

CHAPTER 273

TAXES; LISTING, ASSESSMENT

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273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.

(a) Beginning with the four-year period starting on July 1, 2000, every person licensed by the state Board of Assessors at the Accredited Minnesota Assessor level or higher, shall successfully complete a week-long Minnesota laws course sponsored by the Department of Revenue at least once in every four-year period. An assessor need not attend the course if they successfully pass the test for the course.

(b) The commissioner of revenue may require that each county, and each city for which the city assessor performs the duties of county assessor, have (i) a person on the assessor's staff who is certified by the Department of Revenue in sales ratio calculations, (ii) an officer or employee who is certified by the Department of Revenue in tax calculations, and (iii) an officer or employee who is certified by the Department of Revenue in the proper preparation of abstracts of assessment. The commissioner of revenue may require that each county have an officer or employee who is certified by the Department of Revenue in the proper preparation of abstracts of tax lists.

(c) Beginning with the four-year educational licensing period starting on July 1, 2004, every Minnesota assessor licensed by the State Board of Assessors must attend and participate in a seminar that focuses on ethics, professional conduct and the need for standardized assessment practices developed and presented by the commissioner of revenue. This requirement must be met at least once in every subsequent four-year period. This requirement applies to all assessors licensed for one year or more in the four-year period.

History: *1Sp2005 c 3 art 1 s 7*

273.11 VALUATION OF PROPERTY.

[For text of subd 1, see M.S.2004]

Subd. 1a. **Limited market value.** In the case of all property classified as agricultural homestead or nonhomestead, residential homestead or nonhomestead, timber, or noncommercial seasonal residential recreational, the assessor shall compare the value with the taxable portion of the value determined in the preceding assessment.

For assessment years 2004, 2005, and 2006, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 25 percent of the difference between the current assessment and the preceding assessment.

For assessment year 2007, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 33 percent of the difference between the current assessment and the preceding assessment.

For assessment year 2008, the amount of the increase shall not exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 50 percent of the difference between the current assessment and the preceding assessment.

This limitation shall not apply to increases in value due to improvements. For purposes of this subdivision, the term "assessment" means the value prior to any exclusion under subdivision 16.

The provisions of this subdivision shall be in effect through assessment year 2008 as provided in this subdivision.

For purposes of the assessment/sales ratio study conducted under section 127A.48, and the computation of state aids paid under chapters 122A, 123A, 123B, 124D, 125A, 126C, 127A, and 477A, market values and net tax capacities determined under this subdivision and subdivision 16, shall be used.

Subd. 5. Boards of review and equalization. Notwithstanding any other provision of law to the contrary, the limitation contained in subdivisions 1 and 1a 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, subdivision 1; 270.12, 270C.92, and 270C.94.

[For text of subs 6 and 6a, see M.S.2004]

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 308A or 308B, which has as its primary purpose the provision of housing and related services to its members which meets one of the following criteria with respect to the income of its members: (1) a minimum of 75 percent of members must have incomes at or less than 90 percent of area median income, (2) a minimum of 40 percent of members must have incomes at or less than 60 percent of area median income, or (3) a minimum of 20 percent of members must have incomes at or less than 50 percent of area median income. For purposes of this clause, "member income" shall mean the income of a member existing at the time the member acquires cooperative membership, and median income shall mean the St. Paul-Minneapolis metropolitan area median income as determined by the United States Department of Housing and Urban Development. It must also meet 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 1986, as amended through December 31, 1992, or a public agency.

A "limited equity cooperative apartment" is a dwelling unit owned by a limited equity cooperative.

"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.

[For text of subs 9 to 20, see M.S.2004]

Subd. 21. Valuation reduction for homestead property damaged by mold. (a) The owner of homestead property may apply in writing to the assessor for a reduction in the market value of the property that has been damaged by mold. The notification must include the estimated cost to cure the mold condition provided by a licensed contractor. The estimated cost must be at least \$20,000. Upon completion of the work, the owner must file an application on a form prescribed by the commissioner of revenue, accompanied by a copy of the contractor's estimate.

(b) If the conditions in paragraph (a) are met, the county board must grant a reduction in the market value of the homestead dwelling equal to the estimated cost to cure the mold condition. If a property owner applies for a reduction under this subdivision between January 1 and June 30 of any year, the reduction applies for taxes payable in the following year. If a property owner applies for a reduction under this subdivision between July 1 and December 31 of any year, the reduction applies for taxes payable in the second following year.

(c) A denial of a reduction under this section by the county board may be appealed to the tax court. If the county board takes no action on the application within 90 days after its receipt, it is considered an approval.

(d) For purposes of subdivision 1a, in the assessment year following the assessment year when a valuation reduction has occurred under this section, any market value added by the assessor to the property resulting from curing the mold condition must be considered an increase in value due to new construction.

Subd. 22. Lead hazard market value reduction. Owners of property classified as class 1a, 1b, 1c, 2a, 4b, 4bb, or 4d under section 273.13 may apply for a lead hazard valuation reduction, provided that the property is located in a city which has authorized

valuation reductions under this subdivision. A city that authorizes reductions under this subdivision must establish guidelines for qualifying lead hazard reduction projects and must designate an agency within the city to issue certificates of completion of qualifying projects. For purposes of this subdivision, "lead hazard reduction" has the same meaning as in section 144.9501, subdivision 17.

The property owner must obtain a certificate from the agency stating (1) that the project has been completed and (2) the total cost incurred by the owner, which must be at least \$3,000. Only projects originating after July 1, 2005, and completed before July 1, 2010, qualify for a reduction under this subdivision. The property owner shall apply for the valuation reduction to the assessor on a form prescribed by the assessor accompanied by a copy of the certificate of completion from the agency.

A qualifying property is eligible for a one-year valuation reduction equal to the actual cost incurred, to a maximum of \$20,000. If a property owner applies to the assessor for the valuation reduction under this subdivision between January 1 and June 30 of any year, the reduction applies for taxes payable in the following year. If a property owner applies to the assessor for the valuation reduction under this subdivision between July 1 and December 31, the reduction applies for taxes payable in the second following year. For purposes of subdivision 1a, any additional market value resulting from the lead hazard removal must be considered an increase in value due to new construction.

History: 2005 c 151 art 2 s 6; art 5 s 16; 1Sp2005 c 3 art 1 s 8-10

NOTE: The amendment to subdivision 1a by Laws 2005, First Special Session chapter 3, article 1, section 8, is effective for assessment years 2005 through 2008, for taxes payable in 2006 through 2009. Laws 2005, First Special Session chapter 3, article 1, section 8, the effective date.

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

[For text of subs 1 and 2, see M.S.2004]

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

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

(b) five acres in size or more, except in the case of a lawn bowling or croquet green or an archery or firearms range;

(c)(1) operated by private individuals or, in the case of a lawn bowling or croquet green, by private individuals or corporations, 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 or open to the public, provided that the club does not discriminate in membership requirements or selection on the basis of sex or marital status; and

(d) made available for use in the case of real estate devoted to golf 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.

