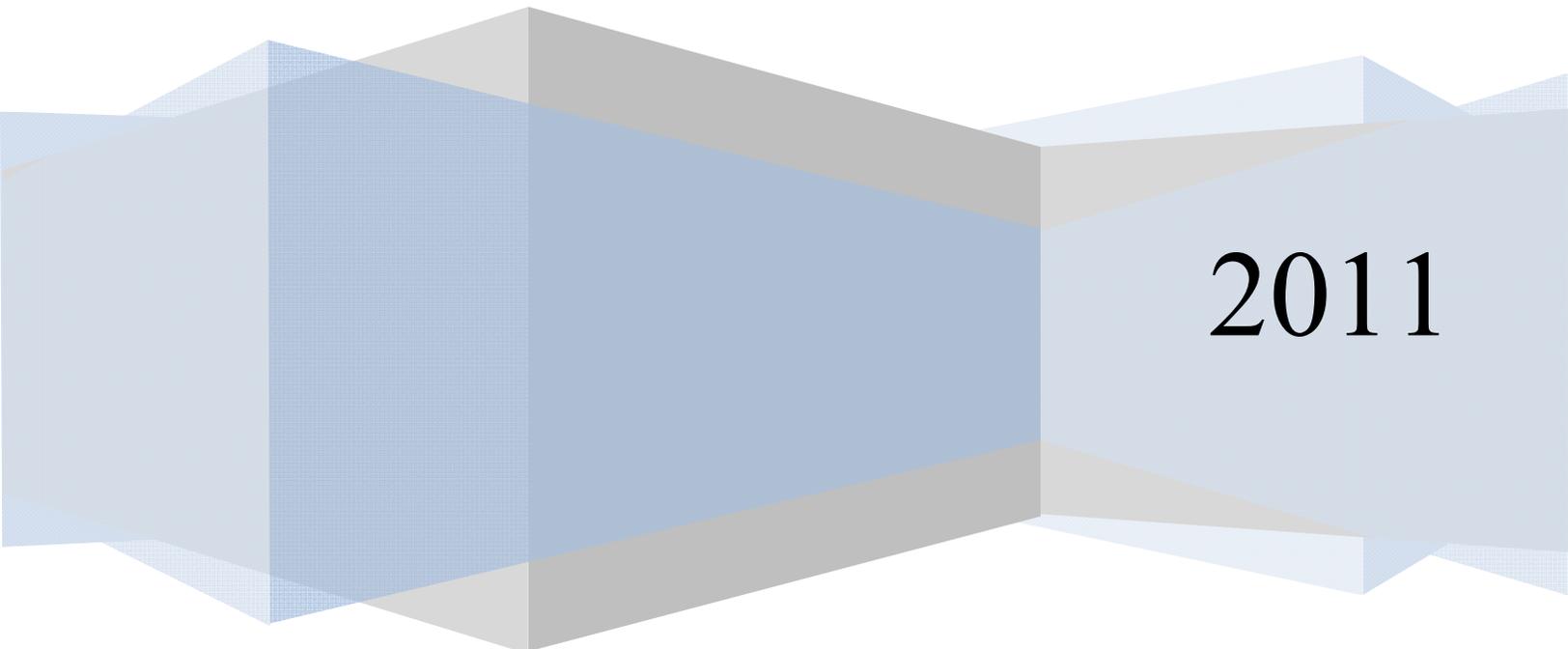


**Minnesota Department of Revenue
Property Tax Division**

**Property Tax Law
Summary
2011 Regular Session Laws**



2011

MINNESOTA ▪ REVENUE

Date: June 24, 2011
To: All Property Tax Administrators
From: John Hagen, Director – Property Tax Division
Subject: 2011 Property Tax Law Summary

Once again, the Property Tax Division of the Minnesota Department of Revenue is pleased to provide this summary of the law changes related to property taxes that were enacted during the 2011 Regular Session of the Minnesota Legislature.

The purpose of the *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 property tax laws this year.

Except for a few cases that may involve the Department of Revenue, the property tax law summary does not cover property tax laws specifically relating to school districts. This dimension of the property tax system is covered by the Minnesota Department of Education, which can be reached via 651-582-8566.

On an important note, it is unlikely that this will be the only property tax law summary that will be released this year. At the end of the 2011 regular legislative session, a budget had not been agreed upon by members of the legislative and executive branches. In order to reach a budget agreement, there will be a Special Session. In the eventuality of such a special session, any additional new property tax laws will be summarized upon enactment.

Finally, the *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 division wishes to acknowledge the contributions of the Appeals and Legal Services Division of the Department of Revenue, Minnesota House and Senate Research staff, and all others who provided invaluable information in developing this new law summary.

