor, valuing or classifying taxable real property shall in each year notify those persons whose property is to be assessed or reclassified that year if the person's address is known to the assessor, otherwise the occupant of the property. In the case of property owned by a married couple in joint tenancy or tenancy in common, the assessor shall not deny homestead treatment in whole or in part if only one of the spouses is occupying the property and the other spouse is absent due to divorce or separation, or is a resident of a nursing home or a boarding care facility. The notice shall be in writing and shall be sent by ordinary mail at least ten days before the meeting of the local board of review or equalization. It shall contain the amount of the valuation in terms of market value, the new classification, the assessor's office address, and the dates, places, and times set for the meetings of the local board of review or equalization and the county board of equalization. If the assessment roll is not complete, the notice shall be sent by ordinary mail at least ten days prior to the date on which the board of review has adjourned. The assessor shall attach to the assessment roll a statement that the notices required by this section have been mailed. Any assessor who is not provided sufficient funds from the assessor's governing body to provide such notices, may make application to the commissioner of revenue to finance such notices. The commissioner of revenue shall conduct an investigation and, if satisfied that the assessor does not have the necessary funds, issue a certification to the commissioner of finance of the amount necessary to provide such notices. The commissioner of finance shall issue a warrant for such amount and shall deduct such amount from any state payment to such county or municipality. The necessary funds to make such payments are hereby appropriated. Failure to receive the notice shall in no way affect the validity of the assessment, the resulting tax, the procedures of any board of review or equalization, or the enforcement of delinquent taxes by statutory means.

History: *Ex1971 c 31 art 23 s 2; 1973 c 492 s 14; 1974 c 363 s 1; 1975 c 437 art 8 s 7; 1980 c 437 s 3; 1982 c 523 art 23 s 1; 1Sp1985 c 14 art 4 s 41; 1986 c 444*

273.122 [Repealed, 1980 c 607 art 2 s 24]

273.123 REASSESSMENT OF HOMESTEAD PROPERTY DAMAGED BY A DISASTER.

Subdivision 1. **Definitions.** For purposes of this section (a) "disaster or emergency" means

(1) a major disaster as determined by the president of the United States;

(2) a natural disaster as determined by the secretary of agriculture;

(3) a disaster as determined by the administrator of the small business administration; or

(4) a tornado, storm, flood, earthquake, landslide, explosion, fire or similar catastrophe, as a result of which a local emergency is declared pursuant to section 12.29.

(b) "disaster or emergency area" means an area

(1) in which the president of the United States, the secretary of agriculture, or the administrator of the small business administration has determined that a disaster exists pursuant to federal law or in which a local emergency has been declared pursuant to section 12.29; and

(2) for which an application by the local unit of government requesting property tax relief under this section has been received by the governor and approved by the executive council.

(c) "homestead property" means homestead dwelling that is classified as class 1a, 1b, or 2a property or a manufactured home or sectional home used as a homestead and taxed pursuant to section 274.19, subdivision 8, paragraph (b), (c), or (d).

Subd. 2. **Reassessment of homestead property.** The county assessor shall reassess all homestead property located within a disaster or emergency area which is physically

damaged by the disaster or emergency and shall adjust the valuation for taxes payable the following year to reflect the loss in market value caused by the damage as follows: Subtract the market value of the property as reassessed from the market value of the property as assessed for January 1 of the year in which the disaster or emergency occurred; multiply the remainder by a fraction, the numerator of which is the number of full months remaining in the year on the date the disaster or emergency occurred, and the denominator of which is 12; subtract the product of the calculation from the market value of the property as assessed for January 1 of the year in which the disaster or emergency occurred; the remainder is the estimated market value to be used for taxes payable the following year. The assessor shall report to the county auditor the assessed value based on the assessment of January 1 of the year in which the disaster or emergency occurred and the assessed value based on the reassessment made pursuant to this subdivision.

Subd. 2a. **Application requirements.** A request for property tax relief shall be considered by the executive council only if the following requirements are met by the local unit of government submitting the request:

(1) a completed disaster survey shall be included with the request;

(2) the average dollar amount of damage for the homes which are damaged and located within the geographic boundaries of the applicant shall be $5,000 or more; and

(3) either (a) at least 25 homes located within the geographic boundaries of the applicant must have been damaged or destroyed; or (b) the total dollar amount of damage to all of the damaged homes located within the geographic boundaries of the applicant shall be equal to at least one percent of the total market value of all homestead property located within the geographic boundaries of the applicant.

Subd. 3. **Computation of mill rates.** When computing mill rates, the county auditor shall use the valuation reported by the assessor for the assessment made on January 1 of the year in which the disaster or emergency occurred.

Subd. 4. **State reimbursement.** The county auditor shall calculate the tax on the property described in subdivision 2 based on the assessment made on January 2 of the year in which the disaster or emergency occurred. The difference between the tax determined on the January 2 assessed value and the tax actually payable based on the reassessed value determined under subdivision 2 shall be reimbursed to each taxing jurisdiction in which the damaged property is located. The amount shall be certified by the county auditor and reported to the commissioner of revenue. The commissioner shall make the payments to the taxing jurisdictions containing the property at the time distributions are made pursuant to section 273.13, subdivision 15a, in the same proportion that the ad valorem tax is distributed.

Subd. 5. **Computation of credits.** The amounts of any credits or tax relief which reduce the gross tax shall be computed upon the reassessed value determined under subdivision 2. Payment shall be made pursuant to section 273.13, subdivision 15a. For purposes of the property tax refund, property taxes payable, as defined in section 290A.03, subdivision 13, and net property taxes payable, as defined in section 290A.04, subdivision 2d, shall be computed upon the reassessed value determined under subdivision 2.

Subd. 6. **Appropriation.** There is annually appropriated from the general fund to the commissioner of revenue an amount necessary to make the payments required by this section.

Subd. 7. **Local option.** The owner of homestead property not qualifying for an adjustment in valuation pursuant to subdivisions 1 to 5 may receive a reduction in the amount of taxes payable for the year in which the destruction occurs on the homestead portion if:

(a) 50 percent or more of the homestead dwelling, as established by the county assessor, is unintentionally or accidentally destroyed and the homestead is uninhabitable;

(b) the owner of the property makes written application to the county assessor as soon as practical after the damage has occurred; and

(c) the owner of the property makes written application to the county board, upon completion of the restoration of the destroyed structure.

The county board may grant a reduction in the amount of property tax which the owner must pay on the qualifying home in the year of destruction. Any reduction in the amount of tax payable which is authorized by county board action shall be calculated based upon the number of months that the home is uninhabitable. The amount of net tax due from the taxpayer shall be multiplied by a fraction, the numerator of which is the number of months the dwelling was occupied by that taxpayer and the denominator of which is 12. For purposes of this subdivision, if a structure is occupied for a fraction of a month, it is considered a month. "Net tax" is defined as the amount of tax after the subtraction of all of the state paid property tax credits. If application is made following payment of all property taxes due for the year of destruction, the amount of the reduction granted by the county board shall be refunded to the taxpayer by the county treasurer as soon as practical.

Any reductions or refunds approved by the county board shall not be subject to approval by the commissioner of revenue.

The county board may levy in the following year the amount of tax dollars lost to the county government as a result of the reductions granted pursuant to this subdivision. Any amount levied for this purpose shall be exempt from the levy limit provisions of sections 275.50 to 275.56.

History: *1981 c 365 s 9; 1982 c 523 art 33 s 1; 1984 c 502 art 3 s 7,8; 1985 c 300 s 5; 1Sp1985 c 14 art 4 s 42,43*

273.124 HOMESTEAD DETERMINATION; SPECIAL RULES.

Subdivision 1. **General rule.** Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a homestead. Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

The assessor shall require proof, by affidavit or otherwise, of the facts upon which classification as a homestead may be determined.

For purposes of this section, homestead property shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner shall apply for it to the assessor by July 1 of the year when the treatment is initially sought. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

Subd. 2. **Townhouses; common areas; condominiums; cooperatives.** (a) The total value of townhouse property, including the value added as provided in this paragraph, must have the benefit of homestead treatment or other special classification if the townhouse otherwise qualifies. The value of townhouse property must be increased by the value added by the right to use any common areas in connection with the townhouse development. The common areas of the development must not be separately taxed.

(b) Condominium property qualifying as a homestead under section 515A.1-105 and property owned by a cooperative association that qualifies as a homestead must have the benefit of homestead treatment or other special classification if the condominium or cooperative association property otherwise qualifies.

(c) If the condominium, townhouse, or cooperative association property is owned by the occupant and used for the purposes of a homestead but is located upon land which is leased, that leased land must be valued and assessed as if it were homestead property within class 1 if all of the following criteria are met:

(1) the occupant is using the property as a permanent residence;

(2) the occupant or the cooperative association is paying the ad valorem property taxes and any special assessments levied against the land and structure;

(3) the occupant or the cooperative association has signed a land lease; and

(4) the term of the land lease is at least 50 years, notwithstanding the fact that the amount of the rental payment may be renegotiated at shorter intervals.

Subd. 3. **Cooperatives and charitable corporations.** When one or more dwellings, or one or more buildings which each contain several dwelling units, are owned by a corporation or association organized under sections 308.05 to 308.18, and each person who owns a share or shares in the corporation or association is entitled to occupy a dwelling, or dwelling unit in the building, the corporation or association may claim homestead treatment for each dwelling, or for each unit in case of a building containing several dwelling units, for the dwelling or for the part of the value of the building occupied by a shareholder. Each dwelling or unit must be designated by legal description or number, and the assessed value of each dwelling that qualifies for assessment under this subdivision must include not more than one-half acre of land, if platted, nor more than 80 acres if unplatted. The assessed value of the building or buildings containing several dwelling units is the sum of the assessed values of each of the respective units comprising the building. To qualify for the treatment provided by this subdivision, the corporation or association must be wholly owned by persons having a right to occupy a dwelling or dwelling unit owned by the corporation or association. A charitable corporation organized under the laws of Minnesota and not otherwise exempt thereunder with no outstanding stock qualifies for homestead treatment with respect to member residents of the dwelling units who have purchased and hold residential participation warrants entitling them to occupy the units.

Subd. 4. **Nonprofit corporations.** When a building containing several dwelling units is owned by an entity organized under chapter 317 and operating as a nonprofit corporation which enters into membership agreements with persons under which they are entitled to life occupancy in a unit in the building, homestead classification must be given to each unit so occupied and the entire building must be assessed in the manner provided in subdivision 3 for cooperatives and charitable corporations.

Subd. 5. **Continuing care facilities.** When a building containing several dwelling units is owned by an entity which is regulated under the provisions of chapter 80D and operating as a continuing care facility enters into residency agreements with persons who occupy a unit in the building and the residency agreement entitles the resident to occupancy in the building after personal assets are exhausted and regardless of ability to pay the monthly maintenance fee, homestead classification shall be given to each unit so occupied and the entire building shall be assessed in the manner provided in subdivision 3 for cooperatives and charitable corporations.

Subd. 6. **Leasehold cooperatives.** When one or more dwellings or one or more buildings which each contain several dwelling units is owned by a nonprofit corporation subject to the provisions of chapter 317 or a limited partnership which corporation or partnership operates the property in conjunction with a cooperative association, homestead treatment may be claimed for each dwelling unit occupied by a member of the cooperative. To qualify for the treatment provided by this subdivision, the following conditions must be met: (a) the cooperative association must be organized under sections 308.05 to 308.18; (b) the cooperative association must have a lease for occupancy of the property for a term of at least 20 years; (c) to the extent permitted under state or federal law, the cooperative association must have a right under a written agreement with the owner to purchase the property if the owner proposes to sell it; if the cooperative association does not purchase the property when it is offered for sale, the owner may not subsequently sell the property to another purchaser at a price lower than the price at which it was offered for sale to the cooperative association unless the cooperative association approves the sale; and (d) if a limited partnership owns the property, it must include as the managing general partner either the cooperative association or a nonprofit organization operating under the provisions of chapter 317. Homestead treatment must be afforded to units occupied by members of the coopera-

tive association and the units must be assessed as provided in subdivision 3, provided that any unit not so occupied shall be classified and assessed pursuant to the appropriate class. No more than three acres of land may, for assessment purposes, be included with each dwelling unit that qualifies for homestead treatment under this subdivision.

Subd. 7. **Leased buildings or land.** For purposes of class 1 determinations, homesteads include:

(a) buildings and appurtenances owned and used by the occupant as a permanent residence which are located upon land the title to which is vested in a person or entity other than the occupant;

(b) all buildings and appurtenances located upon land owned by the occupant and used for the purposes of a homestead together with the land upon which they are located, if all of the following criterial are met:

(1) the occupant is using the property as a permanent residence;

(2) the occupant is paying the property taxes and any special assessments levied against the property;

(3) the occupant has signed a lease which has an option to purchase the buildings and appurtenances; and

(4) the term of the lease is at least five years.

Any taxpayer meeting all the requirements of this paragraph must notify the county assessor, or the assessor who has the powers of the county assessor pursuant to section 273.063, in writing, as soon as possible after signing the lease agreement and occupying the buildings as a homestead.

Subd. 8. **Homestead owned by family farm corporation or partnership.** (a) Each family farm corporation and each partnership operating a family farm is entitled to class 1b or class 2a assessment for one homestead occupied by a shareholder or partner thereof who is residing on the land and actively engaged in farming of the land owned by the corporation or partnership. Homestead treatment applies even if legal title to the property is in the name of the corporation or partnership and not in the name of the person residing on it. "Family farm corporation" and "family farm" have the meanings given in section 500.24.

(b) In addition to property specified in paragraph (a), any other residences owned by corporations or partnerships described in paragraph (a) which are located on agricultural land and occupied as homesteads by shareholders or partners who are actively engaged in farming on behalf of the corporation or partnership must also be assessed as class 1b or class 2a property, but the property eligible is limited to the residence itself and as much of the land surrounding the homestead, not exceeding one acre, as is reasonably necessary for the use of the dwelling as a home, and does not include any other structures that may be located on it.

Subd. 9. **Homestead established after assessment date.** Any property that was not used for the purpose of a homestead on the assessment date, but which was used for the purpose of a homestead on June 1 of a year, constitutes class 1 or class 2a to the extent of one-half of the valuation that would have been includable in class 1 or class 2a.

Any taxpayer meeting the requirements of this subdivision must notify the county assessor, or the assessor who has the powers of the county assessor pursuant to section 273.063, in writing, prior to June 15 of the year of occupancy in order to qualify under this subdivision.

The county assessor and the county auditor may make the necessary changes on their assessment and tax records to provide for proper homestead classification as provided in this subdivision.

The owner of any property qualifying under this subdivision, which has not been accorded the benefits of this subdivision, regardless of whether or not the notification has been timely filed, may be entitled to receive homestead classification by proper application as provided in section 270.07 or 375.192.

The county assessor shall publish in a newspaper of general circulation within the county no later than June 1 of each year a notice informing the public of the requirement to file an application for homestead prior to June 15.

Subd. 10. **Real estate purchased for occupancy as a homestead.** Real estate purchased for occupancy as a homestead must be classified as class 1 or class 2a if the purchaser is prevented from obtaining possession on January 2 next following the purchase by reason of federal or state rent control laws or regulations.

Subd. 11. **Limitation on homestead classification.** If the assessor has classified a property as both homestead and nonhomestead, the greater of the value attributable to the portion of the property classified as class 1a, 1b, or 2a or the value of the first tier of assessment percentages provided under section 273.13, subdivision 22, paragraph (a) or (b) or subdivision 23, paragraph (a) is entitled to homestead treatment. The limitation in this subdivision does not apply to buildings containing fewer than four residential units or to a single rented or leased dwelling unit located within or attached to a private garage or similar structure owned by the owner of a homestead and located on the premises of that homestead.

If the assessor has classified a property as both homestead and nonhomestead, the homestead credit provided in section 273.13, subdivisions 22 and 23, and the reductions in tax provided under sections 273.135 and 273.1391 apply to the value of both the homestead and the nonhomestead portions of the property.

Subd. 12. **Homestead of member of United States armed forces.** Real estate actually occupied and used for the purpose of a homestead by a member of the armed forces of the United States, or by a member of that person's immediate family shall, notwithstanding the absence of the person, while on active duty with the armed forces of the United States or the family under such conditions, be classified as a homestead provided that absence of the owner is solely by reason of service in the armed forces, and that the owner intends to return as soon as discharged or relieved from service, and claims it as a homestead. Every person who, for the purpose of obtaining or aiding another in obtaining any benefit under this subdivision, shall knowingly make or submit to any assessor any affidavit or other statement which is false in any material matter shall be guilty of a felony.

Subd. 13. **Social security number required for homestead application.** Beginning with the January 2, 1987, assessment, every property owner applying for homestead classification must furnish to the county assessor that owner's social security or taxpayer identification number. If the social security or taxpayer identification number is not provided, the county assessor shall classify the property as nonhomestead. The social security numbers of the property owners are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue.

At the request of the commissioner, each county must give the commissioner a listing that includes the name and social security or taxpayer identification number of each property owner applying for homestead classification.

If, in comparing the lists supplied by the counties, the commissioner finds that a property owner is claiming more than one homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means homestead credit, taconite homestead credit, supplemental homestead credit, and the agricultural school credit which is in excess of the credit which would be allowed if the property had been classified as nonhomestead property. The county auditor shall send a notice to the owners of the affected property, demanding reimbursement of the homestead benefits plus a penalty equal to 25 percent of the homestead benefits. The property owners may appeal the county's determination by filing a notice of appeal with the Minnesota tax court within 60 days of the date of the notice from the county.

If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount to the succeeding year's tax list to be collected as part of the property taxes.

Any amount of homestead benefits recovered from the property owner must be transmitted to the commissioner by the end of each calendar quarter. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis county auditor to be deposited in the taconite property tax relief account. The amount of penalty collected must be deposited in the county general fund.

The commissioner will provide suggested homestead applications to each county. If a property owner has applied for more than one homestead and the county assessors cannot determine which property should be classified as homestead, the county assessors will refer the information to the commissioner. The commissioner shall make the determination and notify the counties within 60 days.

In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners.

History: *1Sp1985 c 14 art 4 s 44; 1986 c 444; 1Sp1986 c 1 art 4 s 13-17; art 7 s 19; 1Sp1986 c 3 art 1 s 33*

273.13 CLASSIFICATION OF PROPERTY.

Subdivision 1. **How classified.** All real and personal property subject to a general property tax and not subject to any gross earnings or other lieu tax is hereby classified for purposes of taxation as provided by this section.

Subd. 2. [Repealed, 1Sp1985 c 14 art 4 s 98]

NOTE: For taxes levied in 1986, payable in 1987 and thereafter, see subdivision 30 and section 273.165.

Subd. 2a. [Repealed, 1Sp1985 c 14 art 4 s 98]

NOTE: For taxes levied in 1986, payable in 1987 and thereafter, see section 273.165.

Subd. 3. [Repealed, 1Sp1985 c 14 art 4 s 98]

NOTE: For taxes levied in 1986, payable in 1987 and thereafter, see section 274.19, subdivision 8.

Subd. 4. **Class 3.** (a) Tools, implements and machinery of an electric generating, transmission or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures, all agricultural land, except as provided by classes 1, 3b, 3e, shall constitute class 3 and shall be valued and assessed at 33-1/3 percent of the market value thereof, except as provided in clause (b). All buildings and structures assessed as personal property and situated upon land of the state of Minnesota or the United States government which is rural in character and devoted or adaptable to rural but not necessarily agricultural use shall be assessed based upon the use made of the building or structure. Except as provided in subdivision 5a, all real property devoted to temporary and seasonal residential occupancy for recreational purposes, and which is not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, shall be class 3 property and assessed accordingly. For this purpose, property is devoted to commercial use on a specific day if it is used, or offered for use, and a fee is charged for such use. Class 3 shall also include commercial use real property used exclusively for recreational purposes in conjunction with class 3 property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 200 days in the year preceding the year of assessment and is located within two miles of the class 3 property with which it is used.

Class 3 shall also include real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this subdivision, a "non-

profit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1954, as amended through December 31, 1984. For purposes of this subdivision, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or nonintoxicating malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 4. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity.

(b) Agricultural land which is classified as class 3 shall be assessed at 18 percent of its market value. Real property devoted to temporary and seasonal residential occupancy for recreation purposes which is classified as class 3 shall be assessed at 21 percent of its market value. Real property owned by a nonprofit community service oriented organization which is classified as class 3 shall be assessed at 21 percent of its market value.

NOTE: Subdivision 4 is repealed by Laws 1985, First Special Session chapter 14, article 4, section 98 effective for taxes levied in 1986, payable in 1987 and thereafter. See subdivisions 23, 25, and 27.

Subd. 5. [Repealed, Ex1971 c 31 art 22 s 5]

Subd. 5a. [Repealed, 1Sp1985 c 14 art 4 s 98]

NOTE: For taxes levied in 1986, payable in 1987 and thereafter, see subdivision 22.

Subd. 6. **Class 3b.** Agricultural land, except as provided by class 1, which is used for the purposes of a homestead shall constitute class 3b and shall be valued and assessed as follows: the first $64,000 of market value shall be valued and assessed at 14 percent; the remaining market value shall be valued and assessed at 18 percent. The maximum amount of the market value of the homestead bracket subject to the 14 percent rate shall be adjusted by the commissioner of revenue as provided in section 273.1311. The property tax to be paid on class 3b property as otherwise determined by law less any reduction received pursuant to sections 124.2137, 273.123, and 473H.10 shall be reduced by 54 percent of the tax. The amount of the reduction shall not exceed $700. Noncontiguous land shall constitute class 3b only if the homestead is classified as class 3b and the detached land is located in the same township or city or not farther than two townships or cities or combination thereof from the homestead.