If a golf club membership allows use of golf course facilities by more than one adult per membership, the use must be equally available to all adults entitled to use of the golf course under the membership, except that use may be restricted on the basis of sex as permitted in this section. Memberships that permit play during restricted times may be allowed only if the restricted times apply to all adults using the membership. A golf club may not offer a membership or golfing privileges to a spouse of a member that provides greater or less access to the golf course than is provided to that person's spouse under the same or a separate membership in that club, except that the terms of a membership may provide that one spouse may have no right to use the golf course at

any time while the other spouse may have either limited or unlimited access to the golf course.

A golf club may have or create an individual membership category which entitles a member for a reduced rate to play during restricted hours as established by the club. The club must have on record a written request by the member for such membership.

A golf club that has food or beverage facilities or services must allow equal access to those facilities and services for both men and women members in all membership categories at all times. Nothing in this paragraph shall be construed to require service or access to facilities to persons under the age of 21 years or require any act that would violate law or ordinance regarding sale, consumption, or regulation of alcoholic beverages.

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

[For text of subs 4 to 10, see M.S.2004]

History: *1Sp2005 c 3 art 1 s 11*

273.124 HOMESTEAD DETERMINATION; SPECIAL RULES.

Subdivision 1. **General rule.** (a) 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 residential homestead.

Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

Property held by a trustee under a trust is eligible for homestead classification if the requirements under this chapter are satisfied.

The assessor shall require proof, as provided in subdivision 13, of the facts upon which classification as a homestead may be determined. Notwithstanding any other law, the assessor may at any time require a homestead application to be filed in order to verify that any property classified as a homestead continues to be eligible for homestead status. Notwithstanding any other law to the contrary, the Department of Revenue may, upon request from an assessor, verify whether an individual who is requesting or receiving homestead classification has filed a Minnesota income tax return as a resident for the most recent taxable year for which the information is available.

When there is a name change or a transfer of homestead property, the assessor may reclassify the property in the next assessment unless a homestead application is filed to verify that the property continues to qualify for homestead classification.

(b) 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 must use the property for the purposes of the homestead, and must apply to the assessor, both by the deadlines given in subdivision 9. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

(c) Residential real estate that is occupied and used for purposes of a homestead by a relative of the owner is a homestead but only to the extent of the homestead treatment that would be provided if the related owner occupied the property. For purposes of this paragraph and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece.

This relationship may be by blood or marriage. Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner will not be reclassified as a homestead unless it is occupied as a homestead by the owner; this prohibition also applies to property that, in the absence of this paragraph, would have been classified as seasonal residential recreational property at the time when the residence was constructed. Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative. In the case of a residence located on agricultural land, only the house, garage, and immediately surrounding one acre of land shall be classified as a homestead under this paragraph, except as provided in paragraph (d).

(d) Agricultural property that is occupied and used for purposes of a homestead by a relative of the owner, is a homestead, only to the extent of the homestead treatment that would be provided if the related owner occupied the property, and only if all of the following criteria are met:

(1) the relative who is occupying the agricultural property is a son, daughter, grandson, granddaughter, father, or mother of the owner of the agricultural property or a son, daughter, grandson, or granddaughter of the spouse of the owner of the agricultural property;

(2) the owner of the agricultural property must be a Minnesota resident;

(3) the owner of the agricultural property must not receive homestead treatment on any other agricultural property in Minnesota; and

(4) the owner of the agricultural property is limited to only one agricultural homestead per family under this paragraph.

Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative qualifying under this paragraph. For purposes of this paragraph, "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land.

Application must be made to the assessor by the owner of the agricultural property to receive homestead benefits under this paragraph. The assessor may require the necessary proof that the requirements under this paragraph have been met.

(e) In the case of property owned by a property owner who is married, the assessor must not deny homestead treatment in whole or in part if only one of the spouses occupies the property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2) legal separation, (3) employment or self-employment in another location, or (4) other personal circumstances causing the spouses to live separately, not including an intent to obtain two homestead classifications for property tax purposes. To qualify under clause (3), the spouse's place of employment or self-employment must be at least 50 miles distant from the other spouse's place of employment, and the homesteads must be at least 50 miles distant from each other. Homestead treatment, in whole or in part, shall not be denied to the owner's spouse who previously occupied the residence with the owner if the absence of the owner is due to one of the exceptions provided in this paragraph.

(f) The assessor must not deny homestead treatment in whole or in part if:

(1) in the case of a property owner who is not married, the owner is absent due to residence in a nursing home, boarding care facility, or an elderly assisted living facility property as defined in section 273.13, subdivision 25a, and the property is not otherwise occupied; or

(2) in the case of a property owner who is married, the owner or the owner's spouse or both are absent due to residence in a nursing home, boarding care facility, or an elderly assisted living facility property as defined in section 273.13, subdivision 25a, and the property is not occupied or is occupied only by the owner's spouse.

(g) If an individual is purchasing property with the intent of claiming it as a homestead and is required by the terms of the financing agreement to have a relative shown on the deed as a co-owner, the assessor shall allow a full homestead classifica-

tion. This provision only applies to first-time purchasers, whether married or single, or to a person who had previously been married and is purchasing as a single individual for the first time. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the data necessary for the assessor to determine if full homestead benefits are warranted.

(h) If residential or agricultural real estate is occupied and used for purposes of a homestead by a child of a deceased owner and the property is subject to jurisdiction of probate court, the child shall receive relative homestead classification under paragraph (c) or (d) to the same extent they would be entitled to it if the owner was still living, until the probate is completed. For purposes of this paragraph, "child" includes a relationship by blood or by marriage.

(i) If a single-family home, duplex, or triplex classified as either residential homestead or agricultural homestead is also used to provide licensed child care, the portion of the property used for licensed child care must be classified as a part of the homestead property.

[For text of subd 2, see M.S.2004]

Subd. 3. Cooperatives and charitable corporations; homestead and other property.

(a) When property is owned by a corporation or association organized under chapter 308A or 308B, and each person who owns a share or shares in the corporation or association is entitled to occupy a building on the property, or a unit within a building on the property, the corporation or association may claim homestead treatment for each dwelling, or for each unit in the case of a building containing several dwelling units, or for the part of the value of the building occupied by a shareholder. Each building or unit must be designated by legal description or number. The net tax capacity of each building or unit that qualifies for assessment as a homestead under this subdivision must include not more than one-half acre of land, if platted, nor more than 80 acres if unplatted. The net tax capacity of the property is the sum of the net tax capacities of each of the respective buildings or units comprising the property, including the net tax capacity of each unit's or building's proportionate share of the land and any common buildings. 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 building or 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.

(b) To the extent provided in paragraph (a), a cooperative or corporation organized under chapter 308A may obtain separate assessment and valuation, and separate property tax statements for each residential homestead, residential nonhomestead, or for each seasonal residential recreational building or unit not used for commercial purposes. The appropriate class rates under section 273.13 shall be applicable as if each building or unit were a separate tax parcel; provided, however, that the tax parcel which exists at the time the cooperative or corporation makes application under this subdivision shall be a single parcel for purposes of property taxes or the enforcement and collection thereof, other than as provided in paragraph (a) or this paragraph.

