

MINNESOTA • REVENUE

2007
Property Tax Law
Summary

**September 2007 Minnesota
Legislative Special Session**

**Property Tax Division
September 2007**

2007 Disaster and Emergency Relief

Disaster Abatement Appropriation

Appropriation for Disaster Abatements Chapter 2, Article 1, Section 13

Adds Uncodified Provision

Appropriates \$1,000,000 to DOR to reimburse counties for property tax abatements granted on damaged property under 2007 SS, Chapter 2, Article 1, Section 19.

Effective date: The day following final enactment (September 13, 2007).

Reimbursed Disaster Abatements

State Reimbursed Property Tax Abatements for Damaged Property Chapter 2, Article 1, Section 19

Adds Uncodified Provision

Authorizes flood counties (Dodge, Fillmore, Houston, Olmsted, Steele, Wabasha, and Winona) and Cook County (due to the Ham Lake fires) to grant abatements of 50% of taxes payable in 2007 on eligible properties. State general tax can be abated; special assessments may not be included in the abated tax. Property owners are not required to apply for the abatements.

Properties eligible for the abatement are parcels of taxable property which contain a structure that has been determined by the assessor to have lost over 50% of its estimated taxable market value due to flood or fire damage. For ag properties the abatement is limited to 50% of (1) the tax on the house, garage, and one acre if the house has lost over 50% of its estimated market value and (2) the tax attributable to any farm buildings or structures which has lost over 50% of their estimated market value. The tax on farmland is not eligible for abatement.

County assessors must notify the county board and owners of the properties determined to be eligible for the abatement. The county must grant all

abatements and must notify DOR of the total amount of abatements in their county by November 30, 2007. DOR must reimburse the counties for the abated tax by December 15, 2007.

DOR will reimburse the counties for the abated tax up to their apportioned share of the appropriated amount of \$1,000,000. The apportionment will be based on the amount of flood or fire related market value loss. Counties are required to report the amount of market value loss to DOR by October 31, 2007. DOR is required to inform each county of its apportioned share by November 7, 2007.

Effective date: The day following final enactment (September 13, 2007).

Flood Loss Replacement Aid

Flood Loss Replacement Aid to Cities Chapter 2, Article 1, Section 20

Adds Uncodified Provision

Cities in flood counties (Dodge, Fillmore, Houston, Olmsted, Steele, Wabasha, and Winona) with a flood net tax capacity loss equal to or over 5% are eligible to receive flood loss replacement aid.

The county assessor must determine the "flood net tax capacity loss" for each city in the county. The flood NTC loss will be determined by calculating the difference between the city's taxable NTC in assessment year 2007 and a hypothetical NTC arrived at by applying class rates in effect for assessment year 2007 to assessment year 2008 market values.

The county assessor must certify the flood NTC loss of any city for which the flood NTC loss exceeds 5% of its assessment year 2007 total taxable NTC to DOR by August 1, 2008.

The flood loss replacement aid will equal the cities flood NTC loss multiplied by the city's average tax rate for taxes payable 2007.

DOR will determine each city's flood loss replacement aid amount and notify each eligible city of by August 15, 2008. The payments will be made to each eligible city between July 2 and July 19, 2009.

Cities receiving flood loss replacement aid may choose to spend a portion of the aid on county roads within the city.

Effective date: The day following final enactment (September 13, 2007).

Extended Business Due Date

Extended Due Date for Business Property Taxes in Disaster Area Chapter 2, Article 1, Section 21

Adds Uncodified Provision

Authorizes business taxpayers in flood counties (Dodge, Fillmore, Houston, Olmsted, Steele, Wabasha, and Winona) to pay their second half payable 2007 taxes on class 3a or 3b property by December 31, 2007, without penalty if the following conditions are met:

- 1) The taxpayer was unable to meet the second half due date because of issues related to the 2007 floods, and
- 2) The taxpayer made the first half payment by May 16, 2007.

If the taxpayer fails to meet the December 31, 2007, extended due date all penalties that would have occurred since the original second half due date, must be charged on the amount of the unpaid tax.

The taxpayer must attach to the second half payment a statement that the property is located in a flood county and qualifies for an extension under this provision.

Effective date: The day following final enactment (September 13, 2007).

