

MINNESOTA • REVENUE

2008 Property Tax Law Summary

**2008 Minnesota
Legislative Session**

**Property Tax Division
December 2008**

Memo from the Director

Date: December 17, 2008
To: All Property Tax Administrators
From: Gordon Folkman, Director
Property Tax Division
Subject: 2008 Property Tax Law Summary

The Property Tax Division of the Minnesota Department of Revenue is pleased to provide this summary of the law changes relating to property taxes during the 2008 legislative session.

The purpose of the *Summary of 2008 Property Tax Laws* is to provide property tax administrators and their service organizations with an organized and condensed source of information to make them aware of the many legislative changes affecting the property tax laws this year.

It should be noted that, except for a few cases that may involve the Department of Revenue, the *Summary of 2008 Property Tax Laws* does not cover the property tax laws that specifically relate to school districts. This dimension of the property tax system is handled by the Minnesota Department of Education. Please call (651) 582-8566 for more information regarding property taxes and school districts.

If you have suggestions for improving future editions of the property tax law summary, please contact Shawn Wink at (651) 556-6095 or shawn.wink@state.mn.us.

Acknowledgement

The *Summary of 2008 Property Tax Laws* could not have been produced without the knowledge and skills of many people inside and outside the Property Tax Division of the Department of Revenue.

The Property Tax Division wishes to acknowledge the contributions of the Appeals and Legal Services Division of the Department of Revenue and the House Research Department of the Minnesota House of Representatives. They were an invaluable source of information for developing the law summary.

Abbreviations

The following is a list of abbreviations used in this summary:

BSA	Business Subsidy Agreement
CPA	County Program Aid
DEED	Department of Employment and Economic Development
DOR	Department of Revenue
EMV	Estimated Market Value
H.F.	House File
HRA	Housing and Redevelopment Authority
ISD	Independent School District
JOBZ	Job Opportunity Building Zone
LGA	Local Government Aid
LIRC	Low Income Rental Classification
M.S.	Minnesota Statute
MAAO	Minnesota Association of Assessing Officers
MHFA	Minnesota Housing Finance Agency
NTC	Net Tax Capacity
OSA	Office of the State Auditor
PILT	Payments in Lieu of Taxes
PTR	Property Tax Refund
S.F.	Senate File
SFIA	Sustainable Forest Incentive Program
SSN	Social Security Number
TIF	Tax Increment Financing
TNT	Truth in Taxation
WMO	Water Management Organization

Laws Included in this Summary

Laws 2008

Subject	House File Number	Senate File Number	Chapter Number in Laws	Date Enacted
Transportation Finance Bill	H.F. 2800	/ S.F. 2521	152	February 25, 2008
Omnibus Tax Bill	H.F. 3201	/ S.F. 2935	154	March 7, 2008
Municipal Boundaries Bill	H.F. 3357	/ S.F. 3208	196	April 17, 2008
Revisor's Bill	H.F. 3928	/ S.F. 3674	277	May 8, 2008
Omnibus Tax Bill	H.F. 3149	/ S.F. 2869	366	May 29, 2008
Omnibus Game and Fish Bill	H.F. 3280	/ S.F. 2651	368	May 23, 2008

Table of Contents

Property Assessment	1
Abatements	1
General Provisions	1
Special Assessments	4
Homesteads	4
Exemptions and Exclusions	6
PILT	12
State Board of Assessors	12
Property Classification	14
Class 1: Residential Property	14
Class 2: Agricultural and Timberland Property	15
Class 4: Rental and Seasonal Property	16
General Provisions	18
Property Tax Levies	19
Overall Levy Limitations	19
General Provisions	20
Special Property Tax Levies	20
County Levies	21
City and Township Levies	22
Special Taxing District Levies	22
State General Property Tax Levy	23
Tax Increment Financing and Fiscal Disparities	24
Tax Increment Financing	24
Fiscal Disparities	26
Property Tax Aids and Credits	27
County Program Aid	27
Local Government Aid	27
Property Tax Aids	29
Property Tax Credits	30
Temporary Aid for Court Costs	31
Truth in Taxation	32
Certification of Levies	32
Market Value Notices	32
Truth in Taxation Notices	32
Published Hearings and Notices	32
Property Tax Collection and Distribution	34
Property Tax Statements	34
Property Tax Collection	34
Property Tax Refund	35
Tax-Forfeited Land	36
General Provisions	36
Sale or Conveyance	36
Proceeds of Sales	36

Miscellaneous Property Tax Laws	37
Border City Development Zone Property	37
Commissioner's Powers	37
County Boards	37
International Economic Development Zone	38
Job Opportunity Building Zones.....	38
Local Boards of Review and Equalization.....	40
Mortgage and Deed Taxes	40
Annexations	40
Disaster Relief.....	41
Data Management	42
Airport Authority and Valuation.....	42
Sale or Conveyance.....	44
Property Tax Programs	45
Senior Citizen Property Tax Deferral Program	45
Sustainable Forest Incentive Act Program.....	45
Appropriations.....	47
Repealed Property Tax Laws.....	48

Property Assessment

Abatements

Limitation on Abatements Chapter 366, Article 6, Section 43

Amends M.S. 469.1813, subdivision 8

Changes the limit on abatements in any one year from 10% of the current levy to 10% of the net tax capacity of the political subdivision for the taxes payable year to which the limit applies (or \$200,000, whichever is greater).

Effective date: For abatement resolutions approved after the day following final enactment (May 30, 2008).

General Provisions

Sales Ratio Study; Methodology Chapter 154, Article 2, Section 2

Amends M.S. 127A.48, subdivision 2

Codifies current assessor practice in the verification of sales for the sales ratio study. The language also provides additional guidance in the review of agriculturally-classed property sales. The language is very similar to that in a proposed bill directing the process the commissioner of revenue must use in determining the Green Acres agricultural value. That methodology requires using only sales that are not affected by nonagricultural influences when establishing the agricultural value.

Incorporating this law, it is the department's opinion that when a correctly-classified agricultural parcel is sold for some other (recreational, etc.) use because of its limited current agricultural use, the assessor should investigate the sale and take that changed use into account. A change in homestead status should not be considered a change in use under these guidelines. The sale would likely reflect and indicate market value, but not agricultural value.

Effective date: The day following final enactment (March 8, 2008). Consequently, assessors should start implementing these sales verification practices immediately for the current sales study.

Railroad Property Chapter 277, Article 1, Section 55-57

Amends M.S. 270.81-270.83

Technical change: Changed the valuation and reporting requirement references relating to railroad property from Laws 1979, chapter 303,

article 7, sections 1 to 13 to sections 270.80 to 270.87.

Effective date: August 1, 2008

Cities and Townships; Employment of Licensed Assessor Chapter 154, Article 13, Section 24

Amends M.S. 273.05 by adding subdivision 3

Adds language that was removed from M.S. 270.50 (section 19):

Allows cities or towns 90 days from the date of incorporation to employ a licensed assessor.

Effective date: The day following final enactment (March 8, 2008).

County or Local Assessing District to Assume Cost of Training Chapter 154, Article 13, Section 25

Adds M.S. 273.0535

Adds language that was removed from M.S. 270.50 (section 19):

Requires counties or local districts to pay the cost of training courses for the purpose of obtaining an assessor's license.

Effective date: The day following final enactment (March 8, 2008).

Commissioner Review of Local Assessment Practices Chapter 366, Article 6, Section 8

Adds M.S. 273.065

The department must review the assessment practices of a taxing jurisdiction if requested in writing and signed by the greater of:

- ten percent of the registered voters who voted in the last general election; or
- five property owners.

The request must identify the city, town, or county and describe why a review is wanted for that jurisdiction.

After conducting the review, the department must report the findings to the county board of the affected county and to the city council or town board if the review is for a specific city or town. The department must also report the findings to the property owner designated in the request as the person to receive the report on behalf of all those who signed the request. Additionally, the department must send the report electronically to any property owner who signed the request and provided an e-mail address in order to receive the report electronically.

Effective date: The day following final enactment (May 30, 2008).

Aggregate Resource Preservation Property Tax Law Chapter 366, Article 6, Section 21

Adds M.S. 273.111

Property that is at least 10 contiguous acres in size that is defined as having a commercial aggregate deposit that is not actively being mined, and is classified as 1a, 1b, 2a, or 2b property, must be valued as if it were agricultural property, using a per acre valuation equal to the current year's average per acre valuation of agricultural land in the county. To receive the deferred valuation, there must be no delinquent taxes on the property and the property owner must complete and file an application (as prescribed by the DOR) to the county assessor by May 1 of the assessment year.

When determining the deferred value of the property the assessor should not consider any additional value resulting from potential alternative and future uses of the property. Any buildings or structures located on the property should be valued in the normal manner.

As part of the application, an applicant must retain a restrictive covenant limiting the use of the property to that which exists on the surface on the date of the application and limiting its future use to the preparation and removal of the commercial aggregate deposit under its surface. The covenant must be binding on the owner or the owner's successor or assignee, and must run with the land. The covenant can only be cancelled in two ways:

(1) by the owner, beginning with the subsequent assessment year, provided that additional taxes are paid by the owner at the time of cancellation; or

(2) by the city or town in which a property is located beginning with the subsequent assessment year, if the city council or town board:

- changes the conditional use of the property;
- revokes the mining permit; or
- changes the zoning to disallow mining.

Please note: No additional taxes are imposed if the covenant is cancelled due to decisions made by the city council or town board (clause 2).

If any portion of a property in the program begins to be actively mined, the owner must file an affidavit within 60 days stating the number of acres being mined. (The property being actively mined will be removed from the program and will be classified according to M.S. 273.13, subdivision 24, for the next assessment year.) Copies of the affidavit must be filed with the county assessor, the local zoning administrator, and the DNR, Division of Land and Minerals. Additional taxes will not be imposed on property that is being actively mined. Failure to file affidavits will result in the property being removed from the program and being subject to additional taxes.

If a property no longer qualifies for the Aggregate Resource Preservation program, for reasons other than it being actively mined, it will be subject to additional taxes.

A county may choose to terminate the Aggregate Resource Preservation program within two years of the effective date (by the 2011 assessment year), if a resolution to do so is adopted by the county board.

Effective date: For the 2009 assessment year, taxes payable in 2010 and thereafter. For the 2009 assessment year, applications are due by September 1.

Conservation Property Tax Valuation Chapter 154, Article 13, Section 27

Amends M.S. 273.117

Changes statutory language so that property subject to a conservation easement is not entitled to a reduced value, but rather that the assessor may adjust the value to reflect valuation influences. Makes the reduced value permissive, rather than arbitrarily required.

Effective date: The day following final enactment (March 8, 2008).

**Utility Property
Chapter 366, Article 15, Section 5**

Amends M.S. 273.123 by adding subdivision 8

Adds a definition for “utility property”: Utility property is property appraised and classified for tax purposes by the commissioner of revenue under sections 273.33 to 273.3711.

Effective date: The day following final enactment (May 30, 2008).

**Reassessed Market Value
Chapter 366, Article 15, Section 4**

Amends M.S. 273.1231, subdivision 7

Strikes language requiring the county assessor or commissioner to report reassessed values to the county auditor as soon as practical; moves this requirement to reassessment requirement provided in M.S. 273.1232, subdivision 1.

Effective date: The day following final enactment (May 30, 2008).

**Manufactured Homes; Sectional Structures
Chapter 154, Article 2, Section 9**

Amends M.S. 273.125, subdivision 8

Provides that improvements constructed on property that is leased or rented as a site for a travel trailer is taxable as personal property only if its estimated market value exceeds \$1,000 (previously \$500). (Improvements include storage sheds, decks, etc.)

Effective date: For assessment year 2008 and thereafter, for taxes payable in 2009 and thereafter.

**Listing and Assessment by Commissioner; Pipelines
Chapter 154, Article 13, Section 31**

Amends M.S. 273.33, subdivision 2

Clarifies that values of pipelines listed and assessed by the commissioner shall be provided by order to the city or county assessor.

Effective date: The day following final enactment (March 8, 2008).

**Listing and Assessment by Commissioner;
Transmission Lines
Chapter 154, Article 13, Section 32**

Amends M.S. 273.37, subdivision 2

Clarifies that values of transmission lines listed and assessed by the commissioner shall be provided by order to the city or county assessor.

Effective date: The day following final enactment (March 8, 2008).

**Reports of Utility Companies; Report Required
Chapter 154, Article 13, Section 33**

Amends M.S. 273.371, subdivision 1

Adds a reference to the M.S. 273.3711 (next section).

Effective date: The day following final enactment (March 8, 2008).

**Recommended and Ordered Values
Chapter 154, Article 13, Section 34**

Adds M.S. 273.3711

Provides that each of the specific utility properties not required by statute to be listed and assessed by the department of revenue are recommended values.

Effective date: The day following final enactment (March 8, 2008).

**Dismissal of Petition; Exclusion of Certain Evidence
Chapter 154, Article 2, Section 20**

Amends M.S. 278.05, subdivision 6

Clarifies the specific information that is required to be given to the county assessor (within 60 days) in cases where a petitioner contests the valuation of income-producing property. It includes income and expense figures in the form of:

- year-end financial statements for the year prior to the assessment date;
- year-end financial statements for the year of the assessment date;

- rent rolls on the assessment date including tenant name, lease start and end dates, option terms, base rent, square footage leased and vacant space, verified net rentable square footage; and
- anticipated income and expenses in the form of proposed budgets for the year subsequent to the year of the assessment.

Effective date: For petitions filed on or after July 1, 2008.

Assessment of Properties of Purely Public Charities Chapter 366, Article 6, Section 49

Uncodified provision

Requires the department to conduct an analysis of standards applied by assessors when determining the tax status of properties of purely public charity. The department will report the findings to the 2009 legislature.

Places a moratorium on changes in assessment practices concerning properties owned by institutions of purely public charity:

(1) Prohibits assessors from changing the current practices or policies generally used to assess properties of institutions of purely public charity and (2), prohibits assessors from changing the taxable status of existing properties of institutions of purely public charity, unless the change is a result of a change in ownership, occupancy, or use of the facility, or to correct an error.

The moratorium expires on the earlier of:

- Legislation establishing criteria for the property taxation of institutions of purely public charity.
- Adjournment of the 2009 regular legislative session to a date in 2010.

Effective date: For the 2008 assessment, taxes payable in 2009.

Special Assessments

Ordinances

Chapter 366, Article 6, Section 42

Amends M.S. 429.101, subdivision 1

Allows the collection of unpaid vacant building registration fees as special assessments. Also broadens a provision that allowed the collection of charges relating to municipal housing maintenance code violations to

include all related inspection costs (which was previously limited to re-inspections that find noncompliance after the due date for compliance with a correction order).

Effective date: The day following final enactment (May 30, 2008).

Hardship Assessment Deferral for Seniors, Disabled, or Military Persons Chapter 154, Article 2, Section 28

Amends M.S. 435.193

Extends the option to defer certain assessments to members of the National Guard and other military reserves ordered into active service, for whom it would be a hardship to make the payments.

Effective date: The day following final enactment (March 8, 2008), and applies to any special assessment for which payment is due on or after that date.

Vadnais Lake Area; Storm Sewer Fees Chapter 366, Article 6, Section 47

Uncodified provision

Allows the Vadnais Lake Area WMO to certify to the county auditor certain fees or charges imposed by the organization and the parcels on which they are imposed. The auditor shall extend the charges on the property tax statements. Amounts must be certified by Nov. 30. and if not paid are subject to the same penalties, the same rate of interest, become a lien, and are settled to the WMO in the same manner as real property taxes. The county auditor may charge the WMO a fee in the amount necessary to recover administration costs.

Effective date: The day following final enactment (May 30, 2008).

Homesteads

Agricultural Relative Homestead; General Rule Chapter 366, Article 6, Section 24

Amends M.S. 273.124, subdivision 1

Adds brother and sister to the list of relatives who can qualify for an agricultural relative homestead.

Effective date: For assessment year 2008, taxes payable in 2009 and thereafter.

Homestead Application Chapter 154, Article 13, Section 29

Amends M.S. 273.124, subdivision 13

Provides that only the Social Security Numbers of occupants who are an owner and owner's spouse, or in the case of a relative homestead, the qualifying relative and the relative's spouse, are required on the homestead application. (For residential homesteads, not agricultural homesteads.)

Also removes the requirements that the commissioner shall consult with the chairs of the house and senate tax committees regarding the homestead application and that the envelope containing the application must clearly identify the contents within.

Requires counties, at the request of the commissioner of revenue, to provide a list of names and Social Security Numbers of each occupant of a homestead property who is the owner, owner's spouse, qualifying relative, or relative's spouse.

Clarifies that the federal income tax schedule F is private data.

Effective date: The day following final enactment (March 8, 2008).

Homestead Application Chapter 366, Article 15, Section 12

Amends M.S. 273.124, subdivision 13, as amended by Laws 2008, Chapter 154, Article 13, Section 29

Income information (including schedule F) submitted to support a claim for homestead is considered private data.

Effective date: The day following final enactment (May 30, 2008).