(c) A member of a corporation or association may initially obtain the separate assessment and valuation and separate property tax statements, as provided in paragraph (b), by applying to the assessor by June 30 of the assessment year.

(d) When a building, or dwelling units within a building, no longer qualify under paragraph (a) or (b), the current owner must notify the assessor within 30 days. Failure to notify the assessor within 30 days shall result in the loss of benefits under paragraph (a) or (b) for taxes payable in the year that the failure is discovered. For these purposes, "benefits under paragraph (a) or (b)" means the difference in the net tax capacity of the building or units which no longer qualify as computed under paragraph (a) or (b) and as computed under the otherwise applicable law, times the local tax rate

applicable to the building for that taxes payable year. Upon discovery of a failure to notify, the assessor shall inform the auditor of the difference in net tax capacity for the building or buildings in which units no longer qualify, and the auditor shall calculate the benefits under paragraph (a) or (b). Such amount, plus a penalty equal to 100 percent of that amount, shall then be demanded of the building's owner. The property owner may appeal the county's determination by serving copies of a petition for review with county officials as provided in section 278.01 and filing a proof of service as provided in section 278.01 with the Minnesota Tax Court within 60 days of the date of the notice from the county. The appeal shall be governed by the Tax Court procedures provided in chapter 271, for cases relating to the tax laws as defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03, but including section 278.05, subdivision 2. If the amount of the benefits under paragraph (a) or (b) and penalty are not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of the benefit and penalty to the succeeding year's tax list to be collected as part of the property taxes on the affected property.

[For text of subs 3a to 5, see M.S.2004]

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 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1990, or a limited partnership which corporation or partnership operates the property in conjunction with a cooperative association, and has received public financing, homestead treatment may be claimed by the cooperative association on behalf of the members of the cooperative for each dwelling unit occupied by a member of the cooperative. The cooperative association must provide the assessor with the Social Security numbers of those members. To qualify for the treatment provided by this subdivision, the following conditions must be met:

(a) the cooperative association must be organized under chapter 308A or 308B and all voting members of the board of directors must be resident tenants of the cooperative and must be elected by the resident tenants of the cooperative;

(b) the cooperative association must have a lease for occupancy of the property for a term of at least 20 years, which permits the cooperative association, while not in default on the lease, to participate materially in the management of the property, including material participation in establishing budgets, setting rent levels, and hiring and supervising a management agent;

(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 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;

(d) a minimum of 40 percent of the cooperative association's members must have incomes at or less than 60 percent of area median gross income as determined by the United States Secretary of Housing and Urban Development under section 142(d)(2)(B) of the Internal Revenue Code of 1986, as amended through December 31, 1991. For purposes of this clause, "member income" means the income of a member existing at the time the member acquires cooperative membership;

(e) if a limited partnership owns the property, it must include as the managing general partner a nonprofit organization operating under the provisions of chapter 317A and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1990, and the limited partnership agreement must provide that the managing general partner have sufficient powers so that it materially participates in the management and control of the limited partnership;

(f) prior to becoming a member of a leasehold cooperative described in this subdivision, a person must have received notice that (1) describes leasehold cooperative

property in plain language, including but not limited to the effects of classification under this subdivision on rents, property taxes and tax credits or refunds, and operating expenses, and (2) states that copies of the articles of incorporation and bylaws of the cooperative association, the lease between the owner and the cooperative association, a sample sublease between the cooperative association and a tenant, and, if the owner is a partnership, a copy of the limited partnership agreement, can be obtained upon written request at no charge from the owner, and the owner must send or deliver the materials within seven days after receiving any request;

(g) if a dwelling unit of a building was occupied on the 60th day prior to the date on which the unit became leasehold cooperative property described in this subdivision, the notice described in paragraph (f) must have been sent by first class mail to the occupant of the unit at least 60 days prior to the date on which the unit became leasehold cooperative property. For purposes of the notice under this paragraph, the copies of the documents referred to in paragraph (f) may be in proposed version, provided that any subsequent material alteration of those documents made after the occupant has requested a copy shall be disclosed to any occupant who has requested a copy of the document. Copies of the articles of incorporation and certificate of limited partnership shall be filed with the secretary of state after the expiration of the 60-day period unless the change to leasehold cooperative status does not proceed;

(h) the county attorney of the county in which the property is located must certify to the assessor that the property meets the requirements of this subdivision;

(i) the public financing received must be from at least one of the following sources:

(1) tax increment financing proceeds used for the acquisition or rehabilitation of the building or interest rate write-downs relating to the acquisition of the building;

(2) government issued bonds exempt from taxes under section 103 of the Internal Revenue Code of 1986, as amended through December 31, 1991, the proceeds of which are used for the acquisition or rehabilitation of the building;

(3) programs under section 221(d)(3), 202, or 236, of Title II of the National Housing Act;

(4) rental housing program funds under Section 8 of the United States Housing Act of 1937 or the market rate family graduated payment mortgage program funds administered by the Minnesota Housing Finance Agency that are used for the acquisition or rehabilitation of the building;

(5) low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1991;

(6) public financing provided by a local government used for the acquisition or rehabilitation of the building, including grants or loans from (i) federal community development block grants; (ii) HOME block grants; or (iii) residential rental bonds issued under chapter 474A; or

(7) other rental housing program funds provided by the Minnesota Housing Finance Agency for the acquisition or rehabilitation of the building;

(j) at the time of the initial request for homestead classification or of any transfer of ownership of the property, the governing body of the municipality in which the property is located must hold a public hearing and make the following findings:

(1) that the granting of the homestead treatment of the apartment's units will facilitate safe, clean, affordable housing for the cooperative members that would otherwise not be available absent the homestead designation;

(2) that the owner has presented information satisfactory to the governing body showing that the savings garnered from the homestead designation of the units will be used to reduce tenant's rents or provide a level of furnishing or maintenance not possible absent the designation; and

(3) that the requirements of paragraphs (b), (d), and (i) have been met.

Homestead treatment must be afforded to units occupied by members of the cooperative 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.

When dwelling units no longer qualify under this subdivision, the current owner must notify the assessor within 60 days. Failure to notify the assessor within 60 days shall result in the loss of benefits under this subdivision for taxes payable in the year that the failure is discovered. For these purposes, "benefits under this subdivision" means the difference in the net tax capacity of the units which no longer qualify as computed under this subdivision and as computed under the otherwise applicable law, times the local tax rate applicable to the building for that taxes payable year. Upon discovery of a failure to notify, the assessor shall inform the auditor of the difference in net tax capacity for the building or buildings in which units no longer qualify, and the auditor shall calculate the benefits under this subdivision. Such amount, plus a penalty equal to 100 percent of that amount, shall then be demanded of the building's owner. The property owner may appeal the county's determination by serving copies of a petition for review with county officials as provided in section 278.01 and filing a proof of service as provided in section 278.01 with the Minnesota Tax Court within 60 days of the date of the notice from the county. The appeal shall be governed by the Tax Court procedures provided in chapter 271, for cases relating to the tax laws as defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03, but including section 278.05, subdivision 2. If the amount of the benefits under this subdivision and penalty are not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of the benefit and penalty to the succeeding year's tax list to be collected as part of the property taxes on the affected buildings.

