

# 2012 PROPERTY TAX LEGISLATIVE BULLETIN

## (2012 Regular Session)

MINNESOTA • REVENUE

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Unless otherwise noted, the provisions discussed in this bulletin can be found in 2012 Minn. Laws, Chapter 236.

**Investigative data.** Minn. Stat. § 13.82, subd. 30, was enacted to provide that if a person's financial account number or transaction numbers are collected in an investigation, those data remain private or nonpublic even though the investigation may have ended or become inactive. [see 2012 Miscellaneous Legislative Bulletin for further information.] Effective August 1, 2012. 2012 Minn. Laws, Chapter 290, Section 58.

**Agricultural properties; horse breeding, training, and boarding.** Minn. Stat. ch. 17 was amended by adding the new section 17.345; Minn. Stat. § 17.459, subd. 2, was amended, and Minn. Stat. § 17.459, subd. 3, was repealed, to provide that for purposes of Minn. Stat. ch. 17 ("Department of Agriculture"), but not for purposes of Minn. Stat. ch. 273 ("Taxes; Listing, Assessments"), horse breeding, training, and boarding farms are agricultural operations. Effective August 1, 2012. 2012 Minn. Laws, Chapter 203.

**Police and fire state aids; technical changes.** Minn. Stat. §§ 69.011, subd. 1, 69.051, subds. 1 and 1a, were amended to clarify the term "municipal clerk" for the purposes of fire aid and fire relief association financial reports under Minn. Stat., chapters 69, 423, 423A, 424, and 424A; and to clarify who must sign a firefighter or police relief association's financial reports and statements in general and when the fire department is for an unorganized territory. Effective July 1, 2012. Minn. Stat. § 69.051, subd. 3, was amended to eliminate a mandate for the state auditor to forward copies of certain municipal fire protection financial statements to the county auditor. Effective May 11, 2012. 2012 Minn. Laws, Chapter 286, Article 12, Sections 1-4.

**Police and fire state aid; cities of Fairmont and Virginia.** Minn. Stat. § 69.77, subds. 1a and 4, were amended to eliminate the city of Fairmont police relief association and the city of Virginia fire department relief association from the list of relief associations that are governed by Minn. Stat. § 69.77. This reflects the consolidation of those pension funds with the state public employees police and fire retirement fund and mainly affects financial reporting requirements and the allocation of amortization state aid, supplementary amortization state aid, and additional amortization state aid under Minn. Stat. § 423A.02, subds. 1, 1a, and 1b, respectively. Effective for the Fairmont police relief association on the date of consolidation as set by the board of the state Public Employees Retirement Association, but no later than June 29, 2012. Effective for the Virginia fire department relief association, and fire consolidation account, on June 29, 2012. 2012 Minn. Laws, Chapter 286, Article 11, Sections 1 and 2.

**Manufactured homes.** Minn. Stat. § 168A.142 was enacted to provide procedures whereby the owner of a manufactured home that has been affixed to real property may obtain a new certificate of title for the home, effectively reconverting the home to personal property. This statute requires that both delinquent and current-year property taxes be paid on the land and the home in order to obtain the new certificate; which is consistent with the requirements in the longstanding Minn. Stat. §§ 272.38-.40 concerning the payment of taxes that are "due and payable" before the removal of structures from real property. Effective August 1, 2012. 2012 Minn. Laws, Chapter 198, Section 8.

**Property tax working group.** Minn. Stat. § 270C.991, subd. 4, was amended to change the word “council” to “working group” because “working group” is the correct name for the body described in the statute. Effective August 1, 2012. 2012 Minn. Laws, Chapter 187, Article 1, Section 45.

**Certification of school aid amounts.** Minn. Stat. § 273.1392 was amended, relating to the certification of the specified state aid amounts by the commissioner of revenue to the commissioner of education, to strike a reference to reimbursements for exempt wetlands because those reimbursements are no longer paid. Effective August 1, 2012. 2012 Minn. Laws, Chapter 187, Article 1, Section 46.

**Tax-forfeited land sale proceeds.** Minn. Stat. § 282.08 was amended to strike a clause that temporarily allowed an alternative allocation of sale proceeds for Pine county. The clause expired in 2010. Effective August 1, 2012. 2012 Minn. Laws, Chapter 187, Article 1, Section 47.