Agricultural land as used herein, and in section 124.2137, shall mean contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land and land included in federal farm programs.

Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes.

The assessor shall determine and list separately on the assessor's records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified class 3b. If agricultural land is classified class 3b, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably

necessary for the use of the dwelling as a home, must also be assessed class 3b and is entitled to the homestead credit.

NOTE: Subdivision 6 is repealed by Laws 1985, First Special Session chapter 14, article 4, section 98 effective for taxes levied in 1986, payable in 1987 and thereafter. See subdivision 23.

Subd. 6a. [Repealed, 1Sp1985 c 14 art 4 s 98]

NOTE: For taxes levied in 1986 and payable in 1987 and thereafter, see section 273.124.

Subd. 7. **Class 3c, 3cc.** All other real estate and class 2a property, except as provided by classes 1 and 3cc, which is used for the purposes of a homestead, shall constitute class 3c, and shall be valued and assessed as follows: the first $64,000 of market value shall be valued and assessed at 18 percent; and the remaining market value shall be valued and assessed at 29 percent for taxes levied in 1985 and payable in 1986, and at 28 percent for taxes levied in 1986 and payable in 1987 and thereafter. The maximum amounts of the market value of the homestead brackets subject to the 18 percent rate shall be adjusted by the commissioner of revenue as provided in section 273.1311. The property tax to be paid on class 3c property as otherwise determined by law, less any reduction received pursuant to sections 273.123 and 473H.10 shall be reduced by 54 percent of the tax imposed on the first $68,000 of market value. The amount of the reduction shall not exceed $700.

Class 3cc property shall include real estate or manufactured homes used for the purposes of a homestead by (a) any blind person, if the blind person is the owner thereof or if the blind person and a spouse are the sole owners thereof; or (b) any person (hereinafter referred to as veteran) who: (1) served in the active military or naval service of the United States and (2) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair, and (3) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of the deceased veteran for as long as the surviving spouse retains the special housing unit as a homestead; or (c) any person who: (1) is permanently and totally disabled and (2) receives 90 percent or more of total income from (i) aid from any state as a result of that disability, or (ii) supplemental security income for the disabled, or (iii) workers' compensation based on a finding of total and permanent disability, or (iv) social security disability, including the amount of a disability insurance benefit which is converted to an old age insurance benefit and any subsequent cost of living increases, or (v) aid under the Federal Railroad Retirement Act of 1937, United States Code Annotated, title 45, section 228b(a)5, or (vi) a pension from any local government retirement fund located in the state of Minnesota as a result of that disability. Property shall be classified and assessed pursuant to clause (a) only if the commissioner of human services certifies to the assessor that the owner of the property satisfies the requirements of this subdivision. The commissioner of human services shall provide a copy of the certification to the commissioner of revenue. Class 3cc property shall be valued and assessed as follows: in the case of agricultural land, including a manufactured home, used for a homestead, the first $32,000 of market value shall be valued and assessed at five percent, the next $32,000 of market value shall be valued and assessed at 14 percent, and the remaining market value shall be valued and assessed at 18 percent; and in the case of all other real estate and manufactured homes, the first $32,000 of market value shall be valued and assessed at five percent, the next $32,000 of market value shall be valued and assessed at 18 percent, and the remaining market value shall be valued and assessed at 29 percent for taxes levied in 1985 and payable in 1986, and at 28 percent for taxes levied in 1986 and payable in 1987 and thereafter. In the case of agricultural land including a manufactured home used for purposes of a homestead, the commissioner of revenue shall adjust, as provided in section 273.1311, the maximum amount of the market value of the homestead brackets subject to the five percent and 14 percent rates; and for all other

real estate and manufactured homes, the commissioner of revenue shall adjust, as provided in section 273.1311, the maximum amount of the market value of the homestead brackets subject to the five percent and 18 percent rates. Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The property tax to be paid on class 3cc property as otherwise determined by law, shall be reduced by 54 percent of the tax imposed on the first $68,000 of market value. The amount of the reduction shall not exceed $700.

For purposes of this subdivision, homestead property which qualifies for the classification ratios and credits provided in this subdivision shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner shall apply for it to the assessor by July 1 of the year when the treatment is initially sought. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

NOTE: Subdivision 7 is repealed by Laws 1985, First Special Session chapter 14, article 4, section 98 effective for taxes levied in 1986 and payable in 1987 and thereafter. See subdivision 22 and section 273.124.

Subd. 7a. **Percentage of market value.** Except as otherwise provided for the purpose of determining tax limitations established by statute or by charter, class 2a and 1a property shall be figured at 33-1/3 percent and 40 percent of the market value thereof, respectively.

Subd. 7b. [Repealed, 1Sp1985 c 14 art 4 s 98]

Subd. 7c. [Repealed, 1Sp1985 c 14 art 4 s 98]

Subd. 7d. [Repealed, 1Sp1985 c 14 art 4 s 98]

NOTE: Subdivisions 7b to 7d are repealed effective for taxes levied in 1986, payable in 1987 and thereafter. See section 273.124.

Subd. 8. [Repealed, Ex1967 c 32 art 4 s 3]

Subd. 8a. **Class 3e.** Real estate, rural in character, and used exclusively for the purpose of growing trees for timber, lumber, wood and wood products shall constitute class 3e, and shall be valued and assessed at 18 percent of the market value thereof.

NOTE: Subdivision 8a is repealed by Laws 1985, First Special Session chapter 14, article 4, section 98 effective for taxes levied in 1986, payable in 1987 and thereafter. See subdivision 23.

Subd. 9. **Class 4a, 4b, 4c, and 4d.** (1) All property not included in the preceding classes shall constitute class 4a and shall be valued and assessed at 43 percent of the market value thereof, except as otherwise provided in this subdivision.

(2) Real property which is not improved with a structure and which is not utilized as part of a commercial or industrial activity shall constitute class 4b and shall be valued and assessed at 40 percent of market value.

(3) Commercial and industrial property, except as provided in this subdivision, shall constitute class 4c and shall be valued and assessed at 28 percent of the first $60,000 of market value and 43 percent of the remainder, provided that in the case of state-assessed commercial or industrial property owned by one person or entity, only one parcel shall qualify for the 28 percent assessment, and in the case of other commercial or industrial property owned by one person or entity, only one parcel in each county shall qualify for the 28 percent assessment.

(4) Employment property defined in section 273.1313, during the period provided in section 273.1313, shall constitute class 4d and shall be valued and assessed at 20 percent of the first $50,000 of market value and 21.5 percent of the remainder, except that for employment property located in an enterprise zone designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (3), the first $60,000 of market value shall be valued and assessed at 28 percent and the remainder shall be assessed

and valued at 38.5 percent, unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section 273.1314, subdivision 9, paragraph (a).

NOTE: Subdivision 9 is repealed by Laws 1985, First Special Session chapter 14, article 4, section 98 effective for taxes levied in 1986 and payable in 1987 and thereafter. See subdivisions 24 and 31.

Subd. 10. [Repealed, 1Sp1985 c 14 art 4 s 98]

Subd. 11. [Repealed, 1Sp1985 c 14 art 4 s 98]

Subd. 12. [Repealed, 1Sp1985 c 14 art 4 s 98]

NOTE: Subdivisions 10 to 12 are repealed effective for taxes levied in 1986, payable in 1987 and thereafter. See section 273.124.

Subd. 13. [Repealed, 1974 c 313 s 1]

Subd. 14. [Repealed, 1984 c 593 s 46]

Subd. 14a. **Buildings and appurtenances on land not owned by occupant.** The property tax to be paid in respect of the value of all buildings and appurtenances thereto owned and used by the occupant for the purposes of a homestead, which are located upon land subject to property taxes and the title to which is vested in a person or entity other than the occupant, for all purposes shall be reduced by 54 percent of the amount of the tax in respect of the value not in excess of $68,000 as otherwise determined by law, but not by more than $700.

NOTE: Subdivision 14a is repealed by Laws 1985, First Special Session chapter 14, article 4, section 98 effective for taxes levied in 1986, payable in 1987 and thereafter. See section 273.124.

Subd. 15. [Repealed, Ex1971 c 31 art 36 s 2]

Subd. 15a. **General fund, replacement of revenue.** (1) Payment from the general fund shall be made, as provided herein, for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in subdivisions 22 and 23.

(2) Each county auditor shall certify, not later than May 1 of each year to the commissioner of revenue the amount of reduction resulting from subdivisions 22 and 23 in the auditor's county. This certification shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review such certifications to determine their accuracy. The commissioner may make such changes in the certification as are deemed necessary or return a certification to the county auditor for corrections.

(3) Based on current year tax data reported in the abstracts of tax lists, the commissioner of revenue shall annually determine the taxing district distribution of the amounts certified under clause (2). The commissioner of revenue shall pay to each taxing district, other than school districts, its total payment for the year in equal installments on or before July 15 and December 15 of each year.

Subd. 15b. [Repealed, 1983 c 342 art 2 s 30]

Subd. 16. [Repealed, 1Sp1985 c 14 art 4 s 98]

NOTE: For taxes levied in 1986, payable in 1987 and thereafter, see section 273.124.

Subd. 17. [Repealed, 1Sp1985 c 14 art 4 s 98]

Subd. 17a. [Repealed, 1Sp1985 c 14 art 4 s 98]

NOTE: Subdivisions 17 and 17a are repealed effective for taxes levied in 1986, payable in 1987 and thereafter. See subdivision 28.

Subd. 17b. **Valuation of farmers home administration property in municipalities of under 10,000.** (a) Notwithstanding any other provision of law, except as provided in clause (b), any structure

(1) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the farmers home administration,

(2) located in a municipality of less than 10,000 population,

(3) financed by a direct loan or insured loan from the farmers home administration, and

(4) which qualifies under subdivision 17a, shall, for 15 years from the date of the completion of the original construction or for the original term of the loan, be assessed at ten percent of the market value thereof, provided that the fair market value as determined by the assessor is based on the normal approach to value using normal unrestricted rents.

(b) A structure described in clause (a) shall be assessed at 20 percent of its market value, but only in proportion to its occupancy by elderly persons or low and moderate income families as defined above unless (1) construction of the structure had been commenced prior to January 1, 1984; or (2) the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or (3) financing of the project had been approved by a federal or state agency prior to June 30, 1983.

NOTE: Subdivision 17b is repealed by Laws 1985, First Special Session chapter 14, article 4, section 98, effective for taxes levied in 1986 and payable in 1987 and thereafter. See subdivision 28.

Subd. 17c. [Repealed, 1Sp1985 c 14 art 4 s 98]

Subd. 17d. [Repealed, 1Sp1985 c 14 art 4 s 98]

NOTE: Subdivisions 17c and 17d are repealed effective for taxes levied in 1986 and payable in 1987 and thereafter. See subdivision 28.

Subd. 18. [Repealed, 1983 c 222 s 45]

Subd. 19. **Class 3d, 3dd.** Residential real estate containing four or more units, other than seasonal residential, recreational and homesteads shall be classified as class 3d property and shall have a taxable value equal to 34 percent of market value. Residential real estate containing three or less units, other than seasonal residential, recreational and homesteads, shall be classified as class 3dd property and shall have a taxable value equal to 28 percent of market value.

Residential real estate as used in this subdivision means real property used or held for use by the owner thereof, or by the owner's tenants or lessees as a residence for rental periods of 30 days or more, but shall not include homesteads, or real estate devoted to temporary or seasonal residential occupancy for recreational purposes. Where a portion of a parcel of property qualified for class 3d or 3dd and a portion does not qualify for class 3d or 3dd the valuation shall be apportioned according to the respective uses.

Residential real estate containing less than four units when entitled to homestead classification for one or more units shall be classed as 3b, 3c or 3cc according to the provisions of subdivisions 6 and 7. A single rented or leased dwelling unit located within or attached to a private garage or similar structure owned by the owner of a homestead and located on the premises of that homestead must be classified as 3b, 3c, or 3cc as part of the owner's homestead according to the provisions of subdivisions 6 and 7. If more than one dwelling unit is attached to the structure, the units must be assessed as class 3d or 3dd property.

For purposes of this subdivision, class 3d also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided.

For purposes of this subdivision, class 3dd shall also include post-secondary student housing not to exceed one acre of land which is owned by a nonprofit corporation organized under chapter 317 and is used exclusively by a sorority or fraternity organization for housing.

NOTE: Subdivision 19 is repealed by Laws 1985, First Special Session chapter 14, article 4, section 98 effective for taxes levied in 1986 and payable in 1987 and thereafter. See subdivisions 25 and 26.

Subd. 20. [Repealed, 1Sp1985 c 14 art 4 s 98]

NOTE: For taxes levied in 1986 and payable in 1987 and thereafter, see subdivision 26.

Subd. 21. [Repealed, 1Sp1985 c 14 art 4 s 98]

NOTE: For taxes levied in 1986 and payable in 1987 and thereafter, see section 273.124.

Subd. 22. **Class 1.** (a) Except as provided in subdivision 23, real estate which is residential and used for homestead purposes is class 1. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first $64,000 of market value of class 1a property must be assessed at 18 percent of its market value. The homestead value of class 1a property that exceeds $64,000 must be assessed at 28 percent of its value.

(b) Class 1b property includes real estate or manufactured homes used for the purposes of a homestead by

(1) any blind person, if the blind person is the owner thereof or if the blind person and the blind person's spouse are the sole owners thereof; or

(2) any person, hereinafter referred to as "veteran," who:

(i) served in the active military or naval service of the United States; and

(ii) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair; and

(iii) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of the deceased veteran for as long as the surviving spouse retains the special housing unit as a homestead; or

(3) any person who:

(i) is permanently and totally disabled and

(ii) receives 90 percent or more of total income from

(A) aid from any state as a result of that disability; or

(B) supplemental security income for the disabled; or

(C) workers' compensation based on a finding of total and permanent disability; or

(D) social security disability, including the amount of a disability insurance benefit which is converted to an old age insurance benefit and any subsequent cost of living increases; or

(E) aid under the Federal Railroad Retirement Act of 1937, United States Code Annotated, title 45, section 228b(a)5; or

(F) a pension from any local government retirement fund located in the state of Minnesota as a result of that disability.

Property is classified and assessed pursuant to clause (1) only if the commissioner of human services certifies to the assessor that the owner of the property satisfies the requirements of this subdivision. The commissioner of human services shall provide a copy of the certification to the commissioner of revenue.

Class 1b property is valued and assessed as follows: in the case of agricultural land, including a manufactured home, used for a homestead, the first $32,000 of market value shall be valued and assessed at five percent, the next $32,000 of market value shall be valued and assessed at 14 percent, and the remaining market value shall be valued and assessed at 18 percent; and in the case of all other real estate and manufactured homes, the first $32,000 of market value shall be valued and assessed at five percent, the next $32,000 of market value shall be valued and assessed at 18 percent, and the remaining market value shall be valued and assessed at 28 percent. In the case of agricultural land including a manufactured home used for purposes of a homestead, the commissioner of revenue shall adjust, as provided in section 273.1311, the maximum amount of the market value of the homestead brackets subject to the five percent and 18 percent rates; and for all other real estate and manufactured homes, the commission-

er of revenue shall adjust, as provided in section 273.1311, the maximum amount of the market value of the homestead brackets subject to the five percent and 18 percent rates. Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income.

(c) Class 1c property is commercial use real property that abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner. It must be assessed at 12 percent of market value with the following limitation: the area of the property must not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property up to a total of 800 feet and 500 feet in depth, measured away from the lakeshore.

(d) The tax to be paid on class 1a or class 1b property, less any reduction received pursuant to sections 273.123 and 473H.10, shall be reduced by 54 percent of the tax imposed on the first $68,000 of market value. The amount of the reduction shall not exceed $700.

NOTE: This subdivision is effective for taxes levied in 1986 and payable in 1987 and thereafter. See Laws 1985, First Special Session chapter 14, article 4, section 99.

Subd. 23. **Class 2.** (a) Class 2a property is agricultural land that is homesteaded, together with the house and garage. The first $64,000 of market value of an agricultural homestead is valued at 14 percent. The remaining value of class 2a property is assessed at 18 percent of market value.

Noncontiguous land shall constitute class 2a only if the homestead is classified as class 2a and the detached land is located in the same township or city or not farther than two townships or cities or combination thereof from the homestead.

Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified class 2a. If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a and is entitled to the homestead credit.

The tax to be paid on class 2a property, less any reduction received pursuant to sections 124.2137, 273.123, and 473H.10 shall be reduced by 54 percent of the tax. The amount of the reduction shall not exceed $700.

(b) Class 2b property is real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products. It is assessed at 18 percent of market value.

(c) Class 2c Property is real estate that is nonhomestead agricultural land. It is assessed at 18 percent of market value.

Agricultural land as used in this section shall mean contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land and land included in federal farm programs.

Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes.

The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

NOTE: This subdivision is effective for taxes levied in 1986 and payable in 1987 and thereafter. See Laws 1985, First Special Session chapter 14, article 4, section 99.

Subd. 24. **Class 3.** (a) Commercial and industrial property is class 3a. It is

assessed at 28 percent of the first $60,000 of market value and 43 percent for the market value over $60,000. In the case of state-assessed commercial or industrial property owned by one person or entity, only one parcel may qualify for the 28 percent assessment. In the case of other commercial or industrial property owned by one person or entity, only one parcel in each county may qualify for the 28 percent assessment.

(b) Employment property defined in section 273.1313, during the period provided in section 273.1313, shall constitute class 3b and shall be valued and assessed at 20 percent of the first $50,000 of market value and 21.5 percent of the remainder, except that for employment property located in an enterprise zone designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (3), the first $60,000 of market value shall be valued and assessed at 28 percent and the remainder shall be assessed and valued at 38.5 percent, unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section 273.1314, subdivision 9, paragraph (a).

(c) Real property which is not improved with a structure and which is not utilized as part of a commercial or industrial activity shall constitute class 3c and shall be valued and assessed at 40 percent of market value.

NOTE: This subdivision is effective for taxes levied in 1986 and payable in 1987 and thereafter. See Laws 1985, First Special Session chapter 14, article 4, section 99.

Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property is assessed at 34 percent of market value.

(b) Class 4b is tools, implements, and machinery of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures. Class 4b property is assessed at 33-1/3 percent of market value.

NOTE: This subdivision is effective for taxes levied in 1986 and payable in 1987 and thereafter. See Laws 1985, First Special Session chapter 14, article 4, section 99.

Subd. 26. **Class 5.** (a) Residential real estate containing less than four units, other than seasonal residential, recreational, and homesteads, is class 5a. Class 5a shall also include post-secondary student housing not to exceed one acre of land which is owned by a nonprofit corporation organized under chapter 317 and is used exclusively by a sorority or fraternity organization for housing. Class 5a property is assessed at 28 percent of market value.

(b) Structures of five stories or more and constructed with materials meeting the requirements for type I or II construction as defined in the state building code, if at least 90 percent of the structure is used or to be used as apartment housing, is class 5b. Class 5b property is assessed at 25 percent of market value. The 25 percent assessment ratio applies to these structures for a period of 40 years from the date of completion of original construction, or the date of initial though partial use, whichever is earlier.

(c) Manufactured homes not classified under any other provision constitute class 5c. Class 5c property is assessed at 28 percent of market value.

Subd. 27. **Class 6.** (a) Except as provided in subdivision 22, real property devoted to temporary and seasonal residential occupancy for recreation purposes is class 6a.

Class 6a property also includes real property devoted to temporary and seasonal

residential occupancy for recreation purposes and not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment. For this purpose, property is devoted to commercial use on a specific day if it is used, or offered for use, and a fee is charged for the use. Class 6a shall also include commercial use real property used exclusively for recreational purposes in conjunction with class 6a property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 200 days in the year preceding the year of assessment and is located within two miles of the class 6a property with which it is used. Class 6a property and the remainder of class 1 resorts is assessed at 21 percent.

(b) Class 6b is real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this subdivision, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1954, as amended through December 31, 1984. For purposes of this subdivision, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or nonintoxicating malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity. Class 6b property is assessed at 21 percent of market value.

NOTE: This subdivision is effective for taxes levied in 1986 and payable in 1987 and thereafter. See Laws 1985, First Special Session chapter 14, article 4, section 99.

Subd. 28. **Class 7.** (a) Class 7a is a structure that is situated on real property that is used for housing for the elderly or for low and moderate income families as defined by Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant thereto and financed by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency pursuant to the provisions of either of those acts and acts amendatory thereof. Class 7a property must, for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan, be assessed at 20 percent of the market value.

(b) Class 7b is a structure which is

(1) situated upon real property that is used for housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended, and

(2) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel. Class 7b property must, for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter, be assessed at 20 percent of its market value.

(c) Class 7c is any structure

(1) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the farmers home administration;

(2) located in a municipality of less than 10,000 population; and

(3) financed by a direct loan or insured loan from the farmers home administration;

Class 7c property must be assessed at ten percent of its market value for 15 years from the date of the completion of the original construction or for the original term of the loan except that if (1) construction of the structure had been commenced after December 31, 1983; and (2) the project had been approved by the governing body of the municipality in which it is located after June 30, 1983; and (3) financing of the project had been approved by a federal or state agency after June 30, 1983, it must be assessed at 20 percent.

The 20 percent and ten percent assessment ratios apply to the properties described in paragraphs (a), (b), and (c) only in proportion to occupancy of the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction of the structure had been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983.

For all properties described in paragraphs (a), (b), and (c), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents.

The provisions of paragraphs (a) and (c) apply only to nonprofit and limited dividend entities.