[For text of subs 6a and 7, see M.S.2004]

Subd. 8. Homestead owned by or leased to family farm corporation, joint farm venture, limited liability company, or partnership. (a) Each family farm corporation; each joint family farm venture; and each limited liability company or partnership which operates a family farm; is entitled to class 1b under section 273.13, subdivision 22, paragraph (b), or class 2a assessment for one homestead occupied by a shareholder, member, or partner thereof who is residing on the land, and actively engaged in farming of the land owned by the family farm corporation, joint family farm venture, limited liability company, or partnership. Homestead treatment applies even if legal title to the property is in the name of the family farm corporation, joint family farm venture, limited liability company, or partnership, and not in the name of the person residing on it.

"Family farm corporation," "family farm," and "partnership operating a family farm" have the meanings given in section 500.24, except that the number of allowable shareholders, members, or partners under this subdivision shall not exceed 12. "Limited liability company" has the meaning contained in sections 322B.03, subdivision 28, and 500.24, subdivision 2, paragraphs (l) and (m). "Joint family farm venture" means a cooperative agreement among two or more farm enterprises authorized to operate a family farm under section 500.24.

(b) In addition to property specified in paragraph (a), any other residences owned by family farm corporations, joint family farm ventures, limited liability companies, or partnerships described in paragraph (a) which are located on agricultural land and occupied as homesteads by its shareholders, members, or partners who are actively engaged in farming on behalf of that corporation, joint farm venture, limited liability company, or partnership must also be assessed as class 2a property or as class 1b property under section 273.13.

(c) Agricultural property that is owned by a member, partner, or shareholder of a family farm corporation or joint family farm venture, limited liability company operating a family farm, or by a partnership operating a family farm and leased to the family farm corporation, limited liability company, partnership, or joint farm venture, as defined in paragraph (a), is eligible for classification as class 1b or class 2a under section 273.13, if the owner is actually residing on the property, and is actually engaged

in farming the land on behalf of that corporation, joint farm venture, limited liability company, or partnership. This paragraph applies without regard to any legal possession rights of the family farm corporation, joint family farm venture, limited liability company, or partnership under the lease.

[For text of subs 9 to 12, see M.S.2004]

Subd. 13. Homestead application. (a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.

(b) On or before January 2, 1993, each county assessor shall mail a homestead application to the owner of each parcel of property within the county which was classified as homestead for the 1992 assessment year. The format and contents of a uniform homestead application shall be prescribed by the commissioner of revenue. The commissioner shall consult with the chairs of the house and senate tax committees on the contents of the homestead application form. The application must clearly inform the taxpayer that this application must be signed by all owners who occupy the property or by the qualifying relative and returned to the county assessor in order for the property to continue receiving homestead treatment. The envelope containing the homestead application shall clearly identify its contents and alert the taxpayer of its necessary immediate response.

(c) Every property owner applying for homestead classification must furnish to the county assessor the Social Security number of each occupant who is listed as an owner of the property on the deed of record, the name and address of each owner who does not occupy the property, and the name and Social Security number of each owner's spouse who occupies the property. The application must be signed by each owner who occupies the property and by each owner's spouse who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property qualifies as a homestead under subdivision 1, paragraph (e).

Owners or spouses occupying residences owned by their spouses and previously occupied with the other spouse, either of whom fail to include the other spouse's name and Social Security number on the homestead application or provide the affidavits or other proof requested, will be deemed to have elected to receive only partial homestead treatment of their residence. The remainder of the residence will be classified as nonhomestead residential. When an owner or spouse's name and Social Security number appear on homestead applications for two separate residences and only one application is signed, the owner or spouse will be deemed to have elected to homestead the residence for which the application was signed.

The Social Security numbers or affidavits or other proofs of the property owners and spouses 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, or, for purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The Social Security number of each relative occupying the property and the Social Security number of each owner who is related to an occupant of the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The Social Security number of a relative occupying the property is private

data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue.

(e) The homestead application shall also notify the property owners that the application filed under this section will not be mailed annually and that if the property is granted homestead status for the 1993 assessment, or any assessment year thereafter, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners, the spouse of the owner, or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner, the spouse of the owner, or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If the homestead application is not returned within 30 days, the county will send a second application to the present owners of record. The notice of proposed property taxes prepared under section 275.065, subdivision 3, shall reflect the property's classification. Beginning with assessment year 1993 for all properties, if a homestead application has not been filed with the county by December 15, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

(g) At the request of the commissioner, each county must give the commissioner a list that includes the name and Social Security number of each property owner and the property owner's spouse occupying the property, or relative of a property owner, applying for homestead classification under this subdivision. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

(h) If the commissioner finds that a property owner may be claiming a fraudulent 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 the tax reduction resulting from the classification as a homestead under section 273.13, the taconite homestead credit under section 273.135, the residential homestead and agricultural homestead credits under section 273.1384, and the supplemental homestead credit under section 273.1391.

The county auditor shall send a notice to the person who owned the affected property at the time the homestead application related to the improper homestead was filed, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The person notified may appeal the county's determination by serving copies of a petition for review with county officials as provided in section 278.01 and filing proof of service as provided in section 278.01 with the Minnesota Tax Court within 60 days of the date of the notice from the county. Procedurally, the appeal is governed by the provisions in chapter 271 which apply to the appeal of a property tax assessment or levy, but without requiring any prepayment of the amount in controversy. 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 of taxes and penalty to the county treasurer. The county treasurer will add interest to the unpaid homestead benefits and penalty amounts at the rate provided in section 279.03 for real property taxes becoming delinquent in the calendar year during which the amount remains unpaid. Interest may be assessed for the period beginning 60 days after demand for payment was made.

If the person notified is the current owner of the property, the treasurer may add the total amount of homestead benefits, penalty, interest, and costs to the ad valorem

taxes otherwise payable on the property by including the amounts on the property tax statements under section 276.04, subdivision 3. The amounts added under this paragraph to the ad valorem taxes shall include interest accrued through December 31 of the year preceding the taxes payable year for which the amounts are first added. These amounts, when added to the property tax statement, become subject to all the laws for the enforcement of real or personal property taxes for that year, and for any subsequent year.

If the person notified is not the current owner of the property, the treasurer may collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment of the homestead benefits, penalty, interest, and costs, as if those amounts were delinquent tax obligations of the person who owned the property at the time the application related to the improperly allowed homestead was filed. The treasurer may relieve a prior owner of personal liability for the homestead benefits, penalty, interest, and costs, and instead extend those amounts on the tax lists against the property as provided in this paragraph to the extent that the current owner agrees in writing. On all demands, billings, property tax statements, and related correspondence, the county must list and state separately the amounts of homestead benefits, penalty, interest and costs being demanded, billed or assessed.

