

MINNESOTA • REVENUE

2005  
Property  
Tax Law  
Summary

**2005 Minnesota  
Legislative Regular and  
Special Session**

Property Tax Division  
August 2005

Please note: This summary is intended to help you become more familiar with the legislative changes affecting property tax laws. Nothing in this law summary supersedes, alters, or otherwise changes any provisions of the tax law, administrative rules, court decisions, or revenue notices.

**Memo from the Director**

**Date:** August 3, 2005  
**To:** All Property Tax Administrators  
**From:** Gordon Folkman, Director  
Property Tax Division  
**Subject:** 2005 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 2003 legislative session.

The purpose of the *Summary of 2005 Property Tax Laws* is to provide property tax administrators and their service organizations with an organized and condensed source of information to make them aware of the many legislative changes affecting the property tax laws this year.

It should be noted that, except for a few cases that may involve the Department of Revenue, the *Summary of 2005 Property Tax Laws* does not cover the property tax laws that specifically relate to school districts. This dimension of the property tax system is handled by the Minnesota Department of Education. Please call (651) 582-8566 for more information regarding property taxes and school districts.

If you have suggestions for improving future editions of the property tax law summary, please contact Jacque Betz at (651) 556-6099 or [jacquelyn.betz@state.mn.us](mailto:jacquelyn.betz@state.mn.us).



## Acknowledgement

The *Summary of 2005 Property Tax Laws* could not have been produced without the knowledge and skills of many people inside and outside the Property Tax Division of the Department of Revenue.

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



## Abbreviations

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

DEED	Department of Employment and Economic Development
DOT	Department of Transportation
DNR	Department of Natural Resources
DRA	Disparity Reduction Aid
EDA	Economic Development Authority
EMS	Emergency Medical Services
ERER	Electronic Real Estate Recording
H.F.	House File
HRA	Housing and Redevelopment Authority
JOBZ	Job Opportunity Building Zone
LGA	Local Government Aid
LMV	Limited Market Value
MHFA	Minnesota Housing Finance Agency
PCA	Pollution Control Agency
PILT	Payment In Lieu of Tax
PUC	Public Utilities Commission
S.F.	Senate File
SS	Special Session
SFIA	Sustainable Forest Incentive Program
TIF	Tax Increment Financing





## Laws Included in this Summary

### Laws 2005 (Regular Session)

Subject	House File Number	Senate File Number	Chapter Number in Laws	Date Enacted
Changes to filing and recording laws.	H.F. 357	/ S.F. 262	4	March 7, 2005
Revisor's bill.	H.F. 378	/ S.F. 478	10	March 14, 2005
City aid base calculation corrected relating to state aids to cities.	H.F. 47	/ S.F. 1087	38	May 5, 2005
County board meetings.	H.F. 2318	/ S.F. 2112	42	May 9, 2005
Washington County; Disabled Veterans Rest Camp on Big Marine Lake.	H.F. 34	/ S.F. 467	43	May 10, 2005
Wabasha and Ortonville port authority.	H.F. 1333	/ S.F. 1275	61	May 19, 2005
Electric or utility special assessments.	H.F. 732	/ S.F. 527	67	May 23, 2005
Appointive Offices.	H.F. 2028	/ S.F. 1929	75	May 24, 2005
Manufactured home park seasonal agricultural operations exclusions provided.	H.F. 1585	/ S.F. 1509	79	May 24, 2005
Omnibus public safety finance bill.	H.F. 1	/ S.F. 609	136	June 2, 2005
Public waters inventory authority.	H.F. 894	/ S.F. 935	138	June 3, 2005
Forest road designations, timber sales on tax-forfeited lands provisions, State Timber Act, and wood standard measurements modified.	H.F. 823	/ S.F. 802	141	June 3, 2005
M.S. Chapter 270 recodification and technical tax bill.	H.F. 2228	/ S.F. 1675	151	June 2, 2005
Public finance and tax increment financing.	H.F. 2498	/ S.F. 2288	152	June 2, 2005
Omnibus state government finance bill.	H.F. 1481	/ S.F. 1285	156	June 3, 2005
Public land sales and conveyances.	H.F. 814	/ S.F. 896	161	June 3, 2005

### Laws 2005, First Special Session

Subject	House File Number	Senate File Number	Chapter Number in Laws	Date Enacted
Agricultural, environmental, natural resources, state parks, and economic development funding provided; programs established and modified; and money appropriated.	H.F. 78	/ S.F. 69	1	June 30, 2005*
Omnibus tax bill.	H.F. 138	/ S.F. 106	3	June 13, 2005
Revisor's bill.	H.F. 53	/ S.F. 15	7	June 15, 2005

\*Approved with line item vetos.



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## Property Assessment

### Abatements

#### Economic Development Abatement Duration Extension

##### Chapter 152, Article 1, Section 17

Amends M.S. 469.1813, subdivision 6

Increases the duration limits that apply under the tax abatement program from 10 years to 15 years if all three of the taxing districts (county, city, and school district) grant abatements, and from 15 years to 20 years if one or two of the taxing districts grant an abatement.

**Effective date:** The day following final enactment (June 3, 2005).

#### City of Bemidji; Abatement

##### Chapter 152, Article 1, Section 35

Uncodified provision

Authorizes the city of Bemidji to extend the duration of a tax abatement for the fairgrounds district of the city by four years.

**Effective date:** The day following final enactment (June 3, 2005).

### General Provisions

#### Abstract of Assessment; Range Area Fiscal Disparities Reporting

##### Chapter 151, Article 5, Section 2

Amends M.S. 270.11, subdivision 2

Specifies that the abstract of assessment submitted to the Commissioner of Revenue include areawide net tax capacity contribution values determined under the iron range area fiscal disparities provision, rather than continuing to collect this data under the commissioner's general power to collect the necessary information from local officials.

**Effective date:** The day following final enactment (June 3, 2005).

### Quintile Assessments

#### Chapter 151, Article 5, Section 3

Amends M.S. 270.16, subdivision 2

Corrects a provision referring to quartile assessments. A 2003 law changed the maximum intervals that an assessor view and determine the market value of taxable real property from four years to five years. Other statutes referring to a quartile assessment were amended, but this one was inadvertently not changed.

**Effective date:** The day following final enactment (June 3, 2005).

### Wind Energy Conversion Systems

#### SS Chapter 3, Article 1, Section 4

Amends M.S. 272.02, subdivision 22

Provides that, if approved by the county where the property is located, the value of the land on which the wind energy conversion system is located shall be valued in the same manner as similar land that has not been improved with a wind energy conversion system, and the land should be classified based on the most probable use of the property if it were not improved with a wind energy conversion system.

**Effective date:** Taxes payable in 2006 and thereafter.

### Wind Energy Production Tax; Reporting and Certification of Tax Due

#### Chapter 151, Article 5, Section 14

Amends M.S. 272.029, subdivision 4

Changes the date from March 1 to February 1 for an owner of a wind energy production system subject to the wind energy production tax to file a report with the Department of Revenue detailing the amount of electricity produced in the previous calendar year. Also changes the date from March 31 to February 28 for the Department of Revenue to notify the owner of a wind energy production system of the amount of wind energy production tax due to the county and to certify to the county auditor the amount due from each owner for the current year. The earlier notification of current year tax amounts will help townships to better anticipate wind energy production tax revenues for the following year when adopting levies in March.

**Effective date:** For reports and certifications due in 2006 and thereafter.

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**Limited Market Value**  
**SS Chapter 3, Article 1, Section 8**

Amends M.S. 273.11, subdivision 1a

Extends the phase-out schedule for LMV for two years (through assessment year 2008). The 2005 and 2006 assessment years have the same limits as the 2004 assessment year (the greater of 15 percent of the value in the preceding assessment or 25 percent of the difference between the current and preceding assessments).

For assessment year 2007, the amount of the increase shall not exceed the greater of 15 percent of the value in the preceding assessment or 33 percent of the difference between the current and preceding assessments.

For assessment year 2008, the amount of the increase shall not exceed the greater of 15 percent of the value in the preceding assessment or 50 percent of the difference between the current and preceding assessments.

**Effective date:** Taxes payable in 2006 through 2009.

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**Cross-reference; Limited Equity Cooperative Apartments**  
**Chapter 151, Article 5, Section 16**

Amends M.S. 273.11, subdivision 8

Updates a property tax cross-reference so that limited equity cooperative apartments receive the same tax treatment whether they are organized under M.S. Chapter 308A or M.S. Chapter 308B.

**Effective date:** Taxes payable in 2004 and thereafter.

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**Valuation Reduction for Homestead Property Damaged by Mold**  
**SS Chapter 3, Article 1, Section 9**

Amends M.S. 273.11 by adding subdivision 21

Provides for a one-year market value reduction for property damaged by mold. To receive the value reduction under this provision, the owner of the homestead property must obtain an estimate (made by a licensed contractor) of the cost to cure the mold damage. To qualify, the estimated cost to cure must be at least \$20,000. Upon completion of the work, the owner must file an application with the county assessor on a form prescribed by the Commissioner of Revenue (and provide a copy of the contractor's estimate). The county board must grant a reduction equal to the cost to cure the mold damage. A denial of this reduction may be appealed to Tax Court. If

the county board does not take action on the application within 90 days of receipt, it is considered an approval.

If a property owner applies between January 1 and June 30 of any year, the reduction should be granted for the following taxes payable year. If the property owner applies between July 1 and December 31 of any year, the reduction should be granted for the second following year.

In the year following the year in which the reduction was granted, any market value added by the assessor resulting from curing the mold condition must be considered an increase in market value due to new construction.

**Effective date:** For applications filed September 1, 2005, and thereafter.

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**Lead Hazard Market Value Reduction**  
**SS Chapter 3, Article 1, Section 10**

Amends M.S. 273.11 by adding subdivision 22

Provides that owners of certain property may apply for a one-year valuation reduction equal to the cost of mitigating the lead hazard (to a maximum of \$20,000) if the property is located in a city that has authorized lead hazard valuation reductions. A city that authorizes these reductions must establish guidelines for qualifying lead hazard reduction projects and must designate an agency within the city to issue certificates of completion for qualifying projects.