Agricultural Homesteads; Special Provisions Chapter 154, Article 2, Section 7

Amends M.S. 273.124, subdivision 14

Provides that the requirement to have at least 40 acres to qualify for the special agricultural homestead classification allows adjustments to be made for undivided government lots and correctional 40s.

Effective date: For assessment year 2008, taxes payable in 2009 and thereafter.

Agricultural Homesteads; Special Provisions Chapter 366, Article 6, Section 25

Amends M.S. 273.124, subdivision 14, as amended by Laws 2008, Chapter 154, Article 2, Section 7

Adds brother and sister to the list of relatives who may receive "actively farming" (special ag) homesteads.

Effective date: For assessment year 2008, taxes payable in 2009 and thereafter.

Homestead; Trust Property Chapter 366, Article 15, Section 13

Amends M.S. 273.124, subdivision 21

Allows homestead treatment for property held in trust by a family farm corporation, joint farm venture, limited liability company, or partnership that operates a family farm as long as the grantor or grantor's surviving spouse (who must be a member, shareholder, or partner) rents the property and a member of the entity who uses the property as a homestead or actively farms at least 40 acres, including undivided government lots and correctional 40's.

Effective date: The day following final enactment (May 30, 2008).

Annual Registration of Certain Relative Homesteads Chapter 154, Article 2, Section 8

Amends M.S. 273.124 by adding subdivision 22

Effective for property located in a city that has a population over 25,000. Requires that if a property is classified as a relative homestead and compensation for rental of any part of the property is received for a period that exceeds 31 consecutive days during a calendar year, the recipient of the compensation must register the property with the city in which it is located no later than 60 days after the initial rental period began.

Each city is required to maintain a file of these property registrations that is open to the public, and to retain these registrations for one year after the date of filing.

Effective date: July 1, 2008.

Class 1 Property**Chapter 366, Article 15, Section 14**

Amends M.S. 273.13, subdivision 22, as amended by Laws 2008, Chapter 154, Article 2, Section 11

Allows a property owned by a disabled person and their spouse to receive the full special homestead benefit.

Also allows the surviving spouse of a permanently and totally disabled veteran who was receiving the special homestead classification for taxes payable in 2008, to continue to receive the classification.

Specifies that property receiving the special homestead classification cannot be eligible for the Disabled Veterans Homestead Market Value Exclusion.

Effective date: For assessment year 2008, taxes payable in 2009 and thereafter.

Homestead of Disabled Veteran**Chapter 366, Article 15, Section 15**

Amends M.S. 273.13, subdivision 34, as added by Laws 2008, Chapter 154, Article 2, Section 14

Allows a property owned by a veteran or a veteran and their spouse to receive the Disabled Veterans Homestead Market Value Exclusion.

If a veteran qualifying for the \$300,000 exclusion passes away and their spouse holds the legal or beneficial title to the homestead, the value exclusion will carry over to the spouse for the remainder of the current assessment year plus one additional assessment year, or until the spouse sells, transfers, or otherwise disposes of the property, whichever comes first.

Specifies that property qualifying for the value exclusion is not eligible for the special homestead classification (class 1b blind/disabled).

Effective date: For assessment year 2008, taxes payable in 2009 and thereafter. The application date for the value exclusion is extended to September 1, 2008.

Exemptions and Exclusions**Conversion to Exempt or Taxable Status****Chapter 366, Article 15, Section 3**

Amends M.S. 272.02, subdivision 38

Provides that manufactured homes, park trailers, travel trailers and improvements, subject to the personal

property tax must be classified as taxable or exempt by January 2 of the assessment year, rather than July 1, because personal property taxes on these properties must be calculated by May 30.

Effective date: The day following final enactment (May 30, 2008).

**Electric Generation Facility; Personal Property
Chapter 366, Article 6, Section 3**

Amends M.S. 272.02, subdivision 55

Extends the time frame that an electric generating facility (that qualifies under the requirements of this subdivision and is designated as an innovative energy project) must commence construction to receive the provided exemption to after January 1, 2006, and before January 1, 2012. The time frame had previously extended to January 1, 2010.

Effective date: August 1, 2008

**Job Opportunity Building Zone Property;
Exemption****Chapter 154, Article 13, Section 22**

Amends M.S. 272.02, subdivision 64

Requires that a business (except those already exempt for taxes payable in 2008) must notify the county assessor in writing by July 1 in order to begin qualifying for taxes payable in the following year. Annual notification is not required, but a business must notify the assessor immediately if the exemption no longer applies.

Effective date: The day following final enactment (March 8, 2008).

**Electric Generation Facility; Personal Property
Chapter 366, Article 6, Section 4**

Amends M.S. 272.02, subdivision 84

Extends the time frame that a 10.3 megawatt run-of-the-river hydroelectric generation facility (that qualifies under the requirements of this subdivision) must commence construction to receive the provided exemption to after April 30, 2006, and before January 1, 2011. The time frame had previously extended to January 1, 2009.

Effective date: August 1, 2008

Modular Homes used as Models by Dealers; Exemption
Chapter 154, Article 2, Section 3

Amends M.S. 272.02 by adding subdivision 85

Provides an exemption for certain modular model homes. A modular home is exempt from property tax if it:

- is owned by a modular home dealer and is located on land owned or leased by that dealer;
- is a single-family model home;
- is not available for sale and is used exclusively as a model;
- is not permanently connected to any utilities except electricity; and
- is situated on a temporary foundation.

This exemption is allowable for up to five assessment years after the date it becomes located on the property, provided that the modular home continues to meet all of the criteria each year. The owner of a modular model home must notify the county assessor within 60 days that it has been constructed or located on the property and must again notify the assessor if the modular home ceases to meet any of the criteria. If more than one modular home is constructed or situated on a property, the owner must notify the assessor within 60 days for each of the models placed on the property.

Defines a "modular home" as 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 as a single family dwelling. Construction of the modular home must comply with applicable standards adopted in Minnesota Rules authorized under Minnesota Statutes, chapter 16B. A modular home does not include a structure subject to the requirements of the National Manufactured Home Construction and Safety Standards Act of 1974 or prefabricated buildings, as defined in Minnesota Statutes, section 327.31, subdivision 6.

Effective date: For assessment year 2008 and thereafter, for taxes payable in 2009 and thereafter. The five-year assessment time period begins with the 2008 assessment for a modular home currently situated provided it meets all of the criteria and the county assessor is

Apprenticeship Training Facilities; Exemption
Chapter 154, Article 2, Section 4

Amends M.S. 272.02 by adding subdivision 86

Provides an exemption for all or a portion of a building used exclusively for a state-approved apprenticeship program through the Department of Labor and Industry if:

- it is owned and operated by a nonprofit corporation;
- the program participants receive no compensation; and
- it is located in the Minneapolis and St. Paul standard metropolitan statistical area as determined by the 2000 federal census or in a city outside the Minneapolis and St. Paul standard metropolitan statistical area that has a population of 7,500 or greater according to the most recent federal census.

This exemption does not include land.

Effective date: For assessment year 2008 and thereafter, for taxes payable in 2009 and thereafter.

Monosloped Roofs for Feedlots and Manure Storage Areas; Exemption
Chapter 154, Article 2, Section 5

Amends M.S. 272.02 by adding subdivision 87

Provides a property tax exemption for monosloped, single pitched roofs over feedlots or manure storage areas that prevent runoff. The exemption only applies to the roof itself.

There are construction requirements (monosloped, single-pitched roof), site requirements (over feedlot or manure storage area), and use requirements (prevent runoff). A monosloped roof is constructed in such a way in that it has no ridges or peaks. The site requirements are also very specific, as almost all feedlots and manure storage areas require permits and are therefore regulated by the Minnesota Pollution Control Agency or equivalent county offices.

Effective date: For assessment year 2008 for property taxes payable in 2009, and thereafter.

Fergus Falls Historical Zone
Chapter 366, Article 6, Section 5

Amends M.S. 272.02 by adding subdivision 88

Provides for an exemption of ad valorem taxes levied under chapter 275 to property located within the area of the campus of the former state regional treatment center in the city of Fergus Falls, including the five buildings and associated land that were acquired by the city prior to January 1, 2007.

The exemption applies for 15 calendar years from the date specified by the governing body of the city of Fergus Falls. The exemption phases out in the final three years of the duration limit as follows:

- For the third to last assessment year, the exemption will apply to 75% of the estimated market value of the property.
- For the second to last assessment year, the exemption will apply to 50% of the estimated market value of the property.
- For the last assessment year, the exemption will apply to 25% of the estimated market value of the property.

Effective date: Property taxes payable in 2009 and thereafter.

Electric Generation Facility; Personal Property Chapter 366, Article 6, Section 6

Amends M.S. 272.02 by adding subdivision 89

The attached machinery and other personal property that is part of a simple-cycle combustion-turbine electric generation facility that exceeds 150 megawatts of installed capacity is exempt if, at the time of construction, it meets the following requirements:

- It utilizes natural gas as a primary fuel.
- It is owned by an electric generation and transmission cooperative.
- It is located within one mile of an existing 16-inch natural gas pipeline and a 69-kilovolt and a 230 kilovolt high-voltage electric transmission line.
- It is designed to provide peaking, emergency backup, or contingency services.
- It has received a certificate of need under section 216B.243 demonstrating demand for its capacity.
- The governing bodies of the county and the city in which the facility is to be located have approved, by resolution, the exemption of personal property.

To receive the exemption the facility must commence construction after January 1, 2008, and before January 1, 2012. Electric transmission lines/gas pipelines and interconnections appurtenant to the property or facility are not eligible for this exemption.

Effective date: For the 2008 assessment, for taxes payable in 2009 and thereafter.

Leased Seasonal Recreational Land Chapter 366, Article 6, Section 7

Adds M.S. 272.0213

A county board may elect, by resolution, to exempt property that:

- Is owned by a county, city, town, the state, or the federal government.
- Is rented by the entity for noncommercial seasonal-recreational or noncommercial seasonal-recreational residential use
- Was rented for the purposes specified above and was exempt from property taxes payable in 2008.

Effective date: Taxes payable in 2009.

Vacant Land Platted on or after August 1, 2001; Metropolitan Counties Chapter 366, Article 6, Section 9

Amends M.S. 273.11, subdivision 14a

Provides that the land will be taxable at its full platted (estimated market) value if the property is sold or transferred, or construction begins on the property, prior to the end of the phase-in schedule.

Effective date: For assessment year 2009, taxes payable in 2010 and thereafter.

Vacant Land Platted on or after August 1, 2001; Non-Metropolitan Counties Chapter 366, Article 6, Section 10

Amends M.S. 273.11, subdivision 14b

Provides that the land will be taxable at its full platted (estimated market) value if the property is sold or transferred, or construction begins on the property, prior to the end of the phase-in schedule.

Effective date: For assessment year 2009, taxes payable in 2010 and thereafter.

Certain Vacant Land Platted on or after August 1, 2001; Metropolitan Counties Chapter 366, Article 6, Section 11

Amends M.S. 273.11 by adding subdivision 14c

All land platted on or after August 1, 2001, located in a metropolitan county and not improved with a structure,

is eligible for an adjusted value phase-in assessment schedule if the property is:

- Classified a homestead under section 273.13, subdivision 22 or 23 (Class 1 or 2), in the assessment year prior to the year the initial platting begins;
- has been owned or part-owned by the same person for the 10 consecutive years prior to the initial platting; and
- remaining under the same ownership for the current assessment year.

For qualifying properties, (1) the assessor will determine the EMV of each lot based upon the highest and best use of the property as unplatted land for the assessment year that the property is platted; and (2) add one-seventh of the difference of that initial value and the market value based upon the highest and best use of the land as platted property in the current year, multiplied by the number of assessment years since the property was platted.

If the property is sold or transferred, or construction begins on the property, that lot is eligible for revaluation in the next assessment year.

Owners of eligible property platted before July 1, 2008, must file an application (as prescribed by the DOR) to the assessor before July 1 in order to receive the phase in for the current year's assessment.

Effective date: For assessment year 2008, taxes payable in 2009 and thereafter. The portion concerning lots that are sold or transferred is effective for assessment year 2009, taxes payable in 2010 and thereafter.

Green Acres; Requirements Chapter 154, Article 13, Section 26

Amends M.S. 273.111, subdivision 3

Removes an obsolete transitional provision for corporate entities.

Effective date: The day following final enactment (March 8, 2008).

Green Acres; Requirements Chapter 366, Article 6, Section 12

Amends M.S. 273.111, subdivision 3, as amended by Laws 2008, Chapter 154, Article 13, section 26

Only class 2a (productive) land qualifies for Green Acres for new applications to the program.

Strikes subdivision 6, removing the income requirements previously required to be eligible for Green Acres.

Provides for eligibility for Green Acres to the homestead of an individual who is part of an entity that is:

- a family farm entity or authorized farm entity regulated under section 500.24;
- a poultry entity other than a limited liability entity, in which the majority members, partners, or shareholders are related and at least one of the members, partners, or shareholders resides on the land or actively operates the land; or
- a corporations that derive 80 percent or more of their gross receipts from the wholesale or retail sale of horticultural or nursery stock,

In the case of nurseries and greenhouses, only the acres used to produce nursery stock qualify for Green Acres.

Land that is enrolled in the Reinvest in Minnesota (RIM), the federal Conservation Reserve Program (CRP), or similar state or federal conservation programs do not qualify for Green Acres for new applications to the program.

Effective date: Taxes payable in 2010 and thereafter.

Green Acres; Property no Longer Eligible for Deferment Chapter 366, Article 6, Section 13

Amends M.S. 273.111 by adding subdivision 3a

Provides a grandfather provision to allow non-productive land (which does not qualify under the new provisions) into the Green Acres program.

Property that has received Green Acres for assessment year 2008, but that does not qualify for assessment year 2009 due to the changes in qualification requirements, will continue to receive Green Acres until any part of the property is sold, transferred, or subdivided. These properties must continue to meet the old requirements of M.S. 2006, 273.111, subdivision 3. If, at any time, a property receiving Green Acres under the old requirements becomes ineligible, and the property owner requests to reenroll in the Green Acres program, the property must qualify according to the new requirements (i.e. it must be productive).

If property receiving Green Acres is withdrawn from the program or becomes ineligible, the property will be subject to additional taxes. The additional taxes will be calculated by using an amount equal to the average difference between the taxes determined by using (1) the value assigned to the county by the commissioner of revenue (the “agricultural value” in subdivision four) and; (2) the market value applicable to such property in the taxing district (subdivision five)*, for the current year and the two preceding years. The resulting averaged value will then be multiplied by:

- three, in the case of class 2a agricultural property as defined in the amended M.S. 273.13, subdivision 23 (summary provided below) or any property withdrawn before January 2, 2009; or
- seven, in the case of property withdrawn after January 2, 2009, that is not class 2a agricultural property.

The additional taxes are extended against the property for the current year. No interest or penalties are levied on the additional taxes if timely paid.

*The amount determined under subdivision 5 should not be greater than the actual sale price the property would receive in an arms-length transaction.

Effective date: The day following final enactment (May 30, 2008).

Green Acres; Determination of Value Chapter 366, Article 6, Section 14

Amends M.S. 273.111, subdivision 4

To account for the presence of nonagricultural influences that may affect the value of agricultural land, the department will develop a fair and uniform method of determining agricultural values for each county in the state and annually assign the resulting values to each county. Counties will use this value as the basis for determining the agricultural value for all properties in the county qualifying for Green Acres.

For properties that continue to qualify for Green Acres under the old requirements (grandfathered non-productive property – subdivision 3a), the agricultural value is based on the value in effect for assessment year 2008, multiplied by the ratio of the total TMV of all property in the county for the current assessment year, divided by the total TMV of all property in the county for assessment year 2008.

Effective date: For assessment year 2009 and thereafter.

Green Acres; Application Chapter 366, Article 6, Section 15

Amends M.S. 273.111, subdivision 8

The assessor may require proof by affidavit or otherwise to ensure that a property meets the requirements outlined in subdivision 3, and may require an applicant to provide a copy of a schedule or form showing farm income that has been included in the applicant’s most recently filed federal income tax return.

Effective date: For applications filed after May 1, 2008.

Green Acres; Additional Taxes Chapter 366, Article 6, Section 16

Amends M.S. 273.111, subdivision 9

Removes reference to subdivision 6, which was repealed.

Technical issue: Removes reference to “subdivisions 3 and 6”, and replaces it with subdivision 3 only. Property that no longer qualifies under subdivision 3 is subject to additional taxes.

Effective date: For deferred taxes payable in 2009.

Green Acres; Special Local Assessments Chapter 366, Article 6, Section 17

Amends M.S. 273.111, subdivision 11

Removes reference to subdivision 6, which was repealed.

Technical issue: Replaces “subdivision 3 and 6” with “subdivision 3 or 3a.”

Effective date: For deferred taxes payable in 2009 and thereafter.

Green Acres; Continuation of Tax Treatment upon Sale Chapter 366, Article 6, Section 18

Amends M.S. 273.111, subdivision 11a

Technical issue: Removes reference to “subdivisions 3 and 6” and replaces it with subdivision 3 only.

Effective date: For deferred taxes payable in 2009 and thereafter.

