

# MINNESOTA • REVENUE

# 2009 Property Tax Law Summary

**2009 Minnesota  
Legislative Session**

**Property Tax Division  
June 2009**



**Memo from the Director**

**Date:** June 25, 2009  
**To:** All Property Tax Administrators  
**From:** Gordon Folkman, Director  
Property Tax Division  
**Subject:** 2009 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 2009 legislative session.

The purpose of the *2009 Property Tax Law Summary* 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 *2009 Property Tax Law Summary* 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](mailto:shawn.wink@state.mn.us).



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## Acknowledgement

The *2009 Property Tax Law Summary* 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 2009

Subject	House File Number	Senate File Number	Chapter Number in Laws	Date Enacted
Maintenance of Effort Bill	H.F. 95	/ S.F. 49	3	February 20, 2009
Green Acres Bill	H.F. 392	/ S.F. 252	12	April 03, 2009
Death Deeds Bill	H.F. 332	/ S.F. 261	30	April 30, 2009
Central Lakes Sanitary District Bill	H.F. 1501	/ S.F. 1489	44	May 07, 2009
Revisor's Bill	H.F. 1171	/ S.F. 1096	86	May 16, 2009
Tax Policy Bill	H.F. 1298	/ S.F. 1257	88	May 16, 2009
Central Iron Range Sanitary District Bill	H.F. 17	/ S.F. 79	122	May 20, 2009
Retirement Provisions Modifications Bill	H.F. 723	/ S.F. 191	169	May 22, 2009
Natural Resources and State Park Bill	H.F. 1237	/ S.F. 1110	176	May 22, 2009



**Classification Rates For Assessment Year 2009 (Payable 2010)**

Class	Description	Tiers	Class Rate	State Rate
1a	Residential Homestead	First \$500,000 Over \$500,000	1.00% 1.25%	NA NA
1b	Blind/Disabled Homestead (Both Ag and Non-Ag)	First \$50,000	0.45%	NA
1c	Ma & Pa Resort (Comm. SRR < 250 days, incl. homestead)	First \$600,000 \$600,000 - \$2,300,000 Over \$2,300,000	0.50% 1.00% 1.25%	NA NA 1.25%
1d	Migrant Housing (Structures Only)	First \$500,000 Over \$500,000	1.00% 1.25%	NA NA
2a	Homestead House, Garage, One Acre (HGA):	First \$500,000 Over \$500,000	1.00% 1.25%	NA NA
2a	1 <sup>st</sup> Tier Homestead Property	First \$1,010,000 (2a+2b)	0.50%	NA
2a	Agricultural Land (Both homestead and non-homestead; can include buildings)		1.00%	NA
2b	1 <sup>st</sup> Tier Homestead Property	First \$1,010,000 (2a+2b)	0.50%	NA
2b	Rural Vacant Land (Both homestead and non-homestead)		1.00%	NA
2c	Managed Forest Land		0.65%	NA
2d	Private Airport		1.00%	NA
2e	Land with a Commercial Aggregate Deposit		1.00%	NA
3a	Commercial/Industrial and Public Utility	First \$150,000 Over \$150,000	1.50% 2.00%	1.50% 2.00%
	Electric Generating Public Utility Machinery		2.00%	NA
	All Other Public Utility Machinery		2.00%	2.00%
	Transmission Line Right-Of-Way (Owned in fee by a utility)		2.00%	2.00%
3b	Employment Property (Border City Zones)	First \$150,000 Over \$150,000	1.50% 2.00%	1.50% 2.00%
4a	Apartment (4+ units, including private for-profit hospitals)		1.25%	NA
4b(1)	Residential Non-Homestead (1-3 Units Not 4bb or SRR)		1.25%	NA
4b(2)	Unclassified Manufactured Home		1.25%	NA
4b(3)	Ag Non-Homestead (2 or 3 Units, Garage, One Acre)		1.25%	NA
4b(4)	Unimproved Residential		1.25%	NA
4bb(1)	Residential Non-Homestead (Single Unit)	First \$500,000 Over \$500,000	1.00% 1.25%	NA NA
4bb(2)	Ag Non-Homestead (Single Unit, Garage, One Acre)	First \$500,000 Over \$500,000	1.00% 1.25%	NA NA
4c(1)	Seasonal Residential Recreational (SRR)			
	Commercial (Resort)	First \$500,000 Over \$500,000	1.00% 1.25%	1.00% 1.25%
	Non-Commercial (Cabin)	First \$76,000 \$76,000 - \$500,000 Over \$500,000	1.00% 1.00% 1.25%	0.40% 1.00% 1.25%
4c(2)	Qualifying Golf Course		1.25%	NA
4c(3)(i)	Non-Profit Community Service Oriented Organization (Non-Revenue)		1.50%	NA
4c(3)(ii)	Non-Profit Community Service Oriented Organization (Donations)		1.50%	1.50%
4c(4)	Post-Secondary Student Housing		1.00%	NA
4c(5)	Manufactured Home Park		1.25%	NA
4c(6)	Metro Non-Profit Recreational Property		1.25%	NA
4c(7)	Certain Non-Comm Aircraft Hangars and Land: Leased Land		1.50%	NA
4c(8)	Certain Non-Comm Aircraft Hangars and Land: Private Land		1.50%	NA
4c(9)	Bed and Breakfast (up to 5 units)		1.25%	NA
4c(10)	Seasonal Restaurant on a Lake		1.25%	NA
4c(11)	Marina	First \$500,000 Over \$500,000	1.00% 1.25%	NA NA
4d	Qualifying Low-Income Rental Housing		0.75%	NA
5(1)	Unmined Iron Ore and Low-Grade Iron-Bearing Formations		2.00%	2.00%
5(2)	All Other Property Not Otherwise Classified		2.00%	NA



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## Assessment

### General Provisions

#### Property Tax Treatment of Horse Breeding and Horse Boarding Properties Chapter 88, Article 2, Section 47

Adds Uncodified Provision

Requires the Commissioner of Revenue and the Commissioner of Agriculture to study the current practices used to classify properties used for horse breeding and horse boarding. The Commissioner of Revenue must report the findings of the study to the Senate and House Tax Committees by February 1, 2010.

Also provides that the owner of property that had been classified as agricultural in AY 2008 based on its use for horse breeding or boarding may appeal its AY 2009 classification to the commissioner if the property's use has not substantially changed. The appeal must be in written form and must be filed with the Commissioner of Revenue before September 1, 2009. The commissioner must resolve the appeal by issuing a written order on or before December 31, 2009. The commissioner's order must be sent to the appellant and the county assessor. The appellant may appeal the order to tax court within 60 days.

**Effective date:** The day following final enactment (May 17, 2009).

#### Study of Riparian Buffer Chapter 88, Article 2, Section 51

Adds Uncodified Provision

Requires the drainage working group, facilitated by the Board of Water and Soil Resources, to report on the condition of riparian buffer areas statewide. The report must include the extent to which buffer areas are being maintained in a natural state and being used in a way that risks environmental damage to public waters. The report may include recommendations for incentives to promote and preserve buffer areas, if deemed necessary. The report is to be made to the House and Senate Tax Committees by March 1, 2010.

**Effective date:** The day following final enactment (May 17, 2009).

#### Annual Report on Agricultural Valuation and Classification

##### Chapter 12, Article 2, Section 7

Adds Uncodified Provision

Requires the Commissioner of Revenue to study and annually report, by March 1 each year, to the House and Senate Tax Committees on:

1. Trends in market values of class 2a and class 2b properties;
2. Green Acres value methodology and determinations; and
3. Assessment and classification practices pertaining to class 2a and 2b property.

**Effective date:** By March 1 every year.

#### Appointment of Town and City Assessors Chapter 86, Article 1, Section 50

Amends 273.05, subdivision 1

Technical change. Updates a cross reference to the Board of Assessors statutes from "270.041 to 270.53" to "270.41 to 270.50" to account for the 2008 repeal of sections 270.51 to 270.53.

**Effective date:** August 1, 2009.

#### Term; Vacancy Chapter 86, Article 1, Section 51

Amends 273.061, subdivision 2

Updates a cross reference to the Board of Assessors statutes from "270.041 to 270.53" to "270.41 to 270.50" to account for the 2008 repeal of sections 270.51 to 270.53.

**Effective date:** August 1, 2009.

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## State Assessed Property

### Study of Pollution Control Exemption Chapter 88, Article 2, Section 52

Adds Uncodified Provision

Requires the Commissioner of Revenue, in consultation with the Commissioner of the Pollution Control Agency, to study the process used to determine the eligibility of personal property of an electric generation personal property for the pollution control exemption (M.S. 272.02, subd. 10). In doing the study, the Commissioner is required to compile information on the location, value, and tax impact of the exemptions provided to date, and an assessment of the efficacy of the equipment in reducing pollution. The study is to be presented to the House and Senate Tax Committees by January 15, 2010.

**Effective date:** July 1, 2009.

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### Date for Sending Pipeline Values to Counties Chapter 88, Article 10, Section 9

Amends 273.33, subdivision 2

Changes the date by which the Department of Revenue must send the ordered and assessed values of pipelines to counties from June 30 to August 1.

**Effective date:** For assessment year 2009 and thereafter.

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### Date for Sending Power Line Values to Counties Chapter 88, Article 10, Section 10

Amends 273.37, subdivision 2

Changes the date by which the Department of Revenue must send the ordered and assessed values of electric transmission and distribution lines to the counties from June 30 to August 1.