If you have suggestions for improving future editions of the property tax law summary, please contact Andrea Fish at andrea.fish@state.mn.us.

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Assessment

General Provisions

Appeals; Income-Producing Properties Chapter 112, Article 11, section 9

Amends section 278.05, subdivision 6

This section amends the so-called “60-Day Rule” language by clarifying the documents that income-producing property owners would need to furnish to the assessor, as well as creating an August 1 deadline for providing the listed materials. The requirement to provide all lease agreements in all cases is eliminated, but the assessor may request copies of lease agreements.

Under new language, in cases where there has been an appeal of income-producing property, the following information must be provided to the County Assessor by no later than August 1 of the taxes payable year:

1. a year-end financial statement for the year prior to the assessment date;
2. a year-end financial statement for the year of the assessment date;
3. a rent roll on or near the assessment date listing the tenant name, lease start and end dates, base rent, square footage leased, and vacant space;
4. identification of all lease agreements not disclosed on the rent roll under item 3 above, listing the tenant name, lease start and end dates, base rent, and square footage leased;
5. net rentable square footage of the building(s);
6. anticipated income and expenses in the form of a proposed budget for the year subsequent to the year of the assessment date;

The information required to be provided to the assessor does not include leases. However, after August 1, if the assessor determines that the actual leases in effect on the assessment date are necessary to properly evaluate the property, then the assessor may require the petitioner to submit the leases. The leases must then be provided within 60 days of the assessor’s request. The court will hear and decide disputes related to these subsequent information requests.

History: The former language in section 278.05 had been interpreted by many to include any number of data items. The previous terminology (“including tenant name, lease start and end dates,” etc.) appeared unlimited. New language in this provision clarifies and limits the list of items, and also creates an actual date deadline for providing the information: August 1 of the taxes payable year (previous law had a 60-day deadline). This language was a joint effort between the Minnesota Association of Assessing Officers and the Minnesota Bar Association.

Effective Date: Effective for petitions contesting the 2010 assessment, and assessments made after that date.

Chapter 76, Article 1, section 40 [Revisor's bill]
Assessors' Duties and Powers

Amends section 273.054

This technical provision removed references to 1969 Session Law and replaced that language with the applicable statutory provisions related to assessor's duties and powers (sections 273.05, 273.051, 273.052, 273.053, 273.055, and 273.056).

Effective Date: August 1 following final enactment.

Chapter 76, Article 1, section 41 [Revisor's bill]
City Assessors

Amends section 273.063

This technical provision removed references to 1967 Session Law and replaced that language with the applicable statutory provisions related to city assessors (sections 272.161, 273.061, 273.062, 273.063, 273.072, 273.08, 273.10, 274.01, and 375.192).

Effective Date: August 1 following final enactment.

State Assessed Property

Correction in Values; Railroad Property
Chapter 112, Article 3, section 1

Amends section 270.87

This provision allows for corrections in value of railroad property through August 31 if it is determined that the equalized fair market value certified on or before June 30 is in error. This provision was one of the department's policy recommendations.

History: Current law does not provide a sufficient time period to make corrections regarding the property taxes of railroad property. The new time period for adjustments allows revised values to be reflected on the Truth in Taxation notices and would be prior to the local jurisdictions setting their final budgets and property tax levies.

Effective Date: For taxes payable in 2012 and thereafter.

Correction of Errors; Wind Energy Production Tax Chapter 112, Article 3, section 2

Amends section 272.029 by adding subdivision 4a

This provision allows the Department of Revenue to make corrections to errors in Wind Energy Production Tax calculations. The correction may be made and certified to the County Auditor where the wind energy conversion system is located on or before April 1. This provision was one of the department's policy recommendations.

History: Current law does not provide a sufficient time period to make corrections regarding Wind Energy Production Taxes.

Effective Date: Beginning with certifications due February 28, 2012.

Correction of Assessments; Pipelines Chapter 112, Article 3, section 5

Amends section 273.33, subdivision 2

This provision allows the Department of Revenue to issue a correction for pipeline assessments through October 1, if it is determined that the amount certified on or before August 1 is in error.

History: Current law does not provide a sufficient time period to make corrections regarding the property taxes of pipeline property. The new time period for adjustments allows revised values to be reflected on the Truth in Taxation notices and would be prior to the local jurisdictions setting their final budgets and property tax levies.

Effective Date: For taxes payable in 2012 and thereafter.

Correction of Assessments; Transmission Lines **Chapter 112, Article 3, section 6**

Amends section 273.37, subdivision 2

This provision allows the Commissioner of Revenue to correct the assessments of transmission lines through October 1 if it is determined that the assessment certified on or before August 1 is in error. This provision was one of the department's policy recommendations.