Green Acres; Applicability of Special Assessment Provisions
Chapter 366, Article 6, Section 19

Amends M.S. 273.111, subdivision 14

Provides that watershed district special assessments will not be deferred under Green Acres for properties qualifying for Green Acres after May 31, 2008 or for any watershed district special assessments levied after May 31, 2008.

Effective date: The day following final enactment (May 30, 2008).

Green Acres; Implementation of Program
Chapter 366, Article 6, Section 20

Amends M.S. 273.111 by adding subdivision 17

Requires county assessors to apply the Green Acres program to eligible properties in their county beginning no later than assessment year 2009, taxes payable in 2010, unless the DOR determines that a county is unable to comply with this requirement. If the DOR deems a county unable to meet this requirement for assessment year 2009, the county must implement the program for assessment year 2010, taxes payable in 2011, and thereafter.

Effective date: August 1, 2008

Homestead of Disabled Veteran
Chapter 154, Article 2, Section 14

Amends M.S. 273.13 by adding subdivision 34

Provides for a market value exclusion (\$150,000 or \$300,000) to qualifying homesteads of military veterans who have a service-connected disability of 70 percent or more. The veteran must have been honorably discharged from the military and must be certified by the U.S. Veterans Administration as having a service-connected disability. There are two levels of market value exclusion, depending on the permanency and rate of the veteran's disability.

- \$150,000 market value exclusion is provided to a veteran with a disability rating of 70 percent or more. (Must apply to the assessor annually, by July 1.)
- \$300,000 market value exclusion is provided to a veteran who is 100 percent disabled, and that

disability is permanent. (After initial application, does not need to apply annually.)

For agricultural homesteads, only the HGA qualifies for the exclusion.

If a veteran qualifying for the \$300,000 exclusion passes away and their spouse holds the legal or beneficial title to the homestead and permanently resides there, the spouse is eligible to receive the value exclusion for the remainder of the current assessment year and one additional assessment year after that, before being removed.

Effective date: For assessment year 2008 and thereafter, for taxes payable in 2009 and thereafter.

Tax-Exempt Property; Lease
Chapter 366, Article 6, Section 31

Amends M.S. 273.19, subdivision 1

Excludes from this subdivision property exempt from taxation under section 272.0213 (seasonal-recreational land leased from a government entity).

Effective date: For the 2008 assessment year, taxes payable in 2009 and thereafter.

Iron Range Resources and Rehabilitation; Forest Trust
Chapter 154, Article 8, Section 3

Amends M.S. 298.22 by adding subdivision 5a

Authorizes the commissioner of Iron Range Resources and Rehabilitation to purchase forest lands to be held in trust for the benefit of citizens of the taconite assistance area as the Iron Range Miners' Memorial Forest, and to provide that the property acquired under this authority, and income derived from the property or the operation and management of the property are exempt from taxation by the state or its political subdivisions.

Effective date: The day following final enactment (March 8, 2008).

Taxes Addition to Occupation Tax; In Lieu of Other Taxes
Chapter 154, Article 8, Section 6

Amends M.S. 298.25

Eliminates the property tax exemption for power plants and ore docks located at a taconite production facility.

Effective date: Taxes levied in 2008, payable in 2009 and thereafter.

PILT

**PILT; Allocation
Chapter 154, Article 2, Section 1**

Amends M.S. 97A.061, subdivision 2

Allows a town that received a payment in lieu of taxes (PILT) in 2006 and thereafter, and subsequently incorporated as a city, to continue to receive any future years' allocations that would have been made to the town if it had not incorporated. The payments will terminate if the governing body of the city passes an ordinance that prohibits hunting within the boundaries of the city. (Applies initially to Columbus Township in Anoka, but is a general law for future incorporations.)

Effective date: Retroactively for Aid Payments made in 2007 and thereafter.

**State Parks Located on Lake Vermillion;
Distribution of Payments in Lieu of Taxes
Chapter 366, Article 2, Section 11**

Uncodified provision

Provides that any PILT under M.S. 477A.11 to 477A.145 for the land included in any state park located in whole or in part on the shores of Lake Vermillion must be distributed to the taxing jurisdictions (for general purpose use) as follows: 1/3 to the school district, 1/3 to the township, 1/3 to the county. In addition, the payments for these lands must be made at the rate set for acquired natural resource land.

Effective date: August 1, 2008

State Board of Assessors

**Board of Assessors; Creation; Purpose; Powers
Chapter 154, Article 13, Section 9**

Amends M.S. 270.41, subdivision 1

Removes the words “establish” and “conduct” from the list of Board of Assessors’ duties with regard to training courses because the board does not establish or conduct training courses.

Effective date: The day following final enactment (March 8, 2008).

**Board of Assessors; Definition
Chapter 154, Article 13, Section 10**

Amends M.S. 270.41 by adding subdivision 1a

Clarifies that the word “board” means the “Board of Assessors” in sections of statute concerning the board of assessors.

Effective date: The day following final enactment (March 8, 2008).

**Board of Assessors; Members
Chapter 154, Article 13, Section 11**

Amends M.S. 270.41, subdivision 2

Updates various outdated references in the statute concerning the membership of the board of assessors. Removes an obsolete reference to the Minnesota Association of Assessors, which no longer exists. Clarifies that a member of the board who is no longer engaged in the capacity that they were nominated to the board is disqualified from membership in the board.

The board will annually elect a chair and “vice-chair” of the board.

Effective date: The day following final enactment (March 8, 2008).

**Board of Assessors; Licenses; Refusal or Revocation
Chapter 154, Article 13, Section 12**

Amends M.S. 270.41, subdivision 3

Replaces a provision allowing the Board of Assessors to refuse or revoke a license for “unprofessional conduct” with a provision that allows the Board to refuse or revoke a license for failure to comply with the Code of Conduct and Ethics for Licensed Minnesota Assessors.

Effective date: The day following final enactment (March 8, 2008).

Board of Assessors; Prohibited Activity
Chapter 154, Article 13, Section 13

Amends M.S. 270.41, subdivision 5

Uses the term “licensed assessor” in place of the words “assessor, deputy assessor, assistant assessor, [and] appraiser”; because all of these positions are licensed assessors.

Effective date: The day following final enactment (March 8, 2008).

Board of Assessors; Charges for Courses, Examinations or Materials
Chapter 154, Article 13, Section 14

Amends M.S. 270.44

Removes references to fees for course challenge examinations and retests of board-sponsored educational courses, because the board does not conduct these courses or retests.

Effective date: The day following final enactment (March 8, 2008).

Board of Assessors; Disposition of Fees
Chapter 154, Article 13, Section 15

Amends M.S. 270.45

Technical change; replaced the words “Board of Assessors” with the word “board”, because an earlier section (section 10) defines “board” as the Board of Assessors.

Effective date: The day following final enactment (March 8, 2008).

Board of Assessors; Training Courses Regulation
Chapter 154, Article 13, Section 16

Amends M.S. 270.46

Makes technical changes reflecting the fact that the board reviews and approves, but does not establish, training courses. Expands the list of entities that offer courses that the board reviews.

The board will review assessment practices, techniques of assessments, and ethics that are offered/taught at schools, colleges, universities, units of government, and other entities.

Effective date: The day following final enactment (March 8, 2008).

Board of Assessors; Rules
Chapter 154, Article 13, Section 17

Amends M.S. 270.47

Directs the board to “adopt” rather than “establish” rules. Removes language that requires the board to administer examinations to determine if assessing officials have the qualifications to perform the functions of the office.

Adds that if the board refuses to grant or renew a license, or suspends or revokes a license, that the decision is subject to review.

Effective date: The day following final enactment (March 8, 2008).

Board of Assessors; Licensure of Qualified Persons
Chapter 154, Article 13, Section 18

Amends M.S. 270.48

Makes technical language changes. Requires that licensure for local and county assessors to be as provided by rules adopted by the board.

Effective date: The day following final enactment (March 8, 2008).

Board of Assessors; Employment of Licensed Assessors
Chapter 154, Article 13, Section 19

Amends M.S. 270.50

Removes language that is being moved to chapter 273, requiring counties or local districts to pay the cost of training courses and allowing cities or towns 90 days from the date of incorporation to employ a licensed assessor, because these provisions do not relate to the boards licensing function and will be coded closer to similar provision in chapter 273.

Also removes language stating that if a governing body of a city or township fails to employ an assessor, the county assessor will perform assessments for the city or town. This language is already provided for in chapter 273.

Effective date: The day following final enactment (March 8, 2008).

Property Classification

Class 1: Residential Property

Class 1

Chapter 154, Article 2, Section 11

Amends M.S. 273.13, subdivision 22

Class 1b: Removes the class 1b special homestead provision for paraplegic veterans. In addition, the amount of market value subject to the class 1b reduced class rate (0.45 percent) has been increased from the first \$32,000 to the first \$50,000 of taxable market value.

This change (class 1b) is effective for assessment year 2008, taxes payable in 2009 and thereafter.

Class 1c: Adds the following to the definition of class 1c property:

- Class 1c property is commercial-use real and personal property that abuts public water.
- Class 1c property must contain three or more rental units (cabin, condominium, townhouse, sleeping room, or individual campsite equipped with water and electricity for recreational vehicles).
- Class 1c property must provide recreational activities (ice fishing houses, snowmobiles, cross-country skis, etc.); provide marina services, launch services, guide services; or sell bait and fishing tackle.
- A camping pad offered for rent can qualify as 1c if the property otherwise qualifies for 1c, so long as the pad is not used for more than 250 days.

Any unit that transfers the right to use the property to an individual or entity by deeded interest, or the sale of shares or stocks, will no longer qualify for class 1c, even if that unit may remain available for rent.

Property owners desiring classification as class 1c must submit a declaration to the assessor designating the units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. If requested, property owners must provide guest registers and other records to prove eligibility. Qualifying units and a proportionate amount of land will be classed as 1c. The remainder of the units and land, including any part operated as a restaurant, bar, gift shop, conference center or meeting room, or other nonresidential facility operated on a commercial basis not directly related to the temporary and seasonal residential occupancy for recreational purposes, must be classed as 3a commercial.

The first tier market value of class 1c property is increased to \$600,000; the class rate for the first-tier of class 1c property is reduced to 0.5%.

Effective date: The changes to class 1b AND to Tier I of class 1c (both the class rate and market value changes) are effective for taxes payable in 2009 and thereafter. The remaining changes (the criteria and definition changes to class 1c) are effective for taxes payable in 2010 and thereafter.

Certification of Class 1b Property Chapter 154, Article 2, Section 15

Amends M.S. 273.1315

Provides that after October 1, 2008, any property owner seeking classification and assessment of the owner's homestead as class 1b property (blind/disabled homestead) will apply to the county assessor rather than the commissioner of revenue. The commissioner will prescribe an application form that must be filed on or before October 1 to be effective for taxes payable the next year.

The Social Security numbers and income and medical information gathered from applicants is private data as defined in section 13.02.

Property owners must notify the assessor within 30 days if the property no longer qualifies due to a sale, change in occupancy, or change in status or condition of an occupant. If the assessor is not properly notified, a penalty will be assessed and the property will lose its 1b classification.

Effective date: The day following final enactment (March 8, 2008).

Effective Date; 1c Homestead Resorts Chapter 366, Article 6, Section 44

Amends Laws 2008, Chapter 154, Article 2, Section 11

Corrects an error in the earlier 2008 tax bill (Laws 2008, chapter 154) to provide that the class rate change and tier change for class 1c homestead resort property is to be effective beginning in taxes payable in 2009.

Effective date: The day following final enactment (May 30, 2008).

Class 2: Agricultural and Timberland Property

Class 2

Chapter 154, Article 2, Section 12

Amends M.S. 273.13, subdivision 23

Allows property classified as 2b to receive a reduced class rate of 0.65% if it is:

- Unplatted property
- No less than 10 acres; no more than 1,920 acres
- Is being managed under a forest management plan that meets the requirements of chapter 290C, but is not enrolled in the SFIA program

Property owners who desire to receive the reduced classification must apply annually to the assessor.

Effective date: Taxes payable in 2009 and thereafter.
Please Note: This language is amended again in the more recent Laws 2008, Chapter 366. Therefore, it is obsolete.

Class 2 Property

Chapter 366, Article 6, Section 26

Amends M.S. 273.13, subdivision 23 as amended by Laws 2008, Chapter 154, Article 2, Section 12

An agricultural homestead consists of class 2a agricultural land that is homesteaded, as well as any class 2b rural vacant land that is contiguous to the class 2a land under the same ownership.

Class 2a (agricultural) property:

-Class 2a has a class rate of 1.00%, unless homesteaded (where the first tier is 0.50%).

-May contain property that would otherwise be classified as 2b, if the assessor finds it impractical to value separately from the rest of the property.

-Provides for split-classification

-Properties of 10 or more contiguous acres must be used for an “agricultural purpose”; the raising, cultivation, drying or storage of agricultural products for sale (now including short rotation woody crops), or the storage of machinery and equipment used in support of agricultural production by the same farm entity. For “drying or storage” to qualify as agricultural production, the farm entity operating the drying or storage facility must have also been the farm entity that produced the product.

Land enrolled in RIM or CRP (or other similar state or federal conservation programs), if it was classified as agricultural for the 2002 assessment or the year prior to its enrollment, is considered an “agricultural purpose.

-Properties of less than 10 acres can now qualify for class 2a if they are used intensively or exclusively to produce an agricultural product. For a property that includes a residential structure to qualify under an intensive use, it must be used for for:

- The drying or storage of grain or the storage of machinery equipment used to support the farming activities on other parcels operated by the same farming entity;
- A nursery — only the acres used to produce nursery stock will be considered agricultural;
- Livestock or poultry confinement—land used only for pasturing and grazing does not qualify; or
- For market farming, meaning the production of agricultural products for sale to local markets by the farmer or an organization with which the farmer is affiliated.

Class 2b (rural vacant land) property:

-Class 2b has a class rate of 1.00%, unless part of an agricultural homestead (must be contiguous to agricultural land under the same ownership).

-Consists of unplatted property, rural in character and not used for agricultural purposes, including land that is used for growing trees for timber, lumber, and wood and wood products.

-Not improved with a structure (the presence of a minor ancillary nonresidential structure will not disqualify the property from receiving class 2b).

-Any parcel of 20 acres or more that contains a structure that is not a minor ancillary nonresidential structure must be split-classified, with at least 10 acres being assigned to the split parcel containing the structure.

Class 2c (Managed Forest Land) property:

-Class 2c property has a class rate of 0.65%.

-Must be property managed under a forest management plan, but cannot be enrolled in SFIA.

-Consists of no less than 20 acres and no more than 1,920 acres statewide per taxpayer.

-Not improved with a structure (the presence of a minor ancillary nonresidential structure will not disqualify the property from receiving class 2b).

-Any parcel of 20 acres or more that contains a structure that is not a minor ancillary nonresidential structure must be split-classified, with at least 10 acres being assigned to the split parcel containing the structure.

-Property owners must apply to the county assessor (on an application prescribed by the department) and the DNR must concur that the land is qualified. The DNR will provide the county assessor with verification information on an annual basis by sending out a list of property owners (by county) that continue to retain a qualifying forest management plan .

The department has defined “minor ancillary nonresidential structures” as sheds or other primitive structures, the aggregate size of which are less than 300 square feet that add minimal value and are not used residentially; provided that the occasional overnight use for hunting or other outdoor activities shall not preclude a structure from being considered a minor, ancillary structure.

If any structure or group of structures totals 300 or more square feet, or if any structure is used residentially on more than an occasional basis, or if there is an improved building site that provides water, sewer or electrical hook ups for residential purposes, the property must be split classed according to the appropriate use or uses of the property.

Class 2d (airport landing area) property:

-Class 2d property has a class rate of 1.00%.

-Consists of a landing area or public access area of a privately owned public use airport.

Class 2e (commercial aggregate deposit-not mined) property:

-Class 2e property has a class rate of 1.00%.

-Consists of land with a commercial aggregate deposit that is not actively mined and is not otherwise classified as class 2a or 2b.

-Must be at least 10 contiguous acres in size.

-Property owner must complete the appropriate application and record a covenant containing:

- A legal description of the property.
- A disclosure that the entire parcel contains a commercial aggregate deposit that is not being mined.

- Documentation that that the conditional use under the county or local zoning ordinance of the property is for mining.
- A disclosure issued by the local unit of government permitting mining activity. The disclosure must include a statement from a registered professional geologist, engineer, or soil scientist delineating the deposit and certifying that it is a commercial aggregate deposit.
- If property begins to be actively mined, the owner must file an affidavit and it will be removed from the Aggregate Resource Preservation program (if enrolled), and classified under 273.13, subdivision 24 (commercial).

Effective date: The changes reducing the agricultural class rate to 0.50% in paragraph (a), expanding “agricultural purposes” in paragraph (e), expanding “agricultural products” in paragraph (i), and class 2c (managed forest) in paragraph (d) are effective for the 2008 assessment, taxes payable in 2009. The remainder of the changes are effective for taxes payable in 2010 and thereafter.

Class 4: Rental and Seasonal Property

Data on Income of Individuals Chapter 366, Article 15, Section 1

Amends M.S. 13.51, subdivision 3

Technical change: Removes reference to M.S. 273.126, which has been repealed.