**Effective date:** For assessment year 2009 and thereafter.

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### Date for Sending Utility Values to Counties Chapter 88, Article 10, Section 14

Amends 274.175

Technical change allowing exceptions to the July 1 date for final values due to the change of date by which the Department of Revenue must send the ordered and assessed values of electric transmission, distribution lines, and pipelines to the counties.

**Effective date:** For assessment year 2009 and thereafter.

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## Review and Equalization

### Special Boards of Appeal and Equalization Chapter 88, Article 10, Section 11

Amends 274.13, subdivision 2

Provides that the training and quorum requirements that apply to county boards of equalization also apply to a special board of equalization.

**Effective date:** The day following final enactment (May 17, 2009).

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### County and Special Boards of Appeal and Equalization Chapter 88, Article 10, Section 12

Amends 274.135, subdivision 3

Provides that if a county board of appeal and equalization or special board of equalization fails to satisfy the training and quorum requirements, owners and taxpayers who could have appealed to that board can appeal to the Commissioner of Revenue before August 1. Prior to October 1, a fee of \$500 per tax parcel that was appealed to the commissioner will be assessed to the county. The payment must be received by the commissioner before December 1; if not, the unpaid amount will be deducted from any state aid the county would receive in the next year. The Commissioner may decide to accept late payments.

**Effective date:** For taxes payable in 2010 and thereafter.



### County Boards of Appeal and Equalization Chapter 88, Article 10, Section 13

Amends 274.14

County boards of appeal and equalization must meet after the second Friday in June for at least one meeting day, and may meet up to ten consecutive meeting days, rather than being required to allow for a full ten consecutive days.

**Effective date:** The day following final enactment (May 17, 2009).

### Requirement; Death Deed Chapter 30, Article 3, Section 1

Amends 272.115, subdivision 1

Provides that a deed or other document transferring real estate need not be accompanied by the filing of a certificate of real estate value with the county auditor if it meets the requirements of a “designated transfer” as described in Minnesota Statutes 287.20, subdivision 3a.

**Effective date:** August 1, 2009.

### Designated Transfer Exemption Chapter 30, Article 3, Section 2

Amends 275.115, subdivision 5a

Provides that the certificate of real estate value is not required for transfers that qualify as “designated transfers.” These transfers are all between related parties and under existing law are subject to state deed tax of \$1.65. The deed or other instrument transferring title must state on the front page or signature page that it is a “designated transfer.” This provision treats “designated transfers” the same way as transfers for \$1,000 or less.

**Effective date:** The day following final enactment (May 1, 2009).

## Exempt Property

### Institutions of Purely Public Charity Chapter 88, Article 2, Section 4

Amends 272.02, subdivision 7

Rewrites the exemption for institutions of purely public charity.

Institutions of purely public charity that are exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code are exempt from property taxes if they meet all the following factors, which are based on the six "North Star" factors:

1. Whether the stated purpose of the undertaking is to be helpful without immediate expectation of material reward;
2. Whether the institution of public charity is supported by material donations, gifts, or government grants for services to the public in whole or in part;
3. Whether a material number of the recipients of the charity receive benefits or services at reduced or no cost, or whether the organization provides services to the public that alleviate burdens or responsibilities otherwise borne by the government;
4. Whether the income received, including material gifts and donations, produces a profit to the institution that is not distributed to private interests;
5. Whether the beneficiaries of the charity are restricted or unrestricted, and if restricted, whether the class of persons to whom the charity is made available is one having reasonable relationship to the charitable objectives; and
6. Whether dividends, in form or substance, or assets upon dissolution, are not available to private interests.

If there is a reasonable justification for failing to meet clauses 2, 3, or 5 and the organization provides to the assessor the factual basis for that justification, it may still be considered an institution of purely public charity.

A “grant” is defined as a written instrument or electronic document defining a legal relationship between a granting agency and a grantee when its principal purpose is to transfer cash or something of value to the grantee to support a public purpose authorized in law in a general manner, instead of acquiring by professional or technical contract, purchase, lease, or barter property or services for the direct benefit or use of the granting agency.

**Effective date:** For taxes payable in 2010 and thereafter.

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**Electric Generation Facility; Personal Property  
Chapter 88, Article 2, Section 5**

Amends 272.02, subdivision 55

Provides that personal property of an electric generation facility that is eligible to be designated as an innovative energy project is exempt and allows the facility to use gas-fired generating facilities that are adaptable for subsequent incorporation into a facility using coal as a primary fuel. Also provides that construction of the first 100 megawatts, rather than the first 500 megawatts, must commence prior to January 1, 2012 in order to receive the exemption. This is a modification of an existing statute.

**Effective date:** The day following final enactment (May 17, 2009).

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**Apprenticeship Training Facilities; Property  
Tax Exemption  
Chapter 88, Article 2, Section 6**

Amends 272.02, subdivision 86

Clarifies that the property receiving the exemption must be owned and operated by a nonprofit organization or nonprofit trust, and that use of the property for advanced skills training of incumbent workers does not disqualify the property. Extends the property tax exemption for apprenticeship training facilities to up to five acres of land on which the building is located. Parking areas on the exempt land are exempt to the extent that they are used for the purposes of the training facility. If some of the parking area is used for purposes other than for the apprenticeship training facility, only a proportion equal to the square footage of the facility used for the purposes of the training facility, qualifies for the exemption.

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

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**Nursing Homes  
Chapter 88, Article 2, Section 7**

Adds 272.02, subdivision 90

Provides a property tax exemption to a nonprofit nursing home licensed under M.S. 144A.02 or boarding care facility that is exempt from federal

income tax under section 501(c)(3) and meets either of the following requirements:

1. it is certified to participate in the medical assistance program under title 19 of the Social Security Act; or
2. it certifies to the Commissioner of Revenue that it does not discharge residents due to the inability to pay.

**Effective date:** For taxes payable in 2010 and thereafter.

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**Railroad Wye Connections  
Chapter 88, Article 2, Section 8**

Adds 272.02, subdivision 91

Provides that the real and personal property of a railroad wye connection including the track, ties, ballast, switch gear, and related equipment is exempt from property taxes if it meets all of the following requirements:

1. is publicly owned;
2. is funded, in whole or in part, by state grants;
3. is located within the metropolitan area;
4. includes a single track segment that is no longer than 2,500 feet in length;
5. connects intersecting rail lines; and
6. is constructed after January 1, 2009.

Although not limited, this exemption was targeted to a connection in the City of Bloomington.

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

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**Electric Generation Facility; Personal Property  
Chapter 88, Article 2, Section 9**

Adds 272.02 subdivision 92

Exempts attached machinery and other personal property which is part of an electric generation facility from property taxes if the facility meets the following conditions:

1. will have installed capacity between 150 and 780 megawatts;

2. is designed to utilize natural gas as a primary fuel;
3. is owned by an entity other than a public utility as defined in section 216B.02, subdivision 4;
4. is located within 5 miles of two or more existing interstate natural gas pipelines and be within 1 mile of an electric transmission substation with operating alternating current voltages of 115 kV, 345 kV, and 500 kV;
5. is designed to provide electric capacity, energy, and ancillary services;
6. has satisfied all requirements under section 216B.243;
7. have in place an executed interconnect agreement that does not require the acquisition of more than one mile of electric transmission right-of-way, nor provide for any other new routes or corridors for future lines in the county;
8. is located in a county with an essential services and transmission services ordinance;
9. is subject to a development agreement with the county board adopted by a two-thirds vote of the county board; and development agreement with the township board adopted by two-thirds vote of township board;
10. be designed to use effluent from a wastewater treatment facility as its preferred water source, and colocate its discharge with the outfall of a wastewater treatment facility;
11. has an agreement with the host county ensuring that noise and visual impacts of the facility are mitigated that is adopted by a two-thirds vote of the township board;
12. has an agreement in place with the host county, township and school district for payments in-lieu of taxes for an amount not to exceed \$600,000 per year for the operating life of the facility; and
13. is to be constructed until after March 1, 2010, and before March 1, 2014.

This provision applies to proposed facilities in Lent Township and Chisago County.

**Effective date:** The day following final enactment (May 17, 2009).

**Electric Generation Facility; Personal Property Chapter 88, Article 2, Section 10**

Adds 272.02, subdivision 93

This provision applies to a proposed facility in Beltrami County. Exempts attached machinery and other personal property which is part of a simple-cycle electric generation facility from property taxes if the facility meets the following conditions:

1. exceeds 40 megawatts of installed capacity, but does not exceed 125 megawatts of installed capacity;
2. utilizes natural gas as a primary fuel;
3. is located within two miles of parallel existing 36-inch natural gas pipelines and an existing 115-kilovolt electric transmission line;
4. is designed to provide peaking, emergency backup, or contingency services; and satisfy a resource deficiency identified in an approved integrated resource plan filed under section 216B.2422;
5. has an agreement with the host county, township, and school district for payment in lieu of personal property taxes to the host county, township, and school district for the operating life of the facility; and
6. construction of the facility is commenced after January 1, 2010, and before January 1, 2014.

This provision applies to a proposed facility in Beltrami County.