History: Current law does not provide a sufficient time period to make corrections regarding the property taxes of transmission lines. The new time period for adjustments allows revised values to be reflected on the Truth in Taxation notices and would be prior to the local jurisdictions setting their final budgets and property tax levies.

Effective Date: For taxes payable in 2012 and thereafter.

Recommended and Ordered Values **Chapter 112, Article 3, section 7**

Amends section 273.3711

This section provides that, for state-assessed properties, the Commissioner of Revenue must certify to the County Auditor recommended values on or before August 1, and if the commissioner determines that the recommended value is in error, a correction may be certified through October 1. This provision was one of the department's policy recommendations.

History: Current law does not provide a sufficient time period to make corrections regarding state assessed properties. The new time period for adjustments allows revised values to be reflected on the Truth in Taxation notices and would be prior to the local jurisdictions setting their final budgets and property tax levies.

Effective Date: For taxes payable in 2012 and thereafter.

Values Finalized **Chapter 112, Article 3, section 8**

Amends section 274.175

This section updates cross-references for finalizing values of state assessed properties. This provision was one of the department's policy recommendations.

Effective Date: For taxes payable in 2012 and thereafter.

Exempt Property

Limitations on Exemptions

Chapter 112, Article 7, section 9

REPEALS section 272.02, subdivision 34

This provision *repeals* limitations on exemptions that are either covered elsewhere or are obsolete. A statement in this subdivision provided that Minnesota Statutes, section 272.02, subdivisions 1 through 33 are subject to certain limits or restrictions that are either redundant given the limits and restrictions in subdivision 1a, or obsolete given the changes in property tax treatment of low-income housing over recent years. This provision was a technical recommendation by the department.

Effective Date: Day following final enactment.

St. Louis County Fairgrounds

Chapter 112, Article 11, section 7

Adds subdivision 95 to Minnesota Statutes, section 272.02

This provision allows for land and buildings used exclusively for county or community fairgrounds as provided in section 383C.164 to be exempt from property taxes. Section 383C.164 cross-references sections 383C.16 and 383C.161 which allow the St. Louis County Board to maintain one or more county fairs. The amendment clarifies that St. Louis County is authorized, as a public purpose, to support and maintain numerous community fairgrounds in addition to the traditional (single) County Fair site.

History: Typically, county fairs are exempt from property taxes, but under statute prior to this law change, only one county fair per county was authorized. St. Louis County operates more than one county fairground site, and this provision allows the additional sites to also qualify for property tax exemption provided the specific requirements of section 383C.16 or 383C.161 are met.

Effective Date: For taxes payable in 2012 and thereafter.

Special Valuations and Deferrals

Green Acres; Purpose Statement

Chapter 13, section 1

Amends section 273.111 by adding subdivision 2a

This section adds a purpose statement to Green Acres under Minnesota Statutes:

"The legislature finds that it is in the interest of the state to encourage and preserve farms by mitigating the property tax impact of increasing land values due to nonagricultural economic forces."

History: The Office of the Legislative Auditor's 2008 report on Green Acres and agricultural land noted that lack of a clear purpose statement made it difficult to determine whether the goals of the program were being met. It is hoped that this additional purpose statement will assist lawmakers in reviewing the program in future years.

Effective Date: Day following final enactment.

Rural Preserve Requirements

Chapter 13, section 2

Amends section 273.114, subdivision 2

This section modifies the land requirements for enrollment in Rural Preserve. The changes limit eligible property to class 2b lands. Prior to law changes, both 2a and 2b lands were eligible for enrollment, however with the conservation assessment plans required under previous law, it was not expected that properties could continue to be farmed (and sustain the 2a classification) and be enrolled in Rural Preserve.

Under amended language, class 2b land that was properly enrolled in Green Acres for taxes payable in 2008 may be enrolled in Rural Preserve without consideration of its homestead status as long as it is contiguous to class 2a property under the same ownership that is currently enrolled in Green Acres.

If the land is not qualifying as having been properly enrolled in Green Acres for taxes payable in 2008, the class 2b lands must be part of an agricultural homestead and contiguous to class 2a property under the same ownership that is enrolled in Green Acres.

All references to the conservation assessment plan, covenant agreement, and minimum term of enrollment have been removed from Rural Preserve. However, the requirements that there are no delinquent taxes on the land and that the land being enrolled is not concurrently enrolled in Green Acres, Open Space, Metropolitan Agricultural Preserves, or Sustainable Forest Incentive Act still remain.

Effective Date: For taxes payable in 2012 and thereafter.