(i) Any amount of homestead benefits recovered by the county from the property owner shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. 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. Any amount recovered that is attributable to supplemental homestead credit is to be transmitted to the commissioner of revenue for deposit in the general fund of the state treasury. The total amount of penalty collected must be deposited in the county general fund.

(j) 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.

(k) In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners. The Social Security numbers and federal identification numbers that are maintained by a county or city assessor for property tax administration purposes, and that may appear on the lists retain their classification as private or nonpublic data; but may be viewed, accessed, and used by the county auditor or treasurer of the same county for the limited purpose of assisting the commissioner in the preparation of microdata samples under section 270C.12.

(l) On or before April 30 each year beginning in 2007, each county must provide the commissioner with the following data for each parcel of homestead property by electronic means as defined in section 289A.02, subdivision 8:

(i) the property identification number assigned to the parcel for purposes of taxes payable in the current year;

(ii) the name and Social Security number of each property owner and property owner's spouse, as shown on the tax rolls for the current and the prior assessment year;

(iii) the classification of the property under section 273.13 for taxes payable in the current year and in the prior year;

(iv) an indication of whether the property was classified as a homestead for taxes payable in the current year or for taxes payable in the prior year because of occupancy by a relative of the owner or by a spouse of a relative;

(v) the property taxes payable as defined in section 290A.03, subdivision 13, for the current year and the prior year;

(vi) the market value of improvements to the property first assessed for tax purposes for taxes payable in the current year;

- (vii) the assessor's estimated market value assigned to the property for taxes payable in the current year and the prior year;
- (viii) the taxable market value assigned to the property for taxes payable in the current year and the prior year;
- (ix) whether there are delinquent property taxes owing on the homestead;
- (x) the unique taxing district in which the property is located; and
- (xi) such other information as the commissioner decides is necessary.

The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

Subd. 14. Agricultural homesteads; special provisions. (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

- (1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the Department of Natural Resources on which in lieu taxes are paid under sections 477A.11 to 477A.14;
- (2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;
- (3) the noncontiguous land is located not farther than four townships or cities, or a combination of townships or cities from the homestead; and
- (4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this paragraph shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4). Homestead classification under this paragraph is limited to property that qualified under this paragraph for the 1998 assessment.

(b)(i) Agricultural property consisting of at least 40 acres shall be classified as the owner's homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

- (1) the owner, the owner's spouse, the son or daughter of the owner or owner's spouse, or the grandson or granddaughter of the owner or the owner's spouse, is actively farming the agricultural property, either on the person's own behalf as an individual or on behalf of a partnership operating a family farm, family farm corporation, joint family farm venture, or limited liability company of which the person is a partner, shareholder, or member;
- (2) both the owner of the agricultural property and the person who is actively farming the agricultural property under clause (1), are Minnesota residents;
- (3) neither the owner nor the spouse of the owner claims another agricultural homestead in Minnesota; and
- (4) neither the owner nor the person actively farming the property lives farther than four townships or cities, or a combination of four townships or cities, from the agricultural property, except that if the owner or the owner's spouse is required to live in employer-provided housing, the owner or owner's spouse, whichever is actively farming the agricultural property, may live more than four townships or cities, or combination of four townships or cities from the agricultural property.

The relationship under this paragraph may be either by blood or marriage.

(ii) Real property held by a trustee under a trust is eligible for agricultural homestead classification under this paragraph if the qualifications in clause (i) are met, except that "owner" means the grantor of the trust.

(iii) Property containing the residence of an owner who owns qualified property under clause (i) shall be classified as part of the owner's agricultural homestead, if that property is also used for noncommercial storage or drying of agricultural crops.

(c) Noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), 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 four townships or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county.

(d) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). 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.

(e) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the April 1997 floods;

(2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or Wilkin;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1997 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 1997 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(f) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by a March 29, 1998, tornado;

(2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur, Nicollet, Nobles, or Rice;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1998 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to a March 29, 1998, tornado, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the owner must notify the assessor by December 1, 1998. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(g) Agricultural property consisting of at least 40 acres of a family farm corporation, joint family farm venture, family farm limited liability company, or partnership operating a family farm as described under subdivision 8 shall be classified homestead,

to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) a shareholder, member, or partner of that entity is actively farming the agricultural property;

(2) that shareholder, member, or partner who is actively farming the agricultural property is a Minnesota resident;

(3) neither that shareholder, member, or partner, nor the spouse of that shareholder, member, or partner claims another agricultural homestead in Minnesota; and

(4) that shareholder, member, or partner does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property.

Homestead treatment applies under this paragraph for property leased to a family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm if legal title to the property is in the name of an individual who is a member, shareholder, or partner in the entity.

(h) To be eligible for the special agricultural homestead under this subdivision, an initial full application must be submitted to the county assessor where the property is located. Owners and the persons who are actively farming the property shall be required to complete only a one-page abbreviated version of the application in each subsequent year provided that none of the following items have changed since the initial application:

(1) the day-to-day operation, administration, and financial risks remain the same;

(2) the owners and the persons actively farming the property continue to live within the four townships or city criteria and are Minnesota residents;

(3) the same operator of the agricultural property is listed with the Farm Service Agency;

(4) a Schedule F or equivalent income tax form was filed for the most recent year;

(5) the property's acreage is unchanged; and

(6) none of the property's acres have been enrolled in a federal or state farm program since the initial application.

The owners and any persons who are actively farming the property must include the appropriate Social Security numbers, and sign and date the application. If any of the specified information has changed since the full application was filed, the owner must notify the assessor, and must complete a new application to determine if the property continues to qualify for the special agricultural homestead. The commissioner of revenue shall prepare a standard reapplication form for use by the assessors.

[For text of subds 17 to 20, see M.S.2004]

Subd. 21. Trust property; homestead. Real property held by a trustee under a trust is eligible for classification as homestead property if:

(1) the grantor or surviving spouse of the grantor of the trust occupies and uses the property as a homestead;

(2) a relative or surviving relative of the grantor who meets the requirements of subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph (d), in the case of agricultural property, occupies and uses the property as a homestead;

(3) a family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm rents the property held by a trustee under a trust, and the grantor, the spouse of the grantor, or the son or daughter of the grantor, who is also a shareholder, member, or partner of the corporation, joint farm venture, limited liability company, or partnership occupies and uses the property as a homestead, or is actively farming the property on behalf of the corporation, joint farm venture, limited liability company, or partnership; or

(4) a person who has received homestead classification for property taxes payable in 2000 on the basis of an unqualified legal right under the terms of the trust

agreement to occupy the property as that person's homestead and who continues to use the property as a homestead or a person who received the homestead classification for taxes payable in 2005 under clause (3) who does not qualify under clause (3) for taxes payable in 2006 or thereafter but who continues to qualify under clause (3) as it existed for taxes payable in 2005.

For purposes of this subdivision, "grantor" is defined as the person creating or establishing a testamentary, inter Vivos, revocable or irrevocable trust by written instrument or through the exercise of a power of appointment.