The property owner must obtain a certificate from the designated agency stating (1) that the project has been completed and (2) the total costs incurred by the owner to mitigate the lead hazard (\$3,000 minimum). This reduction applies to projects originating after July 1, 2005, and completed before July 1, 2010.

The property owner should apply to the assessor on a form prescribed by the assessor and provide a copy of the certificate of completion from the agency.

If the property owner applies to the assessor between January 1 and June 30, the reduction applies to taxes payable in the following year. If the property owner applies between July 1 and December 31, the reduction applies to the second following taxes payable year.

Additional market value resulting from the lead hazard removal must be considered an increase in value due to new construction.

The following property types are eligible for this value reduction:

- Class 1a residential homestead;
- Class 1b blind/disabled homestead;
- Class 1c homestead resorts;
- Class 2a agricultural homestead;
- Class 4b(1) residential nonhomestead one to three units that does not qualify for class 4bb;
- Class 4b(2) unclassified manufactured homes;
- Class 4b(3) agricultural nonhomestead containing more than one residence but fewer than four along with the acre(s) and garage(s);
- Class 4bb(1) residential nonhomestead single unit;
- Class 4bb(2) single house, garage and first acre on agricultural nonhomestead land; and
- Class 4d low-income rental housing.

**Effective date:** The day following final enactment (July 14, 2005).

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### **Open Space; Requirements** **SS Chapter 3, Article 1, Section 11**

Amends M.S. 273.112, subdivision 3

Adds real estate actively and exclusively devoted to polo to the list of uses that qualify for open space valuation and tax deferment.

**Effective date:** Taxes payable in 2006 and thereafter.

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### **Homestead Used for Licensed Child Care** **SS Chapter 3, Article 1, Section 12**

Amends M.S. 273.124, subdivision 1

Provides that, if a single family home, duplex or triplex classified as either residential homestead or agricultural homestead also is used to provide licensed child care, the portion of the property used for licensed child care must be classified as part of the homestead property.

**Effective date:** Taxes payable in 2006 and thereafter.

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### **Manufactured Homes** **SS Chapter 3, Article 1, Section 13**

Amends M.S. 273.125, subdivision 8

Provides that a manufactured home located in a manufactured home park shall be considered personal property if it is not the homestead of the park owner. This will allow the park owner to transfer or sell the

manufactured home without having to pay the total real property taxes due.

An adjustment must be made to the 2005 assessment rolls on or before September 1, 2005, for any property treated as real property for the 2005 assessment that will be treated as personal property under this provision for the 2006 assessment.

**Effective date:** Taxes payable in 2006 and thereafter, except that for the purposes of M.S. 272.12 (conveyances, taxes paid before recording) and M.S. 272.121 (current tax due on divided parcels) the effective date is the day following final enactment (July 14, 2005).

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### **Certification of Low-Income Rental Property** **SS Chapter 3, Article 1, Section 14**

Adds M.S. 273.128

Provides that low-income rental property is entitled to classification as class 4d property if at least 75 percent of the units in the rental housing property meet any of the following qualifications:

- the units are subject to a housing assistance payments contract under section 8 of the United States Housing Act of 1937, as amended;
- the units are rent-restricted and income-restricted units of a qualified low-income housing project receiving tax credits under section 42(g) of the Internal Revenue Code of 1986, as amended;
- the units are financed by the Rural Housing Service of the United States Department of Agriculture and receive payments under the rental assistance program pursuant to section 521(a) of the Housing Act of 1949, as amended; or
- the units are subject to rent and income restrictions under the terms of financial assistance provided to the rental housing property by the federal government or the state of Minnesota as evidenced by a document recorded against the property.

The restrictions must require assisted units to be occupied by residents whose household income at the time of initial occupancy does not exceed 60 percent of the greater of area or state median income, adjusted for family size, as determined by the United States Department of Housing and Urban Development. The restriction must also require the rents for assisted units to not exceed 30 percent of 60 percent of the greater of area or state median income, adjusted for family size, as determined by the United States Department of Housing and Urban Development.

Application for certification of low-income rental property must be filed with the MHFA by March 31 of the levy year or at a later date if the MHFA deems practicable (August 31, 2005, is the deadline for taxes payable in 2006). Provides that each application must include the property tax identification number, and evidence that the property meets the guidelines listed above. The MHFA may charge an application fee not to exceed \$10 per unit (to be deposited in the housing development fund).

By June 1 of each levy year (September 30, 2005, is the deadline for taxes payable in 2006) the MHFA must certify to the appropriate county or city assessor the specific properties that are certified as low-income rental property and the number of units in the building that qualify.

**Effective date:** Taxes payable in 2006 and thereafter.

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### **Proceedings and Appeals; Utility or Railroad Valuations** **Chapter 151, Article 5, Section 24**

Amends M.S. 273.372

Reorganizes and rewrites administrative and judicial appeals language to make the procedures easier to understand.

Clarifies that an appeal by a utility or railroad company concerning a value ordered or recommended by the Commissioner of Revenue must be brought before the commissioner and not the county or taxing district where the property is located.

Provides that the petition initiating appeals to court must be served upon the commissioner and must be filed with the Tax Court in Ramsey County. The petition must include all the parcels encompassed by that order which the petitioner claims have been partially, unfairly, or unequally assessed, assessed at a valuation greater than their real or actual value, misclassified, or are exempt. Defines an order of the commissioner as either a certification or notice of value by the commissioner or the final determination by the commissioner of either an administrative appeal conference or informal administrative appeal. Specifies that the utility company or railroad is to give notice by first class mail upon filing an appeal to court to the county auditor of each county where the property included in the petition is located.

Specifies that companies required to submit reports under M.S. 270.82 (railroad companies) or M.S. 273.371 (utility companies) by March 31, or by the date specified by the commissioner in an extension, may appeal administratively to the commissioner prior to bringing an

action in court by submitting a written request with the commissioner for a conference within 10 days after the date of the commissioner's valuation certification or notice to the company, or by May 15, whichever is earlier. The commissioner shall conduct the conference upon the commissioner's entire files and records and such further information as may be offered. The conference is not a contested case hearing. The commissioner shall also provide the railroad and utility companies with an opportunity to discuss any questions or concerns relating to the values established by the commissioner in a less formal manner.

**Effective date:** September 1, 2005, and thereafter.

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### **Manufactured Home Park Definition** **SS Chapter 1, Article 1, Section 89**

Amends M.S. 327.23, subdivision 2

Provides that "manufactured home park" does not include two or fewer manufactured homes that are maintained by an individual or a company on premises associated with an agricultural operation in an area zoned agricultural provided that the manufactured homes:

- are located within 100 yards of an existing residence on those premises; and
- are used exclusively to house either family of the individual (at least one of the members is engaged in agricultural work on the property) or agricultural labor on the property.

The manufactured homes must meet specified requirements pertaining to safety, the manufactured home building code, and Health Department rules.

**Effective date:** None specified so August 1, 2005.

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### **Manufactured Home Park Definition** **Chapter 79, Section 1**

Amends M.S. 327.23 by adding subdivision 2a

Provides that the term "manufactured home park" does not include four or fewer manufactured homes maintained by an individual or a company as part of a seasonal agricultural operation in an area zoned commercial and used exclusively to house individuals or families performing labor if:

- the manufactured homes are equipped with indoor plumbing facilities which meet the standards for water and sanitation (under Minnesota Rules, parts 4630.0600, subpart 1; 4630.0700; 4630.1200; 4630.3500; and 4715.0310);



- the manufactured home provides at least 80 square feet of indoor living space per occupant;
- the manufactured homes and their installation comply with the manufactured home building code (M.S. 327.34, subdivision 1, and Minnesota Rules, chapter 1350);
- the individual or company maintaining the manufactured homes, with the assistance and approval of the city or town where the homes are located, develops and posts (in conspicuous locations near the homes) an evacuation plan for severe weather; and
- the individual or company maintains the manufactured homes in a clean, orderly and sanitary condition.

**Effective date:** The day following final enactment (May 25, 2005).

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**Reports; Standardized Assessment and Classification  
SS Chapter 3, Article 1, Section 37**

Uncodified provision

Requires the Commissioner of Revenue, in consultation with appropriate stakeholder groups, to issue two reports to the chairs of the House and Senate Tax Committees. The reports shall include an analysis of existing practices and shall contain recommendations, where necessary, for achieving higher quality and uniform assessments and consistency of property classifications.

The first report, to be issued by February 1, 2006, will address the following types of property:

- Agricultural land including land enrolled in the green acres and agricultural preserve programs (both high and low values);
- Rural woodlands including timber, seasonal residential recreational, agricultural and residential property, and lands used for the production of short rotation woody crops; and
- Resort property including class 1c and class 4c seasonal residential recreational resorts.

The second report, to be issued by February 1, 2007, will address the following property types:

- Class 4d low-income rental housing property;
- Lands enrolled in state or federal conservation programs including the Conservation Reserve Program (CRP), Reinvest in Minnesota (RIM) program, and Conservation Reserve Enhancement Program (CREP);

- Residential use properties including seasonal residential recreational and residential homestead and nonhomestead property; and
- Commercial/industrial property.

**Effective date:** The day following final enactment (July 14, 2005).

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**Code of Conduct and Ethics; Assessors  
SS Chapter 3, Article 1, Section 38**

Uncodified provision

Requires the Commissioner of Revenue to develop a code of conduct and ethics for Minnesota assessors to ensure public confidence in property assessment. The commissioner shall consult with MAAO, the State Board of Assessors, and any other groups the commissioner deems appropriate. The code must include language that promotes fairness and uniformity and recommends assessment practices that do not promote the perception of a conflict of interest. The code must be completed and recommended to the State Board of Assessors for adoption by January 1, 2006. This code must be presented as part of the required ethics seminar for all licensed assessors (See Laws 2005, First Special Session Chapter 3, Article 1, Section 7).