**State building code.** Minn. Stat. § 326B.103, subd. 3, was amended to clarify an existing reference, and add a new reference, in the state building code to the property tax agricultural-use classification statute of Minn. Stat. § 273.13, subd. 23. The first reference is in a clause that defines “agricultural land,” as land classified by the assessor as agricultural. The second reference is in a clause that defines “agricultural products” by referencing that term in the agricultural-use classification statute. Recent changes to the agricultural-use classification will impact both usages. Effective August 1, 2012. 2012 Minn. Laws, Chapter 295, Article 1, Section 14.

**Anoka and Washington county Housing and Redevelopment Authority (HRA).** Minn. Stat. §§ 383E.17, 383E.18, and 1974 Minn. Laws, Chapter 475, sections 1-3 were amended and an uncodified provision was enacted, to clarify, among other things, the taxing jurisdiction of the Anoka and Washington county HRA’s, with regard to past and future projects when cities within the county have created, or later create, their own HRA’s. These provisions respond to the May 3, 2011, court of appeals decision in the case involving the city of East Bethel in Anoka county. *City of East Bethel v. Anoka County HRA*, 798 N.W. 2d 375 (Minn. App. 2011). Sections 1-5 are effective upon local compliance with Minn. Stat. § 645.021, subs. 2 and 3. Section 6 is effective April 21, 2012. 2012 Minn. Laws, Chapter 199, Sections 1-3.

**Reallocation of amortization or supplementary amortization state aid.** Minn. Stat. § 423A.02, subd. 3, was amended and Minn. Stat. § 128D.18 was repealed, to eliminate obsolete references to the Minneapolis Teachers Retirement Association in the statutes concerning police and fire pension amortization and supplementary amortization state aid. The new references are to the state Teachers Retirement Association under Minn. Stat. ch. 354. Effective May 11, 2012. 2012 Minn. Laws, Chapter 286, Article 8, Sections 9 and 10.

**Border city enterprise and development zones.** Minn. Stat. §§ 469.166, subs. 3, 5, and 6; 469.167, subd. 2; 469.171, subs. 1, 4, 6a, 7, 9, and 11; and 469.172, were amended and Minn. Stat. §§ 469.166, subs. 7-12; 469.167, subs. 1 and 3; 469.168; 469.169; subs. 1-11 and 13; 469.170; 469.171, subs. 2, 5 and 6b; and 469.173, subs. 1 and 3; were repealed to eliminate obsolete statutory language related to border city enterprise and development zones in the cities of Moorhead, Dilworth, East Grand Forks, Breckenridge, and Ortonville. Effective August 1, 2012. 2012 Minn. Laws, Chapter 294, Article 2, Sections 21-23, and 43.

**Tax increment financing; market value exclusions.** Minn. Stat. § 469.177, subd. 1 (original net tax capacity), was amended to specify that when the taxable value of a parcel increases because it no longer qualifies under the rural preserves property tax program under Minn. Stat. § 273.114, or because the parcel has a home on it that existed before the district was certified but is no longer qualified for a homestead market value exclusion under Minn. Stat. § 273.13, subd. 35, the increase in its taxable value goes to the general tax base (*i.e.*, original net tax capacity) rather than towards generating increments (*i.e.* captured net tax capacity). Effective August 1, 2012 (*i.e.*, for taxes payable in 2013 and thereafter) for exclusion provisions effective beginning with taxes payable in 2012 or thereafter. 2012 Minn. Laws, Chapter 294, Article 2, Section 39.

**Major league football stadium and sports facilities.** Minn. Stat. Chapter 473J was created to establish the Minnesota Sports Facilities Authority (the Authority) that will construct and operate a stadium for use by a major league football team, and for other non-conflicting sporting and public events. Minn. Stat. § 473J.19 provides that any real and personal property acquired, owned, leased, or occupied by the Authority for this purpose is exempt from ad valorem taxation, including any taxes that would be imposed under Minn. Stat. § 272.01 or § 273.19 on account of such property being leased, loaned, or otherwise made available to another entity for a non-exempt use. Effective May 15, 2012. 2012 Minn. Laws, Chapter 299, Article 1, Section 21.