**Effective date:** For assessments in 2011, taxes payable in 2012, and thereafter.

**Elderly Living Facility Chapter 88, Article 2, Section 11**

Adds 272.02, subdivision 94

Provides a property tax exemption for the first \$5,000,000 of market value of an elderly living facility that meets the following requirements:

1. the facility consists of no more than 75 living units;
2. it is located in a city with a population of more than 350,000;

3. it is owned and operated by a nonprofit corporation organized under chapter 317A;
4. the owner of the facility is an affiliate of entities that own and operate assisted living and skilled nursing facilities that are located across a street from the facility, are adjacent to a church, include a congregate dining program, and provide assisted living or similar social and physical support;
5. the residents of the facility must be at least 62 years of age or handicapped;
6. at least 30 percent of the units are occupied by persons whose annual income does not exceed 50 percent of the median family income for the area; and
7. before the effective date of the subdivision, the facility has received approval of street vacation and land use applications from the city in which it is to be located.

This exemption applies to taxes levied in each year or partial year of the term of the facility's initial permanent financing or 25 years, whichever is later.

This provision is targeted to Catholic Eldercare in Minneapolis.

**Effective date:** Beginning with taxes payable in 2010.

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**Property Tax Exemption for Leased HRA Property  
Chapter 88, Article 2, Section 32**

Amends 469.040, subdivision 2

Provides that the law specifying that leased HRA property is taxable as if the lessee owned the property does not apply to individuals or families using the property as residential tenants. These units are subject to payments in lieu of taxes (PILT) payments based on a percentage of rent (generally 5 percent).

**Effective date:** Applies to housing projects and housing development projects constructed or acquired by an authority after July 1, 1987, for property taxes payable in 2010 and thereafter.

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**Property Tax Exemption for HRA Property Funded From Multiple Sources  
Chapter 88, Article 2, Section 33**

Amends 469.040, subdivision 4

Clarifies the property tax exemption for HRA properties that include federally subsidized units under the Holman case decree and other property. This is done using a ratio of units constructed with federal funds and receiving federal operating subsidies to the total number of units. Present law provides that the ratio is the number of units subsidized under section 5 of the federal housing act to the total number of units. The change allows these Holman decree units to continue to qualify if they are receiving operating subsidy under Section 9 or rental assistance under Section 8, rather than from only Section 5 sources.

**Effective date:** July 1, 2009.

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**Minneapolis Convention Center Lease; Property Tax Exemption  
Chapter 88, Article 2, Section 45**

Adds Uncodified Provision

Exempts real or personal property that is subject to a lease or use agreement between the city of Minneapolis and a private entity that is used for the purposes of providing food and beverage services within the Minneapolis Convention Center.

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

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**Commissioner of Revenue Guidance of Institutions of Public Charity  
Chapter 88, Article 2, Section 53**

Adds Uncodified Provision

This provision is in regards to the "institutions of purely public charity" exemption (section 4 of this chapter; 272.02, subdivision 7 in statute). Clarifies that the purpose of section 4 is not to contract or expand the definition of "institutions of purely public charity" but to provide clear standards that can be applied uniformly to determine eligibility for exemption from property taxes. Also requires the Commissioner of Revenue to prepare a bulletin providing guidance to assessors as to the commissioner's interpretation of section 4. The

bulletin may include background information, discussion of court cases, and other context the commissioner deems appropriate. The bulletin must include examples of “a reasonable justification” for not meeting clauses 2, 3, or 5. The bulletin will be distributed to all assessors by July 1, 2010.

**Effective date:** The day following final enactment (May 17, 2009).

### Exclusions/Value Limitations

#### This Old House and Limit Market Value Reports

##### Chapter 88, Article 2, Section 54

Repeals Laws 1993, chapter 375, article 5, section 42, as amended by Laws 2002, chapter 377, article 10, section 30

Repeals the requirement for the Commissioner of Revenue to make annual reports on the “This Old House” program and on limited market value.

**Effective date:** The day following final enactment (May 17, 2009).

#### Metropolitan Area Plat Law Effective Date

##### Chapter 88, Article 2, Section 41

Amends Laws 2008, chapter 366, article 6, section 9

Clarifies that the change made to the metropolitan area plat law in the 2008 omnibus tax law only affects land platted after the 2008 omnibus tax law was passed (May 18, 2008).

This is contrary to the Department’s guidance for the 2008 law and may require changes in how the law is applied.

**Effective date:** For taxes payable in 2010 and thereafter on land platted after May 18, 2008.

#### Non-Metropolitan Area Plat Law Effective Date

##### Chapter 88, Article 2, Section 42

Amends Laws 2008, chapter 366, article 6, sect. 10

Clarifies that the change made to the non-metropolitan area plat law in the 2008 omnibus tax law only affects land platted after the 2008 omnibus tax law was passed (May 18, 2008).

This is contrary to the Department’s guidance for the 2008 law and may require changes in how the law is applied.

**Effective date:** For taxes payable in 2010 and thereafter on land platted after May 18, 2008.

### Special Valuations and Deferrals

#### Green Acres; Determinations of "Low" Value for Nonproductive Land

##### Chapter 88, Article 2, Section 14

Amends 273.111, subdivision 4

Eliminates the indexed valuation method for valuing class 2b rural vacant land enrolled in Green Acres, instead requiring the assessor to value it excluding the influences of commercial-industrial, residential, or seasonal recreational uses, subject to the stipulation that the valuation cannot exceed the value prescribed by the Commissioner of Revenue for class 2a (productive agricultural land).

**Effective date:** For assessment year year 2009 and thereafter.

#### Cross-Compliance With Applicable Laws (Green Acres)

##### Chapter 88, Article 2, Section 15

Adds 273.111, subdivision 9a

Provides a property tax penalty equal to the amount of deferred taxes for the current year and the two preceding years for property enrolled in Green Acres whose owner is subject to a second final enforcement action for violations of agricultural chemical or water protection laws within a three-year period. Provides that if a property enrolled in Green Acres is subject to a first final enforcement action, the owner must be notified of the potential property tax penalty in the event of a second offense within three years.

The law enforcement officer enforcing a second final enforcement must notify the county auditor, at which time the auditor will determine the property tax penalty. The penalty is not to exceed the current owner’s actual time of ownership and is extended against the property on the tax list for the current year.

Payment of the penalty does not affect the amount of additional taxes levied when a property is withdrawn from the program.

**Effective date:** For final enforcement actions issued after January 1, 2010, and before December 31, 2013.

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**Rural Preserves Requirements  
Chapter 88, Article 2, Section 43**

Amends Laws 2009, chapter 12, article 2, section 5, subdivision 2

Removes language from the legislation that was passed earlier in the 2009 legislative session that provided that not more than 50 percent of the acreage of an agricultural homestead can be class 2b property enrolled in rural preserves.

**Effective date:** July 1, 2009.

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**Aggregate Resource Preservation Act  
Chapter 88, Article 10, Section 1**

Amends 273.1115, subdivision 2

Clarifies that class 2e lands are eligible for enrollment in the Aggregate Resource Preservation Act, and the ensuing partial valuation deferral, if the 2e lands were class 1a or 1b immediately before becoming 2e. This effectively allows properties to qualify for both a partial value exclusion and a preferential class rate. Prior law did not acknowledge class 2e as being eligible for the deferral.

**Effective date:** For taxes payable in 2010 and thereafter.

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**Requirements; Green Acres  
Chapter 12, Article 2, Section 1**

Amends 273.111, subdivision 3

Allows land enrolled in state and federal sponsored conservation programs (103F.501 to 103F.535) such as CRP and RIM (but not RIM subject to a perpetual easement) to be enrolled in Green Acres. The land must have been in agricultural use before enrollment. Also extends the Green Acres eligibility to certain farm entities that are not regulated under section 500.24. This primarily includes, but is not limited to, poultry farming in

which the majority of the owners are related and at least one of the owners either resides on the land or actively operates the land.

**Effective date:** For assessment year 2009 and thereafter.

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**Property No Longer Eligible for Deferment  
Chapter 12, Article 2, Section 2**

Amends 273.111, subdivision 3a

Allows property owners to withdraw a portion of their rural vacant land from the program without withdrawing all of it. Allows property that no longer qualifies for Green Acres due to the 2008 changes (i.e. rural vacant land) to continue to qualify until the 2013 assessment, at which point there will be a payback of 3 years deferred taxes if the property is not enrolled in the newly enacted Rural Preserve Property Tax Program. If property is enrolled in the new Rural Preserve program before May 1, 2013, there is no payback of deferred taxes. Also allows 2b property to be sold or otherwise transferred to the owner's son or daughter as long as it continues to qualify under the pre-2008 law, but only until 2013, at which point the 2b property must have been enrolled in the Rural Preserve program or be subject to a payback of deferred taxes.

**Effective date:** The day following final enactment (April 4, 2009).

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**Additional Taxes  
Chapter 12, Article 2, Section 3**

Amends 273.111, subdivision 9

Provides that property that was in Green Acres prior to the 2008 law changes, but that no longer qualifies due to the 2008 changes, can be withdrawn from the program prior to May 1, 2010, with no payback of deferred taxes due.

If paybacks have been made prior to this enactment, the county must pay the owner in the manner prescribed by the Commissioner of Revenue.