**Effective date:** The day following final enactment (July 14, 2005).

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**Assisted Living Facilities  
SS Chapter 3, Article 1, Section 40**

Uncodified provision

Requires the Commissioner of Revenue to inform assessors of the provisions in the exemption for institutions of purely public charity under M.S. 272.02, subdivision 7 (See Laws 2005, First Special Session, Article 1, Section 3) as they pertain to assisted living facilities and to monitor changes in the assessment of these facilities for assessment years 2005 and 2006.

**Effective date:** The day following final enactment (July 14, 2005).

## Special Assessments

### Improvements Authorized Chapter 67, Section 1

Amends M.S. 429.021, subdivision 1

Provides that a municipality has the authority to assess property owners for all or a portion of the costs agreed to with an electric utility, telecommunications carrier, or cable system operator to bury or alter a new or existing distribution system, within the public right-of-way, that exceeds the utility's design and construction standards, or those set by law, tariff, or franchise, but only if requested by all abutting property owners who would be assessed.

**Effective date:** None specified so August 1, 2005.

### Special Assessments for Streets and Roads Outside a City Chapter 152, Article 1, Section 12

Amends M.S. 429.052

Authorizes a city to use the special assessment law to assess for streets and roads that it constructs outside of its jurisdiction, when the city later annexes the abutting property. To use this authority, the city must notify the property owner when it orders the improvement (before it constructs the street or road). After it annexes the property, it must again provide the landowner notice and hearing before actually imposing the assessment on the annexed property.

**Effective date:** For street and road improvements first ordered after August 1, 2005.

## Homesteads

### Disclosure; Blind and Disabled Homestead Data Chapter 10, Article 1, Section 8

Amends M.S. 13.4963

Adds an omitted reference in the Minnesota Government Data Practices Act (dealing with the classification of data created, collected, or maintained by the Department of Revenue) to M.S. 273.1315 (dealing with data associated with certain blind and disabled individuals) because, pursuant to a 2004 law change, the classification and disclosure of that data is now governed by M.S. Chapter 270B, not M.S. Chapter 13.

**Effective date:** None specified so August 1, 2005.

### Cross-reference; Cooperatives and Charitable Corporations; Homestead and Other Property Chapter 151, Article 5, Section 17

Amends M.S. 273.124, subdivision 3

Updates a property tax cross-reference so that limited equity cooperative apartments receive the same tax treatment whether they are organized under M.S. Chapter 308A or M.S. Chapter 308B.

**Effective date:** Taxes payable in 2004 and thereafter.

### Cross-reference; Leasehold Cooperatives Chapter 151, Article 5, Section 18

Amends M.S. 273.124, subdivision 6

Updates a property tax cross-reference so that limited equity cooperative apartments receive the same tax treatment whether they are organized under M.S. Chapter 308A or M.S. Chapter 308B.

**Effective date:** Taxes payable in 2004 and thereafter.

### Agricultural Homestead for Entity-Owned Land Chapter 151, Article 5, Section 19

Amends M.S. 273.124, subdivision 8

Clarifies that, in addition to a partnership, a limited liability company also must operate a "family farm" in order to receive an agricultural homestead classification.

**Effective date:** The day following final enactment (June 3, 2005).

### Counties to Provide Homestead Information to Commissioner of Revenue Chapter 151, Article 5, Section 20

Amends M.S. 273.124, subdivision 13

Requires that counties provide the Commissioner of Revenue with certain information that will be used to verify the accuracy of homeowner property tax refund claims. Beginning in 2007, the following data must be submitted by electronic means on or before April 30 each year for each parcel of homestead property:

- The parcel's property identification number for the current taxes payable year;
- The name and Social Security number of each property owner and property owner's spouse for the current and the prior assessment year;

- The classification of the property for the current and prior taxes payable year;
- An indication of whether the property was classified as a relative homestead for taxes payable in the current or prior year;
- The property taxes payable for the current and prior year (qualifying tax amounts as defined in M.S. 290A.03, subdivision 13);
- The market value of any new improvements first assessed for tax purposes in the current taxes payable year;
- The assessor's estimated market value for taxes payable in the current and prior year;
- The taxable market value for taxes payable in the current and prior year;
- An indication of whether there are delinquent property taxes owed on the homestead;
- The unique taxing district in which the property is located; and
- Other information as the commissioner decides is necessary.

**Effective date:** Beginning in 2007 and thereafter.

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### **Special Agricultural Homesteads Chapter 151, Article 3, Section 11**

Amends M.S. 273.124, subdivision 14

Extends the special agricultural homestead provision to agricultural property that is being actively farmed by the grandson or granddaughter of the owner or of the owner's spouse. Previously, property had to be actively farmed by the owner, the owner's spouse, or the son or daughter of the owner or the owner's spouse to qualify. This provision also applies to trust-held property (the grantor, spouse of the grantor or child or grandchild of the grantor or grantor's spouse must actively farm the property).

**Effective date:** Taxes payable in 2006 and thereafter.

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### **Trust Property; Homesteads Chapter 151, Article 5, Section 21**

Amends M.S. 273.124, subdivision 21

Specifies in the provision that allows homestead for property held under a trust and rented to a qualified entity, that the property must be the homestead of or actively farmed by the grantor, spouse of the grantor, or son or daughter of the grantor who is also a shareholder, member, or partner of the entity leasing the property in order to receive homestead on the property. Previously, the shareholder, member, or partner did not need to be a

qualifying relative of the grantor to receive homestead under this provision. Also includes a "grandfather" provision for those who previously qualified but no longer qualify due to the law change.

**Effective date:** Taxes payable in 2006 and thereafter.

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### **Certification of 1b Property Chapter 151, Article 5, Section 22**

Amends M.S. 273.1315

Provides that an applicant must provide information to verify that the property owner or the property owner's spouse met the requirements for the 1b classification on or before June 30 of the filing year. This information is to be submitted along with the application for the classification which is due on or before October 1 in order to receive the classification for the current assessment year.

**Effective date:** The day following final enactment (June 3, 2005).

## **Exemptions**

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### **Amateur Sports Commission; Exemption Chapter 156, Article 2, Section 32**

Amends M.S. 240A.03, subdivision 5

Provides that the property tax exemption for property acquired, owned, leased, controlled, used, or occupied by the Amateur Sports Commission for the purpose of amateur sports facilities does not apply to land leased to others by the Amateur Sports Commission.

**Effective date:** None specified so August 1, 2005.

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### **Exempt Property Used by Private Individual for Profit Chapter 151, Article 5, Section 4**

Amends M.S. 272.01, subdivision 2

Clarifies that cooperative farming agreements (under M.S. 97A.135) and certain HRA leased property (under M.S. 272.68, subdivision 4) are exempt from property taxes. Exempt property used by a private entity is generally taxable to the lessee. These two provisions are added to the list of exceptions in this section as these are not considered leases for property tax purposes. These do not create new exemptions because these uses are exempt from property tax under other sections of statute.

**Effective date:** The day following final enactment (June 3, 2005).

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**Limitations on Exemptions  
Chapter 151, Article 5, Section 5**

Amends M.S. 272.02, subdivision 1a

Replaces obsolete references to repealed provisions with a general reference to other provisions of applicable law.

**Effective date:** The day following final enactment (June 3, 2005).

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**Purely Public Charities; Exemption  
SS Chapter 3, Article 1, Section 3**

Amends M.S. 272.02, subdivision 7

Clarifies that in determining whether rental housing property qualifies for exemption as an institution of purely public charity, government rent assistance and government financing assistance or tax credits are not considered gifts or donations to the owner of the rental housing.

**Effective date:** Taxes payable in 2004 and thereafter.

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**Poultry Litter Biomass Generation Facility;  
Personal Property Exemption  
Chapter 151, Article 3, Section 1**

Amends M.S. 272.02, subdivision 47

Extends the date by which a poultry litter biomass generation facility was to commence construction to be eligible for a property tax exemption on its personal property. Provides that the construction of the facility must commence by December 31, 2005.

This exemption was originally granted by the legislature in Laws 2001, First Special Session Chapter 5, Article 3, Section 18, provided that the facility be designed to use poultry litter as a primary fuel source, and it be constructed for the purpose of generating power at a facility that is sold under contract approved by the PUC that meets the biomass mandate (M.S. 216B.2424) and construction be commenced by December 31, 2002. Laws 2003, Chapter 127, Article 2, Section 6 extended the date for construction of the facility to commence by one year (December 31, 2003).

**Effective date:** Taxes payable in 2006 and thereafter.

---

**Electric Generation Facility; Personal Property Exemption  
Chapter 151, Article 3, Section 2**

Amends M.S. 272.02, subdivision 53

Extends the time by two years for a 3.2 megawatt run-of-the-river hydroelectric generation facility to qualify for a property tax exemption on its attached machinery and other personal property. Provides that construction of the facility must commence after December 31, 2004, and before January 1, 2007. Also removes the requirement that the facility be located on publicly-owned land.

This exemption was originally granted by the legislature in Laws 2002, Chapter 377, Article 4, Section 9, provided that construction of the facility commence by January 1, 2004. Laws 2003, Chapter 127, Article 2, Section 7 extended the date for construction of the facility to commence by one year (January 1, 2005).

**Effective date:** Taxes payable in 2006 and thereafter.

---

**Electric Generation Facility; Personal Property Exemption  
Chapter 151, Article 3, Section 3**

Amends M.S. 272.02, subdivision 56

Reduces the installed capacity requirement to 300 megawatts to be eligible for exemption of attached machinery and other personal property which is part of a combined-cycle combustion-turbine electric generation facility. Also provides that any expansion of the facility also will be eligible for this exemption, without regard to the date when the construction of the expansion commences.

This exemption was originally granted by the legislature in Laws 2003, Chapter 127, Article 2, Section 8, provided that the facility exceed 550 megawatts of installed capacity.

**Effective date:** Taxes payable in 2006 and thereafter.

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**Agricultural Processing Zone in a TIF District  
Chapter 152, Article 2, Section 2**

Amends M.S. 272.02, subdivision 64

Provides that the JOBZ property tax exemption does not apply to captured net tax capacity in a tax increment financing district to the extent necessary to meet the debt repayment obligations of the authority if the property is also located within an agricultural processing zone.