Rural Preserve Application

Chapter 13, section 3

Amends section 273.114, subdivision 5

The application requirements for Rural Preserve were updated. It has been clarified that property that has been accepted for valuation and deferral under Rural Preserve is enrolled until it is withdrawn or no longer qualifies. Additionally, the application now must include the most recent available aerial photograph or satellite imagery of the property. This image may either come from the Farm Service Agency of the United States Department of Agriculture, or from the county's GIS system. When

enrollment in Rural Preserve required a conservation assessment plan under previous statutory language, the plan would have been accompanied by an image such as this. With the removal of the conservation assessment plan under Chapter 13, section 8, this single requirement has now been added to the application process.

The image must delineate the land that is to be enrolled in the program. If a property owner wishes to leave some land out of the program (e.g., the farmer wishes to sell or develop the land), those acres should also be clearly delineated as part of the application process.

As noted, the references to the covenant agreement have been removed from Rural Preserve.

Effective Date: Day following final enactment.

Rural Preserve Additional Taxes Chapter 13, section 4

Amends section 273.114, subdivision 6

The repayment of taxes deferred under Rural Preserve was clarified so that three years' deferred taxes (and any deferred special assessments) are due when "real property which is being, or has been valued and assessed under this section no longer qualifies under subdivision 2." The portion that no longer qualifies is assessed the deferred taxes.

Three years' deferred taxes and deferred special assessments are therefore due when the property owner requests removal from the program, or if the property becomes:

- a. any classification other than 2b rural vacant land;
- b. non-homestead (unless it was grandfathered in due to being enrolled in Green Acres for taxes payable in 2008); or
- c. no longer contiguous to Green Acres property under the same ownership.

Effective Date: Day following final enactment.

Land Removed from Green Acres Chapter 13, section 5

Uncodified provision

This uncodified section outlines the treatment of properties which were removed from Green Acres at the owner's request. Property owners who withdrew class 2a land from Green Acres at any time since May 21, 2008 may apply for enrollment in Green Acres until as late as August 1, 2011 to be eligible for enrollment in the 2011 assessment year and thereafter (for all other years, the application deadline

remains May 1). The owner's land must have been properly enrolled in Green Acres prior to withdrawal and must meet current requirements for enrollment.

This section also allows property owners who withdrew properly-enrolled class 2b lands from Green Acres at any time since May 21, 2008, to enroll those acres into Rural Preserve as late as August 1, 2011 and be treated as if those acres were enrolled in Green Acres immediately prior to enrollment in Rural Preserve (for all future years, the application deadline remains May 1). This clarification is necessary because if a property owner had been enrolled in Green Acres for taxes payable in 2008, but withdrew anytime after May 21, 2008, it is possible that the property is not an agricultural homestead. It should be regarded as if the qualifications for enrollment in Rural Preserve as property that had been enrolled in Green Acres under the same ownership for taxes payable in 2008 are currently met.

If a property owner withdrew class 2a acres after May 21, 2008, or withdrew class 2b acres after August 16, 2010, and paid deferred taxes, those taxes should be repaid to the property owner if they re-enroll in Green Acres or enroll in Rural Preserve as outlined above. Only those acres enrolled in either program are eligible for refund of the deferred taxes paid. Additional taxes paid while the property has been assessed at its highest and best use value (if any) are not refunded to the taxpayer. The Commissioner of Revenue is to prescribe the manner in which these deferred taxes should be repaid.

Effective Date: The provision relating to refunds of deferred taxes paid is effective the day following final enactment; the other provisions are effective for taxes payable in 2012 and thereafter.

Rural Preserve Covenants Terminated Chapter 13, section 6

Uncodified provision

This uncodified section terminates covenants entered into for purposes of enrollment in Rural Preserve. Because covenants are no longer required for enrollment, property owners need not be so encumbered. An informal survey of County Assessors in 2011 determined that there were relatively few covenants entered into for these purposes.

Effective Date: Day following final enactment.

Agricultural and Rural Vacant Land Values; Study Required Chapter 13, section 7

Uncodified provision

This section requires the Commissioner of Revenue to study alternative methods of valuing class 2a and class 2b lands for purposes of Green Acres and Rural Preserve, respectively. This study is to be in consultation with the Minnesota Association of Assessing Officers, the Department of Applied Economics at the University of Minnesota, and representatives of major farm groups within Minnesota. The department has been working with the Department of Applied Economics already in response to changes made in 2010 to determine Green Acres values that is effective for the 2012 assessment. The commissioner must make a report to the Legislature by February 15, 2012, describing the methods intended to be used for assessment year 2012 and thereafter.

Effective Date: Day following final enactment.