**Effective date:** The day following final enactment (April 4, 2009).

### Continuation of Tax Treatment Upon Sale or Other Events

#### Chapter 12, Article 2, Section 4

Amends 273.111, subdivision 11a

Clarifies that the following types of property transactions are not to be considered changes of ownership for the purposes of the Green Acres program:

1. transfer to surviving spouse upon death of one owner;
2. divorce of a married couple when one spouse retains ownership;
3. marriage of a property owner when the owner retains full or partial ownership;
4. organization or reorganization of a farm entity under section 500.24 if all owners retain the same ownership interest; and
5. placement of the property into trust provided the owners are the grantors of the trust and they maintain the same beneficial interest.

**Effective date:** The day following final enactment (April 4, 2009).

### Rural Preserve Property Tax Program

#### Chapter 12, Article 2, Section 5

Adds 273.114

Establishes a new property tax program for class 2b rural vacant land that is part of an agricultural homestead and class 2b rural vacant land that was previously enrolled in Green Acres. The Rural Preserve Property Tax Program provides property tax relief to taxpayers who own agricultural homestead property and have committed to a conservation management plan approved by a county's soil and water conservation district for at least 10 years.

Property classified as class 2b rural vacant land that is part of an agricultural homestead can qualify for Rural Preserve starting in assessment year 2011.

Qualifying class 2b rural vacant land that was previously enrolled in Green Acres may be enrolled

in Rural Preserve by May 1, 2013, without being subject to the payback of Green Acres deferred taxes.

The enrolled acres must:

1. be part of an agricultural homestead or, prior to enrollment in the Rural Preserve program, have been enrolled in Green Acres;
2. be at least 10 acres in size;
3. be covered by a conservation management plan developed by an approved plan writer;
4. not be enrolled in Green Acres, Open Space, or SFIA;
5. have no delinquent property taxes owed on the land; and
6. be subject to a recorded covenant for a minimum of 10 years.

The 10 year covenant is recorded with the county recorder. The provisions of the covenant are as follows:

1. The covenant runs with the land, so it continues even if there is a change in ownership. Future owners must continue to comply with the terms of the covenant.
2. The covenant will remain on the property for a minimum of 10 years. After five years, the owner may request to cancel the covenant. It will take another five years for the covenant to terminate. The covenant does not automatically expire after 10 years. The owner must notify the assessor five years before they desire the covenant to be terminated.
3. After the covenant is terminated, the land will not be eligible for re-enrollment in Rural Preserve for a period of three years.
4. For the entire length of the covenant, the owner will abide by the terms set forth in the conservation management plan.

The assessor determines two values on land enrolled in Rural Preserve:

1. The “estimated market value” based on its highest and best use.
2. The “value without regard to outside influences” or “Rural Preserve Value” which must not exceed the class 2a tillable value for that county that is prescribed by the Department of Revenue.

Taxes are calculated on both values, but paid on the lower value each year. The difference between the tax calculated on the higher and lower values is deferred until the property is sold, transferred, or no longer qualifies for the Rural Preserve program. When the property is sold, transferred, or no longer qualifies for Rural Preserve, the deferred taxes for the current year and two prior years must be paid to the county.

When the covenant is terminated by the owner, or when the property no longer qualifies for Rural Preserve, the property owner will have to pay back deferred taxes for the year of termination plus the two prior years. The deferred taxes are a lien against the property.

Special local assessments are deferred while the property qualifies for Rural Preserve. When the property no longer qualifies for the program, all deferred special assessments plus interest are due. The total due will be payable in equal installments, spread over the time remaining until the last maturity date of the bonds issued to finance the improvement for which the special assessments were levied.

Rural Preserve applications will be filed with and approved by the county assessor. The assessor may require a copy of the conservation management plan, the recorded covenant, and that other supporting documents be submitted with the application to prove that the property meets all requirements for qualification. Application forms will be available at the county assessor’s office and must be filed by May 1 for the next taxes payable year. Applications will be available starting with the 2011 assessment year, for taxes payable in 2012. The application does not need to be re-filed annually after initial acceptance.

**Effective date:** For deferred taxes payable in 2012 and thereafter.



## Classification

### General Provisions

#### Classification of Vacant Land Chapter 88, Article 10, Section 8

Amends 273.13, subdivision 33

Clarifies that property classified as 2b rural vacant land or class 2c managed forest land is not to be classified according to its highest and best use permitted under local zoning ordinance.

**Effective date:** The day following final enactment (May 17, 2009).

### Homesteads

#### Cooperative Associations; Homesteads Chapter 88, Article 10, Section 3

Amends 273.124, subdivision 3

Adds a reference to chapter 308B to clarify that manufactured home park-cooperatives organized under 308B may obtain separate property tax statements for each unit used as a residential homestead, residential nonhomestead, or for each seasonal recreational unit not used for commercial purposes. Current law only references cooperatives organized under chapter 308A.

**Effective date:** July 1, 2009.

#### Cooperative Associations; Manufactured Homes Chapter 88, Article 10, Section 4

Amends 273.124, subdivision 3a

Adds a reference to chapter 308B in order to clarify that cooperatives organized under 308B may claim homestead status for each lot occupied by a shareholder. Current law only references manufacture home park-cooperatives organized under chapter 308A.

**Effective date:** July 1, 2009.

#### Trust-Held Homesteads Chapter 88, Article 10, Section 5

Amends 273.124, subdivision 21

Clarifies that the homestead classification for trust-held property applies to personal property as well as real property.

**Effective date:** The day following final enactment (May 17, 2009).

### Class 2

#### 1<sup>st</sup> Tier Agricultural Homestead Limit Chapter 88, Article 2, Section 13

Amends 273.11, subdivision 23

Changes the first tier limit for agricultural homesteads to set the AY 2010 limit at \$1,140,000. The provision also provides a new method for indexing the limit for following years (which is necessary due to the changes to class 2a and 2b in 2008). The new method: (1) compares the preceding year's average statewide taxable market value of agricultural property per deeded acre to the second preceding year instead of using a base year, and (2) defines "agricultural property" as class 2a property except the HGA.

**Effective date:** For taxes payable in 2011 and thereafter.

#### Class 2c and 2e Properties Chapter 88, Article 10, Section 6

Amends 273.13, subdivision 23

Clarifies that the presence of a minor, ancillary, nonresidential structure will not disqualify property from the managed forest land class and that the application deadline is May 1; any applications filed after May 1 will be for the next assessment year. Also provides that the commissioner's definition of "minor, ancillary structures" is exempt from the rulemaking process.

Clarifies that land with a commercial aggregate deposit only qualifies for class 2e if it is located in a county that is participating in the aggregate preservation program under 273.1115. If a county has opted out of participating in the aggregate preservation program, the county has also opted out of the 2e classification.

**Effective date:** The day following final enactment (May 17, 2009).

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**Class 2a****Chapter 12, Article 2, Section 6**

Amends 273.13, subdivision 23

Clarifies that class 2a property “must” include property that otherwise would be classified as class 2b but that is impractical for the assessor to value separately from the rest of the property or that is unlikely to be able to be sold separately. This includes items such as sloughs, wooded wind shelters, acreage abutting ditches, ravines, rock piles, and land subject to a setback requirement.

**Effective date:** For assessments in 2010 for taxes payable in 2011, and thereafter.

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**Class 4****Class 4 (Commercial-Seasonal Classification for Marinas)****Chapter 88, Article 2, Section 18**

Amends 273.13, subdivision 25

A new class 4c(11) is established for lakeshore and riparian property and adjacent land, not to exceed six acres, used as a marina and made accessible to the public.

No more than 800 feet of shoreline can be included in the classification. Commercial buildings on the premises, such as building used to provide food and beverages, fuel, boat repairs, or the sale of bait and tackle, continue to be classified as class 3a commercial.

Marinas classified as 4c(11) property are not subject to state general levy and have a class rate of 1 percent on the first \$500,000 of market value and 1.25 percent on the value in excess of \$500,000.

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

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**Class 4c****Chapter 88, Article 10, Section 7**

Amends 273.13, subdivision 25

Clarifies that 501(c)(8) organizations, in addition to 501(c)(3), (10), and (19) organizations (as described in the Internal Revenue Code), are eligible to receive the 4c(3)(ii) classification for nonprofit community service organizations.

Clarifies that the requirements for class 4c(1) property apply only to properties classified as 4c(1) property, instead of to all class 4c properties.

**Effective date:** The day following final enactment (May 17, 2009).

## Alternate Taxation/Payments in Lieu

### Wind Energy Production Tax

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#### Distribution of Revenues Chapter 88, Article 2, Section 12

Amends 272.029, subdivision 6

Beginning with distributions in 2010 and thereafter, changes the distribution of wind energy production tax (WEPT) from 80% counties, 14% cities/towns, 6% school districts, to 80% counties, 20% cities/town.

**Effective date:** The day following final enactment (May 17, 2009).

## Property Tax Levies and Levy Limitations

### Overall Levy Limitations

#### Special Levies

##### Chapter 88, Article 2, Section 20

Amends 275.70, subdivision 5

This statute, which defines special levies, was changed to amend two special levies. The limit (the greater of \$4,800 or \$1 per capita) on the special levy for animal shelters is codified here since it was deleted in the referenced statute. The existing special levy for aid and credit reductions due to unallotments to account for any recertification of the final levy due to unallotments was modified to account for any recertification under section 19.

The provision also adds three new special levies. (1) to pay for the state's share of costs of confining sex offenders undergoing a civil commitment process; (2) to pay the 1st year costs of maintaining and operating a new/expanded county facility started prior to levy limits returning (base is adjusted going forward); and (3) to pay estimated market value credit reductions.