*Note: This language was stricken in Laws First Special Session Chapter 3, Article 7, Section 6 (see next listing).*

**Effective date:** Taxes payable in 2006 and thereafter.

### **Job Opportunity Building Zone Property SS Chapter 3, Article 7, Section 6**

Amends 272.02, subdivision 64, as amended by Laws 2005, Chapter 152, Article 2, Section 2

Requires property to be occupied by a qualified business with a signed business subsidy agreement and relocation agreement, if required, by July 1 of the assessment year to qualify for exemption. Previously, the law simply required occupancy by July 1 by a qualified business. Effective for taxes payable in 2006.

Also strikes the provision limiting the property tax exemption for agricultural processing zones in pre-existing TIF districts enacted in the 2005 regular session (see previous listing). This provision was designed to remedy a problem in a specific zone that was addressed by other means, and therefore, this provision was no longer needed. Effective the day following final enactment (July 14, 2005).

**Effective date:** Varies (see above).

### **Electric Generation Facility; Personal Property Exemption Chapter 151, Article 3, Section 4**

Amends M.S. 272.02 by adding subdivision 68

Exempts attached machinery and other personal property which is part of a simple-cycle combustion-turbine electric generation facility that exceeds 290 megawatts of installed capacity. Limits the exemption to property of a facility that, at the time of construction, must:

- Be designed to utilize natural gas as a primary fuel;
- Not be owned by a public utility;
- Be located within 15 miles of an existing natural gas pipeline and within five miles of an existing electrical transmission substation;
- Be located outside the seven-county metropolitan area;
- Be designed to provide peaking capacity energy and ancillary services and have satisfied all of the requirements under M.S. 216B.243; and
- Have received, by resolution, the approval from the governing body of the county, city, and school district in which the proposed facility is to be located for the exemption of personal property under this subdivision.

In order to be eligible for the exemption, construction of the facility must be commenced after January 1, 2005, and before January 1, 2009. This exemption does not include electric transmission lines and interconnections or gas

pipelines and interconnections appurtenant to the property or the facility.

**Effective date:** Taxes payable in 2007 and thereafter.

### **Electric Generation Facility; Personal Property Exemption Chapter 151, Article 3, Section 5**

Amends M.S. 272.02 by adding subdivision 69

Exempts attached machinery and other personal property which is part of an electric generation facility that exceeds 150 megawatts of installed capacity.

Limits the exemption to property of a facility that, at the time of construction, must:

- Be designed to utilize natural gas as a primary fuel;
- Be owned and operated by a municipal power agency;
- Have received the certificate of need under M.S. 216B.243;
- Be located outside the seven county metropolitan area; and
- Be designed to be a combined-cycle facility, although initially the facility will be operated as a simple-cycle combustion turbine.

In order to be eligible for this exemption, an agreement must be negotiated between the municipal power agency and the host city, for a payment in lieu of property taxes to the host city, and construction of the facility must be commenced after January 1, 2004, and before January 1, 2006. This exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

**Effective date:** Taxes payable in 2006 and thereafter.

### **Electric Generation Facility; Personal Property Exemption Chapter 151, Article 3, Section 6**

Amends M.S. 272.02 by adding subdivision 70

Exempts attached machinery and other personal property which is part of an existing simple-cycle, combustion-turbine electric generation facility that exceeds 300 megawatts of installed capacity.

Limits the exemption to property of a facility that, at the time of construction, must:

- Be designed to utilize natural gas as a primary fuel;
- Be owned by a public utility, and be located at or interconnected with an existing generating plant of the utility;
- Be designed to provide peaking, emergency backup, or contingency services;
- Satisfy a resource need identified in an approved integrated resource plan filed under M.S. 216B.2422; and
- Have received, by resolution, the approval from the governing body of the county and the city for the exemption of personal property.

In order to be eligible for the exemption, construction of the facility expansion must be commenced after January 1, 2004, and before January 1, 2005. This exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

**Effective date:** Taxes payable in 2006 and thereafter.

---

**Electric Generation Facility; Personal Property Exemption  
Chapter 151, Article 3, Section 7**

Amends M.S. 272.02 by adding subdivision 71

Exempts attached machinery and other personal property which is part of a simple-cycle combustion-turbine electric generation facility that exceeds 150 megawatts of installed capacity.

Limits the exemption to property of a facility that, at the time of construction, must:

- Utilize natural gas as a primary fuel;
- Be owned by an electric generation and transmission cooperative;
- Be located within five miles of parallel existing 12-inch and 16-inch natural gas pipelines and a 69-kilovolt high-voltage electric transmission line;
- Be designed to provide peaking, emergency backup, or contingency services;
- Have received a certificate of need under M.S. 216B.243 demonstrating demand for its capacity; and
- Have received, by resolution, the approval from the governing body of the county and township in which the proposed facility is to be located for the exemption of personal property.

In order to be eligible for this exemption, construction of the facility must be commenced after July 1, 2005, and before January 1, 2009. This exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

**Effective date:** Taxes payable in 2007 and thereafter.

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**Electric Generation Facility; Personal Property Exemption  
Chapter 151, Article 3, Section 8**

Amends M.S. 272.02 by adding subdivision 72

Exempts attached machinery and other personal property which is part of either a simple-cycle, combustion-turbine electric generation facility, or a combined-cycle, combustion-turbine electric generation facility that does not exceed 325 megawatts of installed capacity.

Limits the exemption to property that, at the time of construction, must:

- Utilize either a simple-cycle or a combined-cycle combustion-turbine generator fueled by natural gas;
- Be connected to an existing 115-kilovolt high-voltage electric transmission line that is within two miles of the facility;
- Be located on an underground natural gas storage aquifer;
- Be designed as either a peaking or intermediate load facility; and
- Have received, by resolution, the approval from the governing body of the county for the exemption of personal property under this subdivision.

In order to be eligible for the exemption, construction of the facility must be commenced after January 1, 2006, and before January 1, 2008. This exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

**Effective date:** Taxes payable in 2006 and thereafter.

---

**Property Subject to Taconite Production Tax or Net Proceeds Tax; Exemption  
Chapter 151, Article 5, Section 6**

Amends M.S. 272.02 by adding subdivision 73

Provides that property which is subject to the taconite production tax (under M.S. 298.24 and M.S. 298.25) or the net proceeds tax (under M.S. 298.015) is exempt. These do

not create new exemptions because these properties are exempt from property tax under other sections of statute.

*Note: See next listing for another change to this subdivision.*

**Effective date:** The day following final enactment (June 3, 2005).

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**Property Subject to Taconite Production Tax or Net Proceeds Tax; Exemption  
SS Chapter 3, Article 1, Section 5**

Amends M.S. 272.02, subdivision 73 as added by Laws 2005, Chapter 151, Article 5, Section 6

Clarifies that deposits of mineral, metal, or energy resources, the mining of which would be subject to the net proceeds tax (under M.S. 298.015), are exempt from property tax regardless of whether the deposit is being actively mined.

*Note: See previous listing for another change to this subdivision.*

**Effective date:** The day following final enactment (July 14, 2005).

---

**Religious Corporations; Exemption  
Chapter 151, Article 5, Section 7**

Amends M.S. 272.02 by adding subdivision 74

Adds a cross-reference to M.S. 317A.909, subdivision 3, which exempts from property tax personal and real property that a religious corporation necessarily uses for a religious purpose. This exemption does not apply to property leased or used for profit.

**Effective date:** The day following final enactment (June 3, 2005).

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**Children's Homes; Exemptions  
Chapter 151, Article 5, Section 8**

Amends M.S. 272.02 by adding subdivision 75

Adds a cross-reference to M.S. 317A.907, subdivision 7 which exempts from property tax real and personal property owned by a corporation formed for the following purposes:

- Securing homes for orphaned, homeless, abandoned, neglected, or mistreated children; or
- Establishing and maintaining homes for those children.

**Effective date:** The day following final enactment (June 3, 2005).

---

**Housing and Redevelopment Authority and Tribal Housing Authority Property; Exemption  
Chapter 151, Article 5, Section 9**

Amends M.S. 272.02 by adding subdivision 76

Adds a cross-reference to M.S. Chapter 469 and M.S. 469.040, subdivision 5 which exempts property owned by a HRA or Tribal HRA (to the extent provided in Chapter 469).

**Effective date:** The day following final enactment (June 3, 2005).

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**Property of Housing and Redevelopment Authorities; Exemption  
Chapter 151, Article 5, Section 10**

Amends M.S. 272.02 by adding subdivision 77

Adds a cross-reference to M.S. 469.042, subdivision 1 and M.S. 469.043, subdivision 2 and 5, which exempts project property owned by a HRA.

**Effective date:** The day following final enactment (June 3, 2005).

---

**Property of Regional Rail Authority; Exemption  
Chapter 151, Article 5, Section 11**

Amends M.S. 272.02 by adding subdivision 78

Adds a cross-reference to M.S. 398A.05, which exempts from property tax all property owned by a regional rail authority. This exemption shall not apply to any use or lease of the property, other than operation of a railroad line by a railroad company.

**Effective date:** The day following final enactment (June 3, 2005).

---

**Spirit Mountain Recreation Area Authority; Exemption  
Chapter 151, Article 5, Section 12**

Amends M.S. 272.02 by adding subdivision 79

Adds a cross-reference to Laws 1973, Chapter 327, Section 6, which exempts from property tax the property of the Spirit Mountain Recreation Area Authority.

**Effective date:** None specified so August 1, 2005.

### **Definition of Installed Capacity Chapter 151, Article 5, Section 13**

Amends M.S. 272.02 by adding subdivision 80

Provides that "installed capacity" is defined as "generator nameplate capacity" for purposes of determining qualification for utility personal property exemptions in M.S. 272.02. Generator nameplate capacity is a standard definition used in the electric generator industry.