History: 2005 c 151 art 2 s 17; art 3 s 11; art 5 s 17-21; 1Sp2005 c 3 art 1 s 12

273.125 ASSESSMENT OF MANUFACTURED HOMES.

[For text of subs 1 to 7, see M.S.2004]

Subd. 8. Manufactured homes; sectional structures. (a) In this section, "manufactured home" means a structure transportable in one or more sections, which is built on a permanent chassis, and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and contains the plumbing, heating, air conditioning, and electrical systems in it. Manufactured home includes any accessory structure that is an addition or supplement to the manufactured home and, when installed, becomes a part of the manufactured home.

(b) Except as provided in paragraph (c), a manufactured home that meets each of the following criteria must be valued and assessed as an improvement to real property, the appropriate real property classification applies, and the valuation is subject to review and the taxes payable in the manner provided for real property:

(1) the owner of the unit holds title to the land on which it is situated;

(2) the unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the Manufactured Home Building Code in sections 327.31 to 327.34, and rules adopted under those sections, or is affixed to the land like other real property in the taxing district; and

(3) the unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(c) A manufactured home that meets each of the following criteria must be assessed at the rate provided by the appropriate real property classification but must be treated as personal property, and the valuation is subject to review and the taxes payable in the manner provided in this section:

(1) the owner of the unit is a lessee of the land under the terms of a lease, or the unit is located in a manufactured home park but is not the homestead of the park owner;

(2) the unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the Manufactured Home Building Code contained in sections 327.31 to 327.34, and the rules adopted under those sections, or is affixed to the land like other real property in the taxing district; and

(3) the unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(d) Sectional structures must be valued and assessed as an improvement to real property if the owner of the structure holds title to the land on which it is located or is a qualifying lessee of the land under section 273.19. In this paragraph "sectional structure" means a building or structural unit that has been in whole or substantial part manufactured or constructed at an off-site location to be wholly or partially assembled on-site alone or with other units and attached to a permanent foundation.

(e) The commissioner of revenue may adopt rules under the Administrative Procedure Act to establish additional criteria for the classification of manufactured homes and sectional structures under this subdivision.

(f) A storage shed, deck, or similar improvement constructed on property that is leased or rented as a site for a manufactured home, sectional structure, park trailer, or travel trailer is taxable as provided in this section. In the case of property that is leased or rented as a site for a travel trailer, a storage shed, deck, or similar improvement on the site that is considered personal property under this paragraph is taxable only if its total estimated market value is over \$500. The property is taxable as personal property to the lessee of the site if it is not owned by the owner of the site. The property is taxable as real estate if it is owned by the owner of the site. As a condition of permitting the owner of the manufactured home, sectional structure, park trailer, or travel trailer to construct improvements on the leased or rented site, the owner of the site must obtain the permanent home address of the lessee or user of the site. The site owner must provide the name and address to the assessor upon request.

History: *1Sp2005 c 3 art 1 s 13*

273.128 CERTIFICATION OF LOW-INCOME RENTAL PROPERTY.

Subdivision 1. **Requirement.** Low-income rental property classified as class 4d under section 273.13, subdivision 25, is entitled to valuation under this section if at least 75 percent of the units in the rental housing property meet any of the following qualifications:

(1) the units are subject to a housing assistance payments contract under section 8 of the United States Housing Act of 1937, as amended;

(2) the units are rent-restricted and income-restricted units of a qualified low-income housing project receiving tax credits under section 42(g) of the Internal Revenue Code of 1986, as amended;

(3) the units are financed by the Rural Housing Service of the United States Department of Agriculture and receive payments under the rental assistance program pursuant to section 521(a) of the Housing Act of 1949, as amended; or

(4) the units are subject to rent and income restrictions under the terms of financial assistance provided to the rental housing property by the federal government or the state of Minnesota as evidenced by a document recorded against the property.

The restrictions must require assisted units to be occupied by residents whose household income at the time of initial occupancy does not exceed 60 percent of the greater of area or state median income, adjusted for family size, as determined by the United States Department of Housing and Urban Development. The restriction must also require the rents for assisted units to not exceed 30 percent of 60 percent of the greater of area or state median income, adjusted for family size, as determined by the United States Department of Housing and Urban Development.

Subd. 2. **Application.** (a) Application for certification under this section must be filed by March 31 of the levy year, or at a later date if the Housing Finance Agency deems practicable. The application must be filed with the Housing Finance Agency, on a form prescribed by the agency, and must contain the information required by the Housing Finance Agency.

(b) Each application must include:

(1) the property tax identification number; and

(2) evidence that the property meets the requirements of subdivision 1.

(c) The Housing Finance Agency may charge an application fee approximately equal to the costs of processing and reviewing the applications but not to exceed \$10 per unit. If imposed, the applicant must pay the application fee to the Housing Finance Agency. The fee must be deposited in the housing development fund.

Subd. 3. **Certification.** By June 1 of each levy year, the Housing Finance Agency must certify to the appropriate county or city assessors, the specific properties that are qualified under this section and the number of units in the building that qualify. In making the certification, the Housing Finance Agency may rely on the application and

any other supporting information that the agency deems necessary from the property owner.

History: *1Sp2005 c 3 art 1 s 14*

273.13 CLASSIFICATION OF PROPERTY.

[For text of subs 1 to 21b, see M.S.2004]

Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and (c), real estate which is residential and used for homestead purposes is class 1a. In the case of a duplex or triplex in which one of the units is used for homestead purposes, the entire property is deemed to be used for homestead purposes. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$500,000 of market value of class 1a property has a net class rate of one percent of its market value; and the market value of class 1a property that exceeds \$500,000 has a class rate of 1.25 percent of its market value.

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

(1) any person who is blind as defined in section 256D.35, or the blind person and the blind person's spouse; 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) 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 is permanently and totally disabled.

Property is classified and assessed under clause (3) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph.

Property is classified and assessed pursuant to clause (1) only if the commissioner of revenue certifies to the assessor that the homestead occupant satisfies the requirements of this paragraph.

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 first \$32,000 market value of class 1b property has a net class rate of .45 percent of its market value. The remaining market value of class 1b property has a class rate using the rates for class 1a or class 2a property, whichever is appropriate, of similar market value.

(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 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. The

portion of the property used as a homestead by the owner has the same class rates as class 1a property under paragraph (a). The remainder of the property is classified as follows: the first \$500,000 of market value is tier I, the next \$1,700,000 of market value is tier II, and any remaining market value is tier III. The class rates for class 1c are: tier I, 0.55 percent; tier II, 1.0 percent; and tier III, 1.25 percent. If a class 1c resort property has any market value in tier III, the entire property must meet the requirements of subdivision 25, paragraph (d), clause (1), to qualify for class 1c treatment under this paragraph.

(d) Class 1d property includes structures that meet all of the following criteria:

(1) the structure is located on property that is classified as agricultural property under section 273.13, subdivision 23;

(2) the structure is occupied exclusively by seasonal farm workers during the time when they work on that farm, and the occupants are not charged rent for the privilege of occupying the property, provided that use of the structure for storage of farm equipment and produce does not disqualify the property from classification under this paragraph;

(3) the structure meets all applicable health and safety requirements for the appropriate season; and

(4) the structure is not salable as residential property because it does not comply with local ordinances relating to location in relation to streets or roads.