(d) Class 7d property is a parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, if it is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families or individuals. Class 7d land and improvements, if any, shall be assessed at 20 percent of the market value. This paragraph shall not apply to any portion of the land or improvements used for nonresidential purposes. For purposes of this paragraph, a lower income family is a family with an income that does not exceed 65 percent of the median family income for the area, and a lower income individual is an individual whose income does not exceed 65 percent of the median individual income for the area, as determined by the United States Secretary of Housing and Urban Development. For purposes of this paragraph, "neighborhood real estate trust" means an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics: (1) it is a nonprofit corporation organized under chapter 317; (2) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws; (3) it limits membership with voting rights to residents of the designated community; and (4) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust.

Subd. 29. **Class 8.** Distribution lines, and the attachments and appurtenances to them, used primarily for supplying electricity to farmers at retail, as described in section 273.38 is class 8 and is assessed at five percent of market value.

NOTE: This subdivision is effective for taxes levied in 1986 and payable in 1987 and thereafter. See Laws 1985, First Special Session chapter 14, article 4, section 99.

Subd. 30. **Class 9.** (a) Unmined iron ore is class 9a and is assessed at 50 percent of value.

(b) Class 9b consists of all low-grade iron-bearing formations as defined in section 273.14. Class 9b shall be assessed at the following percentages of its value: If the tonnage recovery is less than 50 percent and not less than 49 percent, the assessed value shall be 48-1/2 percent of the value; if the tonnage recovery is less than 49 percent and not less than 48 percent, the assessed value shall be 47 percent of the value; and for each subsequent reduction of one percent in tonnage recovery, the percentage of assessed

value to value shall be reduced an additional 1-1/2 percent of the value, but the assessed value shall never be less than 30 percent of the value. The land, exclusive of the formations, shall be assessed as otherwise provided by law. The commissioner of revenue may estimate the reasonable value of the iron ore on any parcel of land which at the assessment date is considered uneconomical to mine.

Subd. 31. **Class 10.** All property not included in any other class is class 10 property and is assessed at 43 percent of market value.

NOTE: This subdivision is effective for taxes levied in 1986 and payable in 1987 and thereafter. See Laws 1985, First Special Session chapter 14, article 4, section 99.

History: *(1993) 1913 c 483 s 1; 1923 c 140; 1933 c 132; 1933 c 359; 1937 c 365 s 1; Ex1937 c 86 s 1; 1939 c 48; 1941 c 436; 1941 c 437; 1941 c 438; 1943 c 172 s 1; 1943 c 648 s 1; 1945 c 274 s 1; 1945 c 527 s 1; 1947 c 537 s 1; 1949 c 723 s 1; 1951 c 510 s 1; 1951 c 585 s 1; 1953 c 358 s 1,2; 1953 c 400 s 1; 1953 c 747 s 1,2; 1955 c 751 s 1,2; 1957 c 866 s 1; 1957 c 959 s 1; 1959 c 40 s 1; 1959 c 338 s 1; 1959 c 541 s 1; 1959 c 562 s 3; Ex1959 c 70 art 1 s 2; 1961 c 243 s 1; 1961 c 322 s 1; 1961 c 340 s 3; 1961 c 475 s 1; 1961 c 710 s 1; 1963 c 426 s 1; 1965 c 259 s 1; 1967 c 606 s 1; Ex1967 c 32 art 1 s 2-4, art 4 s 1, art 9 s 1,2; 1969 c 251 s 1; 1969 c 399 s 49; 1969 c 407 s 1; 1969 c 417 s 1; 1969 c 422 s 1,2; 1969 c 709 s 4,5; 1969 c 760 s 1; 1969 c 763 s 1; 1969 c 965 s 2; 1969 c 1126 s 2; 1969 c 1128 s 1,2; 1969 c 1132 s 1; 1969 c 1137 s 1; 1971 c 226 s 1; 1971 c 427 s 3-12,16,17; 1971 c 747 s 1; 1971 c 791 s 1; 1971 c 797 s 3,4; Ex1971 c 31 art 9 s 1; Ex1971 c 31 art 22 s 1,2,4,6,7,8; Ex1971 c 31 art 36 s 1; 1973 c 355 s 1,2; 1973 c 456 s 1; 1973 c 492 s 14; 1973 c 582 s 3; 1973 c 590 s 1; 1973 c 650 art 14 s 1,2; 1973 c 650 art 20 s 3; 1973 c 650 art 24 s 3; 1973 c 774 s 1; 1974 c 545 s 3; 1974 c 556 s 16; 1975 c 46 s 3; 1975 c 339 s 9; 1975 c 359 s 23; 1975 c 376 s 1; 1975 c 395 s 1; 1975 c 437 art 1 s 25,27,28; 1976 c 2 s 96,159-161,170; 1976 c 181 s 2; 1976 c 245 s 1; 1977 c 319 s 1,2; 1977 c 347 s 43,44; 1977 c 423 art 3 s 5-8; 1978 c 767 s 7-11; 1979 c 303 art 2 s 11-17; art 10 s 5; 1979 c 334 art 1 s 25; 1980 c 437 s 5; 1980 c 562 s 1; 1980 c 607 art 2 s 7-15; art 4 s 4; 1981 c 188 s 1; 1981 c 356 s 248; 1981 c 365 s 9; 1Sp1981 c 1 art 2 s 7-11; art 5 s 2; 1Sp1981 c 3 s 1; 1Sp1981 c 4 art 2 s 27; 2Sp1981 c 1 s 6; 3Sp1981 c 1 art 1 s 2; 1982 c 523 art 6 s 1; art 14 s 1; art 23 s 2; 1982 c 642 s 9; 1983 c 216 art 1 s 43,44; 1983 c 222 s 11-13; 1983 c 342 art 2 s 9-18; art 8 s 1; 1984 c 502 art 3 s 9-14; art 7 s 1,2; 1984 c 522 s 2; 1984 c 593 s 22-28; 1984 c 654 art 5 s 58; 1985 c 248 s 70; 1985 c 300 s 6; 1Sp1985 c 14 art 3 s 5-12; art 4 s 45-56; 1986 c 444; 1Sp1986 c 1 art 4 s 18-21*

273.131 [Repealed, 1965 c 45 s 73]

273.1311 FLEXIBLE HOMESTEAD BRACKETS.

The maximum amount of the market value of the homestead brackets shall be adjusted as provided in this section.

For taxes payable in 1987 and subsequent years, the commissioner shall adjust the brackets used in the preceding assessment by the estimated percentage increase in the statewide average assessors' estimated market value, as equalized by the state board of equalization, of a residential home for the current assessment over the previous assessment. The revised bracket shall be rounded to the nearest $1,000, except that the brackets applicable to class 1b property shall be rounded to the nearest $500. The commissioner of revenue shall determine and announce the revised bracket on December 15 of each year preceding the assessment date.

History: *1Sp1981 c 1 art 2 s 12; 1983 c 342 art 2 s 19; 1984 c 522 s 3; 1Sp1985 c 14 art 4 s 57*

273.1312 DESIGNATION OF ENTERPRISE ZONES.

Subdivision 1. **Definitions.** For purposes of this section:

(1) "Commissioner" means the commissioner of energy and economic development.

(2) "Enterprise zone" means an area in the state designated as such by the commissioner upon proper application by the governing body of the area in which it is located.

(3) "Governing body" means the county board of a county except with respect to an area in a city, whose governing body is the city council or other body designated by its charter, or an area constituting part or all of an Indian reservation, whose governing body is that tribal or federal agency recognized as such by the United States Secretary of the Interior.

(4) "HUD" means the United States Secretary of Housing and Urban Development or the secretary's delegate or successor.

(5) "Indian reservation" means an area determined to be such by the United States Secretary of the Interior.

(6) "SMSA" means a standard metropolitan statistical area as defined in section 103A(l)(4)(B) of the Internal Revenue Code of 1954, as amended through December 31, 1981.

Subd. 2. **Designation.** The commissioner shall designate an area as an enterprise zone if (a) an application is made in the form and manner and containing the information as prescribed by the commissioner; (b) the application is made by the governing body of the area; (c) the area is determined by the commissioner to be eligible for designation under subdivision 4; and (d) the zone is selected pursuant to the process provided by section 273.1314.

Subd. 3. **Duration.** The designation of an area as an enterprise zone shall be effective for seven years after the date of designation except designation of areas pursuant to subdivision 4, paragraph (c), clause (4), shall be effective for 30 years after the date of designation.

Subd. 4. **Eligibility requirements.** An area is eligible for designation if the following requirements are met:

(a) The boundary of the zone or each subdivision of the zone is continuous and includes vacant or underutilized lands or buildings.

(b) The area of the zone is less than 400 acres. The total market value of the taxable property contained in the zone at the time of application is less than $100,000 per acre or $300,000 per acre for an area located wholly within a first class city. A zone which is located in a city of the third or fourth class may be divided into two to four separate subdivisions which need not be contiguous with each other. Each subdivision must contain not less than 100 acres. The restrictions provided by this paragraph shall not apply to areas designated pursuant to paragraph (c), clause (2), (3), or (4).

(c) (1) The proposed zone is located within an economic hardship area, as established by meeting two or more of the following criteria:

(A) the number of residential housing units within the area which are substandard is 15 percent or greater under criteria prescribed by the commissioner using data collected by the bureau of the census or data submitted by the municipality and approved by the commissioner;

(B) the percentage of households within the area that fall below the poverty level, as determined by the United States Census Bureau, is 20 percent or greater;

(C) (i) the total market value of commercial and industrial property in the area has declined over three of the preceding five years, or (ii) the total market value of all property in the area has declined or it has increased less than 10.5 percent over the preceding three-year period;

(D) for the last full year for which data is available, the per capita income in the area was 90 percent or less of the per capita income for the state, excluding standard metropolitan statistical areas, or for the standard metropolitan statistical area if the area is located in a standard metropolitan statistical area;

(E) (i) the current rate of unemployment in the area is 120 percent of the statewide average unemployment for the last 12-month period for which verifiable figures are available, or (ii) the total number of employment positions has declined by ten percent during the last 18 months; or

(2) the area is so designated under federal legislation providing for federal tax benefits to investors, employers or employees in enterprise zones;

(3) the area consists of a statutory or home rule charter city with a contiguous border with a city in another state or with a contiguous border with a city in Minnesota which has a contiguous border with a city in another state and the area is determined by the commissioner to be economically or fiscally distressed; or

(4) the area is to be utilized by a single corporation for a new manufacturing facility that has a projected employment of no less than 5,000 people, a projected capital investment of at least $3,000,000,000, and the commissioner determines the direct and indirect economic benefits of the new facility justify the designation of the area as a special enterprise zone.

For purposes of this subdivision, an economic hardship area must have a population under the most recent federal decennial census of at least (i) 4,000 if any of the area is located wholly or partly within a standard metropolitan statistical area, or (ii) 2,500 for an area located outside of a standard metropolitan statistical area, or (iii) no minimum in the case of an area located in an Indian reservation; except that, in the case of two or more cities seeking designation of an enterprise zone under a joint exercise of power pursuant to section 471.59, the minimum population required by this provision shall not exceed the sum of the populations of those cities.

Subd. 5. **Limitation.** No area may be designated as an enterprise zone after December 31, 1986. No area may be designated as an enterprise zone which qualifies pursuant to section 273.1312, subdivision 4, paragraph (c), clause (3), after December 31, 1983.

History: *1982 c 523 art 6 s 2; 1983 c 289 s 115 subd 1; 1983 c 342 art 8 s 2-5,11; 1984 c 388 s 1,2; 1984 c 502 art 5 s 1; 1985 c 230 art 1 s 1,2; 1986 c 444*

273.1313 TAX CLASSIFICATION OF INDUSTRIAL EMPLOYMENT PROPERTY.

Subdivision 1. **Definitions.** (a) As used in this section, the following terms have the meanings given them.

(b) "Commissioner" means the commissioner of revenue.

(c) "Employment property" means taxable property, excluding land but including buildings, structures, fixtures, and improvements that satisfy each of the following conditions:

(1) The property is located within an enterprise zone designated according to section 273.1312.

(2) The property is commercial or industrial property which is not used in a trade or business which either is described in section 103(b)(6)(O) of the Internal Revenue Code of 1954, as amended through December 31, 1984, or is property of a public utility.

(d) "Market value" of a parcel of employment property means the value of the taxable property as annually determined pursuant to section 273.12, less (i) the market value of all property existing at the time of application for classification, as last assessed prior to the time of application, and (ii) any increase in the market value of the property referred to in clause (i) as assessed in each year after the employment property is first placed in service. In each year, any change in the values of the employment property and the other property on the land shall be deemed to be proportionate unless caused by a capital improvement or loss.

(e) "Municipality" means any home rule charter or statutory city or county, but a county may not exercise the powers granted in this section with reference to property situated within a city.

(f) Notwithstanding the provisions of paragraphs (c) and (d) "employment property" and "market value" includes in the case of taxable real property located in an enterprise zone designated under section 273.1312, subdivision 4, paragraph (c), clause (3), the entire value of the commercial and industrial property, including land, used in a trade or business which is not used in a trade or business which either is described in section 103(b)(0)(ii) of the Internal Revenue Code of 1954, as amended through

December 31, 1984, or is the property of a public utility. The provisions of this paragraph shall not apply to employment property located in an enterprise zone designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (3), that is assessed pursuant to the first clause of the first sentence of section 273.13, subdivision 24, paragraph (b).

Subd. 2. **Program.** (a) The governing body of any municipality which contains a designated enterprise zone as provided by section 273.1312 shall by resolution establish a program for classification of new property or improvements to existing property as employment property pursuant to the provisions of this section. Applications for classification under the program shall be filed with the municipal clerk or auditor in a form prescribed by the commissioner, with additions as may be prescribed by the municipal governing body. The application shall contain, where appropriate, a legal description of the parcel of land on which the facility is to be situated or improved; a general description of the facility or improvement and its proposed use, the probable time schedule for undertaking any construction or improvement, and information regarding the matters referred to in paragraph (d); the market value and the assessed value of the land and of all other taxable property then situated on it, according to the most recent assessment; and if the property is to be improved or expanded, an estimate of the probable cost of the new construction or improvement and the market value of the new or improved facility (excluding land) when completed.

(b) Upon receipt of an application the municipal clerk or auditor, subject to any prior approval required by the resolution establishing the program, shall furnish a copy to the assessor for the property and to the governing body of each school district and other public body authorized to levy taxes on the property, and shall publish a notice in the official newspaper of the time and place of a hearing to be held by the governing body on the application, not less than 30 days after the notice is published, stating that the applicant, the assessor, representatives of the affected taxing authorities, and any taxpayer of the municipality may be heard or may present their views in writing at or before the hearing. The hearing may be adjourned from time to time, but the governing body shall take action on the application by resolution within 30 days after the hearing. If disapproved, the reasons shall be set forth in the resolution, and the applicant may appeal to the commissioner within 30 days thereafter, but only on the ground that the determination is arbitrary, in relation to prior determinations as to classification under the program, or based upon a mistake of law. If approved, the resolution shall include determinations as to the matters set forth in paragraph (d), and the clerk or auditor shall transmit it to the commissioner.

(c) Within 60 days after receipt of an approved application or an appeal from the disapproval of an application, the commissioner shall take action on it. The commissioner shall approve each application approved by the governing body on finding that it complies with the provisions of this section. If the commissioner disapproves the application, or finds grounds exist for appeal of a disapproved application, the commissioner shall transmit the finding to the governing body and the applicant. When grounds for appeal have been determined to exist, the governing body shall reconsider and take further action on the application within 30 days after receipt of the commissioner's notice and serve written notice of the action upon the applicant. The applicant, within 30 days after receipt of notice of final disapproval by the commissioner or the governing body, may appeal from the disapproval to a court of competent jurisdiction.

(d) In the case of enterprise zones qualifying pursuant to section 273.1312, subdivision 4, paragraph (c), clause (1), an application shall not be approved unless the governing body finds and determines that the construction or improvement of the facility:

(1) is reasonably likely to create new employment or prevent a loss of employment in the municipality;

(2) is not likely to have the effect of transferring existing employment from one or more other municipalities within the state;

(3) is not likely to cause the total market value of employment property within the

municipality to exceed five percent of the total market value of all taxable property within the municipality; or if it will, the resulting limitation upon the increase of the assessed value of all taxable property within the municipality, considering the amount of additional municipal services likely to be required for the employment property, is not likely to substantially impede the operation or the financial integrity of the municipality or any other public body levying taxes on property in the municipality; and

(4) will not result in the reduction of the assessed value of existing property within the municipality owned by the applicant, through abandonment, demolition, or otherwise, without provision for the restoration of the existing property within a reasonable time in a manner sufficient to restore the assessed valuation.

(e) In the case of enterprise zones qualifying pursuant to section 273.1312, subdivision 4, paragraph (c), clause (3), an application for assessment as employment property under section 273.13, subdivision 24, paragraph (b), or for a tax reduction pursuant to section 273.1314, subdivision 9, may not be approved unless the governing body finds and determines that the construction or improvement of the facility is not likely to have the effect of transferring existing employment from one or more other municipalities within the state.

Subd. 3. **Classification.** Property shall be classified as employment property and assessed as provided for class 4d property in section 273.13, subdivision 24, paragraph (b), for taxes levied in the year in which the classification is approved and for the four succeeding years after the approval. If the classification is revoked, the revocation is effective for taxes levied in the next year after revocation.

Subd. 4. **Revocation.** The governing body of the municipality may request the commissioner to approve the revocation of a classification pursuant to this section if it finds and determines by resolution, after hearing upon notice mailed to the applicant by certified mail at least 60 days before the hearing, that:

(a) The construction or improvement of the facility has not been completed within two years after the approval of the classification, or any longer period that may have been allowed in the approving resolution or may be necessary due to circumstances not reasonably within the control of the applicant; or

(b) The applicant has not proceeded in good faith with the construction or improvement of the facility, or with its operation, in a manner which is consistent with the purpose of this section and is possible under circumstances reasonably within the control of the applicant.

Subd. 5. **Hearing.** Upon receipt of the request, the commissioner shall notify the applicant and the governing body of a time and place at which the applicant may be heard. The hearing must be held within 30 days after receipt of the request. Within 30 days after the hearing, the commissioner shall determine whether the facts and circumstances are grounds for revocation as recommended by the governing body. If the commissioner revokes the classification, the applicant may appeal from the commissioner's order to a court of competent jurisdiction at any time within 30 days after revocation.

Subd. 6. **Economic diversification projects.** Notwithstanding any provision of sections 273.1312 to 273.1314 to the contrary, a municipality may classify the property of a business provided special assistance as a qualified economic diversification project pursuant to section 116M.07, subdivision 11, clause (d), as employment property under provisions of this section.

History: *1982 c 523 art 6 s 3; 1983 c 342 art 8 s 6-9; 1984 c 388 s 3,4; 1Sp1985 c 14 art 4 s 58-60; art 8 s 11; 1986 c 444*

273.1314 SELECTION OF ENTERPRISE ZONES.

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given.

(a) "City" means a statutory or home rule charter city.

(b) "Commissioner" means the commissioner of energy and economic development.

(c) "Legislative advisory commission" means the legislative advisory commission established under section 3.30.

(d) "Municipality" means a city or a county for an area located outside the boundaries of a city. If an area lies in two or more cities or in both incorporated and unincorporated areas, municipality shall include an entity formed pursuant to section 471.59 by the governing bodies of the cities with jurisdiction over the incorporated area and the counties with jurisdiction over the unincorporated area.

Subd. 2. **Submission of applications.** On or before August 31 of each year, a municipality seeking designation of an area as an enterprise zone shall submit an application to the commissioner. The commissioner shall establish procedures and forms for the submission of applications for enterprise zone designation.

Subd. 3. **Applications; contents.** The applications for designation as an enterprise zone shall contain, at a minimum:

(a) verification that the area is eligible for designation pursuant to section 273.1312;

(b) a development plan, outlining the types of investment and development within the zone that the municipality expects to take place if the incentives and tax reductions specified under paragraphs (d) and (e) are provided, the specific investment or development reasonably expected to take place, any commitments obtained from businesses, the projected number of jobs that will be created, the anticipated wage level of those jobs, and any proposed targeting of the jobs created, including affirmative action plans if any;

(c) the municipality's proposed means of assessing the effectiveness of the development plan or other programs to be implemented within the zone once they have been implemented;

(d) the specific form of tax reductions, authorized by subdivision 9, proposed to be granted to businesses, the duration of the tax reductions, an estimate of the total state taxes likely to be foregone as a result, and a statement of the relationship between the proposed tax reductions and the type of investment or development sought or expected to be attracted to or maintained in the area if it is designated as a zone;

(e) the municipality's contribution to the zone as required by subdivision 6;

(f) any additional information required by the commissioner; and

(g) any additional information which the municipality considers relevant to the designation of the area as an enterprise zone.

Paragraph (b) does not apply to an application for designation under section 273.1312, subdivision 4, paragraph (c), clause (3).

Paragraphs (b), (c), and (e) do not apply to an application for designation under section 273.1312, subdivision 4, paragraph (c), clause (4).

Subd. 4. **Evaluation of applications.** The commissioner shall review and evaluate the applications submitted pursuant to subdivision 3 and shall determine whether each area is eligible for designation as an enterprise zone. If the department of energy and economic development no longer exists as presently constituted, the commissioner shall consult with the successor to the responsibilities of the planning division of that department in making this determination. In determining whether an area is eligible under section 273.1312, subdivision 4, paragraph (c), if unemployment, employment, income or other necessary data are not available for the area from the federal departments of labor or commerce or the state demographer, the commissioner may rely upon other data submitted by the municipality on determining that it is statistically reliable or accurate. The commissioner, in conjunction with the commissioner of revenue, shall prepare an estimate of the amount of state tax revenue which will be foregone for each application if the area is designated as a zone.

Except for designations under section 273.1312, subdivision 4, paragraph (c), clause (4), on or before October 1 of each year, the commissioner shall submit to the legislative advisory commission a list of the areas eligible for designation as enterprise zones, along with recommendations for designation and supporting documentation.