Effective date: For data collected or maintained by political subdivisions beginning the day following final enactment (May 30, 2008).

Private Data on Individuals Chapter 366, Article 15, Section 2

Amends M.S. 13.585, subdivision 5

Technical change: Removes reference to M.S. 273.126, which has been repealed.

Effective date: For data collected or maintained by a housing agency beginning the day following final enactment (May 30, 2008)

Class 4**Chapter 154, Article 2, Section 13**

Amends M.S. 273.13, subdivision 25

Class 4c(1): Unless a property is classified as 1c, real and personal property may be classified as 4c(1) if it meets the necessary requirements.

The following has been added to the definition of 4c(1) property:

- Class 4c(1) property must contain three or more rental units (cabin, condominium, townhouse, sleeping room, or individual campsite equipped with water and electricity for recreational vehicles).
- Class 4c(1) property must provide recreational activities (ice fishing houses, snowmobiles, cross-country skis, etc.); provide marina services, launch services, guide services; or sell bait and fishing tackle.
- A camping pad offered for rent (not more than 250 days) can qualify as 4c(1) if the property otherwise qualifies for 1c.
- Includes a “conference center or meeting room” in the definition of portions of a property that cannot qualify for 4c(1) classification.

This change is effective for assessment year 2009, taxes payable in 2010 and thereafter.

Class 4c(3)(i) and 4c(3)(ii): Up to a maximum of 3 acres of real property that is owned by a nonprofit community service oriented organization, and that is not used for residential purposes, may qualify as class 4c(3)(i) or 4c(3)(ii) with a class rate of 1.5 percent.

4c(3)(i) property is not used for revenue producing activities for more than 6 days in the calendar year preceding the year of the assessment. This type of property is not subject to the state general tax.

4c(3)(ii) property is classified as such if the organization that owns the property (1) makes charitable contributions/donations that are at least equal to the property’s previous year’s property taxes (excluding the state general tax), and (2), allows the property to be used for public and community meetings or events free of charge. The organization must supply the county assessor with records of its charitable contributions and meetings held on the property upon request; and must complete an application (as prescribed by the DOR) to the assessor by May 1 to be eligible for the current year’s assessment. This type of is subject to the state general tax at the SRR rate. (For the 2008 assessment

only, the application deadline is extended to September 1.)

Any “charitable contributions and donations” must follow the guidelines that are defined under section 349.12 (lawful gambling purposes). Basically, this restricts the purposes for which money may be donated/contributed to; it does not restrict where the money comes from.

Effective date: The class 4c(1) resort changes are effective for assessment year 2009 (pay 2010), and thereafter.

The provisions relating to the class 4c(3) nonprofit community service oriented organizations are effective for assessment year 2008 (pay 2009), and thereafter.

Class 4 Property**Chapter 366, Article 6, Section 27**

Amends M.S. 273.13, subdivision 25, as amended by Laws 2008, Chapter 154, Article 2, Section 13

Adds class 4c(10). Real property of up to 3 acres operated as a restaurant and located on a lake can be classed as 4c(10) if:

- it is devoted to commercial purposes for not more than 250 consecutive days, or
- receives at least 60% of its annual gross receipts from business conducted during four consecutive months (including the sale of alcohol).

The property’s primary business must be as a restaurant, not as a bar.

Property owners seeking classification as 4c(10) must submit a declaration to the county assessor by February 1 of the current assessment year, based on information from the preceding assessment year.

Class 4c(10) property has a class rate of 1.25%.

Effective date: For the 2008 assessment year, taxes payable in 2009 and thereafter. For the 2008 assessment year, property owner’s have until September 1 to submit their declaration to the county assessor.

Class 4d; Requirement**Chapter 154, Article 2, Section 10**

Amends M.S. 273.128, subdivision 1

Reduces the percentage of units needed for a property to qualify for the 4d low-income apartment classification

from 75 percent to 20 percent. Also adds local units of government to the list of government entities that can provide financial assistance to the rental housing property. Such property can qualify for the 4d classification if at least 20 percent of the units are subject to rent and income restrictions under the terms of the agreement.

The class rate for 4d property is 0.75 percent as compared to the regular apartment class rate of 1.25 percent of market value. However, only the proportion of qualifying units to the total number of units in the building qualify for class 4d.

MHFA will continue to certify which properties meet the qualifications.

Effective date: Property taxes payable in 2009 and thereafter.

**Tax Status; Facilities Funded from Multiple Sources
Chapter 366, Article 15, Section 19**

Amends M.S. 469.040, subdivision 4

Corrects a cross-reference from the old 4d statute (M.S. 273.126) to the current statute (M.S. 273.128).

Effective date: Retroactively for taxes payable in 2006 and thereafter.

**Brooklyn Center; Crime-free Multi-Housing
Chapter 366, Article 6, Section 48**

Uncodified provision

Adds an uncodified law relating to property located in the city of Brooklyn Center that requires owners to participate in the city's crime-free multihousing program in order to retain eligibility for classification as 4d. City must notify MHFA of noncompliance and MHFA will remove the property from the certification to assessors of LIRC (4d) properties.

Effective date: The day after compliance by the governing body of the city of Brooklyn Center and its chief clerical officer with M.S. 645.021, subdivisions 2 and 3. This section expires after taxes payable in 2017.

General Provisions

**Certificates of Real Estate Value; Requirement
Chapter 154, Article 2, Section 6**

Amends M.S. 272.115, subdivision 1

Requires that the certificate of real estate value include any proposed change in use of the property known to the person filing the certificate that could change the classification of the property.

Also provides that property acquired as part of a like-kind exchange under section 1031 of the Internal Revenue Code (as amended through December 31, 2006) must be indicated on the certificate.

Effective date: For certificates filed after June 30, 2008.

**Classification of Unimproved Property
Chapter 366, Article 6, Section 28**

Amends M.S. 273.13, subdivision 33

Real property that is not improved with a structure and that has no identifiable use, except land classified as 2b (rural vacant land), must be classified according to its highest and best use permitted under the local zoning ordinance.

Effective date: For the 2009 assessment year, taxes payable in 2010 and thereafter.

Property Tax Levies

Overall Levy Limitations

Special Levies

Chapter 366, Article 3, Section 1

Amends M.S. 275.70, subdivision 5

Adds the following special levies for levy limit purposes:

For counties to pay for the increase in their share of health and human service costs caused by reductions in federal grants effective after 9/30/07.

For a city for costs reasonably and necessarily incurred for securing, maintaining, or demolishing foreclosed or abandoned residential properties as allowed by DOR. A city must have either (i) a foreclosure rate of at least 1.4% in 2007, or (ii) a foreclosure rate in 2007 in the city, or in a zip code area of the city, that is at least 50% higher than the average foreclosure rate in the metropolitan area in order to use the special levy.

For a city for the unreimbursed costs of redeployed traffic control agents and lost traffic citation revenue due to the collapse of the I35W bridge.

For a county or city to pay the costs attributable to wages and benefits for sheriff, police, and fire personnel.

An amount equal to any reductions in certified aids and credits due to unallotment.

Effective date: Taxes levied in calendar year 2008 and thereafter, payable in 2009 and thereafter.

Levy Aid Base

Chapter 366, Article 3, Section 2

Amends M.S. 275.70 by adding subdivision 6

Levy aid base is defined as a local government unit's total levy spread on net tax capacity minus any amounts that would qualify as a special levy, plus the sum of (1) the total aids and reimbursements under 477A.011 to 477A.014 (LGA & CPA) in the same year, (2) taconite aids in the same year, and (3) wind energy production taxes in the same year.

Effective date: Levies certified in calendar year 2008, payable in calendar year 2009 and thereafter.

Levy Limits

Chapter 366, Article 3, Section 3

Amends M.S. 275.71

Reinstates levy limits effective for levies certified in calendar years 2008-2010, for taxes payable in 2009-2011. The levy limit base for taxes levied in 2008 is the "levy aid base" for the previous year. The levy limit base for taxes levied in 2009 and 2010 is the "adjusted levy limit base" in the previous year.

The adjusted levy limit base for taxes levied in 2008 through 2010 is equal to the levy limit base multiplied by: (1) one plus the lesser of 3.9 percent or the percentage growth in the implicit price deflator; (2) one plus a percentage equal to 50% of the percentage increase in the number of households, if any, for the most recent 12-month period; and (3) one plus a percentage equal to 50% of the percentage increase in the taxable market value of the jurisdiction due to new construction of class 3 property (except state-assessed utility and railroad property).

The property tax levy limit is equal to the adjusted levy limit base plus any additional levy authorized by voters which is levied against NTC, reduced by the sum of: (i) (1) the total aids and reimbursements certified under 477A.011 to 477A.014 (LGA and County Program Aid), (2) taconite aids, and (3) estimated payments of wind energy production taxes, adjusted for error in estimation in the preceding year, and (4) the new utility valuation transition aid.

Effective date: Levies certified in calendar years 2008 through 2010, payable in 2009 through 2011.

Authorization for Special Levies

Chapter 366, Article 3, Section 4

Amends M.S. 275.74, subdivision 2

Allows a city to request authorization for the special levy for costs reasonably and necessarily assumed for securing, maintaining, or demolishing foreclosed or abandoned residential properties.

The local government unit must submit a request to DOR by September 30 of the levy year and must include information documenting the costs.

For taxes payable in 2009 the amount may include unanticipated costs incurred above the amount budgeted

for these purposes in 2008. Cost of securing foreclosed and abandoned residential properties may include payment for police and fire department services. DOR may grant levy authority up to the lesser of (1) the amount requested based on the documentation submitted, or (2) \$3,000 multiplied by the number of foreclosed residential properties as defined by sheriff sales records in calendar year 2007. Decisions of the commissioner are final.

Effective date: Levies certified in 2008 through 2010, payable in 2009 through 2011.

General Provisions

Voter Approved Levy; Market Value Chapter 154, Article 10, Section 3

Amends M.S. 275.61, subdivision 1

Provides that levies for jurisdictions other than school districts, for the payment of debt obligations that are approved by voters after June 30, 2008, are not required to be levied on referendum market value, and therefore must be levied on net tax capacity.

Effective date: The day following final enactment (March 8, 2008).

Maintenance of Effort and Matching Requirements Suspended Chapter 366, Article 3, Section 5

Adds M.S. 275.76

Provides that, notwithstanding any law to the contrary, all maintenance of effort and matching fund requirements for counties, including but not limited to, those under sections 116L.872, 119B.11, 134.34, 145A.131, 145.882, 242.39, 245.4835, 245.714, 254B.02, 254B.03, 256B.0625, 256F.10, and 256F.13, are suspended for the taxes payable years that levy limits are in effect.

WARNING – Legislative leadership and the governor have expressed an intent to repeal this provision retroactively and are warning against its utilization.

Effective date: August 1, 2008

Special Property Tax Levies

Town Subordinate Service Districts; Definitions Chapter 154, Article 10, Section 5

Amends M.S. 365A.02

Provides a separate definition of “subordinate service district” and “special services.”

Effective date: None specified

Town Subordinate Service Districts; Creation Chapter 154, Article 10, Section 6

Amends M.S. 365A.04

Requires specific identification of the special services to be provided and the territorial boundaries of the subordinate service district in both the notice of the public hearing and the approving resolution. Also adds that such notices must be published in a newspaper of general circulation at least 14 days prior to the hearing.

Effective date: None specified

Towns Subordinate Service Districts; Financing Chapter 154, Article 10, Section 7

Amends M.S. 365A.08

Allows the issuance of bonds to defray the costs of capital improvements necessary to operate the subordinate service district and provide special services in the district. The bonds are primarily to be paid from taxes, service charges, and special assessments, but the town may pledge its full faith and credit and make covenants to secure them.

Effective date: None specified

Towns Petition for Removal of District Chapter 154, Article 10, Section 8

Amends M.S. 365A.095

Modifies the statute allowing for petitions (by 75 percent of property owners) to terminate a subordinate service district so that the rates, charges and taxes remain in place as long as they are necessary to pay the outstanding bonds (authorized by Laws 2008, Chapter 154, Article 10, Section 7).

Effective date: None specified

**Petition for Removal of District
Chapter 366, Article 6, Section 41**

Amends M.S. 365A.095, as amended by Laws 2008, Chapter 154, Article 10, Section 8

Authorizes the town board to vote to refund any surplus taxes or charges collected for its subordinate service district if the district is removed, after all outstanding obligations have been paid in full. The refund must be distributed equally to property owners within the discontinued district who were charged the extra tax or service fee during the most recent tax year for which the tax or service fee was imposed. Any surplus goes to the town's general fund if not refunded.

Effective date: The day following final enactment (May 30, 2008).

**County Subordinate Service District; Financing
Chapter 154, Article 10, Section 11**

Amends M.S. 375B.09

Allows the issuance of bonds to defray the costs of capital improvements necessary to operate the subordinate service district and provide special services in the district. The bonds are primarily to be paid from taxes, service charges, and special assessments, but the county may pledge its full faith and credit and make covenants to secure them. When the district is withdrawn, the rates, charges, and tax levies, if any, continue until the obligations and any refunding obligations have been paid in full.

Effective date: The day following final enactment (March 8, 2008).

**Lakeview Cemetery Association
Chapter 154, Article 2, Section 32**

Uncodified provision

Allows any of two or more of the following municipalities to enter into a joint powers agreement to create the Lakeview Cemetery Association with the powers of a cemetery association: the cities of Bovey, Calumet, Coleraine, Marble, Taconite, and the towns of Greenway, Iron Range, Lawrence, and Trout Lake.

Allows any of the eligible municipalities that do not join the association initially to join later. Allows any of the municipalities that are part of the association to withdraw. To join or withdraw from the association a copy of an adopted resolution must be provided to the

association prior to July 1 of the levy year for taxes payable in the following year.

Allows the joint powers agreement to provide for a uniform tax rate to be levied against all taxable properties located within each participating city or town. The combined levy from all participating cities or towns cannot exceed \$200,000 per year. If levied, the tax is in addition to all other taxes on the property, including taxes permitted to be levied for cemetery purposes by a participating city or town; and must be disregarded in the calculation of all other rate or per capita levy limitations imposed by law.

One of the cities or towns within the association will certify the tax levy to the Itasca County auditor, and the auditor will pay the Lakeview Cemetery Association directly.

Effective date: Taxes payable in 2009 and thereafter.

**White Community Hospital District
Chapter 366, Article 6, Section 46**

Uncodified provision

Adds an uncodified law allowing the establishment of a hospital district with levy authority.

Effective date: The day following final enactment (May 30, 2008) without local approval under M.S. 645.023, subdivision 1, paragraph (a), for taxes levied in 2008, payable in 2009 and thereafter.

County Levies

**Levy for First Responder Association
Chapter 366, Article 6, Section 40**

Amends M.S. 365.423 by adding subdivision 3

Allows a county board to levy taxes on property within a unorganized territory to which a first responder or fire protection association provides first responder services. The association must certify to the county auditor by July 1 of the levy year and the proceeds of the levy must be distributed to the association.

Effective date: Taxes payable in 2009 and thereafter.

City and Township Levies

Minneapolis, City of; Street Maintenance and Lighting Chapter 154, Article 2, Section 29

Amends Laws 1973, Chapter 393, Section 1 as amended by Laws 1974, Chapter 153, Section 1

A special law for the city of Minneapolis; allows the city to pay all, or part, of the costs of construction, operation, and maintenance of streets and street lights from city general revenue.

Effective date: August 1, 2008

Special Taxing District Levies

Special Taxing Districts; Organization Date; Certification of Levy or Special Assessments Chapter 154, Article 13, Section 40

Amends M.S. 275.067

Provides a July 1 cutoff for newly organized special taxing districts or special taxing districts organized in a prior year that

have not previously levied to inform the county auditor of its intent to levy in the current year for taxes payable in the following year. The district is also required to provide a complete list or other description of the tax parcels in the district and a map showing the boundaries of the district. The provision also provides a July 1 deadline for written notice to change its boundaries.

Effective date: Taxes payable in 2009 and thereafter.

County Regional Railroad Authority Expenditure Limit Chapter 152, Article 6, Section 7

Adds M.S. 398A.10

Limits county regional rail authority expenditures for light rail or commuter rail projects, to ten percent of capital costs, and none of the operating and maintenance costs. The limit only applies to a county which imposes the metropolitan transportation sales and use tax.

Effective date: The day after the metropolitan transportation sales and use tax is imposed.

Operation Area as Taxing District; Special Tax Chapter 366, Article 5, Section 11

Amends M.S. 469.033, subdivision 6

Increases the maximum general operational levy of HRAs from 0.0144 percent of market value to 0.0185 percent of taxable market value. Also deletes the language that it will be based on the taxable market value for the current levy year. Hence, the maximum levy will be based on the previous year's taxable market value, as is the practice with other levy limits based on taxable market value.

Effective date: Property taxes payable in 2009 and thereafter.

Tax; Payment of Expenses Chapter 154, Article 2, Section 30

Amends Laws 1988, Chapter 645, Section 3, as amended by Laws 1999, Chapter 243, Article 6, Section 9 and Laws 2000, Chapter 490, Article 6, Section 15

Eliminates the specific limitation on the amount of the levy that may be made by the Cook-Orr Hospital District. Makes that district's levy subject to the general law levy limitation that applies to other hospital districts. It also eliminates the restriction that the levy, other than the portion that is levied for ambulance service expenses, be used only for capital purposes and not for operating expenses.