The market value of class 1d property has the same class rates as class 1a property under paragraph (a).

[For text of subs 23 and 24, see M.S.2004]

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, excluding property qualifying for class 4d. 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. The market value of class 4a property has a class rate of 1.25 percent.

(b) Class 4b includes:

(1) residential real estate containing less than four units that does not qualify as class 4bb, other than seasonal residential recreational property;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b) containing two or three units; and

(4) unimproved property that is classified residential as determined under subdivision 33.

The market value of class 4b property has a class rate of 1.25 percent.

(c) Class 4bb includes:

(1) nonhomestead residential real estate containing one unit, other than seasonal residential recreational property; and

(2) a single family dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4bb property has the same class rates as class 1a property under subdivision 22.

Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner does not qualify for class 4bb.

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation

purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. In order for a property to be classified as class 4c, seasonal residential recreational for commercial purposes, at least 40 percent of the annual gross lodging receipts related to the property must be from business conducted during 90 consecutive days and either (i) at least 60 percent of all paid bookings by lodging guests during the year must be for periods of at least two consecutive nights; or (ii) at least 20 percent of the annual gross receipts must be from charges for rental of fish houses, boats and motors, snowmobiles, downhill or cross-country ski equipment, or charges for marina services, launch services, and guide services, or the sale of bait and fishing tackle. For purposes of this determination, a paid booking of five or more nights shall be counted as two bookings. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c 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 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Owners of real property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c or 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located will be designated class 1c or 4c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 1c or 4c property must provide guest registers or other records demonstrating that the units for which class 1c or 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, and (4) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes shall not qualify for class 1c or 4c;

(2) qualified property used as a golf course if:

(i) it is open to the public on a daily fee basis. It may charge membership fees or dues, but a membership fee may not be required in order to use the property for golfing, and its green fees for golfing must be comparable to green fees typically charged by municipal courses; and

(ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with the golf course is classified as class 3a property;

(3) 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 clause, 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 1986, as amended through December 31, 1990. For purposes of this clause, "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 3.2 percent 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;

(4) postsecondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus;

(5) manufactured home parks as defined in section 327.14, subdivision 3;

(6) real property that is actively and exclusively devoted to indoor fitness, health, social, recreational, and related uses, is owned and operated by a not-for-profit corporation, and is located within the metropolitan area as defined in section 473.121, subdivision 2;

(7) a leased or privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land is on an airport owned or operated by a city, town, county, Metropolitan Airports Commission, or group thereof; and

(ii) the land lease, or any ordinance or signed agreement restricting the use of the leased premise, prohibits commercial activity performed at the hangar.

If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be filed by the new owner with the assessor of the county where the property is located within 60 days of the sale;

(8) a privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land abuts a public airport; and

(ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement restricting the use of the premises, prohibiting commercial use or activity performed at the hangar; and

(9) residential real estate, a portion of which is used by the owner for homestead purposes, and that is also a place of lodging, if all of the following criteria are met:

(i) rooms are provided for rent to transient guests that generally stay for periods of 14 or fewer days;

(ii) meals are provided to persons who rent rooms, the cost of which is incorporated in the basic room rate;

(iii) meals are not provided to the general public except for special events on fewer than seven days in the calendar year preceding the year of the assessment; and

(iv) the owner is the operator of the property.

The market value subject to the 4c classification under this clause is limited to five rental units. Any rental units on the property in excess of five, must be valued and assessed as class 3a. The portion of the property used for purposes of a homestead by the owner must be classified as class 1a property under subdivision 22.

Class 4c property has a class rate of 1.5 percent of market value, except that (i) each parcel of seasonal residential recreational property not used for commercial purposes has the same class rates as class 4bb property, (ii) manufactured home parks assessed under clause (5) have the same class rate as class 4b property, (iii) commercial-use seasonal residential recreational property has a class rate of one percent for the first \$500,000 of market value, which includes any market value receiving the one percent rate under subdivision 22, and 1.25 percent for the remaining market value, (iv) the market value of property described in clause (4) has a class rate of one percent, (v) the market value of property described in clauses (2) and (6) has a class rate of 1.25 percent, and (vi) that portion of the market value of property in clause (9) qualifying for class 4c property has a class rate of 1.25 percent.

(e) Class 4d property is qualifying low-income rental housing certified to the assessor by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of the units in the building qualify as low-income rental housing units as certified under section 273.128, subdivision 3, only the proportion of qualifying units to the total number of units in the building qualify for class 4d. The remaining portion of the building shall be classified by the assessor based upon its use. Class 4d also includes the same proportion of land as the qualifying low-income rental housing units are to the total units in the building. For all properties qualifying as class 4d, the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents.

Class 4d property has a class rate of 0.75 percent.

[For text of subds 25a to 33, see M.S.2004]

History: 2005 c 151 art 3 s 12; 1Sp2005 c 3 art 1 s 15,16

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), shall file with the commissioner of revenue 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 on or before June 30 of the filing year, the property owner or the owner's spouse satisfies the requirements of section 273.13, subdivision 22, paragraph (b), for 1b classification; and

(b) any additional information prescribed by the commissioner.

The declaration must be filed on or before October 1 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 chapter 270B. If approved by the commissioner, the declaration remains in effect until the property no longer qualifies under section 273.13, subdivision 22, paragraph (b). Failure to notify the commissioner within 30 days that the property no longer qualifies under that paragraph because of a sale, change in occupancy, or change in the status or condition of an occupant shall result in the penalty provided in section 273.124, subdivision 13, computed on the basis of the class 1b benefits for the property, and the property shall lose its current class 1b classification.

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

History: 2005 c 151 art 5 s 22

273.1321 VACANT COMMERCIAL INDUSTRIAL PROPERTIES.

Subdivision 1. **Authority.** A city may establish, by ordinance, a program to encourage redevelopment, provide for better utilization of commercial-industrial property, and eliminate blighting influences by revoking the eligibility of individual commercial-industrial properties to receive the credit authorized under section 273.1398, subdivision 4. The program may revoke eligibility of a property only if:

(1) the property has been vacant, as defined in subdivision 3, clause (1), (2), or (3), for three or more consecutive years prior to the current assessment year; or

(2) the property has been vacant as defined under subdivision 3, clause (4), for five or more consecutive years prior to the current assessment year.

Subd. 2. **Minimum program requirements.** The program must provide:

(1) standards for determining whether a property is vacant;

(2) written assessment notice by the city or county to the property owner informing the owner that the property's eligibility will be revoked;

(3) opportunity for the property owner to appeal the revocation at the local and county board of appeal and equalization;

(4) timely notice to the county assessor of the property's eligibility revocation, or if the city has a city assessor and the city assessor has revoked the property's eligibility; and

(5) any other provisions the city determines are necessary or appropriate to the operation of the program to achieve its purposes.

Subd. 3. **Definition of vacant.** A program established under this section may provide that a property is vacant if the property is:

(1) condemned, dangerous, or having multiple building code violations;

(2) condemned and illegally occupied;

(3) either occupied or unoccupied, during which time the enforcement officer for the municipality has issued multiple orders to correct nuisance conditions; or

(4) unoccupied and not utilized for a commercial or industrial purpose.