In making recommendations for designation, the commissioner shall consider and evaluate the applications pursuant to the following criteria:

(a) the pervasiveness of poverty, unemployment, and general distress in the area;

(b) the extent of chronic abandonment, deterioration or reduction in value of commercial, industrial or residential structures in the area and the extent of property tax arrearages in the area;

(c) the prospects for new investment and economic development in the area with the tax reductions proposed in the application relative to the state and local tax revenue which would be foregone;

(d) the competing needs of other areas of the state;

(e) the municipality's proposed use of other state and federal development funds or programs to increase the probability of new investment and development occurring;

(f) the extent to which the projected development in the zone will provide employment to residents of the economic hardship area, and particularly individuals who are unemployed or who are economically disadvantaged as defined in the federal Job Training Partnership Act of 1982, Statutes at Large, volume 96, page 1322;

(g) the funds available pursuant to subdivision 8; and

(h) other relevant factors specified in the recommendations.

The commissioner shall submit a separate list of the areas entitled to designation as enterprise zones under section 273.1312, subdivision 4, paragraph (c), clauses (2) and (3), along with recommendations for the amount of funds to be allocated to each area.

Subd. 4a. **Special enterprise zones.** Applications for a special enterprise zone designation under section 273.1312, subdivision 4, paragraph (c), clause (4), may be submitted at any time. A special enterprise zone under that clause may be designated by the commissioner no later than September 30, 1985. In making the decision whether to designate an area a special enterprise zone the commissioner shall consider the:

(1) number of jobs that will be created in the zone;

(2) size of the private investment in the zone; and

(3) number of jobs that will be created inside and outside of the zone because of the manufacturing facility located in the zone.

The procedure for granting property tax relief contained in section 273.1313 is not applicable to a special enterprise zone designated under section 273.1312, subdivision 4, paragraph (c), clause (4), and the property in the special enterprise zone shall not be reclassified as employment property.

For the period of 30 years after the designation of the special enterprise zone or until the zone is abolished, whichever is earlier, the value of the property in a special enterprise zone shall not be included for the purpose of computing any tax, charge, or levy imposed by the state or a local unit of government or in the determination of the payment of any aid or credit by the state or a local unit of government, including, without limitations:

(a) the determination of any mill levy under the laws of this state, local charter or ordinance, or other law;

(b) the determination of market value of any municipality or the areawide tax base for the purpose of distributions under chapter 473F relating to municipal revenue distribution;

(c) the determination of state aid for schools under chapter 124; or

(d) the determination of local government aid under chapter 477A.

Subd. 5. **LAC recommendations.** On or before October 15, the legislative advisory commission shall submit to the commissioner its advisory recommendations regarding the designation of enterprise zones. By October 30 of each year the commissioner shall make the final designation of the areas as enterprise zones, pursuant to section 273.1312, subdivision 2. In making the designation, the commissioner may

make modifications in the design of or limitations on the tax reductions contained in the application necessary because of the funding limitations under subdivision 8.

Subd. 6. **Local contribution.** No area may be designated as an enterprise zone unless the municipality agrees to make a qualifying local contribution in the form of a property tax reduction for employment property as provided by section 273.1313 for any business qualifying for a state tax reduction pursuant to this section. A qualifying local contribution may in the alternative be a local contribution or investment out of other municipal funds, but excluding any special federal grants or loans, equivalent to the property tax reduction. In concluding the agreement with the municipality the commissioner may require that the local contribution will be made in a specified ratio to the amount of the state credits authorized. If the local contribution is to be used to fund additional reductions in state taxes, the commissioner and the governing body of the municipality shall enter an agreement for timely payment to the state to reimburse the state for the amount of tax revenue foregone as a result. The qualifying local contribution for a special enterprise zone under section 273.1312, subdivision 4, paragraph (c), clause (4), shall be the complete abatement of property taxes on property in the zone. The qualifying local contribution for development within the portion of an enterprise zone that is located in a town that has been added by boundary amendment to an enterprise zone that is located within five municipalities and was designated in 1984 shall be provided by the town.

Subd. 7. **Limitations; number of designations.** (a) In each of the years 1983 and 1984, the commissioner shall designate at least two but not more than five areas as enterprise zones. No designations shall be made after December 31, 1984.

(b) No more than one area may be designated as an enterprise zone in any county, except that two areas may be designated in a county containing a city of the first class.

(c) No more than two areas in a congressional district may be designated as an enterprise zone in 1984.

This subdivision shall not apply to enterprise zones designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (2), (3), or (4).

Subd. 8. **Funding limitations.** The maximum amount of the tax reductions which may be authorized pursuant to designations of enterprise zones under section 273.1312 and this section is limited to $36,400,000. The maximum amount of this total which may be authorized by the commissioner for tax reductions pursuant to subdivision 9 that will reduce tax revenues which otherwise would have been received during fiscal years 1984 and 1985 is limited to $9,000,000. Of the total limitation and the 1984-1985 biennial limitation the commissioner shall allocate to enterprise zones designated under section 273.1312, subdivision 4, paragraph (c), clause (3), an amount equal to $16,610,940 and $5,000,000 respectively. These funds shall be allocated among such zones on a per capita basis except that the maximum allocation to any one city is $6,610,940 and no city's allocation shall exceed $210 on a per capita basis. An amount sufficient to fund the state funded property tax credits, the refundable income tax credits, and the sales tax exemption, as authorized pursuant to this section is appropriated to the commissioner of revenue. Upon designation of an enterprise zone the commissioner shall certify the total amount available for tax reductions in the zone for its duration. The amount certified shall reduce the amount available for tax reductions in other enterprise zones. If subsequent estimates indicate or actual experience shows that the approved tax reductions will result in amounts of tax reductions in excess of the amount certified for the zone, the commissioner shall implement a plan to reduce the available tax reductions in the zone to an amount within the sum certified for the zone. If subsequent estimates indicate or actual experience shows that the approved tax reductions will result in amounts of tax reductions below the amount certified, the difference shall be available for certification in other zones or used in connection with an amended plan of tax reductions for the zone as the commissioner determines appropriate. If the tax reductions authorized result in reduced revenues for a dedicated fund, the commissioner of finance shall transfer equivalent amounts to the dedicated fund from the general fund as necessary. Of the $36,400,000 in tax reductions

authorized under this subdivision, an additional $800,000 in tax reductions may be authorized within an enterprise zone located within five municipalities which was designated by the commissioner in 1984.

This subdivision, including the funding limitations, does not apply to enterprise zones designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (4).

Subd. 8a. **Additional enterprise zone allocations.** (a) In addition to tax reductions authorized in subdivision 8, the commissioner may allocate $600,000 for tax reductions pursuant to subdivision 9 to enterprise zones designated under section 273.1312, subdivision 4, paragraph (c), clause (1) or (3). Of this amount, a minimum of $200,000 must be allocated to an area added to an enterprise zone pursuant to subdivision 16a. Allocations made pursuant to this subdivision may not be used to reduce a tax liability, or increase a tax refund, prior to July 1, 1987. Limits on the maximum allocation to a zone imposed by subdivision 8 do not apply to allocations made under this subdivision.

(b) A city encompassing an enterprise zone, or portion of an enterprise zone, qualifies for an additional allocation under this subdivision if the following requirements are met:

(1) the city encompassing an enterprise zone, or portion of an enterprise zone, has signed contracts with qualifying businesses that commit the city's total initial allocation received pursuant to subdivision 8.

(2) the city encompassing an enterprise zone, or portion of an enterprise zone, submits an application to the commissioner requesting an additional allocation for tax reductions authorized by subdivision 9. The application must identify a specific business expansion project which would not take place but for the availability of enterprise zone tax incentives.

(c) The commissioner shall use the following criteria when determining which qualifying cities shall receive an additional allocation under this subdivision and the amount of the additional allocation the city is to receive:

(1) additional allocations to qualifying cities under this subdivision shall be made within 60 days of receipt of an application.

(2) applications from cities with the highest level of economic distress, as determined using criteria listed in section 273.1312, subdivision 4, paragraph (c), clauses (A) to (E), shall receive priority for an additional allocation under this subdivision.

(3) if the commissioner determines that two cities submitting applications within one week of each other have equal levels of economic distress, the application from the city with the business prospect which will have the greatest positive economic impact shall receive priority for an additional allocation. Criteria used by the commissioner to determine the potential economic impact a business would have shall include the number of jobs created and retained, the amount of private investment which will be made by the business, and the extent to which the business would help alleviate the economic distress in the immediate community.

(4) the commissioner shall determine the amount of any additional allocation a city may receive. The commissioner shall base the amount of additional allocations on the commissioner's determination of the amount of tax incentives which are necessary to ensure the business prospect will expand in the city. No single allocation under this subdivision may exceed $100,000. No city may receive more than $250,000 under this subdivision.

Subd. 9. **Authorized forms of state tax reductions.** (a) The following types of tax reductions may be approved by the commissioner for businesses located in an enterprise zone:

(1) an exemption from the general sales tax imposed by chapter 297A for purchases of construction materials or equipment for use in the zone if the purchase was made after the date of application for the zone;

(2) a credit against the income tax of an employer for additional workers employed in the zone, other than workers employed in construction, up to a maximum of $3,000 per employee per year;

(3) an income tax credit for a percentage of the cost of debt financing to construct new or expanded facilities in the zone;

(4) a state paid property tax credit for a portion of the property taxes paid by a new commercial or industrial facility or the additional property taxes paid by an expansion of an existing commercial or industrial facility in the zone; and

(5) a complete abatement of all corporate income and excise taxes under chapter 290, property taxes, and sales and use taxes under chapter 297A on the purchase of construction materials or equipment for use in the zone if the zone is designated pursuant to section 273.1312, subdivision (4), paragraph (c), clause (4). Local taxing authorities with an enterprise zone designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (4), will be reimbursed by the state for foregone property taxes only to the extent that the local taxing authority can demonstrate the development within that zone has imposed an additional net financial burden on its budget. The additional net financial burden shall be determined by subtracting the increase in the total equalized assessed property value of the local taxing authority that is in excess of a statewide average increase in equalized assessed property values as determined by the commissioner of revenue, multiplied by the mill rate of the local taxing authority for taxes payable in the current year, from the additional direct costs the development has placed on the local taxing authority's budget for the current year. The commissioner of energy and economic development, in consultation with the commissioner of revenue, shall review that local taxing authority's demonstration of additional financial burden and determine the amount which the state will reimburse the local taxing authority for foregone property tax revenue.

(b) The municipality shall specify in its application for designation the types of tax reductions it seeks to be made available in the zone and the percentage rates and other appropriate limitations on the reductions.

(c) Upon designation of an enterprise zone and approval by the commissioner of the tax reductions to be made available therein, the commissioner of revenue shall take the steps necessary to implement the tax reductions.

(d) The tax reductions provided by this subdivision shall not apply to any facility described in section 103(b)(6)(O) of the Internal Revenue Code of 1954, as amended through January 15, 1983, or to any regulated public utility.

(e) The commissioner shall approve tax reductions authorized by paragraph (a) within an enterprise zone designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (3), only after the governing body of a city designated as an enterprise zone has designated an area or areas, each consisting of at least 100 acres, of the city not in excess of 400 acres in which the tax reductions may be provided.

(f) In addition to the tax reductions authorized by paragraph (a), for an enterprise zone designated under section 273.1312, subdivision 4, paragraph (c), clause (3), the following types of tax reductions may be approved:

(1) A credit against income tax for workers employed in the zone and not qualifying for a credit under paragraph (a), clause (2), subject to a maximum of $1,500 per employee per year;

(2) A state paid property tax credit for a portion of the property taxes paid by a commercial or industrial facility located in the zone. Notwithstanding paragraph (d), the credits provided by this paragraph may be provided to the businesses described in section 103(b)(6)(0)(i) of the Internal Revenue Code of 1954, as amended through December 31, 1983.

(g) Each tax reduction provided to a business pursuant to this subdivision shall terminate not longer than five years after the effective date of the tax reduction for the business. Subject to the five-year limitation, the tax reductions may be provided after expiration of the zone's designation.

(h) The income tax credits provided pursuant to clauses (a) and (f) may be refundable.

Subd. 10. **Recapture.** Any business which (a) receives tax reductions authorized

by subdivision 9, classification as employment property pursuant to section 273.1312, or an alternative local contribution under subdivision 6; and (b) ceases to operate its facility located within the enterprise zone within two years after the expiration of the tax reductions shall repay the amount of the tax reduction or local contribution pursuant to the following schedule:

Termination of operations	Repayment Portion
Less than 6 months	100 percent
6 months or more but less than 12 months	75 percent
12 months or more but less than 18 months	50 percent
18 months or more but less than 24 months	25 percent

The repayment must be paid to the state to the extent it represents a tax reduction under subdivision 9 and to the municipality to the extent it represents a property tax reduction or other local contribution. Any amount repaid to the state must be credited to the amount certified as available for tax reductions in the zone pursuant to subdivision 8. Any amount repaid to the municipality must be used by the municipality for economic development purposes.

Subd. 11. **Development and redevelopment powers.** Notwithstanding any contrary provision of law or charter, any city of the first or second class which contains an enterprise zone or which has been designated as an enterprise zone may, in addition to its other powers and without limiting them, exercise the powers granted to a governmental subdivision by chapters 458, 462, and 472. Section 458.192, subdivision 14, shall apply to the city in the exercise of the powers granted pursuant to this section. It may exercise the powers assigned to redevelopment agencies pursuant to chapter 474, without limitation to further the purposes of sections 458.09 to 458.1991, 462.411 to 462.705, and chapters 472 and 472A. It may exercise the powers set forth in sections 458.09 to 458.1991, 462.411 to 462.705, and chapters 472 and 472A, without limitation to further the purposes and policies set forth in chapter 474. It may exercise the powers granted by this subdivision and any other development or redevelopment powers authorized by other laws, including chapters 472A and 474, independently or in conjunction with each other as though all the powers had been granted to a single entity. Any project undertaken to accomplish the purposes of chapter 462 that qualifies as single-family housing under section 462C.02, subdivision 4, shall be subject to the provisions of chapter 462C.

The authorization for a city to exercise powers pursuant to this subdivision shall terminate upon the expiration of the designation of the enterprise zone provided that the powers granted by this subdivision may be exercised after that date with respect to any project, program, or activity commenced or established prior to that date. The powers granted by this subdivision may only be exercised within the zone.

Subd. 12. **Technical assistance.** The commissioner shall establish a mechanism for providing and shall provide technical assistance to small municipalities seeking designation of an area as an enterprise zone under this section and section 273.1312. For purposes of this subdivision, a small municipality means a municipality with a population of 20,000 or less.

Subd. 13. **Administrative Procedure Act.** The provisions of chapter 14 shall not apply to designation of enterprise zones pursuant to this section or section 273.1312.

Subd. 14. **Federal designations.** The commissioner may accept applications and may at any time grant a contingent designation of area as an enterprise zone for purposes of seeking a designation of the area as a federal enterprise zone. For purposes of the designations, the commissioner may waive any of the requirements or limitations on designations contained in this section. If the contingent designation would require funding in excess of the amount available pursuant to subdivision 8, the commissioner shall inform the members of the legislative advisory commission and shall submit a request for the necessary funding to the tax and appropriations committees of the legislature.

Subd. 15. **Reporting.** The commissioner shall require municipalities receiving enterprise zone designations pursuant to section 273.1312, subdivision 4, to supply information or otherwise report to the state regarding the economic activity which has occurred in the zone following the designation. This information shall include the number of jobs created in the zone, the number of economically disadvantaged individuals hired in the zone, the average wage level of the jobs created, and descriptions of any affirmative action programs undertaken by the municipality in connection with the zone. The amount of the municipality's local contribution and the number of businesses qualifying for or directly benefiting from the local contribution must be reported annually to the commissioner.

Subd. 16. **Information sharing.** Notwithstanding the provisions of sections 290.61 and 297A.43, the commissioner of revenue may share information with the commissioner or with a municipality receiving an enterprise zone designation, insofar as necessary to administer the funding limitations provided by subdivision 8.

Subd. 16a. **Zone boundary realignment.** The commissioner may approve specific applications by a municipality to amend the boundaries of a zone or of an area or areas designated pursuant to subdivision 9, paragraph (e) at any time. Boundaries of a zone may not be amended to create noncontiguous subdivisions. If the commissioner approves the amended boundaries, the change is effective on the date of approval. Notwithstanding the area limitation under section 273.1312, subdivision 4, paragraph (b), the commissioner may approve a specific application to amend the boundaries of an enterprise zone which is located within five municipalities and was designated in 1984, to increase its area to not more than 800 acres, and may approve an additional specific application to amend the boundaries of that enterprise zone to include a sixth municipality or to further increase its area to include all or part of the territory of a town that surrounds one of the five municipalities, or both.

Subd. 17. **Repealer.** This section is repealed effective December 31, 1996.

History: *1983 c 289 s 115 subd 1; 1983 c 342 art 8 s 10; 1984 c 388 s 5-11; 1984 c 502 art 5 s 2-4; 1985 c 230 art 1 s 3-9; 1Sp1985 c 14 art 8 s 12,13; 1986 c 444; 1986 c 465 art 2 s 2,3; 1Sp1986 c 1 art 8 s 8,9*

NOTE: This section, as added by Laws 1983, chapter 342, article 8, section 10, is repealed effective December 31, 1996. See Laws 1983, chapter 342, article 8, section 10, subdivision 17.

273.1315 CERTIFICATION OF 1B PROPERTY.

Any property owner seeking classification and assessment of the owner's homestead as class 1b property pursuant to section 273.13, subdivision 22, paragraph (b), clause (2) or (3), shall file with the commissioner of revenue for each assessment year a 1b homestead declaration, on a form prescribed by the commissioner. The declaration shall contain the following information:

(a) the information necessary to verify that the property owner or the owner's spouse satisfies the requirements of section 273.13, subdivision 22, for 1b classification;

(b) the property owner's household income, as defined in section 290A.03, for the previous calendar year; and

(c) any additional information prescribed by the commissioner.

The declaration shall be filed on or before March 1 of each year to be effective for property taxes payable during the succeeding calendar year. The declaration and any supplementary information received from the property owner pursuant to this section shall be subject to section 290A.17.

The commissioner shall provide to the assessor on or before April 1 a listing of the parcels of property qualifying for 1b classification.

History: *1983 c 342 art 2 s 20; 1984 c 522 s 4; 1Sp1985 c 14 art 4 s 61; 1986 c 444*

273.132 [Renumbered 124.213]

273.133 CLASSIFICATION OF COOPERATIVES, CHARITABLE AND NONPROFIT CORPORATIONS, AND CONTINUING CARE FACILITIES.

Subdivision 1. **Cooperatives and charitable corporations.** When one or more dwellings, or one or more buildings which each contain several dwelling units, are owned by a corporation or association organized under sections 308.05 to 308.18, and each person who owns a share or shares in the corporation or association is entitled to occupy a dwelling, or dwelling unit in the building, the corporation or association may claim homestead treatment for each dwelling, or for each unit in case of a building containing several dwelling units, in accordance with section 273.13, subdivision 7, for the dwelling or for the part of the value of the building occupied by a shareholder. Each dwelling or unit shall be designated by legal description or number, and the assessed value of each dwelling that qualifies for assessment under this subdivision shall include not more than one-half acre of land, if platted, nor more than 80 acres if unplatted. The assessed value of the building or buildings containing several dwelling units shall be the sum of the assessed values of each of the respective units comprising the building. To qualify for the treatment provided by this section, the corporation or association must be wholly owned by persons having a right to occupy a dwelling or dwelling unit owned by the corporation or association. A charitable corporation organized under the laws of Minnesota and not otherwise exempt thereunder with no outstanding stock shall qualify for such homestead treatment with respect to member residents of such dwelling units who have purchased and hold residential participation warrants entitling them to occupy such units.

Subd. 2. **Nonprofit corporations.** When a building containing several dwelling units is owned by an entity organized under chapter 317 and operating as a nonprofit corporation which enters into membership agreements with persons under which they are entitled to life occupancy in a unit in the building, homestead classification shall be given to each unit so occupied and the entire building shall be assessed in the manner provided in subdivision 1 for cooperatives and charitable corporations.

Subd. 2a. **Continuing care facilities.** When a building containing several dwelling units is owned by an entity which is regulated under the provisions of chapter 80D and operating as a continuing care facility enters into residency agreements with persons who occupy a unit in the building and the residency agreement entitles the resident to occupancy in the building after personal assets are exhausted and regardless of ability to pay the monthly maintenance fee, homestead classification shall be given to each unit so occupied and the entire building shall be assessed in the manner provided in subdivision 1 for cooperatives and charitable corporations.

Subd. 3. **Leasehold cooperatives.** When one or more dwellings or one or more buildings which each contain several dwelling units is owned by a nonprofit corporation subject to the provisions of chapter 317 or a limited partnership which corporation or partnership operates the property in conjunction with a cooperative association, homestead treatment, as provided under section 273.13, subdivision 7, may be claimed for each dwelling unit occupied by a member of the cooperative. To qualify for the treatment provided by this subdivision, the following conditions shall be met: (a) the cooperative association must be organized under sections 308.05 to 308.18; (b) the cooperative association must have a lease for occupancy of the property for a term of at least 20 years; (c) the cooperative association must have a right under a written agreement with the owner to purchase the property if the owner proposes to sell it; if the cooperative association does not purchase the property when it is offered for sale, the owner may not subsequently sell the property to another purchaser at a price lower than the price at which it was offered for sale to the cooperative association unless the cooperative association approves the sale; and (d) if a limited partnership owns the property, it must include as the managing general partner either the cooperative association or a nonprofit organization operating under the provisions of chapter 317. Homestead treatment shall be afforded to units occupied by members of the cooperative association and the units shall be assessed as provided in subdivision 1, provided that any unit not so occupied shall be classified and assessed pursuant to section 273.13,

subdivision 19. No more than three acres of land shall, for assessment purposes, be included with each dwelling unit that qualifies for homestead treatment under this subdivision.