Conservation Assessment Plan Chapter 13, section 8

REPEALS section 273.114, subdivision 1

This section repeals Minnesota Statutes 2010, section 273.114, subdivision 1, which outlined the conservation assessment plan that had been required for enrollment in Rural Preserve prior to 2011 law changes. All references to conservation assessment plans and covenants have been removed from Rural Preserve.

Effective Date: Day following final enactment.

Property Tax Aids & Credits

Other Property Tax Aids

Penalty for Late Police and Fire Aid Chapter 112, Article 5, section 1

Amends section 69.031, subdivision 1

This section changes the date at which interest would accrue for late payments of police and fire aid from previous law's July 1 date, to the actual payment due date of October 1.

History: While the payment has never been late, any potential for a late payment would be due to a technical glitch that may not be preventable by the Department of Revenue. Much of the information necessary to make these payments is not received until very shortly before the payment is due. If a late payment were to occur, prior language provided that interest would accrue beginning July 1 of the year in which the payment should have been made. This could result in interest due of several million dollars. This provision was one of the department's policy recommendations.

Effective Date: Day following final enactment.

Property Tax Programs and Incentives

Disaster Abatements

Homestead Property Definition Chapter 112, Article 7, section 1

Amends section 273.1231, subdivision 4

This provision strikes a reference to 1c property in the definitions of homestead property for purposes of disaster abatements. The homestead dwelling on a Ma & Pa Resort is class 1a or 1b, not 1c. This was one of the department's technical recommendations.

Effective Date: Day following final enactment.

Tax Increment Financing

General Provisions

TIF Economic Development Districts **Chapter 112, Article 11, section 13**

Amends section 469.176, subdivision 4c

This provision extends the 2010 jobs bill's economic development district authority for one year: from July 1, 2011, to July 1, 2012. Districts may be used for any type of project if the municipality finds the project will create new jobs in the state and the project would not otherwise have occurred without the assistance. The project must begin before July 1, 2012 and the request for certification must be made by June 30, 2012. The authority for projects to assist market rate housing is extended by only six months.

Effective Date: Day following final enactment.

TIF Temporary Authority to Stimulate Construction **Chapter 112, Article 11, section 14**

Amends section 469.176, subdivision 4m

This provision extends authority, provided in the 2010 jobs bill, to spend excess and surplus tax increments by one year: to December 31, 2012. Expenditures would not be subject to most general law restrictions. This authority applies to new construction or substantial rehabilitation of existing buildings that would not have otherwise occurred. Development must create or retain jobs, including construction jobs, and construction must begin before July 1, 2012. Authority for projects to assist market rate housing is extended by only six months.

Effective Date: Day following final enactment.

Expenditures outside district **Chapter 112, Article 11, section 15**

Amends section 469.1763, subdivision 2

This section modifies the special pooling rules for housing projects and allows use for owner-occupied housing with a value up to 150 percent of the average market value of housing in the city, but not to exceed \$200,000 in the seven-county metropolitan area, or \$125,000 elsewhere in the state. The money can be used to acquire the houses, demolish, relocate, or rehab them, and do site preparation, or pollution cleanup.

To qualify, the sites or housing units must be dwellings with 1 to 4 units and must have been vacant for at least six months. Dwellings must also be in a foreclosure after the redemption period has expired. This authority sunsets on December 31, 2016, but can be used to continue paying outstanding bonds that were issued before that date.

History: Under 2010 law, 10 percent of increments from a district may be used outside of the area of the district from which it was collected for income-restricted housing. This bill expands the use of that increment to include funding of certain costs related to developing market-rate housing.

Effective Date: Day following final enactment.

Specific Districts

Ramsey TIF

Chapter 112, Article 11, section 16

Amends Laws 2010, Chapter 389, Article 7, section 22

This provision modifies the 2010 special TIF law enacted for the city of Ramsey, correcting the boundary description to add an eastern boundary for the district. This provision also expands the exceptions from general law TIF rules that apply to this district:

- The district is not required to spend 90 percent of redevelopment district increments to correct blight. The 2010 law provided exceptions from this requirement for certain expenditures. This provision provides a complete exemption.
- Increments are authorized to be used for land acquisition and improvement costs incurred prior to establishment of the TIF district.
- The city is allowed to capture increment from two parcels, which under general law would be disqualified as prior planned improvements.

Effective Date: Effective upon approval by the governing body of the city of Ramsey, and upon compliance by the city with Minnesota Statutes, section 645.021, subdivision 3.

Cohasset TIF
Chapter 112, Article 11, section 17

Uncodified provision

This provision allows the city of Cohasset to use tax increments from two TIF districts to reimburse its general fund for expenditures made on behalf of the TIF districts. Under general law, this would be allowed only if the authority and the city had entered into a written interfund loan agreement before the city made the expenditures.