**Effective date:** The day following final enactment (June 3, 2005).

### **Certain Recreational Property for Disabled Veterans; Exemption Chapter 43, Section 1**

Amends M.S. 272.02 by adding subdivision 81

Provides that real and personal property located in a county in the metropolitan area with a population of less than 500,000 (according to the 2000 federal census) is exempt if it is owned or leased and operated by a nonprofit organization and is primarily used to provide recreational opportunities for disabled veterans and their families.

**Effective date:** Taxes payable in 2005 (per Laws 2005, Chapter 151, Article 3, Section 20).

### **Biomass Electric Generation Facility; Personal Property Exemption SS Chapter 3, Article 1, Section 6**

Amends M.S. 272.02 by adding subdivision 82

Exempts attached machinery and other personal property which is a part of an electric generation facility, including remote boilers that comprise part of the district heating system, generating up to 30 megawatts of installed capacity. Limits the exemption to property of a facility that, at the time of construction, must:

- Be designed to utilize a minimum 90 percent waste biomass as a fuel;
- Not be owned by a public utility;
- Be located within a city of the first class and have its primary location at a former garbage transfer station; and
- Be designed to have capability to provide baseload energy and district heating.

In order to be eligible for the exemption, construction of the facility must be commenced after January 1, 2004, and before January 1, 2008. This exemption does not include electric transmission lines and interconnections or gas

pipelines and interconnections appurtenant to the property or the facility.

**Effective date:** Taxes payable in 2006 and thereafter.

### **International Economic Development Zone; Exemption SS Chapter 3, Article 10, Section 1**

Amends 272.02 by adding subdivision 83

Provides that improvements to real and personal property of a qualified business classified as class 3a (commercial, industrial and public utility property) or class 3b (employment property) located in an international development zone are exempt from property taxes if the improvements are:

- Part of a regional distribution center; or
- Occupied by a qualified business that uses the improvements primarily in freight forwarding operations.

The exemption applies beginning for the first assessment year following designation of the international economic development zone, and applies to each assessment year during the duration of the international economic development zone. To qualify for exemption, the property must be occupied by July 1 of the assessment year by a qualified business that has signed the business subsidy agreement by July 1 of the assessment year.

**Effective date:** Taxes payable in 2008 and thereafter.

### **Sliding Scale Market Value Exclusion; Efficiency Determination and Certification Chapter 151, Article 3, Section 9**

Amends M.S. 272.0211, subdivision 1

Clarifies the formula for determining a plant's efficiency for the sliding scale market value exclusion. It uses a ratio of energy output to energy input during normal full load operation.

**Effective date:** Taxes payable in 2006 and thereafter.

### **Sliding Scale Market Value Exclusion Chapter 151, Article 3, Section 10**

Amends M.S. 272.0211, subdivision 2

Increases the threshold for a generating facility to qualify for the sliding scale market value exclusion from 35 percent to 40 percent, and increases the value exclusion for each percentage point above the threshold from five to eight percent.

**Effective date:** Taxes payable in 2006 and thereafter.



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**Border City Development Zone Property  
Chapter 152, Article 2, Section 3**

Amends M.S. 272.0212, subdivision 1

Provides that qualified property within a border city development zone is exempt for a period up to the duration provided by the zone designation.

**Effective date:** For development agreements approved after June 3, 2005, and for taxes payable in 2006 and thereafter.

---

**Border City Development Zone Property  
Chapter 152, Article 2, Section 4**

Amends M.S. 272.0212, subdivision 2

Provides that the city may limit the property tax exemption for qualified property within a border city development zone to a shorter period than the duration of the zone or to a percentage of the property taxes payable or both.

**Effective date:** For development agreements approved after June 3, 2005, and for taxes payable in 2006 and thereafter.

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**Cross-reference; Exemption for Cooperative Farming Agreements and Leased Housing and Redevelopment Authority Property  
Chapter 151, Article 5, Section 23**

Amends M.S. 273.19, subdivision 1a

Specifies that cooperative farming agreements (M.S. 97A.135, subdivision 3) and certain HRA leased property (M.S. 272.68, subdivision 4) are not considered leases for property tax purposes and are exempt from property taxes. Exempt property leased by a private entity is generally taxable to the lessee. These do not create new exemptions because these uses are exempt from property tax under other sections of statute.

**Effective date:** The day following final enactment (June 3, 2005).

---

**Certain Recreational Property for Disabled Veterans; Exemption  
Chapter 151, Article 3, Section 20**

Amends Laws 2005, Chapter 43, Section 1

Provides that the property tax exemption for the Disabled Veterans Rest Camp on Big Marine Lake in Washington County is effective for taxes payable in 2005. This property became exempt under Laws 2005, Chapter 43, Section 1, and had an effective date of taxes payable in 2006. This exempts the property retroactively to taxes payable in 2005.

**Effective date:** The day following final enactment (June 3, 2005).

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**School Property; Exemption (2005 Only)  
Chapter 151, Article 3, Section 21**

Uncodified provision

Provides a property tax exemption for taxes payable in 2005 if the property meets the following:

- Is used to provide direct educational instruction for grades 7 through 10;
- Is located in a city of the first class that has a population greater than 250,000 and less than 350,000;
- Was purchased after July 1, 2004, by a nonprofit that is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code; and
- Is leased and operated by two nonprofit corporations organized under M.S. Chapter 317A.

**Effective date:** The day following final enactment (June 3, 2005).

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**RiverCentre Complex  
Chapter 152, Article 1, Section 38**

Uncodified provision

Provides that the property tax exemption for the St. Paul RiverCentre complex continues if the city creates a nonprofit organization to equip, maintain, manage, and operate the complex as authorized because such use, lease, or occupancy is deemed to be for public, governmental, and municipal purposes.

**Effective date:** Upon local approval.

## Property Classification

### Class 1: Residential Property

#### Class 1c Homestead Resorts SS Chapter 3, Article 1, Section 15

Amends M.S. 273.13, subdivision 22

Provides a three-tier class rate structure for class 1c resort property. Removes the limitation specifying that “the area of the property must not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property up to a total of 800 feet and 500 feet in depth, measured away from the lakeshore” (the area often referred to as the “box”).

Clarifies that the portion of the property used as a homestead by the owner is treated as class 1a residential homestead property. Provides the following three-tier structure for class 1c property:

- First \$500,000 of market value (tier one) has a class rate of .55 percent;
- Next \$1,700,000 of market value (tier two) has a class rate of 1.0 percent; and
- Any remaining market value (tier three) has a class rate of 1.25 percent.

Also specifies that if a homestead resort property has any market value in tier three, the entire property must meet the requirements for classification as a class 4c resort to qualify for classification as class 1c.

**Effective date:** Taxes payable in 2006 and thereafter.

### Class 4: Rental and Seasonal Property

#### Class 4c Resorts SS Chapter 3, Article 1, Section 16

Amends M.S. 273.13, subdivision 25 as amended by Laws 2005, Chapter 151, Article 3, Section 12

Also strikes a sentence relating to the change in homestead resort classification under Laws 2005, First Special Session Chapter 3, Article 1, Section 15. The reference to the 800 by 500 foot “box” was removed so the area outside the box would no longer be classified as class 4c property. (Currently, if any class 1c homestead resort property has market value in tier three, the entire property must meet the requirements for classification as a class 4c resort to qualify for classification as class 1c.)

**Effective date:** Taxes payable in 2006 and thereafter.

#### Privately Owned Noncommercial Aircraft Storage Hangars Chapter 151, Article 3, Section 12

Amends M.S. 273.13, subdivision 25

Provides that privately owned noncommercial aircraft storage hangars and the land on which they are located receive class 4c classification if the land abuts a public airport, and the owner provides the assessor with a signed agreement prohibiting commercial use or activity at the hangar. The class rate will be 1.5 percent.

The 2000 omnibus tax law created a separate category in class 4c for leased or privately owned noncommercial aircraft storage hangars on leased public land. However, the 2000 legislation did not address privately owned noncommercial aircraft storage hangars located on private land.

Also strikes obsolete language regarding class rates for previous years.

*Note: See next listing for a technical change to this subdivision.*

**Effective date:** Taxes payable in 2006 and thereafter.

#### Privately Owned Noncommercial Aircraft Storage Hangars SS Chapter 3, Article 1, Section 16

Amends M.S. 273.13, subdivision 25 as amended by Laws 2005, Chapter 151, Article 3, Section 12

Makes a technical correction to a provision enacted in the 2005 regular session (Laws 2005, Chapter 151, Article 3, Section 12). When certain aircraft hangars were added as class 4c(8) property, Bed and Breakfasts became class 4c(9) property, and a later reference to bed and breakfast property was not changed to class 4c(9).

**Effective date:** Taxes payable in 2006 and thereafter.

**Class 4d Low-Income Rental Housing**  
**SS Chapter 3, Article 1, Section 16**

Amends M.S. 273.13, subdivision 25 as amended by Laws 2005, Chapter 151, Article 3, Section 12

Reinstates class 4d property for qualifying low-income rental housing certified to the assessor by the MHFA under M.S. 273.128, subdivision 3 (see Laws 2005, First Special Session Chapter 3, Article 1, Section 14). Provides that if only a portion of the units in a building qualify as low-income rental housing, only those units qualify for class 4d. The proportion of units qualifying for class 4d determines the proportion of the land value classified as 4d. Clarifies that the assessor is to value class 4d properties using normal unrestricted rents. Class 4d property has a class rate of .75 percent.