History: *1967 c 705 s 1; 1969 c 322 s 1; 1974 c 17 s 1; 1976 c 268 s 1; 1980 c 562 s 2; 1982 c 523 art 36 s 1; 1Sp1985 c 14 art 3 s 14*

NOTE: This section is repealed by Laws 1985, First Special Session chapter 14, article 4, section 98 effective for taxes levied in 1986 and payable in 1987 and thereafter. See section 273.124.

273.134 TACONITE AND IRON ORE AREAS; TAX RELIEF AREA; DEFINITIONS.

For purposes of this section and section 273.135, "municipality" means any city, however organized, or town, and the applicable assessment date is the date as of which property is listed and assessed for the tax in question.

For the purposes of section 273.135 "tax relief area" means the geographic area contained, within the boundaries of a school district which contains a municipality which meets the following qualifications:

(1) it is a municipality in which the assessed valuation of unmined iron ore on May 1, 1941, was not less than 40 percent of the assessed valuation of all real property and in which, as of the applicable assessment date, the assessed valuation of unmined iron ore is not more than 60 percent of the assessed valuation of all real property; or

(2) it is a municipality in which, on January 1, 1977 or the applicable assessment date, there is a taconite concentrating plant or where taconite is mined or quarried or where there is located an electric generating plant which qualifies as a taconite facility.

History: *1969 c 1156 s 4; Ex1971 c 31 art 30 s 8; 1973 c 123 art 5 s 7; 1973 c 650 art 2 s 1; 1977 c 423 art 10 s 2*

273.135 HOMESTEAD PROPERTY TAX RELIEF.

Subdivision 1. The property tax to be paid in respect to property taxable within a tax relief area on homestead property, as otherwise determined by law and regardless of the market value of the property, for all purposes shall be reduced in the amount prescribed by subdivision 2, subject to the limitations contained therein.

Subd. 2. The amount of the reduction authorized by subdivision 1 shall be

(a) In the case of property located within the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 66 percent of the net tax up to the taconite breakpoint plus a percentage equal to the homestead credit equivalency percentage of the net tax in excess of the taconite breakpoint, provided that the reduction shall not exceed the maximum amounts specified in clause (c).

(b) In the case of property located within the boundaries of a school district which qualifies as a tax relief area but which is outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 57 percent of the net tax up to the taconite breakpoint plus a percentage equal to the homestead credit equivalency percentage of the net tax in excess of the taconite breakpoint, provided that the reduction shall not exceed the maximum amounts specified in clause (c).

(c) (1) The maximum reduction of the net tax up to the taconite breakpoint is $225.40 on property described in clause (a) and $200.10 on property described in clause (b), for taxes payable in 1985. These maximum amounts shall increase by $15 times the quantity one minus the homestead credit equivalency percentage per year for taxes payable in 1986 and subsequent years.

(2) The total maximum reduction of the net tax on property described in clause (a) is $490 for taxes payable in 1985. The total maximum reduction for the net tax on property described in clause (b) is $435 for taxes payable in 1985. These maximum amounts shall increase by $15 per year for taxes payable in 1986 and thereafter.

For the purposes of this subdivision, "net tax" means the tax on the property after deduction of any credit under section 273.13, subdivision 22 or 23, "taconite breakpoint" means the lowest possible net tax for a homestead qualifying for the maximum

reduction pursuant to section 273.13, subdivision 22, rounded to the nearest whole dollar, and "homestead credit equivalency percentage" means a percentage equal to the percentage reduction authorized in section 273.13, subdivision 22.

Subd. 3. Not later than December 1 of each year, each county auditor having jurisdiction over one or more tax relief areas shall certify to the commissioner of revenue an estimate of the total amount of the reduction, determined under subdivision 2, in taxes payable the next succeeding year with respect to all tax relief areas in the county.

Subd. 4. [Repealed, 1Sp1981 c 1 art 10 s 30]

Subd. 5. For the purposes of this section, the amount of property tax to be paid shall be determined after the allowance of any reduction prescribed by section 273.13, and the reduction prescribed by this section shall be in addition to that prescribed by section 273.13.

History: *1969 c 1156 s 5; 1971 c 427 s 13; 1971 c 742 s 1; Ex1971 c 31 art 30 s 9; 1973 c 582 s 3; 1973 c 775 s 1,2; 1975 c 437 art 11 s 3,4; 1977 c 423 art 10 s 3,4; 1980 c 437 s 6; 1980 c 607 art 7 s 1; 1983 c 342 art 2 s 21; 1984 c 502 art 7 s 3-4; 1984 c 593 s 29; 1Sp1985 c 14 art 4 s 62,63; 1986 c 444*

273.136 TACONITE PROPERTY TAX RELIEF FUND; REPLACEMENT OF REVENUE.

Subdivision 1. Payment from the county shall be made as provided herein for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in section 273.135.

Subd. 2. The commissioner of revenue shall determine, not later than April 1 of each year, the amount of reduction resulting from section 273.135 in each county containing a tax relief area as defined by section 273.134, basing determinations on a review of abstracts of tax lists submitted by the county auditors pursuant to section 275.29. The commissioner may make changes in the abstracts of tax lists as deemed necessary. The commissioner of revenue, after such review, shall submit to the St. Louis county auditor, on or before April 15, the amount of the first half payment payable hereunder and on or before September 15 the amount of the second half payment.

Subd. 3. The St. Louis county auditor shall pay out of the taconite property tax relief account to each county treasurer one-half of the amount certified under subdivision 2 not later than May 15 and the remaining half not later than October 15 of each year.

Subd. 4. The county treasurer shall distribute as part of the May and October settlements the funds received as if they had been collected as a part of the property tax reduced by section 273.135.

History: *1969 c 1156 s 6; 1973 c 492 s 14; 1973 c 582 s 3; 1973 c 775 s 3,4; 1Sp1981 c 3 s 2; 1Sp1985 c 14 art 10 s 3-6; 1986 c 444; 1Sp1986 c 1 art 4 s 22*

273.137 PROPERTY TAX STATEMENTS.

Each property tax statement mailed pursuant to section 276.04, to a taxpayer whose real property tax is reduced pursuant to Laws 1969, chapter 1156 shall contain a statement of the amount of such reduction in dollars and shall identify the reduction as being "taconite tax relief."

History: *1969 c 1156 s 7*

273.138 ATTACHED MACHINERY AID.

Subdivision 1. [Repealed, 1983 c 342 art 5 s 16]

Subd. 2. (a) As provided in paragraphs (b) and (c), each county government, shall receive reimbursement in 1984 and subsequent years in an amount based on the product of its total mill rate for taxes payable in 1983, times the total 1972 assessed

value of real property exempted from taxation by section 272.02, subdivision 1 which was located within the territory of the county, times 1.25. For the purpose of this subdivision, the "total mill rate" of a county government includes mill rates for taxes levied by the county which were not levied on the entire taxable value of the county.

(b) If the county contains a city of the first class, aid shall be paid in an amount equal to 50 percent of the amount computed pursuant to paragraph (a) in 1984, and no aid will be paid in 1985 and subsequent years.

(c) If the county does not contain a city of the first class, and if the product computed pursuant to paragraph (a) is $50,000 or more for a county, aid shall be paid to that county in an amount equal to 90 percent of the amount computed pursuant to paragraph (a). If the product is less than $50,000, no aid will be paid.

Subd. 3. (a) As provided in paragraph (b), each school district shall receive reimbursement in 1984 and subsequent years in an amount based on the product of its 1972 assessed value of real property exempted from taxation by Laws 1973, chapter 650, article XXIV, section 1, times the sum of its 1972 payable 1973 mill rates for the following levies:

(1) A levy to pay the principal and interest on bonded indebtedness, including the levy to pay the principal and interest on bonds issued pursuant to Minnesota Statutes 1971, section 275.125, subdivision 3, clause (6) (c);

(2) A levy to pay the principal and interest on debt service loans, pursuant to Minnesota Statutes 1971, section 124.42;

(3) A levy to pay the principal and interest on capital loans, pursuant to Minnesota Statutes 1971, section 124.43;

(4) A levy to pay amounts required in support of a teacher retirement fund, pursuant to Minnesota Statutes 1971, section 422.13;

(5) A levy for additional maintenance cost in excess of 30 mills times the adjusted assessed valuation of the school district, pursuant to Minnesota Statutes 1971, section 275.125, subdivision 3, clause (4).

For the purpose of this subdivision, a school district mill rate for any of the forementioned levies which was not applied to the total taxable value of such school district shall be added to the forementioned sum of mill rates as if it had been applied to the entire taxable value of the school district.

(b) If the product computed pursuant to paragraph (a) is more than or equal to an amount equal to $10 per pupil unit of the district, aid shall be paid to that school district in an amount equal to 90 percent of the amount computed pursuant to paragraph (a). If the product is an amount less than $10 per pupil unit, no aid will be paid.

Subd. 4. [Repealed, 1983 c 342 art 5 s 16]

Subd. 5. The commissioner of revenue shall calculate the aids pursuant to subdivisions 2 and 3, basing all necessary calculations on the abstracts of assessment of real property for assessment year 1972 transmitted to the commissioner of revenue pursuant to section 270.11 as equalized by the state board of equalization pursuant to sections 270.11 and 270.12, and the 1973 abstracts of tax lists transmitted by the county auditors pursuant to section 275.29. The commissioner shall pay directly to the affected taxing authorities their total payment for the year at the time distributions are made pursuant to section 273.13, subdivision 15a.

Subd. 6. The amount of aid calculated for a school district pursuant to subdivision 3, clauses (2), (3), (4), and (5) shall be deducted from the school district's maintenance levy limitation established pursuant to section 124A.03, subdivision 1, in determining the amount of taxes the school district may levy for general and special purposes.

Subd. 7. [Repealed, 1977 c 447 art 6 s 13]

History: *1973 c 123 art 5 s 7; 1973 c 582 s 3; 1973 c 650 art 24 s 5; 1974 c 257 s 2,3; 1975 c 432 s 73; 1975 c 437 art 4 s 9; 1976 c 239 s 83; 1976 c 271 s 79; 1977 c 423 art 3 s 11; 1977 c 447 art 6 s 7; 1Sp1981 c 1 art 8 s 7; 1983 c 314 art 1 s 22; 1983 c 342 art 5 s 2-4; 1984 c 593 s 30; 1985 c 300 s 7; 1986 c 444*

273.139 [Repealed, 1983 c 342 art 5 s 16]

273.1391 SUPPLEMENTARY HOMESTEAD PROPERTY TAX RELIEF.

Subdivision 1. The property tax to be paid in respect to property taxable within a tax relief area described in subdivision 2 on homestead property, as otherwise determined by law and regardless of the market value of the property, for all purposes shall be reduced in the amount prescribed by subdivision 2, subject to the limitations contained therein.

Subd. 2. The amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a county with a population of less than 100,000 in which taconite is mined or quarried and wherein a school district is located which does meet the qualifications of a tax relief area, and provided that at least 90 percent of the area of the school district which does not meet the qualifications of section 273.134 lies within such county, 57 percent of the net tax up to the taconite breakpoint plus a percentage equal to the homestead credit equivalency percentage of the net tax in excess of the taconite breakpoint on qualified property located in the school district that does not meet the qualifications of section 273.134, provided that the amount of said reduction shall not exceed the maximum amounts specified in clause (c). The reduction provided by this clause shall only be applicable to property located within the boundaries of the county described therein.

(b) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a school district in a county containing a city of the first class and a qualifying municipality, but not in a school district containing a city of the first class or adjacent to a school district containing a city of the first class unless the school district so adjacent contains a qualifying municipality, 57 percent of the net tax up to the taconite breakpoint plus a percentage equal to the homestead credit equivalency percentage of the net tax in excess of the taconite breakpoint, but not to exceed the maximums specified in clause (c).

(c) (1) The maximum reduction of the net tax up to the taconite breakpoint is $200.10 for taxes payable in 1985. This maximum amount shall increase by $15 multiplied by the quantity one minus the homestead credit equivalency percentage per year for taxes payable in 1986 and subsequent years.

(2) The total maximum reduction of the net tax is $435 for taxes payable in 1985. This total maximum amount shall increase by $15 per year for taxes payable in 1986 and thereafter.

For the purposes of this subdivision, "net tax" means the tax on the property after deduction of any credit under section 273.13, subdivision 22 or 23, "taconite breakpoint" means the lowest possible net tax for a homestead qualifying for the maximum reduction pursuant to section 273.13, subdivision 22, rounded to the nearest whole dollar, and "homestead credit equivalency percentage" means a percentage equal to the percentage reduction authorized in section 273.13, subdivision 22.

Subd. 3. Not later than December 1, each county auditor having jurisdiction over one or more tax relief areas defined in subdivision 2 shall certify to the commissioner of revenue an estimate of the total amount of the reduction, determined under subdivision 2, in taxes payable the next succeeding year with respect to all tax relief areas in the auditor's county. The commissioner shall make payments to the county by May 15 and October 15 annually. The county treasurer shall distribute as part of the May and October settlements the funds received from the commissioner.

Subd. 4. For the purposes of this section, the amount of property tax to be paid shall be determined after the allowance of any reduction prescribed by section 273.13, and the reduction prescribed by this section shall be in addition to that prescribed by section 273.13.

Subd. 5. A sum sufficient to make the payments required by section 477A.15 and this section is annually appropriated from the general fund to the commissioner of revenue for the purpose of funding those sections.

History: *1980 c 607 art 7 s 7,11; 1983 c 342 art 2 s 22; 1984 c 502 art 7 s 5,6; 1984 c 593 s 31; 1Sp1985 c 14 art 4 s 64,65; 1986 c 444; 1Sp1986 c 1 art 4 s 23*

273.1392 PAYMENT; AIDS TO SCHOOL DISTRICTS.

The amounts of homestead credit under section 273.13, subdivisions 22 and 23; wetlands credit and reimbursement under section 273.115; native prairie credit and reimbursement under section 273.116; disaster or emergency reimbursement under section 273.123; attached machinery aid under section 273.138; and metropolitan agricultural preserve reduction under section 473H.10, shall be certified to the department of education by the department of revenue. The amounts so certified shall be paid according to section 124.195, subdivisions 6 and 10.

History: *1982 c 641 art 2 s 12; 1983 c 342 art 7 s 5; 1Sp1985 c 14 art 4 s 66*

273.1393 COMPUTATION OF NET PROPERTY TAXES.

Notwithstanding any other provisions to the contrary, "net" property taxes are determined by subtracting the credits in the order listed from the gross tax:

(1) disaster credit as provided in section 273.123;

(2) wetlands credit as provided in section 273.115;

(3) native prairie credit as provided in section 273.116;

(4) powerline credit as provided in section 273.42;

(5) agricultural preserves credit as provided in section 473H.10;

(6) enterprise zone credit as provided in section 273.1314;

(7) state school agricultural credit as provided in section 124.2137;

(8) state paid homestead credit as provided in section 273.13, subdivisions 22 and 23;

(9) taconite homestead credit as provided in section 273.135;

(10) supplemental homestead credit as provided in section 273.1391.

The combination of all property tax credits must not exceed the gross tax amount.

History: *1985 c 300 s 8; 1Sp1985 c 14 art 4 s 67*

273.14 DEFINITIONS.

Subdivision 1. **Words, terms, and 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 273.14 to 273.16, shall be given the meanings subjoined to them.

Subd. 2. **Person.** The word "person" shall be construed to include individuals, copartnerships, companies, joint stock companies, corporations, and all associations, however and for whatever purpose organized.

Subd. 3. **Deposit.** The word "deposit" means a body of iron-bearing materials which, in accordance with good engineering and metallurgical practice, should be mined as a unit.

Subd. 4. **Low-grade iron-bearing formations.** "Low-grade iron-bearing formations" mean those commercial deposits of iron-bearing materials, not including paint rock, located beneath the surface of the earth, which in their natural state require beneficiation to make them suitable for blast furnace use, and which, after such beneficiation, produce in tonnage less than 50 percent of iron ore concentrates from the tonnage of low-grade iron-bearing formations delivered to a beneficiation plant and which formations must be mined in accordance with good engineering and metallurgical practice to produce such concentrates.

Subd. 5. **Beneficiation.** "Beneficiation" means the process of concentrating that portion of the iron-bearing formations entering the beneficiating plant.

Subd. 6. **Concentrates.** "Concentrates" means such ores which by the process of beneficiation have been made suitable for blast furnace use.

Subd. 7. **Tonnage recovery or tonnage recovery of iron ore concentrates.** The term "tonnage recovery" or "tonnage recovery of iron ore concentrates" means the proportion which the weight of concentrates recovered or recoverable after beneficiation bears to the weight of the low-grade iron-bearing materials entering the beneficiating plant.

History: *(1993-2) 1937 c 364 s 1*

273.15 [Repealed, 1Sp1985 c 14 art 4 s 98]

NOTE: For taxes levied in 1986 and payable in 1987 and thereafter, see section 273.13, subdivision 30.

273.16 DETERMINATION OF CLASSIFICATION.

The classification of iron-bearing formations under the provisions of sections 273.14 to 273.16 shall be determined in the manner provided. Any person engaged in the business of mining, whose tonnage recovery of iron ore concentrates for a taxable year in producing concentrates from the iron-bearing material entering the beneficiating plant has been less than 50 percent, may file a petition with the commissioner of revenue requesting classification of the deposit under the provisions of sections 273.14 to 273.16. The taxpayer shall furnish any available data and information concerning the operation of the deposit as the commissioner of revenue requires. The commissioner shall, upon receipt of it, submit the petition and data to the University of Minnesota mines experiment station. The mines experiment station shall consider the deposit referred to in the petition as a unified commercial operation. Based on all engineering data and information furnished, it shall file a written report with the commissioner of revenue, who, after hearing, shall approve or disapprove the report. If a classification is made covering the deposit and property, the commissioner of revenue shall give appropriate notice of it to the taxing districts affected by it. If the commissioner of revenue disapproves of the classification, the commissioner's findings and order on it may be reviewed by the court of appeals on petition of the party aggrieved presented to the court within 30 days after the date of the order. The classifications shall also be subject to further review by the mines experiment station, from time to time, upon request of the commissioner of revenue or upon further petition by the taxpayer. Valuations determined hereunder shall be subject to the provisions of sections 270.19 to 270.26.

History: *(1993-4) 1937 c 364 s 3; 1973 c 582 s 3; 1983 c 247 s 119; 1986 c 444*

273.165 TAXATION OF SEPARATE MINERAL INTERESTS AND UNMINED IRON ORE.

Subdivision 1. **Mineral interest.** "Mineral interest," for the purpose of this subdivision, means an interest in any minerals, including but not limited to gas, coal, oil, or other similar interest in real estate, which is owned separately and apart from the fee title to the surface of such real property. Mineral interests which are filed for record in the offices of either the county recorder or registrar of titles, whether or not filed pursuant to sections 93.52 to 93.58, are taxed as provided in this subdivision unless specifically excluded by this subdivision. A tax of 25 cents per acre or portion of an acre of mineral interest is imposed and is payable annually. If an interest is a fractional undivided interest in an area, the tax due on the interest per acre or portion of an acre is equal to the product obtained by multiplying the fractional interest times 25 cents, computed to the nearest cent. However, the minimum annual tax on any mineral interest is $2. No such tax on mineral interests is imposed on the following: (1) mineral interests valued and taxed under other laws relating to the taxation of minerals, gas, coal, oil, or other similar interests; or (2) mineral interests which are exempt from taxation pursuant to constitutional or related statutory provisions. Taxes received under this subdivision must be apportioned to the taxing districts included in the area taxed in the same proportion as the surface interest mill rate of a taxing district bears to the total mill rate applicable to surface interests in the area taxed. The tax imposed by this subdivision is not included within any limitations as to rate or amount of taxes which may be imposed in an area to which the tax imposed by this subdivision applies. The tax imposed by this subdivision does not cause the amount of other taxes levied or to be levied in the area, which are subject to any such limitation, to be reduced in any amount. Twenty percent of the revenues received from the tax imposed by this subdivision must be distributed under the provisions of section 116J.64.

Subd. 2. **Iron ore.** Unmined iron ore included in class 9 must be assessed with

and as a part of the real estate in which it is located, but at the rate established in section 273.13, subdivision 30. The real estate in which iron ore is located, other than the ore, must be classified and assessed in accordance with the provisions of the appropriate classes. In assessing any tract or lot of real estate in which iron ore is known to exist, the assessable value of the ore exclusive of the land in which it is located, and the assessable value of the land exclusive of the ore must be determined and set down separately and the aggregate of the two must be assessed against the tract or lot.

History: *1Sp1985 c 14 art 4 s 68*

273.17 ASSESSMENT OF REAL PROPERTY.

Subdivision 1. In every year, on January 2, the assessor shall also assess all real property that may have become subject to taxation since the last previous assessment, including all real property platted since the last real estate assessment, and all buildings or other structures of any kind, whether completed or in process of construction, of over $1,000 in value, the value of which has not been previously added to or included in the valuation of the land on which they have been erected. The assessor shall make return thereof to the county auditor, with a return of personal property, showing the tract or lot on which each structure has been erected and the market value added thereto by such erection. Every assessor shall list, without revaluing, in each year, on a form to be prescribed by the commissioner of revenue, all parcels of land that shall have become homesteads or shall have ceased to be homesteads for taxation purposes since the last real estate assessment, and other parcels of land when the use of the land requires a change in classification or the land has been incorrectly classified in a previous assessment.