**Effective date:** For levies certified in calendar year 2009 and thereafter, payable in 2010 and thereafter.

#### Repealer; Levy Limits

##### Chapter 88, Article 10, Section 20

Repeals Rules chapter 8115

Repeals Minnesota Rules chapter 8115 because those rules applied to different levy limits that were repealed in 1997.

**Effective date:** The day following final enactment (May 17, 2009).

### General Provisions

#### Recertification Due to Unallotment

##### Chapter 88, Article 2, Section 19

Adds 275.07, subdivision 6

Allows local governments to recertify their final local levies by January 15 of the payable year if their December property tax aid or homestead

market value credit payments are reduced due to unallotment. If the recertification is not reported to the county auditor within two business days of January 15, the original levy certification stands.

The county auditor must report any recertified levies to the Commissioner of Revenue by January 30.

**Effective date:** The day following final enactment (May 17, 2009).

### School District Levies

#### Interdistrict Cooperation

##### Chapter 88, Article 2, Section 1

Adds 124D.4531, subdivision 5

Provides that a district with a career and technical program that are part of an interdistrict cooperation agreement must allocate its levy authority among participating districts.

**Effective date:** Retroactively for taxes payable in 2008.

#### Retired Employee Health Benefits

##### Chapter 88, Article 2, Section 2

Amends 126C.41, subdivision 2

Clarifies the applicable dates for school district levies for retired employee health benefits.

**Effective date:** For taxes payable in 2010 and thereafter.

### Special Taxing District Levies

#### Emergency Medical Service Taxing District Board

##### Chapter 88, Article 2, Section 3

Amends 144F.01, subdivision 3

Changes the makeup of the board for the special taxing district so that all partially participating townships are represented by only one member.

**Effective date:** The day following final enactment (May 17, 2009).

### **Emergency Medical Service Districts Sunsets Removed**

#### **Chapter 88, Article 2, Section 40**

Amends Laws 2001, First Special Session chapter 5, article 3, section 8, the effective date, as amended by Laws 2005, chapter 151, article 3, section 19, and Laws 2006, chapter 259, article 4, section 20

Removes the sunset on these special districts (scheduled for 2011 levies for taxes payable in 2010) by changing the effective date of the original law.

**Effective date:** July 1, 2009.

### **Cloquet Area Fire and Ambulance Special Taxing District**

#### **Chapter 88, Article 2, Section 46**

Adds Uncodified Provision

An uncodified provision authorizes the city of Cloquet and the town of Perch Lake to establish a fire and ambulance special taxing district covering the land within their boundaries, and the land within any contiguous city, town, or Indian tribe that requests to be admitted to the district and is admitted. Other adjoining municipalities are allowed to join the district with the approval of the member municipalities. The district will have the power to levy a tax against taxable property for its purposes, subject to the rate limitation contained in law. For taxes payable in 2010, the district is authorized to levy 0.2835 percent of TMV.

**Effective date:** In Cloquet and Perch Lake Township the day after compliance with M.S. 645.021, subd. 3.

### **Central Lakes Sanitary District Dissolution; Chapter 44, Section 1**

Amends Laws 2003, chapter 127, article 9, section 9

Amends the original 2003 law establishing the Central Lakes Sanitary District (Douglas County) by adding the following provisions: (1) clarifies that that bonds issued for the district disposal system are not subject to election, whether issued by the district or a member unit of government; (2) authorizes the District to certify unpaid charges to the county auditor for collection as taxes or special assessments; (3) explains that for a town,

"governing body" means the town board of supervisors, and; (4) provides procedures for the dissolution of the district.

**Effective date:** August 1, 2009.

### **Duluth Seaway Authority Levy Chapter 88, Article 2, Section 34**

Amends 469.053, by adding subdivision 4a

Provides levy authority as a special taxing district as a replacement for the mandatory city levy by the City of Duluth. The tax must not exceed 0.01813 percent of taxable market value and the proceeds of the levy shall be distributed to the Seaway Port Authority by the county auditor.

**Effective date:** For property taxes levied in 2009 and thereafter, payable in 2010 and thereafter.

### **Red River Watershed Management Board Chapter 88, Article 2, Section 39**

Amends Laws 1976, chapter 162, section 3 as amended by Laws 1991, chapter 167, section 3

Allows the Red River Watershed Management Board (in its uncodified law) to conduct meetings at a public facility within the Red River basin or within a jurisdiction with which the board cooperates.

**Effective date:** July 1, 2009.

### **Central Iron Range Sanitary Sewer District Chapter 122**

Amends Laws 2006, chapter 258, section 21, subdivision 4 and adds uncodified provisions

Uncodified provisions provide enabling legislation for the Central Iron Range Sanitary Sewer District (in St. Louis County by the cities of Buhl, Chisolm, and Kinney, and the towns of Balkan, and Great Scott) with a retroactive effective date (December 27, 2003) without the need for local approval. This establishes legal effect for this district which was originally enacted in the 2002 legislative session, but failed to properly take effect due to failed compliance with the local approval provisions. The district has the power to levy a tax on property for the payment of its costs.

**Effective date:** August 1, 2009.

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**Service Districts**


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**Deadline for Special Service District Under General Law**
**Chapter 88, Article 2, Section 27**

Amends 428A.101

Extends the sunset date for establishing special service districts without special legislation from June 30, 2009 to June 30, 2013. (The sunset of the general law does not affect districts established prior to the sunset date.)

**Effective date:** The day following final enactment (May 17, 2009).

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**Prerequisites for Establishing Housing Improvement Areas**
**Chapter 88, Article 2, Section 28**

Adds 428A.13, subdivision 1a

New prerequisites for establishing housing improvement areas are imposed, including disclosure of expenditures and financing and compliance with uniform municipal contracting laws.

**Effective date:** July 1, 2009.

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**Authority Relating to Housing Improvement Areas**
**Chapter 88, Article 2, Section 29**

Amends 428A.14, subdivision 1

New language requires the council, when a fee is imposed on a basis other than net tax capacity or square footage, to find that the alternate basis is more fair and reasonable.

**Effective date:** July 1, 2009.

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**Deadline for Housing Improvement Districts Under General Law**
**Chapter 88, Article 2, Section 30**

Amends 428A.21

Extends the sunset date for establishing housing improvement districts without special legislation from June 30, 2009, to June 30, 2013. (The sunset of the general law does not affect districts established prior to the sunset date.)

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**Effective date:** The day following final enactment (May 17, 2009).

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**Special Service District Notices**
**Chapter 88, Article 6, Section 8**

Amends 428A.03, subdivision 1

Adds "owner" to the list of persons required to receive a notice of charges by a special service district.

**Effective date:** July 1, 2009.

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**Special Service District Petition Requirements**
**Chapter 88, Article 6, Section 9**

Amends 428A.08

Provides that at least 25 percent of those subject to the proposed special service district charge must petition to have the charge established. Under previous law this was a requirement for net tax capacity based charges, the requirement has now been expanded to included charges based on other factors as well.

**Effective date:** July 1, 2009.

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**Special Service Districts, Veto Power**
**Chapter 88, Article 6, Section 10**

Amends 428A.09

Adds "owners" to the list of those required to receive notice of special service district ordinances, which gives them the opportunity to veto a special service district charge if the 35 percent threshold is reached.

**Effective date:** July 1, 2009.

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**Special Service Districts, Petition and Veto Power**
**Chapter 88, Article 6, Section 11**

Amends 428A.10

Clarifies that the petition requirements under 428A.08 do not apply to any subsequent year after the first year.

**Effective date:** July 1, 2009

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## Truth in Taxation

### Published Notices

#### Notice of Proposed Property Taxes Chapter 88, Article 3, Section 3

Amends 275.065

Amends the requirements for the parcel specific proposed tax notice to reflect the elimination of the formal TNT hearing. The notice must state for each city, county, school district, regional library authority, and metropolitan taxing district, the time and place of regularly scheduled meetings at which the budget and levy will be discussed and the final budget and levy determined. The hearings must be after Nov. 24 and be held after 6:00 PM, and the public must be allowed to speak

**Effective date:** For taxes payable in 2010 and thereafter.

### Public Hearings

#### TNT Hearing Requirement Chapter 88, Article 3, Section 1 and 5-9

Amends 123B.10, subdivision 1

Removes references to budget and levy information that was required to be disclosed at truth in taxation hearings and other cross references to the formal TNT hearings.

**Effective date:** For taxes payable in 2010 and thereafter.

#### Proposed Levy Meetings Chapter 88, Article 3, Section 2

Amends 275.065, subdivision 1

Requires all taxing authorities other than towns to announce at the meeting in which they adopt the proposed levy the time and location of any regularly scheduled subsequent meeting(s) in which the budget and levy will be discussed and public input will be allowed. These time(s) and location(s) are also required to be included with the summary of the proceedings published in the taxing authority's official newspaper.

**Effective date:** July 1, 2009.

#### TNT Adoption of Budget and Levy Chapter 88, Article 3, Section 4

Amends 275.065, subdivision 6

Eliminates the requirement for a county, city, school district or metropolitan special taxing district to hold a TNT initial, continuation, or levy adoption hearing. The formal TNT hearing requirements have been replaced with the requirements established in section 3 of this article.