**Effective date:** Taxes payable in 2006 and thereafter.

## Class Rate Table

Property Tax Class	Tax Rate Pay 2005	Tax Rate Pay 2006	Subject To State Levy?
<b>Residential Homestead (1a) &amp; Migrant Housing (1d)</b>			No
Up to \$500,000	1.00%	1.00%	
Over \$500,000	1.25%	1.25%	
<b>Disabled homestead up to \$32,000 (1b)</b>	0.45%	0.45%	
<b>Residential Non-Homestead</b>			No
Single unit (4bb):			
Up to \$500,000	1.00%	1.00%	
Over \$500,000	1.25%	1.25%	
1-3 units, undeveloped residential land, and unclassified manufactured homes (all 4b)	1.25%	1.25%	
<b>Apartments</b>			
Regular 4+ units (4a), including for profit hospitals	1.25%	1.25%	
Low-income rental housing (4d)	NA <sup>1</sup>	0.75%	
<b>Commercial-Industrial-Public Utility (3a)</b>			Yes
Up to \$150,000	1.50%	1.50%	
Over \$150,000	2.00%	2.00%	
Other public utility machinery	2.00%	2.00%	
Electric generating machinery	2.00%	2.00%	No
<b>Employment Property (3b)</b>			Yes
Up to \$150,000	1.50%	1.50%	
Over \$150,000	2.00%	2.00%	
<b>Commercial SRR - Homestead Resorts (1c)</b>	1.00%	NA <sup>2</sup>	No
Up to \$500,000 (tier one)	NA <sup>2</sup>	0.55%	
\$500,001 to \$2.2 million (tier two)	NA <sup>2</sup>	1.00%	
Over \$2.2 million (tier three)	NA <sup>2</sup>	1.25%	Yes <sup>3</sup>
<b>Commercial SRR - Seasonal Resorts (4c(1))</b>			
Up to \$500,000	1.00%	1.00%	
Over \$500,000	1.25%	1.25%	
<b>Non-Commercial SRR - Cabins (4c(1))</b>			
Up to \$500,000	1.00%	1.00%	
Over \$500,000	1.25%	1.25%	
<b>Qualifying Golf Courses (4c(2))</b>	1.25%	1.25%	No
<b>Nonprofit Community Service Oriented Organization (4c(3))</b>	1.50%	1.50%	
<b>Post Secondary Student Housing (4c(4))</b>	1.00%	1.00%	
<b>Manufactured Home Parks (4c(5))</b>	1.25%	1.25%	
<b>Qualifying Metro Nonprofit Recreational Property (4c(6))</b>	1.25%	1.25%	
<b>Certain Non-commercial Aircraft Storage Hangars (4c(7) and 4c(8))</b>	1.50%	1.50%	
<b>Bed and Breakfast - up to 5 units (4c(9))</b>	1.25%	1.25%	
<b>Agricultural Homestead (2a)</b>			
House, Garage and One Acre			
Up to \$500,000	1.00%	1.00%	
Over \$500,000	1.25%	1.25%	
Land and Buildings			
Up to \$600,000	0.55%	0.55%	
Over \$600,000	1.00%	1.00%	
<b>Agricultural Non-Homestead and Timberland (2b)</b>	1.00%	1.00%	
<b>Miscellaneous and Iron Ore Property (5)</b>	2.00%	2.00%	Only for iron

<sup>1</sup> Class 4d low-income rental housing was re-enacted for taxes payable 2006.

<sup>2</sup> For taxes payable in 2006, a three-tier class rate for class 1c property was enacted. The reference to the 800 by 500 foot "box" was removed so the area outside the box would no longer be classified as class 4c property. If any class 1c homestead resort property has market value in tier three, the entire property must meet the requirements for classification as a class 4c resort to qualify for classification as class 1c. The value of class 1c property in tier three only is subject to the state general tax.

<sup>3</sup> For the purposes of the state general tax only, the tax rate for the first \$76,000 of non-commercial class 4c(1) seasonal residential recreational property is 0.40 percent.

## Property Tax Levies

### Overall Levy Limitations

#### HRA Levy Limit SS Chapter 3, Article 1, Section 28

Amends M.S. 469.033, subdivision 6

Provides that the levy limit for housing and redevelopment special taxing districts is calculated based on the taxable market value for the current assessment year rather than on the previous year's value. Limits for other districts based on market value continue to use the previous year's value.

**Effective date:** Taxes payable in 2006 and thereafter.

#### Levy Adjustments for Aid Decreases Chapter 152, Article 1, Section 32

Amends M.S. 477A.013 by adding subdivision 10

Allows a city that is certified a lesser amount of LGA than it received the previous year to increase its levy payable in the same year as the certified amount is paid by an amount equal to the aid decrease for that year.

**Effective date:** Taxes payable in 2006 and thereafter.

### General Provisions

#### Disparity Reduction Aid Levy Adjustment Chapter 151, Article 5, Section 28

Amends M.S. 275.07, subdivision 1

Makes a technical correction by striking language that requires levies to be reduced by the amount of Disparity Reduction Aid (DRA) received, since DRA acts to reduce local tax rates, not levies. This change will not affect the amount of DRA received by a jurisdiction.

**Effective date:** The day following final enactment (June 3, 2005).

#### Reporting Special Levies on Levy Survey Chapter 151, Article 5, Section 29

Amends M.S. 275.07, subdivision 4

Deletes language requiring special levies to be reported with the levy surveys. Special levies are reported to the Commissioner of Revenue on the property tax levy report.

**Effective date:** The day following final enactment (June 3, 2005).

### Special Property Tax Levies

#### Special Levy; Storm Sewer Improvement Districts Chapter 152, Article 1, Section 3

Amends M.S. 275.70, subdivision 5

Adds city levies made for storm sewer improvement districts to the list of special levies under the levy limit law.

**Effective date:** The day following final enactment (June 3, 2005).

#### Prevention of Cruelty to Animals Special Levy SS Chapter 3, Article 1, Section 25

Amends M.S. 275.70, subdivision 5, as amended by Laws 2005, Chapter 152, Article 1, Section 3

Provides that a levy to pay for the maintenance and support of a city or county society for the prevention of cruelty to animals is a special levy and, therefore, not subject to levy limits. Also provides that if a city or county decides to use this special levy, its levy in the previous year for this purpose must be deducted from the levy limit base for the current year.

**Effective date:** Taxes levied in 2005, payable in 2006.

#### Levy Authority Increased for Prevention of Cruelty to Animals Chapter 152, Article 1, Section 5

Amends M.S. 343.11

Increases the amount that a city or a county may levy to support the local society for the prevention of cruelty to animals to the greater of \$4,800 or \$1 per capita (was \$4,800 or 50 cents per capita).

**Effective date:** January 1, 2006.

## City and Township Levies

### Total Revenue Defined

#### Chapter 151, Article 3, Section 14

Amends M.S. 365.43, subdivision 1

Defines "total revenue" for town spending purposes as property taxes payable in that year as well as revenue from other sources and amounts carried forward from the last year. Provides that a town must not spend more than its total revenue without a favorable vote by the electors. Previously, a town could not spend more than the taxes levied for the year without a favorable vote by the electors.

**Effective date:** None specified so July 1, 2005.

### Amount Voted at Meeting is Tax Limit

#### Chapter 151, Article 3, Section 15

Amends M.S. 365.431

Clarifies that a town may impose a tax as authorized by other laws in addition to those voted on at the annual town meeting. Examples would include subordinate service districts, special assessments, etc.

**Effective date:** None specified so July 1, 2005.

### Charges for Emergency Services; Collection

#### Chapter 151, Article 3, Section 16

Amends M.S. 366.011

Allows a town that has not been paid for an emergency service to collect the unpaid amount as a charge against any real property owned by the recipient in the state. Previously, they could only collect the unpaid amount as a charge to any real property owned by the recipient in the town.

**Effective date:** The day following final enactment (June 3, 2005).

### Collection of Unpaid Service Charges

#### Chapter 151, Article 3, Section 17

Amends M.S. 366.012

Expands the authority of a town to impose a service charge for governmental services it has provided. Permits a town that has not been paid for a service to collect the unpaid amount as a charge against any real property owned by the recipient within the state. Previously, this was limited to property within the town.

On or before October 15, the town must certify the unpaid amount to the county auditor of the county in which the recipient of the services owns real property. On or before September 15 (before certifying the amount to the county auditor), the town must provide written notice to the property owner of its intention to certify the charge. These charges shall be collected along with the property taxes levied against the property. The county auditor shall remit the amount collected to the town.

**Effective date:** The day following final enactment (June 3, 2005).

### Special Service Districts; Sunset Extension

#### Chapter 152, Article 1, Section 10

Amends M.S. 428A.101

Extends the sunset of the special service district law from June 30, 2005, to June 30, 2009. The special service district law permits cities to establish these districts to provide a higher level of services in parts of the city. The costs can be funded with special assessments or ad valorem service charges on non-residential taxable properties.

**Effective date:** The day following final enactment (June 3, 2005).

### Housing Improvement Districts; Sunset Extension

#### Chapter 152, Article 1, Section 11

Amends M.S. 428A.21

Extends the sunset date for the authority to establish new housing improvement districts from June 30, 2005, to June 30, 2009. This authority permits a city to fund improvements to a multi-unit housing development by issuing bonds and/or imposing charges.

**Effective date:** The day following final enactment (June 3, 2005).

### Lakeview Cemetery Association Levy

#### SS Chapter 3, Article 1, Section 36

Amends Laws 1994, Chapter 587, Article 9, Section 8, subdivision 1

Increases the authorization for certain cities and towns to levy for the Lakeview Cemetery Association. The city of Coleraine, the city of Bovey, and each town which is a member of the cemetery association may levy up to \$25,000 annually for the Lakeview Cemetery Association. The previous limit was \$15,000 annually.

**Effective date:** Taxes levied in 2005, payable in 2006.

**Wind Energy Production Tax; Lincoln and Pipestone Counties; Town Levy Adjustments  
Chapter 151, Article 5, Section 45**

Uncodified provision

Authorizes towns located in Lincoln and Pipestone counties to adjust their payable 2004 levy (notwithstanding the normal township levy deadlines) for all or a portion of their estimated wind energy production tax amounts for 2004 as computed by the Commissioner of Revenue. Also authorizes the county auditors of Lincoln and Pipestone counties to make the necessary adjustments for those towns that recertified their levies by March 15, 2004.