Effective date: Upon compliance with M.S. 645.021, subdivision 3, by the governing body of the Cook-Orr Hospital District.

Tax Levy Chapter 154, Article 2, Section 31

Amends Laws 1989, Chapter 211, Section 8, subdivision 4, as amended by Laws 2002, Chapter 390, Section 24, and Laws 2003, Chapter 127, Article 2, Section 22, subdivision 4

Modifies the levy authority of the Cook County Hospital District by eliminating the district's specific levy limitation in its special law. The district's levy will now be subject to the general law's hospital district levy limitation.

Effective date: Upon compliance with M.S. 645.021, subdivision 3, by the governing body of the Cook-Orr Hospital District.

**Tax Levy; Airport Authority
Chapter 366, Article 6, Section 45**

Amends Laws 2008, Chapter 154, Article 2, Section 27

Deletes the requirement that the governing body of the municipality that contains the airport can approve or modify the amount of the levy that is certified to the municipality by the airport authority. The airport authority will certify the levy directly to the county auditor.

Effective date: Taxes payable in 2009 and thereafter.

**Multicounty Housing and Redevelopment Authority
Levy Authority
Chapter 366, Article 5, Section 33**

Uncodified provision

Authorizes the Northwestern Minnesota Multi-county HRA to levy up to 25 percent of the statutory HRA levy without approval of its constituent cities or counties. This, in effect, makes the HRA a special taxing district for purposes of this levy. The rest of the statutory levy authority would be subject to approval by the city or county, as is provided by the general law.

Effective date: Taxes levied in 2008, payable in 2009, and is repealed effective for taxes levied in 2013, payable in 2014 and thereafter.

**Comfort Lake-Forest Lake; Watershed District
Chapter 366, Article 6, Section 51**

Uncodified provision

Provides that the Comfort Lake-Forest Lake Watershed District will be considered a watershed management organization under Minnesota Statutes, section 103B.205, subdivision 13. That law currently applies just to watershed districts that are wholly located within the metropolitan area, or joint powers entities established wholly or partly within the metropolitan area. The district will be authorized to manage or plan for the management of surface waters within the watershed district's boundary as it existed on April 1, 2008, in Chisago and Washington Counties through the authorities provided both in the chapter dealing with watershed districts and the chapter dealing with watershed management organizations. This will increase the districts' potential levy authority.

Effective date: The day following final enactment (May 30, 2008).

State General Property Tax Levy

**State General Levy; Seasonal Residential
Recreational Tax Capacity
Chapter 154, Article 2, Section 16**

Amends M.S. 275.025, subdivision 3

Includes property that is eligible for the new 4c(3)(ii) nonprofit community-service organization classification in the definition of seasonal residential recreational tax capacity for purposes of the state general tax. (The state general tax rate for seasonal recreational property is approximately one-half the rate for commercial-industrial property.)

Effective date: Taxes payable in 2009 and thereafter.

Tax Increment Financing and Fiscal Disparities

Tax Increment Financing

TIF; Redevelopment Districts Chapter 154, Article 9, Section 2

Amends M.S. 469.174, subdivision 10

Modifies the blight test requirements that the property be “occupied” by improvements to qualify for a redevelopment district. The requirement that 15% of the area of the parcel must contain improvements to qualify is adjusted to allow the inclusion of removed structures in meeting the 15% requirement.

Effective date: For requests for certification made after June 30, 2008.

TIF; Renewal and Renovation District Chapter 154, Article 9, Section 3

Amends M.S. 469.174, subdivision 10a

Adds a cross reference to allow authorities to use the redevelopment district blight test described in Laws 2008, Chapter 154, Article 9, Section 2 to qualify under the blight test for renewal and renovation districts.

Effective date: For requests for certification made after June 30, 2008.

Tax Increment Financing Plan Chapter 154, Article 9, Section 4

Amends M.S. 469.175, subdivision 1

Allows the authority to specify in the TIF plan the first year it elects to receive increments, up to 4 years following the year of approval of the district. This provision does not apply to economic development districts.

Effective date: For districts for which the request for certification is made after June 30, 2008.

Municipality Approval Chapter 154, Article 9, Section 5

Amends 469.175, subdivision 3

Exempts all housing districts (previously was just qualified housing districts) from the but-for test

provision. The definition of a qualified housing district was repealed in Chapter 154, article 9, section 25.

Effective date: The day following final enactment (March 8, 2008) and applies to all districts, regardless of when the request for certification was made.

Duration of Tax Increment Financing Districts Chapter 154, Article 9, Section 6

Amends M.S. 469.176, subdivision 1

Authorizes the municipality, in approving a TIF plan, to make the election to delay the first increment.

Effective date: For districts for which the request for certification is made after June 30, 2008.

Excess Increments Chapter 154, Article 9, Section 7

Amends M.S. 469.176, subdivision 2

Adds a cross-reference that the transfer of increments by a pre-1979 district to be subtracted before determining if the pre-1979 district has excess increments. Also authorizes the OSA to exempt a city from calculating and reporting excess increments if the district’s budgeted uses of increment exceed the collected increments by 20% or more.

Effective date: The day following final enactment (March 8, 2008) and applies to all districts, regardless of when the request for certification was made, including districts for which the request for certification was made on or before August 1, 1979.

Prohibited Facilities Chapter 154, Article 9, Section 8

Amends M.S. 469.176, subdivision 4l

Clarifies that public parking structures, including those that are ancillary to prohibited facilities, are not prohibited facilities and may be financed with TIF.

Effective date: This section confirms the original intent of the legislature in enacting M.S. 469.176, subdivision 4l, and is effective the day following final enactment (March 8, 2008) and applies to any expenditure subject to M.S. 469.176, subdivision 4l.

**Parcels Not Includable in Districts
Chapter 154, Article 9, Section 9**

Amends M.S. 469.176, subdivision 7

Exempts all housing districts (previously was just qualified housing districts) from the prohibition on including green acres, open space, or agricultural preserve parcels in a district.

Effective date: The day following final enactment (March 8, 2008) and applies to all districts regardless of when the request for certification was made.

**Requirement Imposed
Chapter 154, Article 9, Section 10**

Amends M.S. 469.1761, subdivision 1

Allows an addition to an existing building to be treated as a separate building with for purposes of the restriction that no more than 20% of the square footage of buildings that receive assistance may be for nonresidential uses, provided it was not contemplated by the TIF plan and construction begins more than 3 years after completion of the original building.

Effective date: For expenditures of tax increment authorized and made after the day following final enactment (March 8, 2008), regardless of when the request for certification of the district was made.

**Expenditures Outside District
Chapter 154, Article 9, Section 11**

Amends M.S. 469.1763, subdivision 2

Modifies the special pooling rules for TIF districts located in bioscience zones that allows expenditures outside the district but within the zone to include land acquisition and other redevelopment costs.

Effective date: For all districts located in bioscience zones, regardless of when the request for certification was made.

**Original Net Tax Capacity
Chapter 154, Article 9, Section 12**

Amends M.S. 469.177, subdivision 1

Requires county auditors to certify the original net tax capacity within 30 days of receipt of the request and sufficient information to identify the parcels included in the district. This section also makes a conforming

change in the provision relating to certifying original tax capacity to implement the modifications of the but-for tests in Laws 2008, Chapter 154, Article 9, Sections 2 and 3 .

Effective date: For requests for certification made after June 30, 2008.

**Correction of Errors
Chapter 366, Article 5, Section 12**

Amends M.S. 469.177 by adding subdivision 13

Authorizes the county auditor to correct errors in the certification or decertification of tax increment financing (TIF) districts, as well as other errors related to the computation of increment. Counties are given flexibility to recertify or change certifications, extend the duration limit of the district, or adjust tax rates in later years to eliminate or correct the effect of the error. The county must notify the city and development authority before taking action and DOR and OSA after taking action.

Effective date: The day following final enactment (May 30, 2008) and applies to all tax increment financing districts, regardless of when the request for certification was made or when the error occurred.

**Interfund Loans
Chapter 154, Article 9, Section 13**

Amends M.S. 469.178, subdivision 7

Inserts two words in the statute that were inadvertently dropped when this subdivision was last amended to specify the appropriate interest rate.

Effective date: The day following final enactment (March 8, 2008) and applies to all districts subject to M.S. 469.178, subdivision 7, regardless of when the request for certification was made.

**Preconditions to Establish District
Chapter 154, Article 9, Section 14**

Amends M.S. 469.1791, subdivision 3

Exempts all housing districts (previously was just qualified housing districts) from the requirement that available increments be transferred before using the special taxing district authority to eliminate deficits. The definition of a qualified housing district was repealed in Chapter 154, article 9. section 25.

Effective date: The day following final enactment (March 8, 2008) and applies to all districts regardless of when the request for certification was made.

Amended Special Laws

Previously enacted uncodified special laws for TIF districts were amended for the following cities:

- Brooklyn Center
- Minneapolis
- Crystal
- Hopkins
- Burnsville

Effective date: Various

New Special Laws

New uncodified special laws are enacted for TIF districts for the following cities:

- Burnsville
- Eyota
- Fridley
- New Brighton
- Austin
- Bloomington
- Duluth
- Wells
- Oakdale
- Dakota County
- St. Paul
- Minneapolis

Effective date: Various

Fiscal Disparities

Commercial-Industrial Property Chapter 154, Article 8, Section 1

Amends M.S. 276A.01, subdivision 3

Provides that ore docks and power plants located at taconite facilities that Laws 2008, Chapter 154, Article 8, Section 6 subjects to property taxation are included in the definition of “commercial industrial” property tax base for purposes of the range fiscal disparities program.

Effective date: For the 2008 assessment and thereafter.

Increase in Net Tax Capacity Chapter 154, Article 8, Section 2

Amends M.S. 276A.04

Provides that the value of ore docks and power plants located at taconite facilities that Laws 2008, Chapter 154, Article 8, Section 6 subjects to property taxation are included in the commercial industrial property tax base used in the range fiscal disparities program.

Effective date: For the 2008 assessment and thereafter.

Property Tax Aids and Credits

County Program Aid

County Transition Aid Chapter 366, Article 2, Section 6

Amends M.S. 477A.0124, subdivision 5

Reinstates the 2007 county transition aid for 2009 and thereafter. For 2009 only, \$100,000 is also given to Pine County (to help pay for a court-ordered courthouse).

Effective date: Aids payable in calendar year 2009 and thereafter.

Out-of-Home Placement Aid Chapter 366, Article 2, Section 13

Uncodified provision

Provides for a one-time payment of \$500,000 in 2009 to any county meeting certain conditions relating to the county's size and its percentage of households receiving food stamps. The only county that qualifies for the aid is Beltrami County. The payment is required to be used to fund out-of-home placement programs. The payment is required to be made prior to June 30, 2009.

Effective date: The day following final enactment (May 30, 2008).

Local Government Aid

City Revenue Need Chapter 366, Article 2, Section 1

Amends M.S. 477A.011, subdivision 34

Establishes a minimum need measure for large cities of \$285 per capita.

Effective date: Aids payable in calendar year 2009 and thereafter.

LGA; City Aid Base Chapter 154, Article 1, Section 1

Amends 477A.011, subdivision 36

Provides extra LGA to the following cities:

- \$80,000 annually to the city of Mahanomen;

- \$75,000 per year to the city of Newport from 2009-2014;
- \$30,000 annually to Taylor's Falls; and
- \$30,000 in 2009 only to Rockville.

Effective date: Aids payable in calendar year 2009 and thereafter.

City Aid Base Chapter 366, Article 2, Section 2

Amends M.S. 477A.011, subdivision 36, as amended by Laws 2008, Chapter 154, Article 1, Section 1

Eliminates obsolete provisions (extra aid to Coon Rapids and extra aid for small cities which is replaced in a new subdivision), and provides extra aid for the following cities:

- \$100,000 annually to Brown's Valley
- \$100,000 in 2009-2013 to Crookston
- \$25,000 in 2009-2013 to Mendota
- \$90,000 in 2009 to Spring Lake Park

Effective date: Aids payable in calendar year 2009 and thereafter.

Small City Aid Base Chapter 366, Article 2, Section 3

Amends M.S. 477A.011 by adding subdivision 41

Provides a separate small city aid base of \$8.50 per capita for cities with a population less than 5,000.

Beginning in 2010 the small city aid base is increased in proportion to any increase in the appropriation relative to the 2009 appropriation.

Effective date: Aids payable in calendar year 2009 and thereafter.

City Jobs Base Chapter 366, Article 2, Section 4

Amends M.S. 477A.011 by adding subdivision 42

Establishes a separate city jobs base for a city with a population of 5,000 or more that is equal to the product of (1) \$25.20, (2) the number of jobs per capita in the city, and (3) its population. The city jobs base of any city receiving regional center aid is reduced by the lesser of

36% of the regional center aid or \$1 million. No city jobs base may exceed \$4,725,000.

Beginning in 2010 the small city aid base is increased in proportion to any increase in the appropriation relative to the 2009 appropriation.

The city jobs data is from the Quarterly Census of Employment and Wages from DEED and shall be certified to cities by June 1, 2008, allowing appeals by June 20, 2008, and yielding a final certification to DOR by July 15, 2008.

Effective date: Aids payable in calendar year 2009 and thereafter.

Unmet Need
Chapter 366, Article 2, Section 5

Amends M.S. 477A.011 by adding subdivision 43

Defines “unmet need” for a city as the difference between (1) its city revenue need multiplied by its population, and (2) its city net tax capacity multiplied by the tax effort rate.

Effective date: Aids payable in calendar year 2009 and thereafter.

LGA; City Formula Aid
Chapter 154, Article 1, Section 2

Amends M.S. 477A.013, subdivision 8

Removes the taconite aid offset from the city LGA formula.

Effective date: Aids payable in calendar year 2009 and thereafter.

City Formula Aid
Chapter 366, Article 2, Section 7

Amends M.S. 477A.013, subdivision 8, as amended by Laws 2008, Chapter 154, Article 1, Section 2

Removes the taconite aid offset from the city LGA formula.

Also amended to change the formula to be equal to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need increase percentage multiplied by its unmet need. For 2009 all data used to calculate LGA will be based on data available for calculating 2008 LGA.

Beginning in 2010, the formula will use the average of its unmet need for the most recently available two years, and the data used shall be the most recently available data as of January 1 of the calculation year.

Also eliminates a cross reference relating to the repealed cost offsets.

Effective date: Aids payable in calendar year 2009 and thereafter, provided that the appropriation increase for aids payable in 2009 under section 477A.03, subdivision 2, goes into effect.

LGA; City Aid Distribution
Chapter 154, Article 1, Section 3

Amends M.S. 477A.013, subdivision 9

Beginning with aids payable in 2009, the aid calculation is modified to reduce volatility in payments to individual cities. In 2009 each city’s aid will equal the sum of (1) its city aid base, (2) one-half of its formula aid in 2008, and (3) its share of the remaining appropriation distributed based on the 2009 formula factors. For aids payable in 2010 and thereafter, each city’s aid, prior to any limits on increases and decreases, is equal the sum of (1) its city aid base; its formula aid in the previous year before any limits, and its share of the remaining current appropriation distributed based on the current formula factors.

The total decrease in aid to a city in any year is modified to equal:

- the lesser of \$15 per capita or 10 percent of the previous year’s levy for cities with a population of 2,500 or more; and
- the lesser of \$15 per capita or 5 percent of its 2003 certified LGA for cities with a population less than 2,500.

Effective date: Aids payable in calendar year 2009 and thereafter.

City Aid Distribution
Chapter 366, Article 2, Section 8

Amends M.S. 477A.013, subdivision 9, as amended by Laws 2008, Chapter 154, Article 1, Section 3

For 2009 only, the total aid for any city (which is the sum of the city formula aid and the city aid base) shall not increase by more than 35% of its prior year levy.

For 2010 and thereafter, the total aid for any city shall not increase by more than 10% of its prior year levy.

For 2009 and thereafter, the total aid for any city of 2,500 or more may not decrease by more than the lesser of \$10 per capita or 10% of its prior year levy.

Sets an aid loss limit of \$300,000 unless the appropriation declines or a TIF is decertified.

Effective date: Aids payable in calendar year 2009 and thereafter, provided that the appropriation increase for aids payable in 2009 under section 477A.03, subdivision 2a, goes into effect.

Appropriation **Chapter 366, Article 2, Section 9**

Amends M.S. 477A.03

Increases city LGA by \$42 million and increase CPA by \$22 million (\$11 million each for county need aid and county tax base equalization aid. (The LGA change from \$485,052,000 to \$526,148,487, represents subtracting \$903,513 for the state cost offsets and then adding \$42 million.) Provides for a 2% increase in the appropriation for LGA and CPA for aids payable in 2010, and a 4% increase for aids payable in 2011 and thereafter.

Effective date: Aids payable in calendar year 2009 and thereafter.