**Local government aid; cities.** Amends Minn. Stat. § 477A.011, subd. 36, to provide the city of Tamarack with an additional \$12,000 in 2013 and to strike two obsolete paragraphs. Minn. Stat. § 477A.013, subd. 9, was amended to enact the new § 477A.03, subd. 12, to freeze the local government aid paid to cities with a population of 5,000 or more at the 2012 level for one more year (2013). Cities with populations of less than 5,000 will receive in 2013 the greater of the amount calculated for it under § 477A.013 for 2013 or the amount paid to it in 2012 (with the city of Tamarack receiving an additional \$12,000). Also provides that for calculating aid paid in 2014, the prior year's aid will be the 2012 amounts when calculating the maximum increase or decrease allowed for a city under subdivision 9. Effective for aids paid in 2013 and thereafter.

An uncodified provision allows cities that did not receive all their aid in 2011, because of a failure to timely submit their 2010 financial reports to the state auditor, to receive the withheld amounts by June 30, 2012, if the reports are submitted by May 31, 2012. The specific dollar amount of \$794,579 is allocated from the fiscal year 2012 appropriation that would have funded these payments had they been paid out under the general law (*i.e.*, § 477A.013, subd. 11) in 2011. The amounts are to be paid by June 30, 2012. An uncodified provision grants the city of Tamarack a state payment of \$12,000, one-half on July 20, 2012, and one-half on December 26, 2012. Both uncodified provisions are effective the day following final enactment. Minn. Laws, Chapter 294, Article 1, Sections 1-5.

## STATE LANDS ACT

**Boundary waters land exchanges.** Minn. Stat. § 92.80 was enacted to speed up the process for exchanges of state lands within the Boundary Waters Canoe Area for federal lands located outside the Area. The provisions of general law in Minn. Stat. § 94.344, governing land exchanges where the state gives tax-forfeited land, are pre-empted by the provisions in this new section. However, there is no impact on the commissioner of revenue's duties to execute the deed on behalf of the state for the tax-forfeited lands that are part of an exchange, in accordance with the certifications of the

commissioner of natural resources and others, while reserving the forfeited mineral rights to the state. Effective August 1, 2012. 2012 Minn. Laws, Chapter 236, Section 4.

**Tax-forfeited lands bordering public waters.** Two uncodified provisions authorize Beltrami County and Lake County to sell specific tax-forfeited land bordering public water. Such land is otherwise withdrawn from sale under Minn. Stat. §282.018. Effective April 28, 2012. 2012 Minn. Laws, Chapter 236, Sections 12 and 21.

**Tax-forfeited lands bordering public waters.** Two uncodified provisions authorize Big Stone County and Goodhue County to sell specific tax-forfeited land bordering public water. Such land is otherwise withdrawn from sale under Minn. Stat. § 282.018. Effective August 1, 2012. 2012 Minn. Laws, Chapter 236, Sections 13 and 15.

**Tax-forfeited lands bordering public waters.** Three uncodified provisions authorize Hennepin County to convey specific parcels of tax-forfeited land bordering public water (otherwise withdrawn from sale under Minn. Stat. § 282.018) to governmental subdivisions, including specifically the City of Corcoran, for no consideration for various stated purposes. Effective April 28, 2012. 2012 Minn. Laws, Chapter 236, Section 16, 17 and 18.

**Private sales of tax-forfeited lands.** An uncodified provision authorizes Itasca County to sell specific tax-forfeited land by private sale to the adjoining landowner, notwithstanding the public sale provisions of Minn. Stat. ch. 282, if the purchaser pays the survey and appraisal costs. April 28, 2012. 2012 Minn. Laws, Chapter 236, Section 19.

**Private sales of tax-forfeited lands.** An uncodified provision authorizes Koochiching County to sell specific tax-forfeited land by private sale, notwithstanding the public sale provisions of Minn. Stat. ch. 282, after granting a public road easement under existing general law. Effective April 28, 2012. 2012 Minn. Laws, Chapter 236, Section 20.

**Tax-forfeited lands bordering public waters.** An uncodified provision authorizes Morrison County to convey specific tax-forfeited land bordering public water (otherwise withdrawn from sale under Minn. Stat. § 282.018) to a governmental subdivision for no consideration for a public park. Effective August 1, 2012. 2012 Minn. Laws, Chapter 236, Section 23.