**Effective date:** Taxes payable in 2004.

**Special Taxing District Levies**

**Wabasha Port Authority Commission  
Chapter 61, Section 1**

Adds M.S. 469.0855

Provides that the city of Wabasha may establish a port authority commission with all the powers of a port authority. Also provides that, if the city of Wabasha establishes a city port authority commission, it also would exercise the powers of a municipal HRA.

**Effective date:** Upon local approval.

**Ortonville Port Authority Commission  
Chapter 61, Section 2**

Adds M.S. 469.0856

Provides that the city of Ortonville may establish a port authority commission with all the powers of a port authority.

**Effective date:** Upon local approval.

**Emergency Medical Services Special Taxing Districts  
Chapter 151, Article 3, Section 19**

Amends Laws 2001, First Special Session Chapter 5, Article 3, Section 8

Extends the sunset date for establishing new emergency medical services (EMS) special taxing districts under M.S. 144F.01 by two years (through taxes payable in 2010). This new type of special taxing district was established by the legislature in Laws 2001, First Special Session Chapter 5, Article 3, Section 8. Once a

district is established, it can continue to levy even if this provision sunsets.

**Effective date:** None specified so July 1, 2005.

**Lakes Area EDA: Authority to Levy Taxes  
Chapter 152, Article 1, Section 34**

Amends Laws 2003, Chapter 127, Article 12, Section 38

Provides that the Lakes Area EDA is a special taxing district, which may adopt its own levy and certify the levy to the county auditor.

**Effective date:** Taxes levied in 2005, payable in 2006 and thereafter.

**Sauk River Watershed District  
Chapter 152, Article 1, Section 37**

Uncodified provision

Increases the levy limit of the Sauk River Watershed District to .01 percent of its taxable market value.

**Effective date:** Taxes levied in 2005, payable in 2006.

**Crow Wing County Sewer District  
Chapter 152, Article 1, Section 40**

Uncodified provision

Authorizes Crow Wing County to grant special powers to a sewer district created under M.S. Chapter 116A. These powers include the authority to:

- Provide that an authorized representative of the district may enter any premises at reasonable times to inspect and maintain an individual sewage treatment system;
- Include areas of the county within the sewage district that are not contiguous and establish different systems for wastewater treatment in specific areas of the county;
- Provide that each special service area that is managed by the sewer system constitutes a system under M.S. Chapter 116A;
- Delegate to the sewer district, by resolution, all or a part of its administrative and enforcement obligations with respect to individual sewage treatment systems under M.S. Chapter 115 and rules adopted by the PCA; and
- Modify any individual sewage treatment systems to provide reasonable access for inspection and maintenance.

The sewer district can exercise these powers without approval of the county board or a district court order as required in some instances under M.S. Chapter 116A. If it exercises these powers, the county must report to the legislature by January 15, 2009, on its use of the powers, the effectiveness to control pollution in the county and recommendations for changes to M.S. Chapter 116A to broaden the authority for sewer districts.

**Effective date:** Upon local approval.

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**Dakota County Regional Rail Authority**  
**SS Chapter 3, Article 1, Section 39**

Uncodified provision

Authorizes the Dakota County Regional Railroad Authority to spend funds to develop and maintain a bus rapid transit system within the Cedar Avenue transitway corridor. The authority is authorized to levy for this purpose to the extent that its levy authority is not required to be used for that levy year for railroad purposes. Effective without local approval.

**Effective date:** The day following final enactment (July 14, 2005).

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**State General Property Tax Levy**

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**Seasonal Residential Recreational Tax Capacity**  
**SS Chapter 3, Article 1, Section 19**

Amends M.S. 275.025, subdivision 3

Provides that the third tier of class 1c homestead resort property is subject to the state general tax.

**Effective date:** Taxes levied in 2005, payable in 2006.

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**Apportionment and Levy of State General Tax**  
**SS Chapter 3, Article 1, Section 20**

Amends M.S. 275.025, subdivision 4

Provides that 95 percent of the state general tax must be levied by applying a uniform rate to all commercial-industrial property and five percent must be levied by applying a uniform rate to all seasonal residential recreational property.

**Effective date:** Taxes payable in 2006 and thereafter.



## Tax Increment Financing and Fiscal Disparities

### Tax Increment Financing

#### Cleanup Development Grants; Local Match Requirement Chapter 152, Article 2, Section 1

Amends M.S. 116J.556

Repeals the special duration restriction on TIF districts that receive state cleanup grants.

**Effective date:** The day following final enactment (June 3, 2005).

#### Housing Districts Chapter 152, Article 2, Section 5

Amends M.S. 469.174, subdivision 11

Eliminates the market value test. Adds a cross-reference to M.S. 469.1761 (the restriction on providing assistance to commercial property), which contains the income tests.

**Effective date:** For districts in which the request for certification was filed with the county auditor after October 5, 1989, except (1) the new language is effective for requests for certification made after June 30, 2005, and (2) the fair market value of the improvements which are constructed for commercial uses in a district in which the request for certification was filed with the county auditor after October 5, 1989, and before July 1, 2005, may not exceed more than 20 percent of total fair market value of the planned improvements in the development plan or agreement.

#### Increment Definition Chapter 152, Article 2, Section 6

Amends M.S. 469.174, subdivision 25

Modifies the definition of increment as follows:

- Clarifies that the proceeds from the sale or lease of property are tax increments to the extent the property was purchased using tax increments;
- Provides that repayments or return of tax increments under agreements for districts for which the request for certification was made after August 1, 1993, are increments; and
- The market value homestead credits paid to the authority are tax increments.

**Effective date:** July 1, 2005, for all tax increment financing districts.

#### TIF Plan Chapter 152, Article 2, Section 7

Amends M.S. 469.175, subdivision 1

Modifies the TIF plan requirement to make it clear that identification of properties to be acquired can be done by parcel number, identifiable property name, block, or other appropriate means indicating the area in which the authority intends to acquire properties. This is intended to give authorities flexibility to identify an area in which properties may be acquired without specifically listing each parcel number.

**Effective date:** For plans and amendments approved after June 30, 2005.

#### Fiscal and Economic Implications of Proposed TIF District Chapter 152, Article 2, Section 8

Amends M.S. 469.175, subdivision 2

Defines "fiscal and economic implications of proposed tax increment financing districts" to include:

- An estimate of the total amount of tax increment that will be generated over the life of the district;
- A description of the probable impact of the district on city-provided services such as police and fire protection, public infrastructure, and borrowing costs attributable to the district;
- The estimated amount of tax increments over the life of the district that would be attributable to school district levies (assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same);
- The estimated amount of tax increments over the life of the district that would be attributable to county levies (assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same); and
- Any additional information requested by the county or the school district that would enable it to determine additional costs that it will accrue due to the development proposed for the district.

The development authority is required to provide this information to the county and school district for notice and comment before the TIF plan is approved.

**Effective date:** For all districts in which certification is requested after December 31, 2005.

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### **Filing Plan with State Chapter 152, Article 2, Section 9**

Amends M.S. 469.175, subdivision 4a

Requires TIF plans (including amendments to the plan) and development or project plans to be filed with the Office of the State Auditor in addition to the requirement to file them with the Department of Revenue.

**Effective date:** For plans and amendments approved after June 30, 2005.

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### **Annual Disclosure; Cross-reference Chapter 152, Article 2, Section 10**

Amends M.S. 469.175, subdivision 5

Changes cross-references to correspond to the elimination of clauses in M.S. 469.175, subdivision 6 (see Laws 2005, Chapter 152, Article 2, Section 11).

**Effective date:** For reports required to be filed after December 31, 2005.

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### **Annual Financial Reporting Chapter 152, Article 2, Section 11**

Amends M.S. 469.175, subdivision 6

Modifies the required contents of the annual TIF report to the Office of State Auditor by requiring reporting of the amount of homestead market value credit received by the district and by deleting the following items:

- Cost and sale price information on properties sold to developers;
- Amount of increments provided to other governmental units; and
- Whether the TIF plan allows various mechanisms for pooling of increments.

**Effective date:** For reports required to be filed after December 31, 2005.

---

### **Excess Increments Chapter 152, Article 2, Section 12**

Amends M.S. 469.176, subdivision 2

Makes the following changes:

- Establishes a deadline of nine months after the end of the calendar year for the authority to take action in spending or returning excess increments.
- Transfers under the provision allowing pooling to eliminate deficits are added to the calculation of excess of increments, so the payments reduce the amount of excess increments.
- Provides that, for pre-1979 districts, excess increments equal the amount of increments on hand on December 31, less principal and interest obligations due on outstanding bonds or advances (under M.S. 469.176, subdivision 1c and not prepaid under M.S. 469.176, subdivision 2, paragraph c).
- Defines “outstanding bonds” as bonds that are secured by the district’s increments.

**Effective date:** For all districts (regardless of when the request for certification was made) and applies to calculations of excess increments beginning in calendar year 2005.

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### **Housing Districts Chapter 152, Article 2, Section 13**

Amends M.S. 469.176, subdivision 4d

Adds a cross-reference to M.S. 469.1761, which contains the income tests for rental and owner-occupied housing developments.

**Effective date:** For all districts to which the provisions of M.S. 469.1761 apply.

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### **Requirement Imposed Chapter 152, Article 2, Section 14**

Amends M.S. 469.1761, subdivision 1

Adds a limitation for a TIF district to qualify as a housing district (no more than 20 percent of the square footage of buildings that receive assistance from tax increments may consist of commercial, retail, or other nonresidential use).

Also specifies that the requirements imposed by this section apply to parking facilities receiving assistance financed with tax increments.

**Effective date:** This section is effective for districts in which the request for certification was made after June 30, 2005.

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**Rental Property**

**Chapter 152, Article 2, Section 15**

Amends M.S. 469.1761, subdivision 3

Eliminates the 50-80 income test for rental properties, which allows a development to qualify as a housing district if 50 percent of the residential units in the project are occupied by individuals with incomes at or below 80 percent of the area median gross income.

**Effective date:** This section is effective for districts in which the request for certification was made after June 30, 2004.