Utility Valuation Transition Aid **Chapter 366, Article 2, Section 10**

Adds M.S. 477A.16

Creates a new aid for cities and towns that lost tax base due to the new utility valuation rules that are being phased-in over taxes payable 2008-2010. To be eligible a city or town the difference in NTC between the old and new rules must exceed 4% of their tax base. For 2009 the aid is 50% of the NTC differential multiplied by the city or town's pay 2008 tax rate. In 2010 and thereafter it equals the amount by which the current NTC exceeds the 2007 value under the old rules, multiplied by the jurisdictions 2008 tax rate.

Effective date: Aids payable in calendar year 2009 and thereafter.

Study of Aids to Local Governments **Chapter 366, Article 2, Section 12**

Uncodified provision

Establishes a study group made up of legislators and local government representatives to analyze the existing LGA program and make recommendations for change in a report due December 15, 2010.

Effective date: The day following final enactment (May 30, 2008).

Property Tax Aids

State Reimbursement **Chapter 154, Article 15, Section 9**

Amends M.S. 424A.10, subdivision 3

Provides that DOR will make payments to the municipality instead of the relief association, and the municipality must transmit the funds to the association. This conforms to current practice required by the state's payment system and conforms with the method required by statute for the other state aid payments for police and fire pensions.

Effective date: The day following final enactment (March 8, 2008).

Mahnomen County; County, City, School District, **Property Tax Reimbursement** **Chapter 154, Article 1, Section 4**

Amends Laws 2006, Chapter 259, Article 11, Section 3

Amends a 2006 special law (which had authorized a 2006 appropriation and payments) to make permanent an annual appropriation of \$600,000 to make payments to compensate for the loss of property tax revenue related to the trust conversion application of the Shooting Star Casino. DOR shall, by July 20 of each year beginning in 2008, make the following payments:

- \$450,000 to Mahnomen County
- \$80,000 to the City of Mahnomen
- \$70,000 to ISD 432 Mahnomen

Effective date: Aids payable in calendar year 2008 and thereafter.

Mahnomen County; City, County, and School District Tax Base Adjustments Chapter 154, Article 1, Section 5

Uncodified provision

Adds an uncodified law to instruct DOR to reduce the tax bases used in calculating school levies and aids, CPA, and LGA for each year that the Casino property remains on the tax rolls. This has the effect of not counting the casino value in the tax base while the exemption of the casino is in legal dispute.

Effective date: Aids payable in calendar year 2009 and thereafter.

Utility Property; Tax Base Adjustments for Calculation of School District Levies and Aids Chapter 154, Article 1, Section 6

Uncodified provision

Adds an uncodified law to instruct DOR to compute the tax bases used in calculating school aids and levies for FY 2010 and 2011 as if the utility valuation rule changes were effective one year earlier.

Effective date: Fiscal year 2010 and 2011.

Utility Property; Tax Base Adjustments for Calculation of County, City and Town Aids Chapter 154, Article 1, Section 7

Uncodified provision

Adds an uncodified law to instruct DOR to compute the tax bases used in calculating County Program Aid and LGA for aids payable in 2009 and 2010 as if the utility valuation rule changes were effective one year earlier.

Effective date: Aids payable in 2009 and 2010.

Property Tax Credits

Bovine Tax Credit Chapter 366, Article 6, Section 22

Adds M.S. 273.113

Property located in an area proposed as a bovine tuberculosis zone by the Board of Animal Health, may receive a property tax credit equal to the property tax attributed to all agricultural land (including the 1 acre of land of the HGA) on the parcel where the herd was

located, excluding any tax attributed to residential structures.

For 2008 assessment, taxes payable 2009:

The bovine tuberculosis tax credit is applied to land classified as 2a agricultural land or 2b nonhomestead agricultural land, including any agricultural outbuildings (nonresidential) and the 1 site acre of the HGA. The credit is applied to all acres that are contiguous to agricultural land that are considered agricultural, excluding 2b timber and 2b airport land. The credit does not apply to the house and garage of the HGA. Any other taxes attributable to residential structures must also be excluded when calculating the credit.

For 2009 assessment, taxes payable 2010:

The bovine tuberculosis tax credit is only applied to land classified as 2a agricultural land, including any agricultural outbuildings (nonresidential) and the 1 site acre of the HGA. It does not apply to any class 2b land that might be part of an agricultural homestead, nor does it apply to the house and garage of the HGA. Any other taxes attributable to residential structures must also be excluded when calculating the credit.

Because the method for classifying agricultural property will be different for the 2009 assessment, property owners receiving the bovine tuberculosis tax credit could see a significant difference between their credit payable 2009 and their credit payable 2010.

Property owners must apply to the county for the credit by December 1 of the levy year. The amount of the credit must be indicated on the property tax statement.

The county auditor must include the amount of tax lost to the county from the credit as part of the abstracts of tax lists required to be filed to the commissioner of revenue. The commissioner of revenue will reimburse each taxing district for the taxes lost.

This credit becomes unavailable the year following the date when the Board of Animal Health declares that the state is free of bovine tuberculosis.

Effective date: August 1, 2008

Agricultural Homestead Market Value Credit
Chapter 366, Article 6, Section 29

Amends M.S. 273.1384, subdivision 2

Makes technical changes to the agricultural market value credit to conform to the renaming of subclasses of agricultural property under M.S. 273.13, subdivision 23

Effective date: Taxes payable in 2010 and thereafter.

Computation of Net Property Taxes
Chapter 366, Article 6, Section 30

Amends 273.139

Identifies the order of deducting credits to determine net tax, to deduct the bovine tuberculosis zone credit last after all other credits.

Effective date: Taxes payable in 2009 and thereafter.

Disparity Reduction Credit
Chapter 154, Article 13, Section 30

Amends M.S. 273.1398, subdivision 4

Clarifies that the population to be used in identifying the adjacent cities in bordering states is the population according to the 1980 census. The populations of the cities in Minnesota already referenced the 1980 census, and using current populations for Fargo, by which Moorhead and Dilworth qualify, would have made them ineligible since 2001 when Fargo surpassed the limit of 75,000.

Effective date: Retroactively for taxes payable in 2001 and thereafter.

Temporary Aid for Court Costs

Temporary Court Costs; Obsolete Reference
Chapter 277, Article 1, Section 58

Amends M.S. 273.1398, Subdivision 6

Technical change: Deleted an obsolete reference to temporary aid for court costs which was repealed in 2007.

Effective date: August 1, 2008

Truth in Taxation

Certification of Levies

Failure to Certify Proposed Levy Chapter 366, Article 6, Section 33

Amends M.S. 275.065 by adding subdivision 1d

Provides that if a taxing authority fails to certify its proposed levy by the due dates specified under subdivisions 1, 1a, and 1c, the county auditor shall use the authority's previous year's final levy under section 275.07, subd. 1, for purposes of determining its TNT notices and advertisements. (There is a provision in 275.07 relating to failure to certify a final levy, but this new provision fills a void for failure to certify a proposed levy.)

Effective date: For notices prepared in 2008 and property taxes payable in 2009 and thereafter

Market Value Notices

Valuation of Real Property, Notice Chapter 154, Article 13, Section 28

Amends M.S. 273.121

Allows valuation notices to be sent in an electronic format rather than by paper or by ordinary mail if requested in writing by the property owner. Counties cannot elect to send the notices in electronic format unless it is at the taxpayer's request.

Effective date: The day following final enactment (March 8, 2008).

Notice of Valuation of Real Property Chapter 366, Article 6, Section 23

Amends M.S. 273.121, as amended by Laws 2008, Chapter 154, Article 13, Section 28

Notices of Valuation and Classification must state where the information on the property is available, the times when the information can be viewed by the public, and the county's website address.

Effective date: For notices prepared in 2009 and thereafter.

Truth in Taxation Notices

Notice of Proposed Property Taxes Chapter 154, Article 13, Section 38

Amends M.S. 275.065, subdivision 3

Allows that, upon written request by the taxpayer, the treasurer may send the TNT notice in electronic form or by electronic mail instead of on paper or by ordinary mail. Counties may NOT elect to do this unless it is at the taxpayer's request.

Effective date: For notices required in 2008 and thereafter, for taxes payable in 2009 and thereafter.

Published Hearings and Notices

Public Advertisement Chapter 154, Article 13, Section 39

Amends M.S. 275.065, subdivision 5a

Clarifies that DOR must prescribe the specific form of the published notice, including such details as font size and style, and spacing. Allows the commissioner to prescribe alternate language for the Truth-In-Taxation public advertisements. Requires the commissioner to provide a copy of the prescribed advertisements to the chairs of the House and Senate tax committees at least two weeks before November 29 each year, but is not subject to their approval.

Effective date: For advertisements in 2008 and thereafter, for proposed taxes payable in 2009 and thereafter.

Truth in Taxation; County Budget Definition Chapter 277, Article 1, Section 59

Amends M.S. 275.065, Subdivision 5a

Modifies the list of human service aids counties are to exclude as expenditures when determining a budget for the purposes of the truth in taxation public advertisement.

Effective date: August 1, 2008

**Joint Public Hearing; Nonmetropolitan County, Cities, and School Districts
Chapter 154, Article 2, Section 17**

Amends M.S. 275.065 by adding subdivision 6c

Allows the county to hold a joint public Truth in Taxation hearing with the governing bodies of all the taxing authorities located wholly or partially within the county that are required to hold a public hearing, with the exception of special taxing districts.

Applies only to counties located outside the seven county metro area. If a city or school district is located partially within the seven county metro area, that taxing jurisdiction may participate in its non-metropolitan county's joint hearing, at its own discretion.

Upon adoption of a resolution by the county board to hold a joint hearing, the county must notify each city with a population over 500 and each school district (that are either wholly or partially located in the county) of the intention to hold a joint hearing and ask each taxing authority if they wish to participate. Participation is voluntary, but is in lieu of each authority's separate hearing and separate newspaper advertisement. (The county must send out a single public advertisement for the hearing that lists all participants; and it must be sent between 2 to 6 business days before the hearing.)

The initial joint hearing must be held on the first Thursday in December and if an additional hearing is required it must be held before December 20. The county board will obtain a space for the meeting and generally structure the meeting as follows:

- 30 to 60 minutes – discussion of the county's budget and levy.
- 30 to 60 minutes – discussion of the city's budget and levy, with each city's discussion held in a separate room.
- 30 to 60 minutes – discussion of school district's levy, with each districts discussion held in a separate room.
- Last 30 minutes – governing bodies reassemble in a joint meeting to discuss follow-up questions
- The county should attempt to keep the meeting to within 3 hours

The formal adoption of the taxing authority's levy must not be made at the joint public hearing; it must be made at one of the regularly scheduled meetings of the taxing authority's governing body. The property tax levy amount that is subsequently adopted cannot exceed the amount shown to taxpayers at the joint public hearing.

Effective date: For hearings held in 2008 and thereafter.

**Hearing; Ramsey County
Chapter 366, Article 6, Section 34**

Amends M.S. 275.065, subdivision 8

Changes the required TNT joint hearing date for Ramsey County, the City of St Paul, and St Paul School District from the second Tuesday of December to any day during the week of the second Tuesday of December.

Effective date: For proposed notices and hearings held in 2008 and thereafter.

Property Tax Collection and Distribution

Property Tax Statements

Contents of Tax Statements

Chapter 154, Article 2, Section 19

Amends M.S. 276.04, subdivision 2

Removes the requirement that each tax statement contain a line showing the property's share of the total amount of all state aids paid to taxing jurisdictions containing the property.

Removes the requirement that the commissioner of revenue must certify to the county auditor (by January 1), the actual or estimated aids that local governments will receive in the following year.

Effective date: For property tax statements for property taxes payable in 2009 and thereafter.

Contents of Tax Statements

Chapter 366, Article 15, Section 17

Amends M.S. 276.04, subdivision 2, as amended by Laws 2008, Chapter 154, Article 2, Section 19

Strikes the requirement that tax statements contain the state paid aids and their inclusion in a gross tax amount.

Effective date: The day following final enactment (May 30, 2008).

Electronic Tax Statements

Chapter 154, Article 13, Section 41

Amends M.S. 276.04 by adding subdivision 5

Allows that, upon written request by the owner of real property, or by the owner's agent, a county may send tax statements by electronic means instead of by mailing. The postmark for purpose of payment deadlines is the date statements were sent by electronic means. Counties may not elect to do this unless it is at the taxpayer's request.

Effective date: For tax statements for taxes payable in 2009 and thereafter.

Property Tax Collection

Personal Property; Partial Payments

Chapter 154, Article 13, Section 42

Amends M.S. 277.01, subdivision 2

Clarifies that partial payments of current year taxes must be applied first to the oldest installment that is due but which has not been fully paid, and if it is less than the amount due, it is applied first to the penalty accrued for the year or the installment being paid.

Effective date: Payments made after the day of final enactment (March 8, 2008).

Real Property; Due Dates; Penalties

Chapter 154, Article 13, Section 43

Amends M.S. 279.01, subdivision 1

Clarifies that partial payments of current year taxes must be applied first to the oldest installment that is due but which has not been fully paid, and if it is less than the amount due, it is applied first to the penalty accrued for the year or the installment being paid.

Effective date: Payments made after the day of final enactment (March 8, 2008).

Delinquent Taxes May be Paid in Inverse Order

Chapter 154, Article 2, Section 22

Amends M.S. 280.39

Allows partial payments to be made for payment of delinquent taxes; the manner in which they are credited is in the same order as under current law.

Effective date: The day following final enactment (March 8, 2008).

Property Tax Refund

Homeowner Property Tax Refund Chapter 366, Article 1, Section 1

Amends M.S. 290A.04, subdivision 2

Expands the current law homeowner property tax refund program (“circuit breaker”) by

- providing a 27.5 percent larger maximum refund for all incomes
- reducing the percentage of income threshold for homeowners with incomes over \$74,210 from 4.0 percent to 3.5 percent.

The maximum refund for refunds based on taxes payable in 2009 will increase from \$1,800 under current law to \$2,300.

The income threshold percentage for homeowners with household income from \$74,210 to \$96,280 will decrease from four percent to 3.5 percent. Under current law, homeowners in that income range must have property taxes in excess of four percent of their household income before qualifying for a refund.

The maximum refund amounts and the income brackets in the schedule will continue to be adjusted annually for inflation.

Effective date: Beginning with refunds based on property taxes payable in 2009.

Appropriation; Taxpayer Assistance Services; Property Tax Refund Chapter 366, Article 1, Section 2

Uncodified provision

Appropriates \$100,000 to the commissioner in fiscal year 2009 to make grants to nonprofit organizations that provide taxpayer assistance services in order to keep tax preparation sites open longer and increase participation in the homeowner property tax refund.

Effective date: August 1, 2008

Tax-Forfeited Land

General Provisions

Confession of Judgments; Class 3a Property Chapter 154, Article 2, Section 21

Amends M.S. 279.37, subdivision 1a

Increases the total market value limit from \$200,000 to \$500,000 for commercial/industrial property to be eligible to enter into a confession of judgment.

Effective date: The day following final enactment (March 8, 2008).

should be distributed to the governmental subdivision entitled to it (rather than just to a city).

Effective date: The day following final enactment (May 30, 2008).

Sale or Conveyance

Tax Forfeited Land Chapter 277, Article 1, Section 60

Amends M.S. 282.01, Subdivision 1b

Technical change: Removes an invalid reference to M.S. 473.121, subdivision 2.

Effective date: August 1, 2008

Tax Forfeited Land Chapter 368, Article 1, Section 15

Amends M.S. 282.04, Subdivision 4a

Allows a county board to grant a private easment across unsold tax-forfeited land to an individual or private entity. Under previous law the county board could only grant an easment to an individual.

Effective date: The day following final enactment (May 24, 2008).

Proceeds of Sales

Tax-Forfeited Land; Apportionment of Proceeds to Taxing Districts Chapter 366, Article 6, Section 35

Amends M.S. 282.08

Changes references to “municipal” subdivisions to “governmental” subdivisions to reflect the fact that special assessments may also be levied by counties and

Miscellaneous Property Tax Laws

Border City Development Zone Property

Additional Border City Allocations, 2008 Chapter 154, Article 9, Section 1

Amends M.S. 469.169 by adding subdivision 18

Allocates \$705,000 for border city enterprise zone or development zone tax reductions. (This affects Moorhead, Dilworth, East Grand Forks, Breckenridge, and Ortonville.)

Effective date: The day following final enactment (March 8, 2008).

Commissioner's Powers

Abatement of Penalty; Authority Chapter 154, Article 13, Section 21

Amends M.S. 270C.34, subdivision 1

Allows the commissioner to abate penalties under the airflight property tax (270.0725) if the airline company was late submitting its annual report for a reasonable cause or if the company is located in a presidentially-declared disaster area.

Effective date: Penalties imposed after June 30, 2008.

Industrial Special Use Property; Powers and Duties Chapter 366, Article 6, Section 2

Amends M.S. 270C.85, subdivision 2

The commissioner of revenue has the power and duty to assist local assessors in determining the estimated market value of industrial special-use property. "Industrial special use properties" are properties that:

- Are designed and equipped for a particular type of industry.
- Are not easily adapted to some other use due to the unique nature of the facilities.
- Have facilities totaling at least 75,000 square feet in size.
- Have a total estimated market value of \$10,000,000 or greater based on the assessor's preliminary determination.