Truth in Taxation Waiver

Waiver of TNT Requirements Chapter 2, Article 1, Section 22

Adds Uncodified Provision

Authorizes a local government located in a flood county (Dodge, Fillmore, Houston, Olmsted, Steele, Wabasha, and Winona) to petition DOR for permission to waive all or part of payable 2008

TNT requirements to the extent the ability to meet the requirements is significantly hindered by the 2007 floods.

Effective date: The day following final enactment (September 13, 2007).

Ag Homestead

Agricultural Homesteads; Special Provisions Chapter 2, Article 1, Section 23

Amends M.S. 273.124, subdivision 14 by adding paragraph (i).

Ag land and buildings classified as 2a homestead property under M.S. 273.13, subdivision 23, paragraph (a), for the 2007 assessment will keep the classification if the following conditions are met:

- 1) The property owner abandoned the homestead as a result of the 2007 floods;
- 2) The property is located in Dodge, Fillmore, Houston, Olmsted, Steele, Wabasha, or Winona counties;
- 3) The land and buildings remain under the same ownership in the current assessment year as the 2007 assessment year;
- 4) The owner continues to live in Minnesota within 50 miles of one of the parcels of land owned by the taxpayer; and
- 5) The taxpayer notifies the county assessor by December 1, 2008, for taxes payable in 2009 of the relocation caused by the flood damage and provides any information deemed necessary by the assessor to verify the change in homestead dwelling. Reapplication is not required if all requirements continue to be met and any dwellings on the agricultural land remain uninhabited.

Effective date: The day following final enactment (September 13, 2007).

Flood and Fire Aid

Crookston Flood Aid Chapter 2, Article 3, Section 2

Adds Uncodified Provision

Provides \$200,000 (paid by DOR) to the City of Crookston, in each of fiscal years 2008 and 2009, for flood recovery and mitigation issues.

Effective date: The day following final enactment (September 13, 2007).

Browns Valley Flood Aid Chapter 2, Article 3, Section 3

Adds Uncodified Provision

Provides \$100,000 (paid by DOR) to the City of Browns Valley, in each of fiscal years 2008 and 2009, to assist in flood recovery.

Effective date: The day following final enactment (September 13, 2007).

Grand Marais and Cook County Fire Aid Chapter 2, Article 3, Section 4

Adds Uncodified Provision

Provides \$500,000 (paid by Public Safety) to the City of Grand Marais and Cook County, in each of fiscal years 2008 and 2009, for costs related to the Ham Lake fire of 2007. The aid provided must be used on eligible costs detailed in the provision. The aid will be apportioned to the city and county based on the amount of eligible costs.

Effective date: The day following final enactment (September 13, 2007).

Disaster Relief

Tax Relief for Destroyed Property; Definitions Chapter 2, Article 3, Section 6

Adds M.S 273.1231

Provides definitions for "disaster or emergency", "disaster or emergency area", "homestead property", "nonhomestead property", "net tax", and "reassessed

market value" as they apply to disaster relief sections 273.1231 to 273.1235.

Effective date: 1) Taxes payable 2006 for property destroyed by arson or vandalism in calendar year 2006 and thereafter, 2) Taxes payable 2007 and thereafter, for property damaged on or after the day following final enactment (September 13, 2007), and 3) Taxes payable 2008 for all properties.

Tax Relief for Destroyed Property; General Provisions Chapter 2, Article 3, Section 7

Adds M.S 273.1232

Requires the county assessor to reassess all damaged property in a disaster or emergency area for purposes of disaster relief sections 273.1231 to 273.1235. The county assessor, or DOR as appropriate, will reassess all property for which an application is submitted under section 273.1233 or 273.1235.

Except as otherwise provided by law, the county auditor must calculate the local tax rates for taxes payable in the year following the year in which the damage occurred using values established for the January 2 assessment (before reassessment).

Effective date: 1) Taxes payable 2006 for property destroyed by arson or vandalism in calendar year 2006 and thereafter, 2) Taxes payable 2007 and thereafter, for property damaged on or after the day following final enactment (September 13, 2007), and 3) Taxes payable 2008 for all properties.

Tax Relief for Destroyed Property; Local Option Disaster Abatement Chapter 2, Article 3, Section 8

Adds M.S 273.1233

A county board may grant an abatement of net tax for homestead and nonhomestead property for taxes payable in the year in which the destruction occurs if the following conditions are met:

1) The owner submits an application to the county assessor;

- 2) The owner submits an application to the county board; and
- 3) The county assessor determines 50% or more of a building has been destroyed accidentally or by arson or vandalism by someone other than the owner.