The county auditor shall note such change in the assessed valuation upon the tax lists, caused by a change in classification, and shall calculate the taxes for such year on such changed valuation. In case of the destruction by fire, flood, or otherwise of any building or structure, over $100 in value, which has been erected previous to the last valuation of the land on which it stood, or the value of which has been added to any former valuation, the assessor shall determine, as nearly as practicable, how much less such land would sell for at private sale in consequence of such destruction, and make return thereof to the auditor.

Subd. 2. In counties where the county auditor has elected to discontinue the preparation of assessment books as provided by section 273.03, subdivision 2, such changes as provided for in subdivision 1 of this section, shall be recorded in a separate record prepared under the direction of the county assessor and shall identify, by description or property identification number, or both, the real estate affected, the previous year's assessed valuations and the new market and assessed valuations, provided that if only property identification numbers are used they shall be such that shall permit positive identification of the real estate to which they apply. Such record shall further indicate the total amount of increase or decrease in assessed value contained therein. The county assessor shall make return of such record to the county auditor who shall be the official custodian thereof.

Such record shall be known as "County assessor's changes in real estate valuations for the year 19.....". Such records on file in the county auditor's office may be destroyed when they are more than 20 years old pursuant to the conditions for destruction of records contained in Minnesota Statutes 1961, Section 384.14.

History: *(1994) RL s 811; 1917 c 254; 1937 c 206 s 1; 1963 c 781 s 2; 1967 c 578 s 2; 1973 c 582 s 3; 1974 c 376 s 1; 1975 c 339 s 4,8; 1975 c 437 art 8 s 8; 1976 c 345 s 2; 1979 c 303 art 2 s 19; 1986 c 444*

273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY BY COUNTY AUDITORS.

In every sixth year after the year 1926, the county auditor shall enter, in a separate place in the real estate assessment books, the description of each tract of real property

exempt by law from taxation, with the name of the owner, if known, and the assessor shall value and assess the same in the same manner that other real property is valued and assessed, and shall designate in each case the purpose for which the property is used.

History: *(1995) RL s 812; 1925 c 211 s 1*

273.19 LESSEES AND EQUITABLE OWNERS.

Subdivision 1. Except as provided in subdivision 3 or 4, property held under a lease for a term of three or more years, and not taxable under section 272.01, subdivision 2, or under a contract for the purchase thereof, when the property belongs to the United States, to the state, or to any religious, scientific, or benevolent society or institution, incorporated or unincorporated, or to any railroad company or other corporation whose property is not taxed in the same manner as other property, or when the property is school or other state lands, shall be considered, for all purposes of taxation, as the property of the person so holding the same. This subdivision does not apply to property exempt from taxation under section 272.01, subdivision 2, clause (b)(2).

Subd. 2. The provisions of subdivision 1 shall not apply to any property owned by a seaway port authority exempt from taxation under the provisions of section 272.01, subdivision 3.

Subd. 3. The assessed value of property held under a lease for a term of three or more years which (i) is located within a federal reservation; (ii) has been conveyed to the state of Minnesota by the federal government; and (iii) had been occupied and used by a branch of the armed services of the United States, shall be no greater than the value added to the property by improvements to the property made by the lessee.

Subd. 4. Property held under a lease for a term of three or more years which is owned by the United States and located within a national park shall be exempt, provided the property was acquired by the United States by condemnation or purchased by the United States under threat of condemnation, and within a reasonable time leased back for noncommercial residential purposes to the person owning the property at the time of acquisition by the United States. If property exempt under this subdivision is subsequently leased or subleased for a term of three or more years to another person, it shall no longer qualify for the exemption provided in this subdivision and shall be placed on the assessment rolls as provided in section 272.02, subdivision 4, and taxed pursuant to subdivision 1 of this section.

The value of improvements made to property otherwise exempt pursuant to this subdivision which are owned by the lessee or to which the lessee has salvage rights shall be taxable to the lessee pursuant to subdivision 1.

Subd. 5. Notwithstanding the provisions of subdivision 4, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power and leased from the state or a local governmental unit pursuant to section 105.482, subdivisions 1, 8, and 9 may be exempt from taxation or payments in lieu of taxes.

The exemption from taxation or payments in lieu of taxes provided by this subdivision does not apply to hydroelectric or hydromechanical facilities operated at any time between January 1, 1980 and January 1, 1984.

History: *(1996) RL s 813; Ex1959 c 1 s 2; 1967 c 865 s 2; 1978 c 756 s 1,2; 1980 c 607 art 2 s 16; 1Sp1981 c 1 art 2 s 13,14; 1984 c 502 art 3 s 15; 1985 c 300 s 9*

273.20 ASSESSOR MAY ENTER DWELLINGS, BUILDINGS, OR STRUCTURES.

Any officer authorized by law to assess property for taxation may, when necessary to the proper performance of duties, enter any dwelling-house, building, or structure, and view the same and the property therein.

History: *(1997) RL s 814; 1986 c 444*

273.21 NEGLECT BY AUDITOR OR ASSESSOR; PENALTY.

Every county auditor and every town or district assessor who in any case refuses or knowingly neglects to perform any duty enjoined by this chapter, or who consents to or connives at any evasion of its provisions whereby any proceeding required by this chapter is prevented or hindered, or whereby any property required to be listed for taxation is unlawfully exempted, or entered on the tax list at less than its market value, shall, for every such neglect, refusal, consent, or connivance, forfeit and pay to the state not less than $200, nor more than $1,000, to be recovered in any court of competent jurisdiction.

History: *(1998) RL s 815; 1975 c 339 s 8; 1986 c 444*

273.22 PERSONAL PROPERTY LISTED.

Personal property shall be listed in the manner following:

(1) Every person of full age and sound mind, being a resident of this state, shall list all that person's taxable personal property;

(2) The person shall also list separately, and in the name of its owner, all taxable personal property invested, loaned, or otherwise controlled by the person as the agent, trustee, guardian, receiver, or attorney for, or on account of, any other person, estate, trust company, or corporation.

History: *(1999) RL s 816; 1984 c 593 s 32; 1986 c 444*

273.23 [Repealed, 1983 c 222 s 45]

273.24 [Repealed, 1983 c 222 s 45]

273.25 LISTS TO BE VERIFIED.

Every person required to list property for taxation shall make out and deliver to the assessor, upon blanks furnished by the assessor, a verified statement of all personal property owned on January 2 of the current year. The person shall also make separate statements in like manner of all personal property possessed or controlled by the person and required by this chapter to be listed for taxation as agent or attorney, guardian, parent, trustee, executor, administrator, receiver, accounting officer, partner, factor, or in any other capacity; but no person shall be required to include in the statement any share of the capital stock of any company or corporation which it is required to list and return as its capital and property for taxation in this state.

History: *(2002) RL s 819; 1969 c 709 s 6; 1986 c 444*

273.26 PERSONALTY; WHERE LISTED.

Except as otherwise in this chapter provided, personal property shall be listed and assessed in the county, town, or district where the owner, agent, or trustee resides.

History: *(2003) RL s 820*

273.27 [Repealed, 1984 c 593 s 46]

273.28 [Repealed, 1983 c 222 s 45]

273.29 [Repealed, 1983 c 222 s 45]

273.30 [Repealed, 1983 c 222 s 45]

273.31 [Repealed, 1983 c 222 s 45]

273.32 ELEVATORS AND WAREHOUSES ON RAILROAD.

All elevators and warehouses, with the machinery and fixtures therein, situated upon the land of any railroad company, which are not in good faith owned, operated, and exclusively controlled by such company, shall be listed and assessed as personal property in the town or district where situated, in the name of the owner, if known, and, if not known, as "owner unknown."

History: *(2008) RL s 825*

273.33 EXPRESS, STAGE AND TRANSPORTATION COMPANIES; PIPE LINES.

Subdivision 1. The personal property of express, stage and transportation companies, and of pipeline companies engaged in the business of transporting natural gas, gasoline, crude oil, or other petroleum products except as otherwise provided by law, shall be listed and assessed in the county, town or district where the same is usually kept.

Subd. 2. The personal property, consisting of the pipeline system of mains, pipes and equipment attached thereto, of pipeline companies and others engaged in the operations or business of transporting natural gas, gasoline, crude oil, or other petroleum products by pipe lines, shall be listed with and assessed by the commissioner of revenue. This subdivision shall not apply to the assessment of the products transported through the pipe lines nor to the lines of local commercial gas companies engaged primarily in the business of distributing gas to consumers at retail nor to pipe lines used by the owner thereof to supply natural gas or other petroleum products exclusively for such owner's own consumption and not for resale to others. On or before the fifteenth day of November, the commissioner shall certify to the auditor of each county, the amount of such personal property assessment against each company in each district in which such property is located.

History: *(2009) RL s 826; 1943 c 604 s 1; 1949 c 547 s 1; 1973 c 582 s 3; 1985 c 300 s 10,11*

273.34 [Repealed, 1983 c 222 s 45]

273.35 GAS AND WATER COMPANIES.

The personal property of gas and water companies shall be listed and assessed in the town or district where located, without regard to where the principal or other place of business of the company may be located.

History: *(2011) RL s 828; 1949 c 449 s 1*

273.36 ELECTRIC LIGHT AND POWER COMPANIES.

Personal property of electric light and power companies having a fixed situs in any city in this state shall be listed and assessed where situated, without regard to where the principal or other place of business of the company is located. Transmission lines having a voltage of 69 kv and above, all attachments and appurtenances thereto, having a fixed situs in this state, other than in an unorganized township, shall be listed and assessed where situated, without regard to where the principal or other place of business of the company is located.

History: *(2012) 1921 c 482; 1973 c 123 art 5 s 7; 1980 c 607 art 10 s 1*

273.37 COMPANIES SUPPLYING ELECTRIC POWER.

Subdivision 1. Personal property of electric light and power companies, and other individuals and partnerships supplying electric light and power, having a fixed situs outside of the corporate limits of cities shall be listed and assessed in the district where situated, except as otherwise provided.

Subd. 2. Transmission lines of less than 69 kv, transmission lines of 69 kv and above located in an unorganized township, and distribution lines, and equipment attached thereto, having a fixed situs outside the corporate limits of cities except distribution lines taxed as provided in sections 273.40 and 273.41, shall be listed with and assessed by the commissioner of revenue in the county where situated. The commissioner shall assess such property at the percentage of market value fixed by law; and, on or before the 15th day of November, shall certify to the auditor of each county in which such property is located the amount of the assessment made against each company and person owning such property.

History: *(2012-1) 1925 c 306 s 1; 1939 c 321 s 1; 1949 c 554 s 1; 1971 c 427 s 19; 1973 c 123 art 5 s 7; 1973 c 582 s 3; 1980 c 607 art 10 s 2*

273.38 PERCENTAGE OF ASSESSMENTS; EXCEPTIONS.

The commissioner of revenue shall assess distribution lines, and the attachments and appurtenances thereto, used primarily for supplying electricity to farmers at retail, which shall be taxed at the average rate of taxes levied for all purposes throughout the county, and which shall be entered, certified and credited as provided in section 273.42. It is further provided that the distribution lines and the attachments and appurtenances thereto of cooperative associations organized under the provisions of Laws 1923, chapter 326, and laws amendatory thereof and supplemental thereto, and engaged in the electrical heat, light and power business, upon a mutual, nonprofit and cooperative plan, shall be assessed and taxed as provided in sections 273.40 and 273.41.

History: *(2012-2) 1925 c 306 s 2; 1939 c 321 s 2; 1949 c 554 s 2; 1971 c 427 s 20; 1973 c 582 s 3; 1974 c 47 s 1; 1Sp1985 c 14 art 4 s 69*

273.39 RURAL AREA.

As used in sections 273.39 to 273.41, the term "rural area" shall be deemed to mean any area of the state not included within the boundaries of any incorporated city, and such term shall be deemed to include both farm and nonfarm population thereof.

History: *(2012-5) 1939 c 303 s 2; 1973 c 123 art 5 s 7*

273.40 ANNUAL TAX ON COOPERATIVE ASSOCIATIONS.

Cooperative associations organized under the provisions of Laws 1923, chapter 326, and laws amendatory thereof and laws supplemental thereto, and engaged in electrical heat, light or power business upon a mutual, nonprofit, and cooperative plan in rural areas, as hereinafter defined, are hereby recognized as quasi-public in their nature and purposes; but such cooperative associations, which operate within the corporate limits of any city shall be assessed on the basis of 43 percent of the market value of that portion of its property located within the corporate limits of any city as provided for in section 273.13.

History: *(2012-4) 1939 c 303 s 1; 1943 c 643 s 2; 1971 c 427 s 21; 1973 c 123 art 5 s 7; 1Sp1981 c 1 art 8 s 8*

273.41 AMOUNT OF TAX; DISTRIBUTION.

There is hereby imposed upon each such cooperative association on December 31 of each year a tax of $10 for each 100 members, or fraction thereof, of such association. The tax, when paid, shall be in lieu of all personal property taxes, state, county, or local, upon distribution lines and the attachments and appurtenances thereto of such associations located in rural areas. The tax shall be payable on or before March 1 of the next succeeding year, to the commissioner of revenue. If the tax, or any portion thereof, is not paid within the time herein specified for the payment thereof, there shall be added thereto a specific penalty equal to ten percent of the amount so remaining unpaid. Such penalty shall be collected as part of said tax, and the amount of said tax not timely paid, together with said penalty, shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid. The commissioner shall deposit the amount so received in the general fund of the state treasury.

History: *1939 c 303 s 3; 1951 c 590 s 1; 1959 c 158 s 18; Ex1971 c 31 art 20 s 7; 1973 c 582 s 3; 1973 c 650 art 3 s 1; 1975 c 377 s 8*

273.42 RATE OF TAX; ENTRY AND CERTIFICATION; CREDIT ON PAYMENT; PROPERTY TAX CREDIT.

Subdivision 1. The property set forth in section 273.37, subdivision 2, consisting of transmission lines of less than 69 kv and transmission lines of 69 kv and above located in an unorganized township, and distribution lines not taxed as provided in sections 273.38, 273.40 and 273.41 shall be taxed at the average rate of taxes levied for all purposes throughout the county and shall be entered on the tax lists by the county auditor against the owner thereof and certified to the county treasurer at the same time

and in the same manner that other taxes are certified, and, when paid, shall be credited as follows: 50 percent to the general revenue fund of the county and 50 percent to the general school fund of the county, except that if there are high voltage transmission lines as defined in section 116C.52, the construction of which was commenced after July 1, 1974 and which are located in unorganized townships within the county, then the distribution of taxes within this subdivision shall be credited as follows: 50 percent to the general revenue fund of the county, 40 percent to the general school fund of the county and ten percent to a utility property tax credit fund, which is hereby established.

Subd. 2. Owners of land defined as class 1a, 1b, 1c, 2a, 2c, 4a, 5a, or 6a, pursuant to section 273.13 listed on records of the county auditor or county treasurer over which runs a high voltage transmission line as defined in section 116C.52, subdivision 3, except a high voltage transmission line the construction of which was commenced prior to July 1, 1974, shall receive a property tax credit in an amount determined by multiplying a fraction, the numerator of which is the length of high voltage transmission line which runs over that parcel and the denominator of which is the total length of that particular line running over all property within the city or township by ten percent of the transmission line tax revenue derived from the tax on that portion of the line within the city or township pursuant to section 273.36. In the case of property owners in unorganized townships, the property tax credit shall be determined by multiplying a fraction, the numerator of which is the length of the qualifying high voltage transmission line which runs over the parcel and the denominator of which is the total length of the qualifying high voltage transmission line running over all property within all the unorganized townships within the county, by the total utility property tax credit fund amount available within the county for that year pursuant to subdivision 1. Where a right-of-way width is shared by more than one property owner, the numerator shall be adjusted by multiplying the length of line on the parcel by the proportion of the total width on the parcel owned by that property owner. The amount of credit for which the property qualifies shall not exceed 20 percent of the total gross tax on the parcel prior to deduction of the state paid agricultural credit and the state paid homestead credit, provided that, if the property containing the right-of-way is included in a parcel which exceeds 40 acres, the total gross tax on the parcel shall be multiplied by a fraction, the numerator of which is the sum of the number of acres in each quarter-quarter section or portion thereof which contains a right-of-way and the denominator of which is the total number of acres in the parcel set forth on the tax statement, and the maximum credit shall be 20 percent of the product of that computation, prior to deduction of those credits. The auditor of the county in which the affected parcel is located shall calculate the amount of the credit due for each parcel and transmit that information to the county treasurer. The county auditor, in computing the credits received pursuant to sections 273.13 and 273.135, shall reduce the gross tax by the amount of the credit received pursuant to this section, unless the amount of the credit would be less than $10.

If, after the county auditor has computed the credit to those qualifying property owners in unorganized townships, there is money remaining in the utility property tax credit fund, then that excess amount in the fund shall be returned to the general school fund of the county.

History: *(2012-3) 1925 c 306 s 3; 1949 c 554 s 3; 1978 c 658 s 4; 1979 c 303 art 2 s 20; 1980 c 607 art 10 s 3; 1Sp1981 c 1 art 2 s 15; 1982 c 523 art 16 s 1; 1Sp1985 c 14 art 4 s 70; 1Sp1986 c 1 art 4 s 24*

273.425 ADJUSTMENT OF LEVY.

When preparing tax lists pursuant to section 275.28 for each levy year for which credits will be payable under section 273.42, the county auditor shall deduct from the assessed valuation of the property within the county an amount equal to ten percent of the assessed valuation of transmission lines with respect to which a credit is to be paid and which are valued pursuant to section 273.36. The mill rate necessary to be applied to this reduced total valuation in order to raise the required amount of tax

revenue for the local taxing authorities shall be applied to the value of all taxable property in the county, including the entire valuation of those transmission lines. The proceeds of the tax levied against the excluded ten percent of the value of those transmission lines shall be available for purposes of funding of the credit provided in section 273.42. If the amount of that portion of the levy exceeds the amount necessary to fund the credits, the excess shall be distributed to the taxing districts within which the affected property is located in proportion to their respective mill rates, to be used for general levy purposes.

History: *1979 c 303 art 2 s 21; 1982 c 523 art 16 s 2*

273.43 PERSONAL PROPERTY OF CERTAIN COMPANIES, WHERE LISTED.

The personal property of street railroad, street railway, plank road, gravel road, turnpike, or bridge companies shall be listed in the county, town, city, or district where such property is situated, and where such personal property is situated in different counties, towns, cities, or districts, such part of such personal property situated in such county, town, city, or district, shall be listed and assessed by the commissioner of revenue in the taxing district where the same is situated, without regard to where the principal or any other place of business of such company is located.

History: *(2013) RL s 829; 1913 c 25 s 1; 1973 c 123 art 5 s 7; 1973 c 582 s 3*

273.44 [Repealed, 1983 c 222 s 45]

273.45 [Repealed, 1983 c 222 s 45]

273.46 ASSIGNEES AND RECEIVERS.

Personal property in the hands of an assignee or receiver shall be listed and assessed at the place of listing before the appointment of the assignee or receiver.

History: *(2016) RL s 832; 1986 c 444*

273.47 PROPERTY MOVED BETWEEN JANUARY AND MARCH.

The owner of personal property, removing from one county, town, or district to another between January 2 and March 1, shall be assessed in either in which the owner is first called upon by the assessor. A person moving into this state from another state between those dates shall list the property the person owns on January 2 of such year in the county, town, or district in which the person resides, unless it appears to the assessor that the person is held for tax of the current year on the property in another state.

History: *(2017) RL s 833; 1969 c 709 s 8; 1986 c 444*

273.48 WHERE LISTED IN CASE OF DOUBT.

In case of doubt as to the proper place of listing personal property, or where it cannot be listed as in this chapter provided, if between places in the same county, the place for listing and assessing shall be determined by the county board of equalization; and, if between different counties, or places in different counties, by the commissioner of revenue; and when determined in either case shall be as binding as if fixed hereby.

History: *(2018) RL s 834; 1911 c 223 s 1; 1973 c 582 s 3*

273.49 FORMS FOR LISTING; ASSESSOR TO VALUE.

The commissioner of revenue shall prepare suitable forms for the listing of personal property, each year. The commissioner may arrange and classify the items of such property in such groups and classes and, from time to time, change, separate, or consolidate the same as deemed advisable for securing more accurate information concerning and the more perfect listing and valuation of such property. The assessor shall determine and fix the market value of all items of personal property included in any such list and enter the same opposite such items, respectively, and the same shall

be assessed for purposes of taxation according to law, so that when completed such statement shall truly and distinctly set forth the market value and also the assessed valuation for taxation of such personal property, as required by law.

History: *(2019) RL s 835; 1909 c 266 s 1; 1971 c 427 s 22; 1973 c 582 s 3; 1986 c 444*

273.50 LISTS MAY BE DESTROYED.

The county auditor may destroy any list or statement of personal property on file in the auditor's office after the expiration of six years from the date when the taxes thereon have been paid or become delinquent. If any proceeding has been begun to enforce payment of such taxes, such list or statement shall not be destroyed before the expiration of one year from the return of an execution unsatisfied, or the termination of the proceeding.

History: *(2020) RL s 837; 1986 c 444*

273.51 [Impliedly repealed, see Bemis Bro Bag Co v Wallace 197 Minn 216, 266 NW 690]

273.52 [Repealed, 1983 c 222 s 45]

273.53 [Repealed, 1969 c 9 s 99]

273.54 [Repealed, 1969 c 9 s 99]

273.55 [Repealed, 1969 c 9 s 99]

273.56 [Repealed, 1984 c 593 s 46]

273.57 [Repealed, 1969 c 9 s 99]

273.58 [Repealed, 1969 c 9 s 99]

273.59 [Repealed, 1969 c 9 s 99]

273.60 [Repealed, 1969 c 9 s 99]

273.61 [Repealed, 1969 c 9 s 99]

273.62 [Repealed, 1969 c 9 s 99]

273.63 [Repealed, 1969 c 9 s 99]

273.64 [Repealed, 1969 c 9 s 99]

273.65 FAILURE TO LIST; EXAMINATION UNDER OATH; DUTIES OF ASSESSOR.

When the assessor shall be of opinion that the person listing property for that person, or for any other person, company, or corporation, has not made a full, fair, and complete list thereof, the assessor may examine such person, under oath, in regard to the amount of the property required to be listed; and, if such person shall refuse to make full discovery under oath, the assessor may list the property of such person, or the person's principal, according to the assessor's best judgment and information.