Effective Date: The day following final enactment, upon approval by the governing body of the city of Cohasset and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Lino Lakes TIF
Chapter 112, Article 11, section 18

Uncodified provision

This provision authorizes a ten-year extension for the City of Lino Lakes to collect increments from its TIF district No. 1-10 through December 31, 2023. This district would otherwise be required to be decertified at the end of 2013. If the city elects to use this authority, it must use increments collected from the district after February 1, 2011, to pay debt service on bonds issued to finance the County Highway 23 interchange with I-35W and the improvements serving Legacy at Woods Edge development.

These expenditures would not be subject to the general law restrictions on pooling, including the 5-year rule, and limits on the type of purposes for which economic development district increments may be spent.

Effective Date: Effective upon compliance by the governing body of the city of Lino Lakes with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sauk Rapids TIF

Chapter 112, Article 11, section 19

Uncodified provision

This provision allows the city of Sauk Rapids to include three parcels that are enrolled in the Green Acres program into a tax increment financing (TIF) district, if the owner withdraws the parcels from Green Acres by June 30, 2011.

History: Under general law, parcels that have been in the Green Acres program within the last five years may only be included in a TIF district if:

- the district is a housing district; or
- 85 percent or more of the buildings will be used for a combination of manufacturing and distribution.

Effective Date: Effective the day following final enactment after compliance by the governing body of the city of Sauk Rapids with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

Classification

Homesteads

General Homestead Rules

Chapter 112, Article 7, section 2

Amends section 273.124, subdivision 1

This section makes the following changes, each of which was a technical recommendation of the department:

1. Changes the list of qualifying relatives for agricultural relative homestead properties to a “grandchild, child, sibling, or parent of the owner of the agricultural property or of the spouse of the owner.” This makes the list of qualifying relatives the same for both the owner and the spouse of the owner. Previously, the parents of the spouse were not considered qualifying relatives for relative agricultural homesteads.
2. For provisions allowing spouses to occupy two separate properties and receive separate (full) homesteads in specific and limited circumstances, a requirement was struck that required the owners to have originally co-occupied a property prior to living separately. There are many situations where individuals own and occupy two separate properties and then marry, but continue to occupy the separate residences. If all of the requirements for two homesteads are met, there is no reason to lower the homestead amount for either spouse. This more accurately reflects how the provision is currently administered.

Effective Date: Both provisions are effective for taxes payable in 2012 and thereafter.

Agricultural Homestead Value Linkage

Chapter 112, Article 3, section 3

Amends section 273.124, subdivision 8

This section makes multiple technical corrections to a provision added in 2010. The language clarifies that for qualifying entities that own non-homestead agricultural land, an individual owner’s remaining first-tier value may be applied to land owned by the qualifying entity, up to the first tier agricultural value limit. The language also clarifies that the property is not granted other benefits beyond the reduced class rate (i.e. there is no application of homestead credits or other homestead benefits), that the base property must be individually-owned and owner-occupied, and that contiguous class 2b property on the agricultural entity-owned parcel may also be included up to the first-tier limit. These clarifications were part of the department’s policy recommendations.

Effective Date: Retroactively for taxes payable in 2011 and thereafter.

Property Purchased After Assessment Date **Chapter 112, Article 7, section 9**

REPEALS section 273.124, subdivision 10

This provision repeals a redundant mid-year homestead provision for properties purchased after the January 2 assessment date. Mid-year homestead allowances are covered elsewhere. This was a technical recommendation by the department.

Effective Date: Day following final enactment.

Special Agricultural Homesteads **Chapter 112, Article 7, section 3**

Amends section 273.124, subdivision 14

For purposes of granting special agricultural homesteads, the list of qualifying relatives who may be actively farming a property has been amended to read “the owner, the owner’s spouse, or a grandchild, child, sibling, or parent of the owner or of the owner’s spouse.” Currently, parents are not included in the list of eligible relatives.

Additionally, a definition of agricultural property for special agricultural homestead purposes was inserted and reads, “‘Agricultural property’ means class 2a property and any class 2b property that is contiguous to and under the same ownership as the class 2a property.” This was a department technical recommendation.

Effective Date: The provision defining qualifying relatives is effective the day following final enactment; the provision regarding the definition of agricultural property is effective with taxes payable in 2012 and thereafter.

Class 1

Class 1c Ma & Pa Resorts **Chapter 112, Article 3, section 4**

Amends section 273.13, subdivision 22

This provision allows two separate resorts to be treated as one class 1c Ma & Pa Resort property if the following conditions are met (beyond all other requirements for the 1c classification including seasonal use, location on public water, etc.):

- One of the properties must be owner-occupied (or occupied by a member of an LLC that owns the property) as homestead
- Both parcels must be located within the same township
- If owned by LLCs, each LLC must have the same membership

Provided all other requirements for the 1c classification are met, both properties are to be given one class 1c tier and one (total) HGA.