The department will be hiring/training a specialist with the expertise to assist local assessors value this type of property.

Effective date: For assessment year 2009 and thereafter, for taxes payable in 2010 and thereafter.

County Boards

County Boards; Members; Meetings; Rules for Equalizing Assessments

Chapter 154, Article 13, Section 36

Amends M.S. 274.13, subdivision 1

Prohibits a county board member from participating in any actions of the board that result in market value adjustments or classification changes to property owned by the board member, or the member's spouse, parent, stepparent, child stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, niece; or to property in which the board member has a financial interest. The relationship may be by blood or marriage.

Effective date: The day following final enactment (March 8, 2008).

County Boards; Appeals and Equalization Course and Meeting Requirements

Chapter 154, Article 13, Section 37

Adds M.S. 274.135

Provides that county boards adopt essentially the same training requirements that are currently required by local boards.

1. The Department of Revenue must develop a handbook for county boards by no later than January 1, 2009.
2. Beginning in 2009 at least one member at each meeting of a county board of appeal and equalization must have attended a training course within the last 4 years; the DOR must offer or approve the course, which can be in conjunction with a MAAO meeting.
3. Proof of compliance, and proof of a quorum, are required by December 1, 2009, and each year thereafter.

4. Failure to comply causes the board's powers to transfer to a special board of appeal and equalization until the board is reinstated by resolution of the county board and upon proof of compliance with requirements above.
5. If power is transferred to a special board, the county must notify taxpayers and must make alternate review procedures (like open book meetings) available during April and May.

Effective date: The day following final enactment (March 8, 2008).

**County Board; Length of Session
Chapter 366, Article 6, Section 32**

Amends M.S. 274.14

County boards, at their discretion, can meet on Saturday. Counties that conduct either regular board of review meetings or open book meetings must include at least one meeting that does not end before 7:00 p.m. Counties that require taxpayer appointments for the board of review must include some available times until at least 7:00 p.m. Counties may have Saturday meetings in place of the extended meeting times.

Effective date: For assessment year 2009 and thereafter.

**International Economic
Development Zone**

**Grants to Qualifying Businesses
Chapter 154, Article 9, Section 20**

Amends Laws 2005, 1SS, Chapter 3, Article 10, Section 23

Allows the commissioner of DEED to use \$250,000 of an appropriation for grants to businesses for a study to determine the economic viability of business plans for the international economic development zone.

Effective date: The day following final enactment (March 8, 2008).

Job Opportunity Building Zones

**Use of Data
Chapter 366, Article 5, Section 6**

Amends M.S. 268.19, subdivision 1, as amended by Laws 2008, Chapter 315, Section 16

Authorizes release of data collected in administering the unemployment compensation law to the Office of the State Auditor (OSA) to conduct audits under the Job Opportunity Building Zone (JOBZ) law.

Effective date: The day following final enactment (May 30, 2008).

**Disclosure to Legislative Auditor and State Auditor
Chapter 366, Article 5, Section 7**

Amends M.S. 270B.15

Requires disclosure of tax return data on JOBZ tax incentives to OSA to conduct audits of the program.

Effective date: The day following final enactment (May 30, 2008).

**Report of Job Opportunity Zone Benefits; Penalty
for Failure to File
Chapter 366, Article 5, Section 8**

Amends M.S. 289A.12 by adding subdivision 15

Requires businesses receiving JOBZ tax incentives to file an annual report listing the tax benefits by October 15th. The Department of Revenue (DOR) must notify businesses that fail to file this report on time, demanding filing within 60 days. (DOR may extend the 60-day period for good cause.) DOR is required to notify the Department of Employment and Economic Development (DEED) of noncompliant businesses. Failure to file (after expiration of the 60-day period) disqualifies the business from receiving future JOBZ tax benefits and requires repayment of two years of tax benefits.

Effective date: Beginning with reports required to be filed October 15, 2008.

**Repayment of Tax Benefits by Businesses that no
longer Operate in a Zone
Chapter 366, Article 5, Section 13**

Amends M.S. 469.319

Exempts JOBZ businesses from the repayment requirement (often called the "clawback" provision), if they continue to be a qualified business and to operate in the zone. The full repayment obligation would apply only to businesses that stop operating in the zone or that are no longer qualified businesses. A business that fails to meet its job or investment promises under the

business subsidy agreement (BSA) or stops being a qualified business (for failing to meet its relocation agreement) may still be subject to repayment under the provisions of section 14 .

A number of substantive changes in the repayment requirements are also made:

- Investors who receive JOBZ benefits, but who are not themselves qualified businesses (e.g., these include owners of property leased to JOBZ businesses or investors in a JOBZ business), are explicitly made subject to repayment on the same terms as the businesses with the BSA.
- Repayments of property tax are distributed to all taxing districts, not just the city or town, county, and school district. This will allow distributions to special taxing districts, such as watershed districts or HRAs. The commissioner of DOR is to distribute city and county sales tax repayments.
- Property tax statements for repayment of property taxes must be provided to the taxpayer of record in addition to the business (e.g., the owner of property leased to the JOBZ business).
- Clarifications of the payment dates are made for sales, corporate franchise, and property taxes, to more clearly determine the 2-year period to which the repayment obligation applies.
- A business cannot qualify for income or franchise tax benefits for any part of a year in which it is subject to a repayment obligation or for any property taxes payable during that year.
- Waivers of the repayment for a qualified business also extend to persons other than the qualified business that receive JOBZ tax benefits (e.g., an investor for the capital gain exemption or the owner of real property leased to the JOBZ business). In addition, the commissioner must waive repayment for these persons, if (1) they are not related parties (under the federal tax law definition, such as family members, corporations that are members of the same controlled group, and so forth) with the JOBZ business and (2) their actions did not contribute to the default.

Effective date: The amendment to subdivision 4(c) is effective the day following final enactment (May 30, 2008). The amendment to subdivision 4(f) is effective retroactively from January 1, 2008 and applies to all businesses that become subject to this section in 2008. T

Breach of Agreements by Businesses that Continue to Operate in Zone **Chapter 366, Article 5, Section 14**

Adds M.S. 469.3191

Creates a new provision that deals with JOBZ businesses that continue to operate in the zone, but do so in violation of the terms of their BSAs (e.g., if they have not created the required number of jobs or investment). These businesses are subject to the requirement to repay two years of tax benefits, unless they enter a new or an amended BSA with DEED.

These businesses lose at least one year of JOBZ tax benefits – i.e., for the year in which they did not comply with the BSA. They may lose additional years, because the section requires a proportionate reduction in the zone duration based on the size of their violation of the BSA. (This implies that the amount or value of the breach of the BSA is reduced to a dollar amount – perhaps on a present value basis – and that this amount is compared to the total value of the business’s obligation and the result is used to determine the number of years – rounded to a whole number – that the zone duration is, then, reduced by. There may be issues with how to do this, when the BSA involves pledges of numbers of jobs and other obligations, such as investment amounts.) Once adjusted under this provision, the zone duration cannot be readjusted.

A business that violates the second business subsidy agreement cannot use this section again, and is permanently barred from future JOBZ benefits. It is also subject to repayment of two years of benefits.

Effective date: Retroactively from January 1, 2004. For violations that occur before the day following final enactment (May 30, 2008), this section does not apply if the business has repaid the benefits or the commissioner has granted a waiver.

Prohibition Against Amendments to Business Subsidy Agreements **Chapter 366, Article 5, Section 15**

Adds M.S. 469.3192

Prohibits amending a BSA or relocation agreement to change jobs creation, retention or wages goals, unless it is done under the provisions of section 14 .

Effective date: The day following final enactment (May 30, 2008) and applies to all agreements executed before, on, or after the effective date.

Certification of Continuing Eligibility for JOBZ Benefits

Chapter 366, Article 5, Section 16

Adds M.S. 469.3193

Requires JOBZ businesses to certify each December 1 to DEED that they are in compliance with their BSAs. Businesses that do not do so permanently lose eligibility to participate in JOBZ and must repay two years of tax benefits. The certification is public information.

Effective date: The day following final enactment (May 30, 2008).

State Auditor; Audits of Job Opportunity Building Zones and Business Subsidy Agreements

Chapter 366, Article 5, Section 17

Amends M.S. 469.3201

Authorizes OSA to request tax return and unemployment compensation return information from DOR and DEED in order to perform JOBZ audits.

Effective date: The day following final enactment (May 30, 2008).

Local Boards of Review and Equalization

Ordinary Board; Meetings, Deadlines, Grievances

Chapter 154, Article 13, Section 35

Amends M.S. 274.01, subdivision 1

Prohibits a local board member from participating in any actions of the board that result in market value adjustments or classification changes to property owned by the board member, or the member's spouse, parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, niece; or to property in which the board member has a financial interest. The relationship may be by blood or marriage.

Effective date: The day following final enactment (March 8, 2008).

Proof of Compliance; Transfer of Duties

Chapter 366, Article 15, Section 16

Amends M.S. 274.014, subdivision 3

A local board whose powers are transferred to the county can continue to employ a local assessor and is

not deemed to have transferred its powers to make assessments.

Effective date: The day following final enactment (May 30, 2008).

Mortgage and Deed Taxes

Deed Tax; Exemptions

Chapter 154, Article 14, Section 3

Amends M.S. 287.22

Clarifies when the deed tax exemption for a debtor who redeems at a mortgage or lien foreclosure sale applies. The exemption applies if the person who owned the property, or an assignee, heir, personal representative, or successor redeems the property. Current law describes the exempt party as the "lienee," but that term has undergone a change in usage in recent years.

Effective date: The day following final enactment (March 8, 2008).

Deed Tax; Tax-Forfeited Land

Chapter 154, Article 14, Section 4

Amends M.S. 287.2205

Provides that the deed tax is \$1.65 on conveyances without monetary consideration of tax-forfeited land to governmental subdivisions for authorized public uses and redevelopment purposes.

Effective date: The day following final enactment (March 8, 2008).

Annexations

Municipal Boundry Adjustments

Chapter 196, Article 1, Section Various

Amends various statutes

Technical change: Changes the name of the official and agency responsible for municipal boundary adjustments, inserting chief administrative law judge in place of planning director or Office Of Strategic and Long-Range Planning.

Effective date: August 1, 2008

Disaster Relief

Tax Relief for Destroyed Property; Homestead and Disaster Credits Chapter 366, Article 15, Section 9

Amends M.S. 273.123

Deletes an unnecessary sentence and clarifies a reference to homestead property.

Effective date: The day following final enactment (May 30, 2008).

Reassessments Required Chapter 366, Article 15, Section 6

Amends M.S. 273.1232, subdivision 1

The county assessor must reassess all damaged property in a disaster or emergency area. However, if a property owner has applied to the commissioner for an abatement or property tax credit, the commissioner of revenue will reassess the property. When a property is reassessed, either the assessor or the commissioner (depending on who did the reassessment) must report the reassessed value to the county auditor as soon as practical.

Effective date: The day following final enactment (May 30, 2008).

Abatement Authorization Chapter 366, Article 15, Section 7

Amends M.S. 273.1233, subdivision 1

Clarifies that utility property is the property that the commissioner of revenue appraises for property tax purposes, and that the commissioner may grant abatements for destroyed utility property.

Effective date: The day following final enactment (May 30, 2008).

Tax Relief for Destroyed Property; Local Option Disaster Abatement; Reimbursement, Levy, Appropriation Chapter 366, Article 15, Section 8

Amends M.S. 273.1233, subdivision 3

Corrects a reference to the subdivision that was meant to be a reference to sections 273.1233 to 273.1235.

Effective date: The day following final enactment (May 30, 2008).

Credit Provided; Damaged Property Chapter 366, Article 15, Section 10

Amends M.S. 273.1235, subdivision 1

Relating to local option credits, corrects the drafting error that had inadvertently omitted reference to the 50% damage threshold for homestead properties that do not qualify for the homestead credit. It also provides that application need only be submitted by the end of the year.

Effective date: The day following final enactment (May 30, 2008).

Credit Reimbursements Chapter 366, Article 15, Section 11

Amends M.S. 273.1235, subdivision 3

Strikes a prohibition on reimbursement to the state treasury.

Effective date: The day following final enactment (May 30, 2008).

Qualified Disaster Area Chapter 366, Article 15, Section 20

Amends M.S. 469.174, subdivision 10b

Updates a cross-reference to the disaster relief statutes for the changes from the 2007 special session.

Effective date: The day following final enactment (May 30, 2008).

Original Net Tax Capacity Adjustments; Presidential Disaster Area Chapter 366, Article 15, Section 21

Amends M.S. 469.177, subdivision 1c

Updates two cross-references to the disaster relief statutes for the changes from the 2007 special session.

Effective date: The day following final enactment (May 30, 2008).

Data Management

Data Update

Chapter 366, Article 17, Section 6

Uncodified provision

Requires the Commissioner of Revenue to update linked property and income data furnished to the Tax Study Commission in the late 1980s (the “Voss” database).

Effective date: August 1, 2008

Airport Authority and Valuation

Special Taxing Districts; Definition

Chapter 154, Article 2, Section 18

Amends M.S. 275.066

Includes airport authorities created under section 360.0426 as special taxing districts for the purposes of property taxation.

Special taxing districts have the power to levy a property tax and certify the tax levy to the county auditor.

Effective date: Taxes payable in 2009 and thereafter.

Airflight Property; Definition

Chapter 154, Article 13, Section 1

Amends M.S. 270.071, subdivision 7

Expands the definition of “flight property” to include computers and computer software used to operate, control, or regulate the aircraft or flight equipment.

Effective date: The day following final enactment (March 8, 2008).

Airflight Property; Assessment

Chapter 154, Article 13, Section 2

Amends M.S. 270.072, subdivision 2

Clarifies that “flight property” includes flight property owned by an airline company and flight property that is leased, loaned or otherwise made available to an airline company.

Effective date: The day following final enactment (March 8, 2008).

Airflight Property; Report by Airline Company Chapter 154, Article 13, Section 3

Amends M.S. 270.072, subdivision 3

Adds a July 1 deadline for airline company annual reports. Removes a late-filing penalty; recodifies the penalty in a later section.

Effective date: Beginning January 2, 2008, for taxes payable in 2009 and thereafter.

Airflight Property Tax Lien

Chapter 154, Article 13, Section 4

Amends M.S. 270.072, subdivision 6

Removes references to taxes collected by the commissioner of revenue. The airflight property tax is credited to the state airports fund, and collection decisions are made by the department of transportation rather than the department of revenue.

Effective date: Beginning January 2, 2008, for taxes payable in 2009 and thereafter.

Airflight Property; Penalties

Chapter 154, Article 13, Section 5

Adds M.S. 270.0725

Recodifies the late-filing penalty that was removed from section 272.072, subdivision 3; and adds three additional penalties to the airflight property tax.

If an airline company does not file its annual report on time (July 1), a penalty of 5 percent of the tax being assessed will be imposed on the company. Starting on August 1, an additional 5 percent penalty will be imposed for each month the report is late. The penalty for any one year is limited to the lesser of \$25,000 or 25 percent of the assessed tax.

- If a pattern of late filing develops for a particular airline company, a penalty of 10 percent of assessed tax will be imposed upon the airline company.
- If an airline company files a frivolous annual report, a penalty of 25 percent of assessed tax will be imposed upon the airline company.
- If an airline company files a fraudulent annual report, a penalty of 50 percent of the assessed tax will be imposed upon the airline company.

All penalties are added to the tax and collected along with the tax.

Effective date: Annual reports due after June 30, 2008.

Airflight Property; Examination; Investigations; Subpoenas
Chapter 154, Article 13, Section 6

Adds M.S. 270.0735

Allows the commissioner to use its general examination and investigation powers on airline companies in order to determine the airflight property tax.

Effective date: The day following final enactment (March 8, 2008).

Airflight Property; Tax Capacity
Chapter 154, Article 13, Section 7

Amends M.S. 270.074, subdivision 3

Clarifies that the reduced class rate applicable to stage 3 “quiet aircraft” also applies to stage 4 aircraft, which must meet even more stringent noise-attenuation standards.

Effective date: The day following final enactment (March 8, 2008).

Airflight Property; Appeal
Chapter 154, Article 13, Section 8

Amends M.S. 270.076, subdivision 1

Provides that the notices of net tax capacity and the tax that the commissioner is required to issue to airline companies are orders of the commissioner that are not subject to administrative review, but can be appealed to the Tax Court.

Effective date: The day following final enactment (March 8, 2008).

Definition of a Municipality; Airport Authority
Chapter 154, Article 2, Section 24

Amends M.S. 360.031

Includes “airport authority” in the definition of municipality for purposes of establishing airports.

Effective date: August 1, 2008

Airport Authority; General Powers of Authority
Chapter 154, Article 2, Section 25

Adds M.S. 360.0425

Provides that an airport authority has all the powers granted a municipality under sections 360.032 to 360.046.

Effective date: August 1, 2008

Airport Authority; Creation; Dissolution
Chapter 154, Article 2, Section 26

Adds M.S. 360.0426

Authorizes a city together with another city, county, town, or an Indian tribe to create an airport authority.