Subd. 4. **Notice to property owner.** The municipality shall give notice to the property owner stating that the property may cease to be eligible for the credit under section 273.1398, subdivision 4, unless the property is occupied, the conditions in subdivision 3, clauses (1) to (3), are remedied, and the property is used for a commercial or industrial purpose for at least 180 days during the next 12-month period.

History: 1Sp2005 c 3 art 1 s 17

NOTE: This section, as added by Laws 2005, First Special Session chapter 3, article 1, section 17, is effective for assessment year 2006 and thereafter, for taxes payable in 2007 and thereafter. Laws 2005, First Special Session chapter 3, article 1, section 17, the effective date.

273.1384 MARKET VALUE HOMESTEAD CREDITS.

Subdivision 1. **Residential homestead market value credit.** Each county auditor shall determine a homestead credit for each class 1a, 1b, 1c, and 2a homestead property within the county equal to 0.4 percent of the first \$76,000 of market value of the property minus .09 percent of the market value in excess of \$76,000. The credit amount may not be less than zero. In the case of an agricultural or resort homestead, only the market value of the house, garage, and immediately surrounding one acre of land is eligible in determining the property's homestead credit. In the case of a property which is classified as part homestead and part nonhomestead, (i) the credit shall apply only to the homestead portion of the property, but (ii) if a portion of a property is classified as nonhomestead solely because not all the owners occupy the property, or solely because both spouses do not occupy the property, the credit amount shall be initially computed as if that nonhomestead portion were also in the homestead class and then prorated to the owner-occupant's percentage of ownership or prorated to one-half if both spouses do not occupy the property.

[For text of subs 2 to 5, see M.S.2004]

History: 2005 c 151 art 4 s 2

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 270C.921 to 270C.928.

History: 2005 c 151 art 2 s 17

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 recorded in the office 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 40 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 40 cents, computed to the nearest cent. However, the minimum annual tax on any mineral interest is \$3.20. 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 local tax rate of a taxing district bears to the total local tax 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.

[For text of subd 2, see M.S.2004]

History: 2005 c 4 s 34

273.19 LESSEES AND EQUITABLE OWNERS.

[For text of subd 1, see M.S.2004]

Subd. 1a. For purposes of this section, a lease includes any agreement, except a cooperative farming agreement pursuant to section 97A.135, subdivision 3, or a lease executed pursuant to section 272.68, subdivision 4, permitting a nonexempt person or entity to use the property, regardless of whether the agreement is characterized as a lease. A lease has a "term of at least one year" if the term is for a period of less than one year and the lease permits the parties to renew the lease without requiring that similar terms for leasing the property will be offered to other applicants or bidders through a competitive bidding or other form of offer to potential lessees or users.

[For text of subds 2 to 4, see M.S.2004]

Subd. 5. [Repealed, 2005 c 151 art 5 s 46]

History: 2005 c 151 art 5 s 23

273.37 COMPANIES SUPPLYING ELECTRIC POWER.

[For text of subs 1 and 2, see M.S.2004]

Subd. 3. [Repealed, 2005 c 151 art 5 s 46]

273.372 PROCEEDINGS AND APPEALS; UTILITY OR RAILROAD VALUATIONS.

Subdivision 1. **Scope.** (a) As provided in this section, an appeal by a utility or railroad company concerning property for which the commissioner of revenue has provided the city or county assessor with valuations by order, or for which the commissioner has recommended values to the city or county assessor, must be brought against the commissioner, and not against the county or taxing district where the property is located.

(b) This section governs administrative appeals and appeals to court of a claim that utility or railroad operating property has been partially, unfairly, or unequally assessed, or assessed at a valuation greater than its real or actual value, misclassified, or that the property is exempt. This section applies only to property described in sections 270.81, subdivision 1, 273.33, 273.35, 273.36, and 273.37, and only with regard to taxable net tax capacities that have been provided to the city or county by the commissioner and which have not been changed by city or county. If the taxable net tax capacity being appealed is not the taxable net tax capacity established by the commissioner, or if the appeal claims that the tax rate applied against the parcel is incorrect, or that the tax has been paid, this section does not apply.

Subd. 2. **Contents and filing of petition.** (a) In all appeals to court that are required to be brought against the commissioner under this section, the petition initiating the appeal must be served on the commissioner and must be filed with the Tax Court in Ramsey County, as provided in paragraph (b) or (c).

(b) If the appeal to court is from an order of the commissioner, it must be brought under chapter 271, except that when the provisions of this section conflict with chapter 271, this section prevails. In addition, the petition must include all the parcels encompassed by that order which the petitioner claims have been partially, unfairly, or unequally assessed, assessed at a valuation greater than their real or actual value, misclassified, or are exempt. For this purpose, an order of the commissioner is either (1) a certification or notice of value by the commissioner for property described in subdivision 1, or (2) the final determination by the commissioner of either an administrative appeal conference or informal administrative appeal described in subdivision 4.

(c) If the appeal is from the tax that results from implementation of the commissioner's order, certification, or recommendation, it must be brought under chapter 278, and the provisions in that chapter apply, except that service shall be on the commissioner only and not on the local officials specified in section 278.01, subdivision 1, and if any other provision of this section conflicts with chapter 278, this section prevails. In addition, the petition must include either all the utility parcels or all the railroad parcels in the state in which the petitioner claims an interest and which the petitioner claims have been partially, unfairly, or unequally assessed, assessed at a valuation greater than their real or actual value, misclassified, or are exempt.

Subd. 3. **Notice.** Upon filing of any appeal in court by a utility company or railroad against the commissioner pursuant to this section, the commissioner shall give notice by first class mail to the county auditor of each county where property included in the petition is located.

Subd. 4. **Administrative appeals.** (a) Companies that submit the reports under section 270.82 or 273.371 by the date specified in that section, or by the date specified by the commissioner in an extension, may appeal administratively to the commissioner prior to bringing an action in court by submitting a written request with the commissioner for a conference within ten days after the date of the commissioner's valuation certification or notice to the company, or by May 15, whichever is earlier. The commissioner shall conduct the conference upon the commissioner's entire files and

records and such further information as may be offered. The conference must be held no later than 20 days after the date of the commissioner's valuation certification or notice to the company, or by the date specified by the commissioner in an extension. Within 60 days after the conference the commissioner shall make a final determination of the matter and shall notify the company promptly of the determination. The conference is not a contested case hearing.

(b) In addition to the opportunity for a conference under paragraph (a), the commissioner shall also provide the railroad and utility companies the opportunity to discuss any questions or concerns relating to the values established by the commissioner through certification or notice in a less formal manner. This does not change or modify the deadline for requesting a conference under paragraph (a), the deadline in section 271.06 for appealing an order of the commissioner, or the deadline in section 278.01 for appealing property taxes in court.

History: 2005 c 151 art 5 s 24

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 270C.40 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: 2005 c 151 art 2 s 17