History: *(2030) RL s 843; 1986 c 444*

273.66 OWNER ABSENT OR SICK.

If any person required to list property be sick or absent when the assessor calls for a list thereof, the assessor shall leave at the office or usual place of residence or business of such person a written or printed notice requiring such person to make out and leave at a place, and on or before a day named therein, the statement or list required by this chapter. The date of leaving such notice, and the name of the person so required to list, shall be noted by the assessor in the assessment book.

History: *(2031) RL s 844; 1986 c 444*

273.67 PROCEDURE WHEN OWNER DOES NOT LIST OR IS NOT SWORN.

When any person whose duty it is to list shall refuse or neglect to list personal property when called on by the assessor, or to take and subscribe the required oath in

regard to the truth of a statement, or any part thereof, the assessor shall enter opposite the name of such person, in an appropriate column, the words "refused to list," or "refused to swear," as the case may be; and when any person whose duty it is to list is absent, or unable from sickness to list, the assessor shall enter opposite the name of such person, in an appropriate column, the word "absent" or "sick." The assessor may administer oaths to all persons who by this chapter are required to swear, or whom the assessor may require to testify, and may examine, upon oath, any person supposed to have knowledge of the amount or value of the personal property of any person refusing to list or to verify a list of personal property.

History: *(2032) RL s 845; 1986 c 444*

273.68 FAILURE TO OBTAIN LIST.

In case of failure to obtain a statement of personal property, the assessor shall ascertain the amount and value of such property, and assess the same at such amount as the assessor believes to be the market value thereof. When requested, the assessor shall sign and deliver to the person assessed a copy of the statement showing the valuation of the property so listed.

History: *(2033) RL s 846; 1975 c 339 s 8; 1986 c 444*

273.69 [Repealed, Ex1971 c 31 art 31 s 1]

273.70 [Repealed, Ex1971 c 31 art 31 s 1]

273.71 TAX INCREMENT FINANCING ACT; CITATION.

Sections 273.71 to 273.78 may be cited as the Minnesota tax increment financing act.

History: *1979 c 322 s 1*

273.72 STATEMENT OF PURPOSE.

The statutes governing the use of tax increment financing in Minnesota have evolved over a long period of time and exist in several different special and general laws. These laws are sometimes inconsistent and provide varying procedures which render them difficult to administer. It is the intent of the legislature, by enacting the Minnesota tax increment financing act, to ratify and confirm the findings, declarations and determinations made by the legislature in connection with chapters 362A, 458, 458C, 462, 472A and 474 and to establish a uniform set of standards and procedures to be followed when using this method of financing.

History: *1979 c 322 s 2; 1986 c 399 art 2 s 4; 1986 c 400 s 4; 1Sp1986 c 3 art 2 s 41*

273.73 DEFINITIONS.

Subdivision 1. **Terms.** For the purposes of sections 273.71 to 273.78 the terms defined in this section shall have the meanings given them.

Subd. 2. **Authority.** "Authority" means a rural development financing authority created pursuant to chapter 362A, a housing and redevelopment authority created pursuant to chapter 462; a port authority created pursuant to chapter 458; an economic development authority created pursuant to chapter 458C; a redevelopment agency as defined by chapter 474; a municipality which is administering a development district created pursuant to chapter 472A or any special law, a municipality which undertakes a project pursuant to chapter 474; or a municipality which exercises the powers of a port authority pursuant to any general or special law.

Subd. 3. **Bonds.** "Bonds" means any bonds, including but not limited to refunding bonds, notes, interim certificates, debentures, or other obligations issued by an authority under section 273.77 or which were issued in aid of a project under any other law, except revenue bonds issued pursuant to chapter 474, prior to August 1, 1979.

Subd. 4. **Captured assessed value.** "Captured assessed value" means any amount by which the current assessed value of a tax increment financing district exceeds the original assessed value, including the value of property normally taxable as personal property by reason of its location on or over property owned by a tax-exempt entity.

Subd. 5. **Governing body.** "Governing body" means the duly elected council or board of a municipality, not withstanding any contrary definition thereof contained in chapter 475.

Subd. 6. **Municipality.** "Municipality" means any city, however organized, and with respect to a project undertaken pursuant to chapter 474, "municipality" has the meaning given in chapter 474, and with respect to a project undertaken pursuant to chapter 362A, or a county or multicounty project undertaken pursuant to sections 462.426 to 462.4291, "municipality" shall also include any county.

Subd. 7. **Original assessed value.** "Original assessed value" means the assessed value of all taxable real property within a tax increment financing district as most recently certified by the commissioner of revenue as of the date of the request by an authority for certification by the county auditor, together with subsequent adjustments as set forth in section 273.76, subdivisions 1 and 4; provided, however, that in determining the original assessed value the assessed value of real property exempt from taxation at the time of the request shall be zero except for real property which is tax exempt by reason of public ownership by the requesting authority and which has been publicly owned for less than one year prior to the date of the request for certification, in which event the assessed value of the property shall be the assessed value as most recently determined by the commissioner of revenue. For purposes of this subdivision, "real property" shall include any property normally taxable as personal property by reason of its location on or over publicly-owned property.

Subd. 8. **Project.** "Project" means a project as defined in section 362A.01; an industrial development district as defined in section 458.191, subdivision 1; an economic development district as defined in 458C.14, subdivision 1; a project as defined in section 462.421, subdivision 14; a development district as defined in chapter 472A or any special law; or a project as defined in section 474.02, subdivision 1, 1a or 1b.

Subd. 9. **Tax increment financing district.** "Tax increment financing district" or "district" means a contiguous or noncontiguous geographic area within a project delineated in the tax increment financing plan, as provided by section 273.74, subdivision 1, for the purpose of financing redevelopment, mined underground space development, housing or economic development in municipalities through the use of tax increment generated from the captured assessed value in the tax increment financing district.

Subd. 10. **Redevelopment district.** (a) "Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one of the following conditions, reasonably distributed throughout the district, exists:

(1) 70 percent of the parcels in the district are occupied by buildings, streets, utilities or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or

(2) 70 percent of the parcels in the district are occupied by buildings, streets, utilities or other improvements and 20 percent of the buildings are structurally substandard and an additional 30 percent of the buildings are found to require substantial renovation or clearance in order to remove such existing conditions as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety and general well-being of the community; or

(3) Less than 70 percent of the parcels in the district are occupied by buildings, streets, utilities or other improvements, but due to unusual terrain or soil deficiencies

requiring substantial filling, grading or other physical preparation for use at least 80 percent of the total acreage of such land has a fair market value upon inclusion in the redevelopment district which, when added to the estimated cost of preparing that land for development, excluding costs directly related to roads as defined in section 160.01 and local improvements as described in section 429.021, subdivision 1, clauses 1 to 7, 11 and 12, and 430.01, if any, exceeds its anticipated fair market value after completion of said preparation; provided that no parcel shall be included within a redevelopment district pursuant to this paragraph unless the authority has concluded an agreement or agreements for the development of at least 50 percent of the acreage having the unusual soil or terrain deficiencies, which agreement provides recourse for the authority should the development not be completed; or

(4) The property consists of underutilized air rights existing over a public street, highway or right-of-way; or

(5) The property consists of vacant, unused, underused, inappropriately used or infrequently used railyards, rail storage facilities or excessive or vacated railroad rights-of-way; or

(6) The district consists of an existing or proposed industrial park no greater in size than 250 acres, which contains a sewage lagoon contaminated with polychlorinated biphenyls.

(b) For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. "Parcel" shall mean a tract or plat of land established prior to the certification of the district as a single unit for purposes of assessment.

Subd. 11. **Housing district.** "Housing district" means a type of tax increment financing district which consists of a project, or a portion of a project, intended for occupancy, in part, by persons or families of low and moderate income, as defined in chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts.

Subd. 12. **Economic development district.** "Economic development district" means a type of tax increment financing district which consists of any project, or portions of a project, not meeting the requirements found in the definition of redevelopment district, mined underground space development district or housing district, but which the authority finds to be in the public interest because:

(a) it will discourage commerce, industry or manufacturing from moving their operations to another state; or

(b) it will result in increased employment in the municipality; or

(c) it will result in preservation and enhancement of the tax base of the municipality.

Subd. 13. **Administrative expenses.** "Administrative expenses" means all expenditures of an authority other than amounts paid for the purchase of land or amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the district, relocation benefits paid to or services provided for persons residing or businesses located in the district, or amounts used to pay interest on, fund a reserve for, or sell at a discount bonds issued pursuant to section 273.77. "Administrative expenses" includes amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants.

Subd. 14. **Mined underground space development district.** "Mined underground space development district" means a type of tax increment financing district consisting of a project, or portions of a project, for the development or redevelopment of mined underground space pursuant to sections 472B.03 to 472B.07.

History: *1979 c 322 s 3; 1980 c 509 s 108; 1980 c 607 art 6 s 1-5; 1982 c 523 art 38*

s 1,2; 1985 c 194 s 9-11; 1986 c 399 art 2 s 5,6; 1986 c 400 s 5,6; 1986 c 465 art 2 s 4; 1Sp1986 c 3 art 2 s 41

273.74 ESTABLISHING, MODIFYING TAX INCREMENT FINANCING PLAN, ANNUAL ACCOUNTS.

Subdivision 1. **Tax increment financing plan.** A tax increment financing plan shall contain:

(a) A statement of objectives of an authority for the improvement of a project;

(b) A statement as to the development program for the project, including the property within the project, if any, which the authority intends to acquire;

(c) A list of any development activities which the plan proposes to take place within the project, for which contracts have been entered into at the time of the preparation of the plan, including the names of the parties to the contract, the activity governed by the contract, the cost stated in the contract, and the expected date of completion of that activity;

(d) Identification or description of the type of any other specific development reasonably expected to take place within the project, and the date when the development is likely to occur;

(e) Estimates of the following:

(1) Cost of the project, including administration expenses;

(2) Amount of bonded indebtedness to be incurred;

(3) Sources of revenue to finance or otherwise pay public costs;

(4) The most recent assessed value of taxable real property within the tax increment financing district;

(5) The estimated captured assessed value of the tax increment financing district at completion; and

(6) The duration of the tax increment financing district's existence; and

(f) A statement of the authority's estimate of the impact of tax increment financing on the assessed values of all taxing jurisdictions in which the tax increment financing district is located in whole or in part.

Subd. 2. **Consultations; comment and filing.** Before formation of a tax increment financing district, the authority shall provide an opportunity to the members of the county boards of commissioners of any county in which any portion of the proposed district is located and the members of the school board of any school district in which any portion of the proposed district is located to meet with the authority. The authority shall present to the members of the county boards of commissioners and the school boards its estimate of the fiscal and economic implications of the proposed tax increment financing district. The members of the county boards of commissioners and the school boards may present their comments at the public hearing on the tax increment financing plan required by subdivision 3. The county auditor shall not certify the original assessed value of a district pursuant to section 273.76, subdivision 1, until the county board of commissioners has presented its written comment on the proposal to the authority, or 30 days has passed from the date of the transmittal by the authority to the board of the information regarding the fiscal and economic implications, whichever occurs first. Upon adoption of the tax increment financing plan, the authority shall file a copy of the plan with the commissioner of energy and economic development. The authority must also file with the commissioner a copy of the development plan for the project area.

Subd. 3. **Municipality approval.** No county auditor shall certify the original assessed value of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the district is located. If an authority which proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the district is proposed to be located and shall obtain the approval of

its tax increment financing plan by the municipality before the authority may use tax increment financing. The municipality shall approve the tax increment financing plan only after a public hearing thereon after published notice in a newspaper of general circulation in the municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing. This hearing may be held before or after the approval or creation of the project or it may be held in conjunction with a hearing to approve the project. Before or at the time of approval of the tax increment financing plan, the municipality shall make the following findings, and shall set forth in writing the reasons and supporting facts for each determination:

(a) That the proposed tax increment financing district is a redevelopment district, a mined underground space development district, a housing district or an economic development district.

(b) That the proposed development or redevelopment, in the opinion of the municipality, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.

(c) That the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole.

(d) That the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise.

(e) That the municipality elects the method of tax increment computation set forth in section 273.76, subdivision 3, clause (b), if applicable.

When the municipality and the authority are not the same, the municipality shall approve or disapprove the tax increment financing plan within 60 days of submission by the authority, or the plan shall be deemed approved. When the municipality and the authority are not the same, the municipality may not amend or modify a tax increment financing plan except as proposed by the authority pursuant to subdivision 4. Once approved, the determination of the authority to undertake the project through the use of tax increment financing and the resolution of the governing body shall be conclusive of the findings therein and of the public need for such financing.

Subd. 4. **Modification of plan.** A tax increment financing plan may be modified by an authority, provided that any reduction or enlargement of geographic area of the project or tax increment financing district, increase in amount of bonded indebtedness to be incurred, including a determination to capitalize interest on the debt if that determination was not a part of the original plan, or to increase or decrease the amount of interest on the debt to be capitalized, increase in the portion of the captured assessed value to be retained by the authority, increase in total estimated tax increment expenditures or designation of additional property to be acquired by the authority shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original plan; provided that if an authority changes the type of district from housing, redevelopment or economic development to another type of district, this change shall not be considered a modification but shall require the authority to follow the procedure set forth in sections 273.71 to 273.78 for adoption of a new plan, including certification of the assessed valuation of the district by the county auditor.

The geographic area of a tax increment financing district may be reduced, but shall not be enlarged after five years following the date of certification of the original assessed value by the county auditor or five years from August 1, 1979, for tax increment financing districts authorized prior to August 1, 1979, except that development districts created pursuant to chapter 472A prior to August 1, 1979 may be reduced but shall not be enlarged after five years following the date of designation of such district.

Subd. 5. **Annual disclosure.** For all tax increment financing districts, whether created prior or subsequent to August 1, 1979, on or before July 1 of each year, the authority shall submit to the county board, the school board, the commissioner of

energy and economic development and, if the authority is other than the municipality, the governing body of the municipality a report of the status of the district. The report shall include the following information: the amount and the source of revenue in the account, the amount and purpose of expenditures from the account, the amount of any pledge of revenues, including principal and interest on any outstanding bonded indebtedness, the original assessed value of the district, the captured assessed value retained by the authority, the captured assessed value shared with other taxing districts, the tax increment received and any additional information necessary to demonstrate compliance with any applicable tax increment financing plan. An annual statement showing the tax increment received and expended in that year, the original assessed value, captured assessed value, amount of outstanding bonded indebtedness and any additional information the authority deems necessary shall be published in a newspaper of general circulation in the municipality.

Subd. 6. **Financial reporting.** (a) The state auditor shall develop a uniform system of accounting and financial reporting for tax increment financing districts. The system of accounting and financial reporting shall, as nearly as possible:

(1) provide for full disclosure of the sources and uses of public funds in the district;

(2) permit comparison and reconciliation with the affected local government's accounts and financial reports;

(3) permit auditing of the funds expended on behalf of a district, including a single district that is part of a multidistrict project or that is funded in part or whole through the use of a development account funded with tax increments from other districts or with other public money;

(4) be consistent with generally accepted accounting principles.

(b) The authority must annually submit to the state auditor, on or before July 1, a financial report in compliance with paragraph (a). Copies of the report must also be provided to the county and school district boards and to the governing body of the municipality, if the authority is not the municipality. To the extent necessary to permit compliance with the requirement of financial reporting, the county and any other appropriate local government unit or private entity must provide the necessary records or information to the authority or the state auditor as provided by the system of accounting and financial reporting developed pursuant to paragraph (a).

(c) The annual financial report must also include the following items:

(1) the original assessed value of the district;

(2) the captured assessed value of the district, including the amount of any captured assessed value shared with other taxing districts;

(3) the outstanding principal amount of bonds issued or other loans incurred to finance project costs in the district;

(4) for the reporting period and for the duration of the district, the amount budgeted under the tax increment financing plan, and the actual amount expended for, at least, the following categories:

(A) acquisition of land and buildings through condemnation or purchase;

(B) site improvements or preparation costs;

(C) installation of public utilities or other public improvements;

(D) administrative costs, including the allocated cost of the authority;

(5) for properties sold to developers, the total cost of the property to the authority and the price paid by the developer;

(6) the amount of tax exempt obligations, other than those reported under clause (3), that were issued on behalf of private entities for facilities located in the district.

(d) The reporting requirements imposed by this subdivision are in lieu of the annual disclosure required by subdivision 5.

History: *1979 c 322 s 4; 1980 c 607 art 6 s 6; 1981 c 356 s 187,188; 1982 c 523 art 38 s 3-6; 1983 c 289 s 115 subd 1; 1985 c 194 s 12; 1Sp1985 c 14 art 8 s 14,15*

273.75 LIMITATIONS.

Subdivision 1. **Duration of tax increment financing districts.** Subject to the limitations contained elsewhere in this subdivision any tax increment financing district as to which bonds are outstanding, payment for which the tax increment and other revenues have been pledged, shall remain in existence at least as long as any such bonds continue to be outstanding; provided, however, the tax increment pledged to the payment of bonds and interest thereon may be discharged and the tax increment financing district may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or date of redemption and interest thereon to such maturity or redemption date, provided that for bonds issued pursuant to section 273.77, clauses (a) and (b) the full faith and credit and any taxing powers of the municipality or authority shall continue to be pledged to the payment of the bonds until the principal of and interest on the bonds has been paid in full; provided, further, that no tax increment shall be paid to an authority for a tax increment financing district after three years from the date of certification of the original assessed value of the taxable real property in the district by the county auditor or three years from August 1, 1979, for tax increment financing districts authorized prior to August 1, 1979, unless within the three year period (a) bonds have been issued pursuant to section 273.77, or in aid of a project pursuant to any other law, except revenue bonds issued pursuant to chapter 474, prior to August 1, 1979, or (b) the authority has acquired property within the district, or (c) the authority has constructed or caused to be constructed public improvements within the district; and provided, further, that no tax increment shall in any event be paid to the authority from a redevelopment district after 25 years from date of receipt by the authority of the first tax increment, after 25 years from the date of the receipt for a housing district, after 25 years from the date of the receipt for a mined underground space development district, and after eight years from the date of the receipt, or ten years from approval of the tax increment financing plan, whichever is less, for an economic development district.

For tax increment financing districts created prior to August 1, 1979, no tax increment shall be paid to the authority after 30 years from August 1, 1979.

Modification of a tax increment financing plan pursuant to section 273.74, subdivision 4, shall not extend the durational limitations of this subdivision.

Subd. 2. **Excess tax increments.** In any year in which the tax increment exceeds the amount necessary to pay the costs authorized by the tax increment financing plan, including the amount necessary to cancel any tax levy as provided in section 475.61, subdivision 3, the authority shall use the excess amount to do any of the following, in the order determined by the authority: (a) prepay any outstanding bonds, (b) discharge the pledge of tax increment therefor, (c) pay into an escrow account dedicated to the payment of such bond, or (d) return the excess amount to the county auditor who shall distribute the excess amount to the municipality, county and school district in which the tax increment financing district is located in direct proportion to their respective mill rates. The county auditor must report to the commissioner of education the amount of any excess tax increment distributed to a school district within 30 days of the distribution.

Subd. 3. **Limitation on administrative expenses.** No tax increment shall be used to pay any administrative expenses for a project which exceed ten percent of the total tax increment expenditures authorized by the tax increment financing plan or the total tax increment expenditures for the project, whichever is less.

Subd. 4. **Limitation on use of tax increment.** All revenues derived from tax increment shall be used in accordance with the tax increment financing plan. The revenues shall be used solely for the following purposes: (a) to pay the principal of and interest on bonds issued to finance a project; (b) by a rural development financing authority for the purposes stated in section 362A.01, subdivision 2, by a port authority or municipality exercising the powers of a port authority to finance or otherwise pay the cost of redevelopment pursuant to chapter 458, by an economic development

authority to finance or otherwise pay the cost of redevelopment pursuant to chapter 458C, by a housing and redevelopment authority or economic development authority to finance or otherwise pay public redevelopment costs pursuant to chapter 462, by a municipality or economic development authority to finance or otherwise pay the capital and administration costs of a development district pursuant to chapter 472A, by a municipality or redevelopment agency to finance or otherwise pay premiums for insurance or other security guaranteeing the payment when due of principal of and interest on the bonds pursuant to chapter 462C, 474, or both chapters, or to accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds pursuant to chapter 462C, 474, or both chapters, which revenues in the reserve shall not exceed, subsequent to the fifth anniversary of the date of issue of the first bond issue secured by the reserve, an amount equal to 20 percent of the aggregate principal amount of the outstanding and nondefeased bonds secured by the reserve. Revenues derived from tax increment may be used to finance the costs of an interest reduction program operated pursuant to section 462.445, subdivisions 10 to 13, or pursuant to other law granting interest reduction authority and power by reference to those subdivisions only under the following conditions: (a) tax increments may not be collected for a program for a period in excess of 12 years after the date of the first interest rate reduction payment for the program, (b) tax increments may not be used for an interest reduction program, if the proceeds of bonds issued pursuant to section 273.77 after December 31, 1985, have been or will be used to provide financial assistance to the specific project which would receive the benefit of the interest reduction program, and (c) tax increments may not be used to finance an interest reduction program for owner-occupied single-family dwellings. These revenues shall not be used to circumvent existing levy limit law. No revenues derived from tax increment shall be used for the construction or renovation of a municipally owned building used primarily and regularly for conducting the business of the municipality; this provision shall not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure, a commons area used as a public park or a facility used for social, recreational or conference purposes and not primarily for conducting the business of the municipality.