History: This language is targeted to two specific properties in Cook County. Language was originally passed during the 2010 legislative session; however the language passed in 2010 did not mirror the facts of the property owner's situation.

Effective Date: For taxes levied in 2011, payable in 2012 and thereafter.

Class 2

Agricultural Products

Chapter 112, Article 11, section 8

Amends section 273.13, subdivision 23

Changes the items that are defined as "agricultural products" for classification purposes to include game birds and waterfowl bred and raised on a game farm licensed under section 97A.105, provided that the licensing report, which must be submitted annually by March 30 to the assessor, to the Department of Natural Resources indicates that at least 500 birds were raised or used for breeding stock on the property during the year. This is in addition for the allowance for agricultural classification on a property used as a shooting preserve licensed under section 97A.115. According to the Department of Natural Resources, there were 417 licenses under section 97A.105 in 2010, approximately 85 of which were for game birds and waterfowl.

The report is due to the DNR by March 15, and the March 30 deadline to provide this to the assessor allows the property owner to appeal the classification of the property through local appeal options if the classification is not granted.

History: This language was targeted toward a property in Scott County that is currently used for these purposes, and the waterfowl are sold to zoos and collectors.

Effective Date: For taxes payable in 2012 and thereafter.

Tax-Forfeited Lands

Government Acquisitions

Conditional Use Deeds - Conveyance to public entities Chapter 112, Article 7, section 4

Amends Minnesota Statutes, section 282.01, subdivision 1a

This technical clarification changes the term "amenities" to "improvements" as it relates to use deeds for parks to limit potential disagreements over what constitutes an amenity. Language passed in 2010 was not intended to be an exhaustive or exclusive list of either amenities or improvements, but this language is better representative of how the provision is understood. This was a department technical recommendation.

Effective Date: Day following final enactment.

Conditional Use Deeds - Deed of Conveyance; Form; Approvals Chapter 112, Article 7, section 5

Amends Minnesota Statutes, section 282.01, subdivision 1c

These are department technical changes, clarifying which of the new restrictions and allowances enacted in 2010 apply to use deeds, both before and after the effective date of those laws.

Effective Date: Day following final enactment.

Conditional Use Deeds - Reverter for Failure to Use; Conveyance to State Chapter 112, Article 7, section 6

Amends Minnesota Statutes, section 282.01, subdivision 1d

These were department technical changes, clarifying that the 30-year limit on the reversionary clause applies to deeds issued before the effective date of the referenced subdivision and paragraph (i.e. July 1, 2010). This provision also provides a 15-year limit on how long a political subdivision may keep these properties for a planned future use.

Effective date: Day following final enactment.

Conditional Use Deeds - Completion of Sale, Fee, Conveyance Recorded Chapter 112, Article 7, section 7

Amends Minnesota Statutes, section 282.014

This was a department technical correction, adding to the deed fees provisions some explicit references to deeds that do not clearly have a "purchaser" (use deeds; failure to convey; targeted community; quit claim deeds after 15 years; and easements to DNR). This provision clarifies that the \$25 deed fee applies to free conveyance options. Use deeds and replacement deeds are exempted because they have separate, specific provisions.

Effective Date: For deeds executed by the commissioner of revenue after June 30, 2011.

Conditional Use Deeds - All Minerals Reserved Chapter 112, Article 7, section 8

Amends section 282.12

This was a technical recommendation by the department, clarifying that minerals are reserved to the state in transactions of tax forfeited lands, even if it is not a traditional sale.

Effective Date: Retroactively from July 1, 2010.

Delinquency and Forfeiture

Interest When Land Not in Use Chapter 112, Article 7, section 9

REPEALS section 281.37

This section prescribed an interest rate to apply to delinquent taxes in cases where the land had erroneously not been placed on the current year's delinquent tax list; but that conflicted with the more recent interest provisions in section 279.03, subdivision 1a , paragraph (a).

Effective Date: Day following final enactment.