An airport authority is made up of a city that owns an airport and joins into joint resolution with other willing governmental units. The airport authority is authorized to exercise its functions upon joint resolution of each member of the authority.

Each member (governmental unit) shall have at least one commissioner who represents that member’s interest. Each commissioner’s term is limited to three years. Commissioners will receive payment for expenses, but will not receive additional payment.

The airport authority may take action upon a majority vote of the commissioners, provided that there is a quorum (a majority of the commissioners are present).

The airport authority may increase or decrease its size if the current (and new) members and commissioners adopt a resolution to do so. The airport authority may be dissolved if all debts held by the authority are paid, and a joint resolution of all members is agreed upon. Before dissolution can be made, the property of the airport authority must be sold, transferred, or distributed; and any remaining funds must be distributed to the general funds of the participating members in proportion to their shares of the most recent levy (power to authorize levy is given in the new M.S. 360.0427).

Effective date: August 1, 2008

Tax Levy May be Certified by an Airport Authority
Chapter 154, Article 2, Section 27

Adds M.S. 360.0427

Provides that an airport authority may authorize a levy if approved by a vote of at least two-thirds of the members of the authority.

If the authority authorizes a levy, it must be submitted to the governing body of the municipality containing the airport. That governing body may approve or modify the levy before certifying the levy to the auditor of the county where the airport is located. The auditor will then establish a uniform tax rate to be levied on all taxable property within the boundaries of the airport authority.

Effective date: Taxes payable in 2009 and thereafter.

Sale or Conveyance

Certificates of Real Estate Value; Commissioner May Require Social Security or Identifying Numbers on Forms
Chapter 154, Article 13, Section 20

Amends M.S. 270C.306

Technical change: adds reference to M.S. 272.115 (section 23 in bill) that provides a circumstance when a social security number is not required.

Effective date: Beginning after June 30, 2008.

Certificates of Real Estate Value; Requirement
Chapter 154, Article 13, Section 23

Amends M.S. 272.115, subdivision 1

Provides that a married person who is not an owner of record and who is signing a conveyance instrument along with that person's spouse solely to release and convey that person's marital interest is not a grantor and therefore is not required to provide a Social Security Number. A statement in the deed (that follows the suggested format) is sufficient to allow the county auditor to accept the conveyance without a SSN.

Effective date: For certificates of value filed after June 30, 2008.

Property Tax Programs

Senior Citizen Property Tax Deferral Program

Senior Deferral; Qualifying Homestead; Defined Chapter 154, Article 13, Section 44

Amends M.S. 290B.03, subdivision 2

Limits the deferral to homestead property taxed as real property. Prohibits individuals who are owners of a life estate or who are purchasing the homestead under a contract for deed from participating in the senior deferral program.

Effective date: Retroactively for applications submitted after December 31, 2007.

Initial Application; Senior Deferral Chapter 366, Article 15, Section 18

Amends M.S. 290B.04, subdivision 1

Provides that a federal Schedule F submitted to support a claim for an agricultural homestead classification is protected private data.

Effective date: For data collected or maintained by the commissioner of revenue beginning the day following final enactment (May 30, 2008)

Sustainable Forest Incentive Act Program

Sustainable Forest Incentive Act; Claimant Chapter 154, Article 13, Section 45

Amends M.S. 290C.02, subdivision 3

Owners of land previously covered by an auxiliary forest contract automatically qualify for inclusion in the SFIA program provided that they notify the DOR in writing of the expiration of the auxiliary forest contract and submit an SFIA application to the DOR by August 15 (in order to be eligible for payment by October 1 of that same year).

Effective date: The day following final enactment (March 8, 2008).

Sustainable Forest Incentive Act; Applications Chapter 154, Article 13, Section 46

Amends M.S. 290C.04

Contains a reference to a new section concerning the appeals procedure for denied applications.

Effective date: The day following final enactment (March 8, 2008).

Sustainable Forest Incentive Act; Annual Certification Chapter 154, Article 13, Section 47

Amends M.S. 290C.05

Clarifies that the year after the original claimant (the person that filed the first application to enroll the land) receives an approved application is the date that will be used when sending out certification letters.

Effective date: The day following final enactment (March 8, 2008).

Sustainable Forest Incentive Act; Calculation of Incentive Payment Chapter 154, Article 2, Section 23

Amends M.S. 290C.07

Guarantees that the SFIA payment will not be less than \$7 per acre enrolled in the program.

Effective date: For payments made after June 30, 2008.

Sustainable Forest Incentive Act; Penalties for Removal Chapter 154, Article 13, Section 48

Amends M.S. 290C.11

Removes language concerning the appeals process. The appeals process is now described under the new M.S. 290C.13.

Effective date: The day following final enactment (March 8, 2008).

Sustainable Forest Incentive Act; Appeals
Chapter 154, Article 13, Section 49

Adds M.S. 290C.13

Provides an administrative procedure for appeals which is similar to those used for other tax appeals:

A claimant can appeal to the commissioner if they disagree with a removal of land from the SFIA program, a denial of application to enroll for SFIA, or a denial of all or part of an incentive payment. The appeal must be written and filed with the department within 60 days of the notice of denial date. The written appeal must contain the following:

- Name and address of claimant.
- If claimant is a corporation, they must supply the state of incorporation, and the principal place of business of the corporation.
- Minnesota or federal business ID number, or Social Security Number.
- The date.
- The periods of time involved and the amount of payment involved for each period of time.
- The parts of the notice that the claimant disagrees with.
- A summary of the claimant's argument.
- Signature of claimant or authorized representative.

If the department denies this appeal, the claimant has an additional 60 days to make appeal to the Tax Court. If the department has not responded to a written appeal within 120 days of receiving an appeal, the claimant may make an appeal to Tax Court.

Effective date: The day following final enactment (March 8, 2008).

Appropriations

Appropriations

Chapter 366, Article 17, Section 7

Uncodified provision

Makes the following appropriations from the general fund for fiscal year 2009 (all appropriations are onetime, unless noted):

- \$100,000 to Revenue to assist local assessors in valuing special-use industrial properties. This is an ongoing appropriation.
- \$15,000 to Revenue to conduct a survey and review the property tax exemption for property of nonprofit organizations as purely public charities.
- \$200,000 to Revenue for preparation of the database linking income and property value.
- \$60,000 to Administration for fiscal year 2009 to prepare township acreage data; \$50,000 of this is one-time and \$10,000 is ongoing.

Effective date: August 1, 2008

Repealed Property Tax Laws

Repealer

Chapter 154, Article 2, Section 33

Repeals Laws 1973, Chapter 393, Section 2; Laws 1994, Chapter 587, Article 9, Section 8, subdivision 1, as amended by Laws 2005, 1SS Chapter 3, Article 1, Section 36; M.S. 163.051, subdivision 5

Repeals the Section of the 1973 special law that requires the city of Minneapolis to include the prior year's assessments for street maintenance in the calculations of aggregate receipts for purposes of levy limits if the city pays for street maintenance out of general revenues. (Laws 1973, Chapter 393, Section 2)

Repeals the existing law governing the Lakeview Cemetery Association. Effective when the Association first levies under the authority granted in Laws 2008, Chapter 154, Article 2, Section 32. (Laws 1994, Chapter 587, Article 9, Section 8, subdivision 1, as amended by Laws 2005, 1SS Chapter 3, Article 1, Section 36)

Repeals the requirement that county wheelage tax revenues be used to offset the county's property tax levy, retroactively to taxes payable in 2007 (M.S. 163.051, subdivision 5).

Effective date: Varies (see above).

Repealer

Chapter 154, Article 9, Section 25

Repeals M.S. 469.174, subdivision 29; Laws 1998, Chapter 389, Article 11, Section 18

Repeals the following laws:

- A 1998 special law permitting the city of Burnsville to establish a TIF district (469.174, subdivision 29). The bill requires the increments from this district to be returned to the county for distribution as excess increments. Effective the day following final enactment (March 8, 2008). For purposes of any special law authorizing or limiting the use of increments to projects meeting the requirements of a qualified housing district, expenditures for housing districts satisfying the requirements of M.S. 469.174, subdivision 11; 469.176, subdivision 4d; and 469.1761, as amended, also satisfy the requirements of the special law.
- The definition of qualified housing districts (Laws 1998, Chapter 389, Article 11, Section 18). The

article eliminates this category of districts and allows all housing districts to qualify for the treatment that applied to these districts. Effective upon compliance with M.S. 645.021, subdivision 3, by the city of Burnsville. The balance of tax increments derived from tax increment financing district No. 2-1 as of the effective date of this section must be returned to the county for distribution in accordance with M.S. 469.176, subdivision 2.

Effective date: Varies (see above).

Repealer

Chapter 154, Article 13, Section 50

Repeals M.S. 270.073; 270.41, subdivision 4; 270.43; 270.51; 270.52; 270.53

Repeals M.S. 270.073 dealing with airflight property taxes. It is replaced by references to M.S. 270C.31 and 270C.32.

Repeals M.S. 270.41, subdivision 4. The language is moved to M.S. 270.47.

Repeals M.S. 270.43 that conflicts with M.S. 270.42 (compensation of members shall be as provided in M.S. 214.07 to 214.09). M.S. 214.09 states that board members shall be paid a per diem of \$55 plus expenses. The board's practice is to follow section 214.09.

Repeals M.S. 270.51 because it is an obsolete transitional provision.

Repeals M.S. 270.52 that deals with the cost of making assessments; now dealt with in chapter 273.

Repeals M.S. 270.53 because it is an obsolete transitional provision.

Effective date: The day following final enactment (March 8, 2008).

Repealer

Chapter 366, Article 2, Section 14

Repeals M.S. 477A.014, subdivisions 4 and 5

Repeals M.S. 477A.014, subd. 4 and 5, to eliminate the state cost offsets. A corresponding change to the appropriation is made to be a neutral change.

Effective date: Aids payable in 2009 and thereafter.

Repealer**Chapter 366, Article 6, Section 52**

Repeals M.S. 272.027, subdivision 3; 273.11, subdivision 14; 273.111, subdivision 6

Repeals M.S. 272.027, subd. 3, which provided an exemption for an electric power plant that was going to be built by a taconite and steel mill but was never built.

Repeals M.S. 273.11, subd. 14, which pertained to vacant land platted before 8/1/01, and is obsolete. Effective pay 2009 and thereafter.

Repeals M.S. 273.111, subd. 6, which provided the green acres minimum income requirements previously used to determine eligibility. Effective pay 2010 and thereafter.

Effective date: Varies (see above).

- Abatements,
 - Abatement of Penalty, 37
 - Limitation on Abatements, 1
 - Local Option Disaster Abatement, 41
- Aggregate Resource Preservation Property Tax Law, 2
- Airflight Property, 42, 43
- Airport Authority, 23, 43, 44
- Annexations, 40
- Appropriations, 47
- Assessor's License, 1
- Assessment Practices Review, 1, 2
- Board of Assessors, 12, 13
- Border City Development Zone Property, 37
- Brooklyn Center; Crime-free Multi-Housing, 18
- Certificates of Real Estate Value, 18, 44
- Class 1, 6, 9, 14
- Class 1b, 6, 14
- Class 1c, 14
- Class 2, 15
- Class 2a, 9, 10, 15, 16
- Class 2b, 15
- Class 2c, 15
- Class 2d, 16
- Class 2e, 16
- Class 4, 16, 17
- Class4c(1), 17
- Class 4c(10), 17
- Class 4c(3)(i), 17
- Class 4c(3)(ii), 17, 23
- Class 4d, 17
- Classification of Unimproved Property, 18
- Commissioner Review of Assessment Practices, 1,2
- Commissioner's Powers,
 - Abatement of Penalty, 37
 - Industrial Special Use Property, 37
- Conservation Easement Valuation, 2
- Cost of Assessor Training, 1
- County Board of Appeal and Equalization,
 - Length of Session, 38
 - Meeting Requirements, 37
 - Prohibited Activities/Rules, 37
- County Program Aid, 19, 27, 30
 - County Transition Aid, 27
 - Out-of-Home Placement Aid, 27
- Data Management, 42
- Deed Tax, 40
- Disabled Veterans Exclusion, 6, 11
- Disaster Relief, 41
- Dismissal of Petition,
 - "60 day rule", 3
- Employment of Licensed Assessor for Cities and Townships, 1
- Exclusions,
 - Homestead of Disabled Veteran, 6, 11
 - Vacant Platted Land, 8, 9
- Exemptions,
 - Apprenticeship Training Facilities, 7
 - Electric Generation Facility, 6, 8
 - Fergus Falls Historical Zone, 7
 - Institutions of Purely Public Charity, 4
 - IRRB Forest Trust, 11
 - Job Opportunity Building Zone Property, 6
 - Leased Seasonal Recreational Land, 8
 - Manufactured Homes, 6
 - Modular Homes used as Models by Dealers, 7
 - Monosloped Roofs, 7
 - Taconite Production Facility, 12
- Fiscal Disparities,
 - Commercial-Industrial Property, 26
 - Increase in Net Tax Capacity, 26
- Green Acres,
 - Application, 10
 - Determination of Value, 10
 - Grandfather Clause, 9
 - Implementation of Program, 11
 - Methodology, 1
 - Property No Longer Eligible, 9,10
 - Requirements, 9
 - Special Local Assessments, 10, 11
- Homesteads,
 - Agricultural Homesteads, 5
 - Agricultural Relative Homestead, 4
 - Annual Registration of Certain Relative Homesteads, 5
 - Class 1 Property, 6
 - Homestead of Disabled Veteran, 6, 11
 - Homestead Application, 5
 - Trust Property, 5
- Industrial Special Use Property, 37
- Institutions of Purely Public Charity,
 - Assessment, 4
 - Moratorium, 4
- International Economic Development Zone, 38
- JOBZ, 38, 39, 40

- Joint Public Hearing, 33
- Levies,
 - Airport Authority, 23, 42, 43, 44
 - Authorization, 19
 - Comfort Lake-Forest Lake; Watershed District, 23
 - Cook County Hospital District, 22
 - Cook-Orr Hospital District, 22
 - County Regional Railroad Authority Expenditure Limit, 22
 - County Subordinate Service District, 21
 - Lakeview Cemetery Association, 21
 - Levy Aid Base, 19
 - Levy for First Responder Association, 21
 - Levy Limits, 19
 - Maintenance of Effort, 20
 - Minneapolis, 7, 22, 26, 48
 - Multicounty Housing and Redevelopment Authority, 23
 - Operation Area as Taxing District, 22
 - Petition for Removal of District, 20, 21
 - Special Levies, 19
 - Town Subordinate Service Districts, 20
 - Voter Approved Levy, 20
 - White Community Hospital District, 21
- Listing and Assessment by Commissioner, Pipelines, 3
 - Transmission Lines, 3
- Local Boards of Appeal and Equalization, Meetings, 40
 - Transfer of Duties, 40
- Local Government Aid,
 - Appropriation, 29
 - City Aid Base, 27
 - City Aid Distribution, 28
 - City Formula Aid, 28
 - City Jobs Base, 27
 - City Revenue Need, 27
 - Study of Aids to Local Governments, 29
 - Unmet Need, 28
 - Utility Valuation Transition Aid, 29
- Manufactured Homes,
 - Improvements, 3
 - Taxable Determination Date, 6
- Market Value Notices, 32
- Modular Homes used as Models by Dealers, 7
- Monosloped Roof Exemption, 7
- Municipal Boundry Adjustments, 40
- PILT,
 - Allocation, 12
 - State Parks Located on Lake Vermillion, 12
- Property Tax Aids,
 - Calculation of School District Levies, 30
 - Mahnomen County, 29, 30
 - State Reimbursement, 29
- Property Tax Collection,
 - Delinquent Taxes, 34
 - Personal Property, 34
 - Real Property, 34
- Property Tax Credits,
 - Agricultural Homestead Market Value Credit, 31
 - Bovine Tax Credit, 30
 - Computation of Net Property Taxes, 31
 - Disparity Reduction Credit, 31
- Property Tax Refund, 35
- Property Tax Statements,
 - Contents of Tax Statements, 34
 - Electronic Tax Statements, 34
- Public Advertisement, 32
- Railroad Property, 1, 19
- Ramsey County, 33
- Reassessed Market Value, 3
- Recommended and Ordered Values,
 - Utility Properties, 3
- Repealer, 48, 49
- Sales Ratio Study: Methodology, 1
- Sectional Structures, 3
- Senior Citizen Property Tax Deferral Program, 45
- Special Assessments,
 - Hardship Assessment Deferral for Seniors, Disabled, or Military Persons, 4
 - Ordinances, 4
 - Vadnais Lake Area, 4
- State General Property Tax Levy, 23
- Sustainable Forest Incentive Act, 45, 46
- Tax-Forfeited Land, 36, 40
- Temporary Aid for Court Costs, 31
- TIF, 24, 25, 26, 29, 48
- Truth in Taxation Notices, 32
- Utility Companies: Report Required, 3
- Utility Property, 3, 30
- Vacant Platted Land, 8, 9
 - Certain Metro Counties, 8, 9
 - Metro Counties, 8
 - Non-Metro Counties, 8
- Valuation of Conservation Easement, 2