Subd. 5. **Requirement for agreements.** No more than 25 percent, by acreage, of the property to be acquired within a project which contains a redevelopment district, or ten percent, by acreage, of the property to be acquired within a project which contains a housing or economic development district, as set forth in the tax increment financing plan, shall at any time be owned by an authority as a result of acquisition with the proceeds of bonds issued pursuant to section 273.77 without the authority having prior to acquisition in excess of the percentages concluded an agreement for the development or redevelopment of the property acquired and which provides recourse for the authority should the development or redevelopment not be completed.

Subd. 6. **Limitation on increment.** If, after four years from the date of certification of the original assessed value of the tax increment financing district pursuant to section 273.76, no demolition, rehabilitation or renovation of property or other site preparation, including improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional tax increment may be taken from that parcel, and the original assessed value of that parcel shall be excluded from the original assessed value of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation or renovation or other site preparation on that parcel including improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced, and the county auditor shall certify the assessed value thereof as most recently certified by the commissioner of revenue and add it to the original assessed value of the tax increment financing district. For purposes of this subdivision "parcel" means a tract or plat of land established prior to the certification of the district as a single unit for purposes of assessment.

Subd. 7. **Subsequent districts.** Except as provided in subdivision 6, for subsequent recertification of parcels eliminated from a district because of lack of development activity, no parcel that has been so eliminated subsequent to two years from the date of the original certification may be included in a tax increment district if, at any time during the 20 years prior to the date when certification of the district is requested pursuant to section 273.76, subdivision 1, that parcel had been included in an economic development district.

Subd. 8. **Mined underground space development district.** Revenue derived from tax increment from a mined underground space development district may be used only to pay for the costs of excavating and supporting the space, of providing public access to the mined underground space including roadways, and of installing utilities including fire sprinkler systems in the space.

History: *1979 c 322 s 5; 1980 c 607 art 6 s 7-10; 1982 c 523 art 38 s 7-12; 1982 c 577 s 5; 1985 c 194 s 13,14; 1Sp1985 c 14 art 8 s 16; 1986 c 399 art 2 s 7; 1986 c 400 s 7; 1986 c 465 art 2 s 5,6; 1Sp1986 c 3 art 2 s 41*

273.76 COMPUTATION OF TAX INCREMENT.

Subdivision 1. **Original assessed value.** Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original assessed value of the tax increment financing district as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original assessed value has increased or decreased as a result of a change in tax exempt status of property within the district, reduction or enlargement of the district or changes pursuant to subdivision 4. In the case of a mined underground space development district the county auditor shall certify the original assessed value as zero, plus the assessed value, if any, previously assigned to any subsurface area included in the mined underground space development district pursuant to section 272.04. The amount to be added to the original assessed value of the district as a result of previously tax exempt real property within the district becoming taxable shall be equal to the assessed value of the real property as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the value which shall be assessed by the assessor at the time of such transfer. The amount to be added to the original assessed value of the district as a result of enlargements thereof shall be equal to the assessed value of the added real property as most recently certified by the commissioner of revenue as of the date of modification of the tax increment financing plan pursuant to section 273.74, subdivision 4. Each year the auditor shall also add to the original assessed value of each economic development district an amount equal to the original assessed value for the preceding year multiplied by the average percentage increase in the assessed valuation of all property included in the economic development district during the five years prior to certification of the district. The amount to be subtracted from the original assessed value of the district as a result of previously taxable real property within the district becoming tax exempt, or a reduction in the geographic area of the district, shall be the amount of original assessed value initially attributed to the property becoming tax exempt or being removed from the district. If the assessed value of property located within the tax increment financing district is reduced by reason of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original assessed value of the district when the property upon which the abatement is made has not been improved since the date of certification of the district and to the captured assessed value of the district in each year thereafter when the abatement relates to improvements made after the date of certification. The county auditor shall have the power to specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 273.74, subdivision 4.

Subd. 2. **Captured assessed value.** The county auditor shall certify the amount

of the captured assessed value to the authority each year, together with the proportion that the captured assessed value bears to the total assessed value of the real property within the tax increment financing district for that year.

(a) An authority may choose to retain any part or all of the captured assessed value for purposes of tax increment financing according to one of the two following options:

(1) If the plan provides that all the captured assessed value is necessary to finance or otherwise make permissible expenditures under section 273.75, subdivision 4, the authority may retain the full captured assessed value.

(2) If the plan provides that only a portion of the captured assessed value is necessary to finance or otherwise make permissible expenditures under section 273.75, subdivision 4, only that portion shall be set aside and the remainder shall be distributed among the affected taxing districts by the county auditor.

(b) The portion of captured assessed value that an authority intends to use for purposes of tax increment financing must be clearly stated in the tax increment financing plan.

Subd. 3. **Tax increment, relationship to chapter 473F.** (a) Unless the governing body elects pursuant to clause (b) the following method of computation shall apply:

(1) The original assessed value and the current assessed value shall be determined before the application of the fiscal disparity provisions of chapter 473F. Where the original assessed value is equal to or greater than the current assessed value, there is no captured assessed value and no tax increment determination. Where the original assessed value is less than the current assessed value, the difference between the original assessed value and the current assessed value is the captured assessed value. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured assessed value of the authority.

(2) The county auditor shall exclude the retained captured assessed value of the authority from the taxable value of the local taxing districts in determining local taxing district mill rates. The mill rates so determined are to be extended against the retained captured assessed value of the authority as well as the taxable value of the local taxing districts. The tax generated by the extension of the local taxing district mill rates to the retained captured assessed value of the authority is the tax increment of the authority.

(b) Notwithstanding clause (a), the governing body may, by resolution approving the tax increment financing plan pursuant to section 273.74, subdivision 3, elect the following method of computation:

(1) The original assessed value shall be determined before the application of the fiscal disparity provisions of chapter 473F. The current assessed value shall exclude any fiscal disparity commercial-industrial assessed value increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to section 473F.08, subdivision 6. Where the original assessed value is equal to or greater than the current assessed value, there is no captured assessed value and no tax increment determination. Where the original assessed value is less than the current assessed value, the difference between the original assessed value and the current assessed value is the captured assessed value. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured assessed value of the authority.

(2) The county auditor shall exclude the retained captured assessed value of the authority from the taxable value of the local taxing districts in determining local taxing district mill rates. The mill rates so determined are to be extended against the retained captured assessed value of the authority as well as the taxable value of the local taxing districts. The tax generated by the extension of the local taxing district mill rates to the retained captured assessed value of the authority is the tax increment of the authority.

(3) An election by the governing body pursuant to part (b) shall be submitted to

the county auditor by the authority at the time of the request for certification pursuant to subdivision 1.

(c) The method of computation of tax increment applied to a district pursuant to clause (a) or (b), once established, shall remain the same for the duration of the district.

Subd. 4. **Prior planned improvements.** The authority shall, after due and diligent search, accompany its request for certification to the county auditor pursuant to subdivision 1, or its notice of district enlargement pursuant to section 273.74, subdivision 5, with a listing of all properties within the tax increment financing district or area of enlargement for which building permits have been issued during the 18 months immediately preceding approval of the tax increment financing plan by the municipality pursuant to section 273.74, subdivision 4. The county auditor shall increase the original assessed value of the district by the assessed valuation of the improvements for which the building permit was issued, excluding the assessed valuation of improvements for which a building permit was issued during the three month period immediately preceding said approval of the tax increment financing plan, as certified by the assessor.

Subd. 5. **Tax increment account.** The tax increment received with respect to any district shall be segregated by the authority in a special account or accounts on its official books and records or as otherwise established by resolution of the authority to be held by a trustee or trustees for the benefit of holders of the bonds.

Subd. 6. **Request for certification of new tax increment financing district.** A request for certification of a new tax increment financing district pursuant to subdivision 1 or of a modification to an existing tax increment financing district pursuant to section 273.74, subdivision 4, received by the county auditor on or before October 10 of the calendar year shall be recognized by the county auditor in determining mill rates for the current and subsequent levy years. Such requests received by the county auditor after October 10 of the calendar year shall not be recognized by the county auditor in determining mill rates for the current levy year but shall be recognized by the county auditor in determining mill rates for subsequent levy years.

Subd. 7. **Property classification changes.** In the event that any law governing the classification of real property and thereby determining the percentage of market value to be assessed for ad valorem taxation purposes is amended after August 1, 1979, the increase or decrease in assessed valuation resulting therefrom shall be applied proportionately to original assessed value and captured assessed value of any tax increment financing district in each year thereafter, whether created pursuant to the Minnesota tax increment financing act or any prior tax increment law.

Subd. 8. **Assessment agreements.** An authority may, upon entering into a development or redevelopment agreement pursuant to section 273.75, subdivision 5, enter into a written assessment agreement in recordable form with the developer or redeveloper of property within the tax increment financing district which establishes a minimum market value of the land and completed improvements to be constructed thereon until a specified termination date, which date shall be not later than the date upon which tax increment will no longer be remitted to the authority pursuant to section 273.75, subdivision 1. The assessment agreement shall be presented to the county assessor, or city assessor having the powers of the county assessor, of the jurisdiction in which the tax increment financing district is located. The assessor shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, shall execute the following certification upon such agreement:

> The undersigned assessor, being legally responsible for the assessment of the above described property upon completion of the improvements to be constructed thereon, hereby certifies that the market

value assigned to such land and improvements upon completion shall not be less than $..... .

Upon transfer of title of the land to be developed or redeveloped from the authority to the developer or redeveloper, such assessment agreement, together with a copy of this subdivision, shall be filed for record and recorded in the office of the county recorder or filed in the office of the registrar of titles of the county where the real estate or any part thereof is situated. Upon completion of the improvements by the developer or redeveloper, the assessor shall value the property pursuant to section 273.11, except that the market value assigned thereto shall not be less than the minimum market value contained in the assessment agreement. Nothing herein shall limit the discretion of the assessor to assign a market value to the property in excess of the minimum market value contained in the assessment agreement nor prohibit the developer or redeveloper from seeking, through the exercise of administrative and legal remedies, a reduction in market value for property tax purposes; provided, however, that the developer or redeveloper shall not seek, nor shall the city assessor, the county assessor, the county auditor, any board of review, any board of equalization, the commissioner of revenue or any court of this state grant a reduction of the market value below the minimum market value contained in the assessment agreement during the term of the agreement filed of record regardless of actual market values which may result from incomplete construction of improvements, destruction or diminution by any cause, insured or uninsured, except in the case of acquisition or reacquisition of the property by a public entity. Recording or filing of an assessment agreement complying with the terms of this subdivision shall constitute notice of the agreement to any subsequent purchaser or encumbrancer of the land or any part thereof, whether voluntary or involuntary, and shall be binding upon them.

History: *1979 c 322 s 6; 1980 c 509 s 109; 1980 c 607 art 6 s 11-16; 1982 c 523 art 38 s 13,14; 1985 c 194 s 15*

273.77 TAX INCREMENT BONDING.

Any other law, general or special, notwithstanding, after August 1, 1979 no bonds, payment for which tax increment is pledged, shall be issued in connection with any project for which tax increment financing has been undertaken other than as is authorized hereby and the proceeds therefrom shall be used only in accordance with section 273.75, subdivision 4 as if said proceeds were tax increment, except that a tax increment financing plan need not be adopted for any project for which tax increment financing has been undertaken prior to August 1, 1979, pursuant to statutes not requiring a tax increment financing plan. Such bonds shall not be included for purposes of computing the net debt of any municipality.

(a) A municipality may issue general obligation bonds to finance any expenditure by the municipality or an authority the jurisdiction of which is wholly or partially within that municipality, pursuant to section 273.75, subdivision 4 in the same manner and subject only to the same conditions as those provided in chapter 475 for bonds financing improvement costs reimbursable from special assessments. Any pledge of tax increment, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision, except when the authority and the municipality are the same, shall be made by written agreement by and between the authority and the municipality and filed with the county auditor. When the authority and the municipality are the same, the municipality may by covenant pledge tax increment, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision and thereupon shall file the resolution containing such covenant with the county auditor. When tax increment, assessments and other revenues are pledged, the estimated collections of said tax increment, assessments and any other revenues so pledged may be deducted from the taxes otherwise required to be levied before the issuance of the bonds under section 475.61, subdivision 1, or the collections thereof may be certified annually to reduce or cancel the initial tax levies in accordance with section 475.61, subdivision 1 or 3.

(b) When the authority and the municipality are not the same, an authority may, by resolution, authorize, issue and sell its general obligation bonds to finance any expenditure which that authority is authorized to make by section 273.75, subdivision 4. Said bonds of the authority shall be authorized by its resolution, shall mature as determined by resolution of the authority in accordance with Laws 1979, chapter 322, and may be issued in one or more series and shall bear such date or dates, bear interest at such rate or rates, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in medium of payment at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices as the authority by resolution shall determine, and any provision of any law to the contrary notwithstanding, the bonds shall be fully negotiable. In any suit, actions, or proceedings involving the validity of enforceability of any bonds of the authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a project shall be conclusively deemed to have been issued for such purpose, and the tax increment financing district within the project shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of Laws 1979, chapter 322. Neither the authority, nor any director, commissioner, council member, board member, officer, employee or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds of the authority, and such bonds shall so state on their face, shall not be a debt of any municipality, the state or any political subdivision thereof, and neither the municipality nor the state or any political subdivision thereof shall be liable thereon, nor in any event shall such bonds be payable out of any funds or properties other than those of the authority and any tax increment and revenues of a tax increment financing district pledged therefor.

(c) Notwithstanding any other law general or special, an authority may, by resolution, authorize, issue and sell revenue bonds payable solely from all or a portion of revenues, including but not limited to tax increment revenues and assessments, derived from a tax increment financing district located wholly or partially within the municipality to finance any expenditure which the authority is authorized to make by section 273.75, subdivision 4. The bonds shall mature as determined by resolution of the authority in accordance with Laws 1979, chapter 322 and may be issued in one or more series and shall bear such date or dates, bear interest at such rate or rates, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in medium of payment at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices as the authority by resolution shall determine, and any provision of any law to the contrary notwithstanding, shall be fully negotiable. In any suit, action, or proceedings involving the validity or enforceability of any bonds of the authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a project shall be conclusively deemed to have been issued for such purpose, and the tax increment financing district within the project shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of Laws 1979, chapter 322. Neither the authority, nor any director, commissioner, council member, board member, officer, employee or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds may be further secured by a pledge and mortgage of all or any portion of the district in aid of which the bonds are issued and such convenants as the authority shall deem by such resolution to be necessary and proper to secure payment of the bonds. The bonds, and the bonds shall so state on their face, shall not be payable from nor charged upon any funds other than the revenues and property pledged or mortgaged to the payment thereof, nor shall the issuing authority

be subject to any liability thereon or have the powers to obligate itself to pay or pay the bonds from funds other than the revenues and properties pledged and mortgaged and no holder or holders of the bonds shall ever have the right to compel any exercise of any taxing power of the issuing authority or any other public body, other than as is permitted or required under Laws 1979, chapter 322 and pledged therefor hereunder, to pay the principal of or interest on any such bonds, nor to enforce payment thereof against any property of the authority or other public body other than that expressly pledged or mortgaged for the payment thereof.

(d)(1) In anticipation of the issuance of bonds pursuant to either paragraph (a), (b) or (c), the authority or municipality may by resolution issue and sell temporary bonds pursuant to paragraph (a), (b) or (c), maturing within not more than three years from their date of issue, to pay any part or all of the cost of a project. To the extent that the principal of and interest on the temporary bonds cannot be paid when due from receipts of tax increment, assessments, or other funds appropriated for the purpose, they shall be paid from the proceeds of long-term bonds or additional temporary bonds which the authority or municipality shall offer for sale in advance of the maturity date of the temporary bonds, but the indebtedness funded by an issue of temporary bonds shall not be extended by the issue of additional temporary bonds for more than six years from the date of the first issue. Long-term bonds may be issued pursuant to paragraph (a), (b) or (c) without regard to whether the temporary bonds were issued pursuant to paragraph (a), (b) or (c). If general obligation temporary bonds are issued pursuant to paragraph (a), proceeds of long-term bonds or additional temporary bonds not yet sold may be treated as pledged revenues, in reduction of the tax otherwise required by section 475.61 to be levied prior to delivery of the obligations. Subject to the six-year maturity limitation contained above, but without regard to the requirement of section 475.58, if any temporary bonds are not paid in full at maturity, in addition to any other remedy authorized or permitted by law, the holders may demand, in which case the authority or municipality shall, issue pursuant to paragraph (a), (b) or (c) as the temporary bonds and in exchange for the temporary bonds, at par, replacement temporary bonds dated as of the date of the replaced temporary bonds, maturing within one year from the date of the replacement temporary bonds and earning interest at the rate set forth in the resolution authorizing the issuance of the replaced temporary bonds, provided that the rate shall not exceed the maximum rate permitted by law at the date of issue of the replaced temporary bonds.

(2) Funds of a municipality may be invested in its temporary bonds in accordance with the provisions of section 471.56, and may be purchased upon their initial issue, but shall be purchased only from funds which the governing body of the municipality determines will not be required for other purposes before the maturity date, and shall be resold before maturity only in case of emergency. If purchased from a debt service fund securing other bonds, the holders of those bonds may enforce the municipality's obligations on the temporary bonds in the same manner as if they held the temporary bonds.

(e) Sections 474A.01 to 474A.21 apply to any issuance of obligations under this section which are subject to limitation under a federal volume limitation act as defined in section 474A.02, subdivision 9, or existing federal tax law as defined in section 474A.02, subdivision 8.

History: *1979 c 322 s 7; 1980 c 509 s 110; 1980 c 607 art 6 s 17; 1982 c 523 art 38 s 15; 1984 c 582 s 2; 1986 c 465 art 1 s 1*

273.78 EXISTING PROJECTS.

The provisions of sections 273.71 to 273.77 shall not affect any project for which tax increment certification was requested pursuant to law prior to August 1, 1979, or any project carried on by an authority pursuant to section 462.545, subdivision 5 with respect to which the governing body has by resolution designated properties for inclusion in the district prior to August 1, 1979, except:

(a) As otherwise expressly provided in sections 273.71 to 273.77; or

(b) As an authority may elect to proceed with an existing district, under the provisions of sections 273.71 to 273.77; or

(c) That any enlargements of the geographic area of an existing tax increment financing district subsequent to August 1, 1979, shall be accomplished in accordance with and shall subject the property added as a result of the enlargement to the terms and conditions of sections 273.71 to 273.77; or

(d) That commencing with taxes payable in 1980, section 273.76, subdivision 3, clause (b) shall apply to all development districts created pursuant to chapter 472A, or any special law, prior to August 1, 1979.

History: *1979 c 322 s 8; 1980 c 607 art 6 s 18*

273.86 DEFERRED PROPERTY TAXATION FOR PRIVATE REDEVELOPMENT.

Subdivision 1. **Application.** A developer proposing to construct improvements on property located within an industrial development district as defined in section 458.191, subdivision 1; an economic development district as defind in section 458C.14, subdivision 1; a development district as defined in section 472A.02, subdivision 3, or any special law; or a redevelopment project as defined in section 462.421, subdivision 14 may apply to the governing body of the city or municipality in which the property is located to obtain deferral of property tax on the improved property, stating the nature and location of the proposed improvement, its estimated cost, and the projected length of construction time. If the governing body finds that the proposed development is consistent with the requirements of the above referred sections, it may approve the application. If the application is approved by June 30, the tax exemption shall be in effect for taxes paid the following year; if it is approved later than June 30, the exemption shall be in effect for taxes paid in the second subsequent taxable year.

Subd. 2. **Tax treatment.** Property approved for the tax deferral provided in this section shall be exempt from taxation during the time while the improvements proposed in the plan are under construction. The exemption shall be in effect for the number of taxable years approved by the governing body at the time of approval of the application. The period of deferral shall not exceed the length of the construction period projected in the plan. For taxes payable in the first year following the levy year during which 50 percent of the area of the building becomes occupied, the tax due on the property shall be the amount of tax paid on the property in the year in which the developer applied for the deferral, multiplied by the number of years during which the property was exempt from taxation pursuant to this section plus the amount of taxes which would ordinarily be due in the first year following the levy year during which 50 percent of the area of the building becomes occupied, plus at the option of the governing body, the amount of increased taxes that would have been due and payable each year during the period of deferral. If the improvements which had been present on the property were demolished prior to the year of the application, the governing body may require that the deferred tax be computed based on the amount of tax due on the property for the last taxable year preceding the demolition of the improvement. For all subsequent taxable years, the property shall be assessed as provided in section 273.11.

Subd. 3. **Transferability.** When ownership of property which has been approved for the tax deferral provided in this section is transferred from the original applicant, the governing body may elect to continue to defer the tax on the property if the subsequent owner agrees to redevelop the property according to either the original redevelopment plan approved under subdivision 1 or a plan proposed by the subsequent owner and approved by the governing body if the governing body does not approve continuation of the tax.

Subd. 4. **Exceptions.** The provisions of this section shall not apply to any property purchased from an authority which acquired such property with tax increment or bonds issued pursuant to section 273.77.

History: *1979 c 322 s 9; 1980 c 509 s 111; 1980 c 607 art 6 s 19; 1986 c 399 art 2 s 8; 1986 c 400 s 8; 1Sp1986 c 3 art 2 s 41*