DOR can grant an abatement to state assessed property if similar conditions are met.

For property damaged within a disaster or emergency area the abatement limit equals the difference between the net tax on the property computed using the market value of the property established for the January 2 assessment in the year in which the damage occurred, and the net tax computed using the reassessed value. The abatement limit for property damaged outside a disaster or emergency area is calculated the same except it must be prorated by the number of months the structure was unusable.

Abatements granted to properties inside a disaster or emergency area will be reimbursed by DOR. DOR will reimburse each local government (except schools) containing the abated property in accordance with M.S. 473H.10. Reimbursement to schools will be made in accordance with M.S. 273.1392.

Local governments may levy in the following year the amount of tax lost as a result of abatements granted which were not reimbursed by the State.

An annual appropriation is given to DOR in the amount necessary to make payments under this section.

Effective date: 1) Taxes payable 2006 for property destroyed by arson or vandalism in calendar year 2006 and thereafter, 2) Taxes payable 2007 and thereafter, for property damaged on or after the day following final enactment (September 13, 2007), and 3) Taxes payable 2008 for all properties.

Tax Relief for Destroyed Property; Homestead and Disaster Credits
Chapter 2, Article 3, Section 9

Adds M.S 273.1234

The county auditor shall compute a credit for taxes payable in the year following the year in which the

damage occurred for each reassessed homestead within the county located in a disaster or emergency area. The credit is equal to the difference between the net tax on the property computed using the market value of the property established for the January 2 assessment in the year in which the damage occurred, and the net tax computed using the reassessed value.

Credits granted will be reimbursed by DOR. DOR will reimburse each local government (except schools) containing the property in accordance with M.S. 473H.10. Reimbursement to schools will be made in accordance with M.S. 273.1392.

An annual appropriation is given to DOR in the amount necessary to make payments under this section.

Effective date: 1) Taxes payable 2006 for property destroyed by arson or vandalism in calendar year 2006 and thereafter, 2) Taxes payable 2007 and thereafter, for property damaged on or after the day following final enactment (September 13, 2007), and 3) Taxes payable 2008 for all properties.

Tax Relief for Destroyed Property; Local Option Disaster Credits
Chapter 2, Article 3, Section 10

Adds M.S 273.1235

A county board may grant a credit for taxes payable in the year in which the destruction occurs for homestead property which do not qualify for disaster credits under section 237.1234 and for nonhomestead property which qualifies for local option abatements under section 273.1233.

For property damaged within a disaster or emergency area the credit is equal to the difference between the net tax on the property computed using the market value of the property established for the January 2 assessment in the year in which the damage occurred, and the net tax computed using the reassessed value. The credit for property damaged outside a disaster or emergency area is calculated the same except it must be prorated by the number of months the structure was unusable.

Credits granted to properties inside a disaster or emergency area will be reimbursed by DOR. DOR

will reimburse each local government (except schools) containing the property in accordance with M.S. 473H.10. Reimbursement to schools will be made in accordance with M.S. 273.1392.

An annual appropriation is given to DOR in the amount necessary to make payments under this section.

Effective date: 1) Taxes payable 2006 for property destroyed by arson or vandalism in calendar year 2006 and thereafter, 2) Taxes payable 2007 and thereafter, for property damaged on or after the day following final enactment (September 13, 2007), and 3) Taxes payable 2008 for all properties.

Revisor's Instructions
Chapter 2, Article 3, Section 11

Adds Uncodified Provision

Instructs the Revisor of Statutes to replace references to M.S. 273.123 in sections 273.11, 273.1392, and 27.1393 with references to sections 273.1231 to 273.1235.

Effective date: The day following final enactment (September 13, 2007).

Repealer
Chapter 2, Article 3, Section 12

Repeals M.S. 273.123

Repeals the previous disaster credit section which has been replaced by sections 273.1231 to 273.1235.

Effective date: 1) Taxes payable 2006 for property destroyed by arson or vandalism in calendar year 2006 and thereafter, 2) Taxes payable 2007 and thereafter, for property damaged on or after the day following final enactment (September 13, 2007), and 3) Taxes payable 2008 for all properties.