Miscellaneous

Bonding for Countywide Public Safety Improvements and Equipment Chapter 112, Article 11, section 12

Amends section 383E.21

The section makes five changes to the authority for Anoka County to incur debt under this statute:

- It expands the purposes for which bonds may be issued to include any countywide public safety improvements and equipment acquisition.
- It converts the cap on the total amount of bonds that may be issued from \$12.5 million to a limit on the outstanding principal amount of \$8 million. This will permit additional issuance of bonds, so long as no more than \$8 million are outstanding at any one time, while existing law would eliminate the ability to issue bonds under this authority once \$12.5 million in bonds have been issued.
- It requires the Anoka County Joint Law Enforcement Council (a joint powers board established in 1970 that includes representatives of law enforcement, city councils, and the county board) to approve issuance of any debt for public safety purposes;
- It excludes debt issued under the special law from the county's net debt limits.
- It extends the county's authority to issue debt under this law so it expires January 1, 2024, instead of in 2012 (ten years after the county first issued debt under this law).

Effective Date: August 1 following final enactment.

Stream Easements **Chapter 3, section 1**

Amends section 84.0272, subdivision 2

This provision modifies the formula for calculation of stream easements to conform to current Department of Revenue reporting categories on its annual spring mini abstract. It replaces farm and timberland values with agricultural, rural vacant land, and managed forest land values. This provision also provides flexibility for the Commissioner of Natural Resources to adapt to Department of Revenue changes in its reporting groups.

Effective Date: August 1 following final enactment.

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Classification Rate Table: 2011 Assessment Year

Class	Description	Tiers	Class Rate	State Rate
1a	Residential Homestead	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
1b	Blind/Disabled Homestead	First \$50,000	0.45%	N/A
1c	Ma & Pa Resort	First \$600,000	0.50%	N/A
		\$600,000 - \$2,300,000	1.00%	N/A
		Over \$2,300,000	1.25%	1.25%
1d	Migrant Housing (structures only)	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
2a	Homestead House, Garage, and First Acre (HGA)	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
2a/2b	Agricultural Homestead First Tier	First \$1,210,000	0.50%	N/A
2a/2b	Farm Entities Excess First Tier	Unused First \$1,210,000	0.50%	N/A
2a	Agricultural Land (non-homestead or in excess of first tier)		1.00%	N/A
2b	Rural Vacant Land		1.00%	N/A
2c	Managed Forest Land		0.65%	N/A
2d	Private Airport		1.00%	N/A
2e	Commercial Aggregate Deposit		1.00%	N/A
3a	Commercial/Industrial	First \$150,000	1.50%	1.50%
		Over \$150,000	2.00%	2.00%
		Electric Generating Public Utility Machinery	2.00%	N/A
		All Other Public Utility Machinery	2.00%	2.00%
3b	Employment Property (BCDZ)	First \$150,000	1.50%	1.50%
		Over \$150,000	2.00%	2.00%
4a	Apartment/ Residential Non-Homestead 4+ Units		1.25%	N/A
4b(1)	Residential Non-Homestead 1-3 Units		1.25%	N/A
4b(2)	Unclassified Manufactured Home		1.25%	N/A
4b(3)	Agricultural Non-Homestead Residence (2-3 units)		1.25%	N/A
4b(4)	Unimproved Residential Land		1.25%	N/A
4bb(1)	Residential Non-Homestead Single Unit	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
4bb(2)	Agricultural Non-Homestead Single Unit	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
4c(1)	Seasonal Residential Recreational Commercial (resort)	First \$500,000	1.00%	1.00%
		Over \$500,000	1.25%	1.25%
4c(1)	Seasonal Residential Recreational Non-Commercial (cabin)	First \$76,000	1.00%	0.40%
		\$76,000 - \$500,000	1.00%	1.00%
		Over \$500,000	1.25%	1.25%
4c(2)	Qualifying Golf Course		1.25%	N/A
4c(3)(i)	Non-Profit Community Service Org. (non-revenue)		1.50%	N/A
4c(3)(ii)	Non-Profit Community Service Org. (donations)		1.50%	1.50%
4c(4)	Post-Secondary Student Housing		1.00%	N/A
4c(5)(i)	Manufactured Home Park		1.25%	N/A
4c(5)(ii)	Manufactured Home Park (>50% owner-occupied)		0.75%	N/A
4c(5)(ii)	Manufactured Home Park (50% or less owner-occupied)		1.00%	N/A
4c(6)	Metro Non-Profit Recreational Property		1.25%	N/A
4c(7)	Certain Non-Comm. Aircraft Hangars and Land (leased land)		1.50%	N/A
4c(8)	Certain Non-Comm. Aircraft Hangars and Land (private land)		1.50%	N/A
4c(9)	Bed & Breakfast		1.25%	N/A
4c(10)	Seasonal Restaurant on a Lake		1.25%	N/A
4c(11)	Marina	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
4d	Qualifying Low-Income Rental Housing		0.75%	N/A
5(1)	Unmined Iron Ore and Low-Grade Iron-Bearing Formations		2.00%	2.00%
5(2)	All Other Property		2.00%	N/A