The remaining language identifies exceptions when the final levy can exceed the proposal. The final certified levy to exceed the proposed levy in order to pay emergency debt certifications that are authorized and issued after the proposed levy was certified, and for the amount of unallotments that are recertified under the new authority to recertify levies for unallotments.

**Effective date:** For taxes payable in 2010 and thereafter.

#### Public Advertisement Chapter 88, Article 3, Section 10

Repeals 275.065, subdivision 5a

Eliminates the requirement for a county, city, school district or metropolitan special taxing district to publish a notice of proposed property taxes and notice of public hearing.

**Effective date:** For taxes payable in 2010 and thereafter.

#### Joint Public Hearing Chapter 88, Article 3, Section 10

Repeals 275.065, subdivisions 6b, 6c, 8, 9, and 10

Eliminates the joint public hearing exceptions to the now repealed TNT hearing requirements.

**Effective date:** For taxes payable in 2010 and thereafter.

## Property Tax Aids and Credits

### Local Government Aid

#### City Aid Base

##### Chapter 88, Article 2, Section 38

Amends 477A.011, subdivision 36

This provision was amended by adding new clauses, (y) and (z). Clause (y) provides an increase in the city aid base of \$225,000 for the city of Coon Rapids. Coon Rapids was specifically designated for a \$450,000 payment in CY 2008, half of which was lost through unallotment. Clause (z) provides a \$25,000 increase in city aid for the city of St. Paul to allow grants to local growers that had crops damaged by a hail storm in 2008. This provision is applicable for aids payable in 2010 only and also states that the payments under these paragraphs cannot be reduced through aid reduction or any future unallotment.

**Effective date:** For aids payable in calendar year 2010 and thereafter.

#### Local Government Aid

##### Chapter 88, Article 10, Section 17

Amends 477A.011, subdivision 34

Places the \$285 minimum amount for city revenue need in a more appropriate part of the statute. This provision was included in paragraph (c) but should have been placed in paragraph (a).

**Effective date:** For aids payable in 2009 and thereafter.

#### City Job Base

##### Chapter 88, Article 10, Section 18

Amends 477A.011, subdivision 42

Updates a cross-reference to the minimum aid amounts for non-metro cities of 10,000 population or more that is no longer contained in paragraph (1) M.S. 477A.011, subdivision 36, but is now found in paragraph (k) of that subdivision.

**Effective date:** For aids payable in 2009 and thereafter.

#### City Formula Aid

##### Chapter 88, Article 10, Section 19

Amends 477A.013, subdivision 8

Addresses competing provisions about the data to use for calculating city formula aid by clarifying the levies used to determine the min/max aid-change caps are the levies for taxes payable in the year the aid is calculated (i.e., the year prior to the year the aid is distributed). Also clarifies the population data to be used in the aid calculations is the data available as of July 15 of the year the aid is calculated. These provisions are exceptions to the general requirement of this subdivision that the data used to compute local government aids will be the data available on Jan. 1 of the aid-calculation year.

After passage of this provision some drafting issues were raised that may need to be revisited.

**Effective date:** For assessment year 2009 and thereafter.

### County Program Aid

#### County Program Aid

##### Chapter 88, Article 2, Section 44

Adds Uncodified Provision

Requires county program aid paid to Beltrami County in 2009 to be increased by \$500,000. The County will distribute this additional payment to the Red Lake Band of Chippewa to cover costs associated with implementing the Fostering Connections to Success Act of 2008.

**Effective date:** For aids payable in 2009.

### Other Property Tax Aids

#### School Districts (Taconite Aid)

##### Chapter 88, Article 12, Section 8 and 9 and 23

Amends 298.28, subdivisions 2 and 4 and repeals 126C.21, subdivision 4

Repeals the provision that required state aid to school districts to be reduced by a portion of taconite aid received.



Provides that the amount of taconite aid which had previously been used to offset school state aid will instead be distributed to the city or town in which the mining occurred (50% of the distribution) and the city or town in which it was processed (50% of the distribution). The 50/50 distribution is also a change from what was a 40/60 distribution.

**Effective date:** For distributions in 2010 and thereafter.

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**Local Police and Firefighters Relief  
Amortization State Aid  
Chapter 88, Article 12, Section 14**

Amends 423A.02, subdivision 1

Provides corrective language clarifying that the distribution of amortization state aid is an open and standing appropriation, along with sections 15, 16, and 17. This section provides that the amounts of amortization state aid to be paid are the amounts appropriated under the new subdivision 3a.

**Effective date:** Retroactively for fiscal year 2004, for aid payable in 2003 and thereafter.

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**Local Police and Firefighters Relief Additional  
Amortization State Aid  
Chapter 88, Article 12, Section 15**

Amends 423A.02, subdivision 1b

Provides corrective language clarifying that the distribution of supplementary amortization state aid is an open and standing appropriation, along with sections 14, 16, and 17. This section provides that the amounts to be paid are the amounts appropriated under M.S. 69.021, subdivision 11, paragraph (e).

**Effective date:** Retroactively for fiscal year 2004, for aid payable in 2003 and thereafter.

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**Local Police and Firefighters Relief Reallocation  
of Amortization State Aid and Supplemental  
Amortization Aid  
Chapter 88, Article 12, Section 16**

Amends 423A.02, subdivision 3

Strikes existing appropriation language for amortization aid and supplementary amortization aid, which is replaced with a more conventional appropriation in sections 14 and 17.

**Effective date:** retroactively For fiscal year 2004, For aid payable in 2003 and thereafter.

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**Local Police and Firefighters Relief  
Amortization State Aid and Supplemental  
Amortization Aid Appropriations  
Chapter 88, Article 12, Section 17**

Adds 423A.02, subdivision 3a

Provides corrective language clarifying that the distribution of amortization state aid and supplementary amortization state aid is an open and standing appropriation. This section provides new open and standing appropriation language, providing for \$4.72 million annually for amortization state aid and \$1 million annually for supplementary amortization state aid. (Note: the reduction of amortization state aid from \$4, 925,000 to \$4,700,000 eliminates an excess amount that would revert to the general fund and does not lower the amount of aid distributed.)

**Effective date:** Retroactively for fiscal year 2004, for aid payable in 2003 and thereafter.

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**Local Relief Association; Modification of  
Retirement  
Chapter 86, Article 1, Section 70**

Amends 423A.01, subdivision 2

A revisor correction to a cross-referenced clause which no longer exists.

**Effective date:** August 1, 2009.

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**Local Relief Association; Collection of Late  
Contributions  
Chapter 169, Article 1, Section 53 and 54**

Amends 353A.10, subdivisions 2 and 3

Updates references to the M.S. 353A.09 to only include subdivisions 4-6 rather than 2-6.

**Effective date:** July 1, 2009.

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**Relief Association Financial Requirements;  
Minimal Municipal Obligation  
Chapter 169, Article 8, Section 1**

Amends 69.77, subdivision 4

Changes the amortization dates for Minneapolis, Virginia, Fairmont, and Bloomington.

**Effective date:** The day after the Fairmont City Council and the chief clerical officer of the city of Fairmont timely complete their compliance with M.S. 645.021, subd. 2 and 3.

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**Amortization State Aid  
Chapter 169, Article 8, Section 2**

Amends 423A.02, subdivision 1

Removes language regarding loss of aid if there is no unfunded liability.

**Effective date:** July 1, 2009.

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**Reallocation of Amortization or Supplementary  
Amortization State Aid  
Chapter 169, Article 8, Section 3**

Amends 423A.02, subdivision 3

Changes the reallocation of unused aid as follows: 50% to the Teacher's Retirement Association, 40% to the Saint Paul Teachers Retirement Fund Association, and 10% to the Duluth Teachers Retirement Association. In the past, 70% of the unused aid went to the Teacher's Retirement Association, while 30% went to the Saint Paul Teacher's Retirement Fund Association.

**Effective date:** The day following final enactment.

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**Property Tax Credits**

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**Bovine Tuberculosis Credit Definitions  
Chapter 88, Article 2, Section 16**

Amends 273.113, subdivision 1

Modifies the definitions that apply to the bovine tuberculosis (TB) credit. The definition of the zone is no longer referred to as a "proposed" zone, but rather means the modified accredited zone that has been designated by the Board of Animal Health.

Also, the provision changes the definition of "located within" to include herd kept in the area in 2006 and 2008 (instead of just 2007). Finally, a new definition of "animal" is added to mean cattle, bison, goats, and farmed cervidae.

**Effective date:** For property taxes payable in 2010 and thereafter.

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**Bovine Tuberculosis Credit Calculation  
Chapter 88, Article 2, Section 17**

Amends 273.113, subdivision 2

Clarifies that the credit applies to rural vacant land as well as agricultural land (acknowledging the class 2a and 2b changes). The amount of the credit will be determined as the greater of: (1) \$5.00 per acre times 160 acres, or: (2) \$5.00 per acre times 5 acres times the highest number of animals tested in a whole-herd test as reported by the Board of Animal Health in 2006, 2007, or 2008 (not to exceed the tax payable on the property, excluding the tax attributable to residential structures). The provision also now refers to "property" rather than "parcels."

**Effective date:** For property taxes payable in 2010 and thereafter.

## Property Tax Collection and Distribution

### Property Tax Statements

#### Contents of Tax Statements

##### Chapter 88, Article 2, Section 22

Amends 276.04, subdivision 2

Requires that the property tax statement must not state or imply that property tax credits are paid by the state of Minnesota.