**Tax-forfeited lands bordering public waters.** An uncodified provision authorize St. Louis County to sell specific tax-forfeited land bordering public water (otherwise withdrawn from sale under Minn. Stat. § 282.018) after the commissioner of revenue grants an easement to the commissioner of natural resources for riparian protection and angler access under Minn. Stat. § 282.37. Effective August 1, 2012. 2012 Minn. Laws, Chapter 236, Section 25.

**Private sales of tax-forfeited lands.** Three uncodified provisions authorizes Lake County and St. Louis County to sell specific tax-forfeited land by private sale notwithstanding the public sale provisions of Minn. Stat. ch. 282. Effective August 1, 2012. 2012 Minn. Laws, Chapter 236, Sections 22, 26 and 27.

**Private sales of tax-forfeited lands bordering public water.** An uncodified provision authorizes St. Louis County to offer tax-forfeited lakeshore lots (otherwise withdrawn from sale under Minn. Stat. § 282.018) for sale to the current lessees notwithstanding the public sale provisions of Minn. Stat. ch. 282. Provisions governing holdouts, surveys, appraisals, zoning, roadways, and the allocation of sale proceeds are included. Effective April 28, 2012. 2012 Minn. Laws, Chapter 236, Section 28.

**Private sales of tax-forfeited lands bordering public water.** An uncodified provision authorizes Washington County to sell tax-forfeited land bordering public water (otherwise withdrawn from sale under Minn. Stat. § 282.018) by private sale to an adjoining landowner notwithstanding the public sale provisions of Minn. Stat. ch. 282. Effective August 1, 2012. 2012 Minn. Laws, Chapter 236, Section 30.

**“Neighborhood land trusts” become “community land trusts.”** An uncodified provision instructs the Revisor of Statutes to change the term “neighborhood land trust” to “community land trust” wherever the term appears in Minn. Stat. § 273.11, subd. 12, and Minn. Stat. ch. 462A (see especially Minn. Stat. §§ 462A.30 and 462A.31). Effective August 1, 2012. 2012 Minn. Laws, Chapter 288, Section 12.

**Lake Superior-Poplar River Water District.** An uncodified provision created the Lake Superior-Poplar River Water District. The district is not a special taxing district having the authority to levy taxes, but the property owned by the district and used for district purposes will be exempt from ad valorem taxation. Effective the day after compliance with Minn. Stat. § 645.021, subds. 2 and 3, by Cook County. 2012 Minn. Laws, Chapter 293, Section 52.

**Eliminate economic development obsolete references.** Numerous property tax statutes related to economic development and economic development activities, and statutes that incorporate them by reference, are repealed or amended to eliminate obsolete provisions and references. Effective August 1, 2012. 2012 Minn. Laws, Chapter 294, Article 2, Sections 5-8, 35, 36, and 43.

- Minn. Stat. § 272.02, subd. 77 (exemption for property of HRA’s), was amended to eliminate a reference to the now-repealed Minn. Stat. § 469.043, under which partial property tax exemptions were once authorized.
- Minn. Stat. § 273.13, subd. 24 (classification of commercial/industrial property), was amended to eliminate references to class 3b employment property as defined under Minn. Stat. § 469.166, because the designation is not used in the remaining enterprise zones (i.e., the border city enterprise zones).
- Minn. Stat. § 273.1398, subd. 4 (disparity reduction credit), was amended to eliminate references to class 3b employment property and to modify a reference to the enterprise zones statutes made necessary by other changes.
- Minn. Stat. § 276A.01, subd. 3 (Range area fiscal disparities), and Minn. Stat. § 473F.02, subd. 3 (metro area fiscal disparities), were amended to eliminate obsolete cross-references.
- Minn. Stat. § 469.174, subd. 25 (definition of “tax increment”), was amended to eliminate a reference to the market value homestead credit payments that used to be made under Minn. Stat. § 273.1384.
- Minn. Stat. § 469.176, subd. 7 (parcels not includable), was amended so that parcels in the rural preserves program under Minn. Stat. § 273.114 cannot be included in a tax increment financing district for five years.
- Minn. Stat. § 272.02, subd. 83 (exemption for international development zone property), was repealed to eliminate an obsolete reference to this unused and expired program.