**Effective date:** For taxes payable in 2010 and thereafter.

### Property Tax Collection

#### Property Tax Installments; Due Dates and Penalties

##### Chapter 88, Article 2, Section 23

Amends 279.01, subdivision 1

Raises the tax amount on a parcel that provides for a second-half installment of real property taxes from \$50 to \$250. This includes the provision allowing counties, by resolution, to permit owners with total taxes from multiple parcels exceeding this threshold to make the two installment payments. (Except this change was missed in M.S. 277.01 for personal property on leased land.)

**Effective date:** For taxes payable in 2010 and thereafter.

### Special Assessments and Charges

#### Abatement Authorization for Certain Counties

##### Chapter 88, Article 2, Section 31

Amends 429.011, subdivision 2a

Allows counties to use special assessments to abate nuisances. Including counties in the definition of "municipality" grants them the authority provided in chapter 429 to improve nuisances and charge the owner for those costs.

**Effective date:** The day following final enactment (May 17, 2009).

## Delinquency and Forfeiture

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**Publication Corrected****Chapter 88, Article 2, Section 24**

Amends 279.10

Provides that if the auditor discovers that the publication of the delinquent tax list contains an error within ten days of the last publication, the auditor shall direct the publishing of the correct information and need not republish the entire list.

**Effective date:** The day following final enactment (May 17, 2009).

## Tax-Forfeited Lands

### General Provisions

#### Apportionment of Proceeds to Taxing Districts Chapter 88, Article 2, Section 25

Amends 282.08

Authorizes counties to use a portion of the proceeds that are set aside for forest development on tax-forfeited land to replace all or a portion of the amount of aid or credit cuts or unallotments. The provision is limited to a county that received a supplemental transition aid payment in 2009 (Pine County). The amount of transfer cannot exceed the aid or credit reimbursement loss and must be made within six months of when the aid or reimbursement reduction is experienced. Authority expires December 31, 2010.

**Effective date:** The day following final enactment (May 17, 2009).

#### Iron Bearing Oxide Authority Chapter 176, Article 3, Section 6

Amends 282.04, subdivision 1

Creates new authorization for a county board to grant permits, licenses, and leases to tax-forfeited lands to use for facilities needed to recover iron-bearing oxides or for a buffer area needed for a mining operation.

The provision also changes the limit for all permits, licenses, and leases granted under this section to not exceed 25 years, (previously the limit was 15 years).

**Effective date:** July 1, 2009.

### New Special Laws

#### Chapter 176, Article 4, Section 3-31

Uncodified Provisions

New uncodified special laws are enacted for tax forfeited land sales for the following counties:

Aitkin, Anoka, Beltrami, Cass, Clearwater, Crow Wing, Dakota, Fillmore, Hennepin, Hubbard, Itasca, Kittson, Murray, Red Lake, St. Louis, Sherburne, Todd, and Washington.

**Effective date:** Day following final enactment (May 23, 2009).

### Amended Special Laws

#### Chapter 176, Article 4, Section 1 and 2

Amends Various

Amends previously enacted uncodified special laws for tax forfeited land sales affecting Hennepin and Washington counties.

**Effective date:** Day following final enactment (May 23, 2009).

### Specific Lands

## Adjustment and Correction

### Abatements

#### Abatements for Businesses with Disrupted Access

##### Chapter 88, Article 2, Section 35

Adds 469.1816

Allows the governing body of a home rule charter or statutory city to abate the municipal share of the property tax on business property with a market value of \$250,000 or less if a public transportation project has impeded access to the business for more than three months resulting in a loss of revenue to the business. If the abatement is granted, the property taxes are still levied and are to be paid to the county at the time provided under section 279.01, and any abatement granted by the city will be made to the owner or the lessee of the property.

**Effective date:** For taxes payable in 2010 through 2014.

#### Abatements and Credits for Damaged Properties

##### Chapter 88, Article 10, Section 2

Amends 273.1231, subdivision 8

Clarifies that the definition of utility property means property appraised and classified by order of the Commissioner of Revenue.

**Effective date:** The day following final enactment (May 17, 2009).

## Property Tax Programs and Incentives

### Fiscal Disparities

#### Report by Administrative Auditor Chapter 88, Article 2, Section 50

Adds Uncodified Provision

Requires Anoka County as the administrative auditor, in cooperation with the metro county auditors, to look at the issue of basing fiscal disparities calculations on current year tax rates rather than previous year tax rates, and also examine the inclusion of the referendum market value levy in the fiscal disparities calculations. The results of the study and any recommendations by the group to implement the proposed changes must be presented to the legislature by February 1, 2011.

**Effective date:** The day following final enactment (May 17, 2009).

### Senior Deferral

#### Senior Citizen Property Tax Deferral Program; Qualifications Chapter 88, Article 2, Section 26

Amends 290B.03, subdivision 1

Changes the age requirement for the senior deferral program so that at the time deferral is initially granted only one spouse must be at least 65 years old, and the other spouse must be at least 62 years old. Under prior law both spouses must have been at least 65 years old for a married couple to qualify for the deferral.

**Effective date:** July 1, 2009, and thereafter.

#### Classified Data Chapter 86, Article 2, Section 2

Adds 13.4967, subdivision 2c

Adds information collected by the Department of Revenue on a senior citizen deferral application to the list of classified data not addressed in chapter 13.

**Effective date:** August 1, 2009.

### Sustainable Forest Incentive Act

#### Calculation of Annual Average Market Value Chapter 88, Article 10, Section 15

Amends 290C.06

This change is necessary due to the changes in the 2b classification. The 2b classification formerly included a separate identification of "timberlands" that was used in the Department of Revenue's calculation of the annual average market value of forest land for SFIA purposes. As 2b property is now rural vacant land, this provision changes the classification which is used in the calculation to class 2c managed forest land. These changes make the calculation consistent with prior years' calculations. The new 2c classification contains roughly the same type of land that was formerly included in 2b property (timberlands) which is referred to in the original calculation.

**Effective date:** For calculations made in 2010 and thereafter.

#### Calculation of Incentive Payment Chapter 88, Article 10, Section 16

Amends 290C.07

This change is necessary due to the 2008 changes to the 2b classification. The changes are necessary so that the statutory calculation for SFIA will remain the same under current law. The former reference to the class 2b timberland value is replaced with the value of class 2c managed forest land. The class rate for the purposes of the calculation remains at 1%, rather than the actual 0.65% class rate of class 2c property.

**Effective date:** For calculations made in 2010 and thereafter.

## Job Opportunity Building Zones

### JOBZ Extension Authority Chapter 88, Article 5, Section 10

Amends 469.312, subdivision 5

Allows the duration of JOBZ tax benefits to be extended by five years for each parcel that meets the following conditions:

1. The parcel is located in a county with an unemployment rate at least 10 percent higher than the statewide average.
2. The business is headquartered on the site, has research and development facilities on the site, and manufactures products used to increase energy efficiency.
3. The business subsidy agreement is executed after July 1, 2009, and before July 1, 2011.

This provision targets a manufacturer in the city of Faribault.

**Effective date:** The day following final enactment (May 17, 2009).

## Flood Abatement

### Tax Abatement for Newly Constructed Residential Structures in Flood-Damaged Cities Chapter 88, Article 2, Section 49

Adds Uncodified Provision

Provides that a newly constructed residential structure is eligible for a tax abatement if:

1. it is in a city eligible to create a border city enterprise zone;
2. it is located in a county designated as an emergency area under presidential declaration FEMA-3304-EM;
3. the property is classified as 1a, 1b, 2a, 4a, 4b, 4bb, or 4d;
4. no part of the structure was in existence prior to January 1, 2009, except for spec homes built in 2008 but not yet purchased or occupied as of the date of the flood; and

5. construction is commenced (building permit has been issued and the footing or foundation inspection is completed) prior to December 31, 2010.

Anyone eligible for an abatement under this section must file an application with the county assessor prior to January 2 of the year following the year in which construction was commenced.

Provides that for a property classified as 1a, 1b, 2a, 4b, or 4bb, the abatement is the tax attributable to \$200,000 of market value or the full value of the structure, whichever is less. For a property classified 4a or 4d, the abatement is the tax attributable to \$20,000 of market value per residential unit or the full value of the structure, whichever is less.

The abatement will be in effect for two taxes payable years, beginning with the taxes the assessment year following the year in which construction began. The abatement does not apply to any special assessments levied against the property.

The county auditor must report the total abatement for each jurisdiction within the county to the Commissioner of Revenue by May 1 of each taxes payable year. The Commissioner of Revenue will reimburse the amount of taxes abated to each taxing jurisdiction on or before September 1 of each taxes payable year.

Appropriates, from the state general fund, the amount necessary to make the reimbursement payments to the Commissioner of Revenue.

This provision was targeted to the city of Moorhead but may also apply in Dilworth, Breckenridge, and East Grand Forks.

**Effective date:** For assessment years 2010 to 2012, for taxes payable in 2011 to 2013.



## Tax Increment Financing

### General Provisions

#### TIF for Tourism Projects Chapter 88, Article 5, Section 3

Amends 469.174, subdivision 22

Allows economic development TIF districts for tourism projects to be established in counties in development region 7E (Chisago, Isanti, Mille Lacs, Kanabec, and Pine).

**Effective date:** For requests for certification made after June 30, 2009.

#### TIF Plan Requirement Chapter 88, Article 5, Section 4

Amends 469.175, subdivision 1

Amends the required contents of a TIF plan to exclude the reporting of sources and expenditures of public funds (special assessments, grants, loans, etc.) other than tax increment.

Creates a limit on the total cost of the TIF project equal to the estimate of increments that will be generated by the district.

**Effective date:** For tax increment financing plans approved after June 30, 2009.

#### Annual Financial Reporting Chapter 88, Article 5, Section 5

Amends 469.175, subdivision 6

Amends the reporting requirements of the annual TIF financial report to exclude the reporting of sources and expenditures of public funds (special assessments, grants, loans, etc.) other than tax increment.

Replaces the requirement to report TIF related expenditures on public park/recreational facilities with a new requirement to report TIF related expenditures for housing districts.

**Effective date:** For tax increment financing reports due after December 31, 2009.

#### TIF Administrative Costs Chapter 88, Article 5, Section 6

Amends 469.176, subdivision 3

Clarifies that county TIF administrative costs are not counted towards the 10 percent limit on administrative expenses.

**Effective date:** For all districts, regardless of when the request for certification was made.

#### Action Required - Four Year Knock-Down Rule Chapter 88, Article 5, Section 7

Amends 469.176, subdivision 6

The four year knock-down rule is extended to six years for districts which were certified on or after January 1, 2005, and before April 20, 2009.

**Effective date:** For districts certified on or after January 1, 2005.

#### Five-Year Rule Chapter 88, Article 5, Section 8

Amends 469.1763, subdivision 3

The five-year rule for redevelopment and renewal and renovation districts certified after June 30, 2003, and before April 20, 2009, is extended to ten years after certification of the district. The extension is allowed to accommodate delays in development due to unanticipated economic circumstances.

**Effective date:** The day following final enactment (May 17, 2009).

#### Interfund Loans Chapter 88, Article 5, Section 9

Amends 469.178, subdivision 7

The maximum rate of interest permitted to be charged on an interfund loan is determined as of the date the loan is authorized rather than when the loan is made.

**Effective date:** The day following final enactment (May 17, 2009).

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**Specific Districts**

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**City of Oakdale; Original Tax Capacity  
Chapter 88, Article 5, Section 11**

Amends Laws 2008, chapter 366, article 5, section 34

Amends a previously enacted uncodified special laws for a TIF district in the city of Oakdale.

**Effective date:** Upon approval by the governing body of the city of Oakdale and compliance with M.S. 645.021, subdivision 3.

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**New Special Laws  
Chapter 88, Article 5, Section 12-19**

Adds Uncodified Provision

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

Chisago City and Lindstrom, Sauk Rapids, South St Paul, Minnetonka, Arden Hills, Duluth (Seaway Port Authority), Mankato, and St. Louis Park.

**Effective date:** Various

## Property Tax Refund

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### Proof of Taxes Paid; Property Tax Refund Chapter 88, Article 7, Section 9 and 10

Amends 290A.10 and 290A.14

Provides that manufactured home property taxes are not considered delinquent for property tax refund purposes if a taxpayer has entered into a confession of judgement as long as the taxpayer is current with the required payments under the confession.

This provision is consistent with the treatment of real property homeowners.

**Effective date:** The day following final enactment (May 17, 2009).

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### House Income; Property Tax Refund Chapter 12, Article 1, Section 9

Amends 290A.03, subdivision 3

Adds the disallowed deductions for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code to the definition of income for purposes of calculating a property tax refund.

**Effective date:** For property tax refunds based on property taxes payable after December 31, 2008, and rent paid after December 31, 2007, and thereafter.

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### Household Income; Property Tax Refund Chapter 88, Article 1, Section 11

Amends 290A.03, subdivision 3, as amended by Laws 2009, chapter 12, article 1, section 9

Adds the disallowed deduction for unemployment compensation to the definition of household income used in calculating a property tax refund.

**Effective date:** For property tax refunds based on property taxes payable after December 31, 2009, and rent paid after December 31, 2008, and thereafter.

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### Internal Revenue Code - Update of References to IRC in the Property Tax Refund Chapter Chapter 12, Article 1, Section 10

Amends 290A.03, subdivision 15

Adopts the federal changes (as amended through December 31, 2008) that affect household income, which uses the definition of federal adjusted gross income as a starting point.

**Effective date:** For property tax refunds based on property taxes payable after December 31, 2008, and rent paid after December 31, 2007, and thereafter.

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### Update of References to Internal Revenue Code in the Property Tax Refund Chapter Chapter 88, Article 1, Section 12

Amends 290A.03, subdivision 15, as amended by Laws 2009, chapter 12, article 1, section 10

Adopts the federal changes (as amended through March 31, 2009) that affect household income, which uses the definition of federal adjusted gross income as a starting point.

**Effective date:** For property tax refunds based on property taxes payable after December 31, 2009, and rent paid after December 31, 2008, and thereafter.

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## Miscellaneous

### Maintenance of Effort

#### Temporary Suspension of New or Increased MOE and Matching Fund Requirements Chapter 88, Article 2, Section 21

Adds 275.77

Imposes an 18-month moratorium (January 1, 2009 to July 1, 2011) on new or increased MOE or matching fund requirements. In order to avoid causing a problem with the new federal stimulus bill that may require some increased spending, the counties and cities will remain responsible if the county or city is currently providing the federal MOE or match and the federal government increases those requirements.

**Effective date:** The day following final enactment (May 17, 2009).

#### Proposal for Reform of Local Government Funding of Human Services Chapter 88, Article 2, Section 48

Adds Uncodified Provision

Requires a group led by the Commissioner of Human Services in consultation with county and stakeholder groups along with the Commissioner of Revenue to examine transitioning from the current maintenance of effort and matching funds system used by Human Services to a more equitable consolidated local county property tax contribution process. The results of the study must be presented to the legislature by February 1, 2010.

**Effective date:** The day following final enactment (May 17, 2009).

#### Repealer Chapter 3, Section 2

Repeals 275.76

Repeals a 2008 law that suspended all maintenance of effort and matching requirements for counties in the years in which levy limits are in effect.

**Effective date:** Retroactively from July 1, 2008.

#### Library; MOE Chapter 96, Article 5, Section 10

Amends 134.34, subdivision 4

Amends the library maintenance of effort limit to allow for a reduction in local support in the case where county or city aids or market value credits are cut after a proposed levy has been certified in calendar year 2009 or thereafter.

Also allows for a reduction in local support in cases where county program aids or local government aids are reduced from the previous year.

The local support reduction authorized in both scenarios is the lesser of 10 percent or the percentage of the reduction to the local government's levy plus aid base caused by the reduction in aids and/or credits.

**Effective date:** For support in calendar year 2009 and thereafter and for library grants paid in fiscal year 2010 and thereafter.

### Mortgage Registry and Deed Tax

#### Mortgage Registry Tax; Agricultural Loan Exemption Chapter 88, Article 9, Section 1

Amends 287.04

Amends a cross reference to class 2 agricultural land in M.S. 273.13 subdivision 23, to accommodate the revisions made to the language in the 2008 legislative session.

**Effective date:** The day following final enactment (May 17, 2009).

#### Deed Tax; Transfer on Death Deeds Chapter 88, Article 9, Section 3

Amends 287.22

Includes any document referencing a transfer of death deeds to the exemption from deed tax.

**Effective date:** The day following final enactment (May 17, 2009).

**Deed Tax Stamps****Chapter 88, Article 9, Section 4**

Amends 287.25

Eliminates the stamp procedure for satisfying deed tax. This procedure is no longer being used.

**Effective date:** The day following final enactment (May 17, 2009).

**Mortgage Registry Tax; Property Located in Multiple Counties****Chapter 88, Article 12, Section 3**

Amends 287.08

Changes the distribution of mortgage registry tax in cases of properties with boundaries in multiple counties. If the principal debt securing the mortgage exceeds \$10 million (previous law set a limit of \$1 million) the tax must be divided between the counties based on the ratio of market value of the portion of the property located in each county.

**Effective date:** The day following final enactment (May 17, 2009).

**Emergency Debt Certificates****Approval by Electors; Exceptions****Chapter 88, Article 2, Section 36**

Amends 475.58, subdivision 1

Narrows the exemption from referendum requirements for OPEB bonds so that OPEB bonds may only be applied to fund OPEB liabilities that

are mandated by state law (i.e. the requirement to allow retirees to purchase insurance from the employer's pool at the same price as the cost for active employees) or are no longer offered to new employees. This section also provides a referendum exemption for emergency debt certificates authorized under section 37.

**Effective date:** The day following final enactment (May 17, 2009), except that the changes made to clause (7) are effective for obligations sold after August 1, 2009.

**Emergency Debt Certificates****Chapter 88, Article 2, Section 37**

Adds 475.755

Authorizes a county, city, or town to issue emergency, short-term debt certificates, the payment of which requires property tax levies. This provision provides that both of the following must occur in a fiscal year: (1) the governmental unit's current year revenues are expected to be reduced below their budgeted amounts, and; (2) The reduction is so large that current year expenses will exceed current year receipts. Additionally, the certificate amount is limited to the expected reduction in receipts (plus the costs of issuance), and must be paid off within two years of the end of the fiscal year in which they were issued.

**Effective date:** The day following final enactment (May 17, 2009).

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