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**Expenditures Outside District; Biotechnology and Health Sciences Industry Zone**  
**Chapter 152, Article 2, Section 16**

Amends M.S. 469.1763, subdivision 2

Amends the TIF pooling restrictions (provisions limiting the amount of increments that may be spent on activities outside the district) by allowing increments from a district in a biotechnology and health sciences industry zone to be expended outside of the district but within the zone for the construction of public infrastructure necessary to support the activities of the zone.

**Effective date:** None specified so August 1, 2005.

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**Pooling Permitted for Deficits**

**Chapter 152, Article 2, Section 17**

Amends M.S. 469.1763, subdivision 6

Makes changes to the deficit pooling rules to simplify and clarify the calculations:

- Allows the authority to elect an alternative for computing the limits under rules permitting pooling to eliminate deficits. The election under this provision would allow the authority to calculate the pooling limit without regard to the reduction in increments caused by changes in class rates in 1997, 1999, and 2001 or the elimination of the general education tax levy in 2001 if the authority makes an irrevocable commitment to use the district's increments and any pooled increments to pay pre-existing obligations (bonds and contracts incurred before August 1, 2001) and administrative expenses;

- Clarifies that transfers under the rules permitting pooling to eliminate deficits are not restricted by the district specific spending restrictions; and
- Specifies how to calculate the effect of the repeal of the general education tax levy for transfers of increments made in calendar year 2005 and later (multiply the school district's general education tax rate for taxes payable in 2001 by the captured tax capacity of the district for the current taxes payable year).

**Effective date:** Applies to transfers made after the effective date of the original enactment of M.S. 469.1763, subdivision 6 (for all districts in which the request for certification was made before June 2, 1997).

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**Original Net Tax Capacity**

**Chapter 152, Article 2, Section 18**

Amends M.S. 469.177, subdivision 1

Make a technical correction in the language dealing with increases in original net tax capacity that result from property no longer qualifying for a market value reduction for general property tax purposes under the plat law (M.S. 273.11, subdivision 14, 14a, or 14b).

**Effective date:** July 1, 2005, for lands platted on or after August 1, 1991.

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**Disposition of Payments; Cross-Reference**  
**Chapter 152, Article 2, Section 19**

Amends M.S. 469.1771, subdivision 5

Corrects a cross-reference to the excess increment statute. Legislation enacted in 2003 divided the excess increment statute into additional paragraphs, but this cross-reference was not changed.

**Effective date:** The same time as the amendments to M.S. 469.176, subdivision 2, by Laws 2003, Chapter 127, Article 10, Section 11 (for all TIF districts, regardless of whether the request for certification was made before, on, or after August 1, 1979, and applies after August 1, 2003).

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**Tax Increment Bonding; Cross-reference**  
**Chapter 152, Article 2, Section 20**

Amends M.S. 469.178, subdivision 1

Corrects a cross-reference to the provision limiting the use of tax increments. Legislation enacted in 1988 divided the subdivision limiting the spending of increments into a general subdivision and separate subdivisions by district

type, but this the cross-reference was not changed to reflect the separate subdivisions.

**Effective date:** For tax increment financing districts in which the request for certification was made after August 1, 1979.

## Fiscal Disparities

### Population Estimates; State Demographer Chapter 151, Article 4, Section 3

Amends M.S. 276A.01, subdivision 7

Changes the reference date for population estimates filed by the state demographer to the Commissioner of Revenue to July 15 to be consistent with Laws 2005, Chapter 151, Article 4, Section 1. These estimates are used in the Iron Range fiscal disparities calculations.

**Effective date:** The day following final enactment (June 3, 2005).

### Fiscal Disparities Exclusion; St. Paul Airport SS Chapter 3, Article 1, Section 29

Amends M.S. 473F.02, subdivision 2

Provides that the St. Paul airport is excluded from the fiscal disparities program.

**Effective date:** Taxes payable in 2006 and thereafter.

### Population Estimates; Metropolitan Council Chapter 151, Article 4, Section 5

Amends M.S. 473F.02, subdivision 7

Changes the effective date for population estimates filed by the Metropolitan Council to the Commissioner of Revenue to July 15 to be consistent with Laws 2005, Chapter 151, Article 4, Section 4. This estimate is used in the metropolitan area fiscal disparities calculations.

**Effective date:** The day following final enactment (June 3, 2005).

### Bloomington Computation SS Chapter 3, Article 1, Section 30

Amends M.S. 473F.08, subdivision 3a

Delays the start date for the city of Bloomington to repay to the metropolitan area fiscal disparities pool for three years (until taxes payable in 2009).

**Effective date:** The day following final enactment (July 14, 2005).

## Property Tax Aids and Credits

### Local Government Aid

#### Population Estimates; Metropolitan Council Chapter 151, Article 4, Section 6

Amends M.S. 477A.011, subdivision 3

Changes the effective date for population estimates filed by the Metropolitan Council and the state demographer to the Commissioner of Revenue to July 15 of the aid calculation year to be consistent with Laws 2005, Chapter 151, Article 4, Sections 1 and 4. This estimate is used in LGA and county program aid calculations.

Provides that a revision of an estimate is effective only if it is certified to the commissioner on or before July 15 of the aid calculation year, and specifies that clerical errors in the certification or use of the estimates established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under M.S. 477A.014.

**Effective date:** The day following final enactment (June 3, 2005).

#### City Revenue Need Chapter 151, Article 4, Section 7

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

Provides a five-year transition period for calculating “city revenue need” for cities crossing the 2,500 population threshold. There are two formulas for calculating city revenue need – one for cities with a population of 2,500 or more and one for cities with a population under 2,500. This provision specifies that both formulas be used and a “transition factor” be applied to calculate city revenue need when a city changes from a population under 2,500 to a population of 2,500 or more. A city’s “transition factor” is equal to 0.2 multiplied by the number of years that the city’s population estimate has been 2,500 or more.

The city revenue need should be calculated as follows during the five-year transition period:

1. Calculate the city revenue need using the formula for cities with a population of 2,500 and multiply this amount by its transition factor.
2. Calculate the city revenue need using the formula for cities with a population under 2,500 and multiply this amount by the difference between one and its transition factor.

3. Add the amounts from step 1 and 2 to determine the city revenue need.

This provision only applies for aids payable in calendar years 2006 to 2008 to cities with a population of less than 2,500. It applies to any city for aids payable in 2009 and thereafter. Five cities are currently affected by this provision: Cohasset, Foley, Lake Crystal, Rush City, and Wells.

**Effective date:** Aids payable in 2006 and thereafter.

#### City Aid Base Chapter 38, Section 1

Amends M.S. 477A.011, subdivision 36

Corrects a drafting error that occurred when the LGA program was modified in the 2003 Special Session by removing a definition of city aid base which conflicts with the intended definition of city aid base. 2004 and 2005 LGA distributions were calculated using the intent of the law, which was to remove all cities “grandfathered” LGA amounts.

*Note: See the next two listings for additional changes to this subdivision.*

**Effective date:** Aids payable in 2004.

#### City Aid Base Chapter 151, Article 4, Section 8

Amends M.S. 477A.011, subdivision 36, as amended by Laws 2005, Chapter 38, Section 1

Provides a one year increase in city aid of \$25,000 (for aids payable in 2006 only) to a city if:

- Its 2003 population is at least 1,000; and
- It has a state park for which the city provides rescue services and which comprised at least 14 percent of the total geographic area within the city in 2000.

The city of Taylor Falls is the only city to qualify.

*Note: See the previous and the following listings for additional changes to this subdivision.*

**Effective date:** Aids payable in 2006 only.

**City Aid Base****SS Chapter 3, Article 2, Section 1**

Amends M.S. 477A.011, subdivision 36, as amended by Laws 2005, Chapter 38, Section 1, and Laws 2005, Chapter 151, Article 4, Section 8

Increases the city aid base for a city with a population of less than 5,000 by \$6 per capita. This extra payment is eliminated when a city reaches the 5,000 population threshold.

*Note: See the previous two listings for additional changes to this subdivision.*

**Effective date:** Aids payable in 2006 and thereafter.

**Household Size Estimates; LGA  
Chapter 151, Article 4, Section 9**

Amends M.S. 477A.011, subdivision 38

Corrects a reference to the date for filing average household size estimates with the Commissioner of Revenue by the Metropolitan Council and the state demographer to July 15 of the aid calculation year to be consistent with Laws 2005, Chapter 151, Article 4, Sections 1 and 4. This estimate is used in LGA calculations.

Provides that a revision of an estimate is effective only if it is certified to the commissioner on or before July 15 of the aid calculation year, and specifies that clerical errors in the certification or use of the estimates established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under M.S. 477A.014.

**Effective date:** The day following final enactment (June 3, 2005).

**City Formula Aid****SS Chapter 3, Article 2, Section 2**

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

Changes the formula used to calculate city aid by eliminating the taconite aid offset for certain cities "directly impacted by a taconite mine or plant." The cities include: Babbitt, Eveleth, Hibbing, Keewatin, Mountain Iron, Silver Bay, and Virginia.

**Effective date:** Aids payable in 2006 and thereafter.

**City Appropriations****SS Chapter 3, Article 2, Section 3**

Amends M.S. 477A.03, subdivision 2a

Increases the annual LGA appropriation from \$437,052,000 to \$485,052,000.

**Effective date:** Aids payable in 2006 and thereafter.

**City of White Bear Lake****Chapter 152, Article 1, Section 41**

Uncodified provision

Authorizes an LGA payment of \$52,482 on July 20, 2005, and December 26, 2005, to White Bear Lake. Also appropriates \$109,964 from the general fund to the Commissioner of Revenue to make these payments.

**Effective date:** The day following final enactment (June 3, 2005).

**Population Estimates****Population, Number of Households, and Average  
Household Size Estimates; State Demographer  
Chapter 151, Article 4, Section 1**

Amends M.S. 4A.02

Modifies the dates by which the state demographer must prepare and certify population and average household size estimates for counties, cities, and towns. The demographer must certify estimates to political subdivisions by June 1 of each year. The political subdivisions have until June 24 to file an objection to the estimate in writing.

Also requires the demographer to certify estimates of population and household size to the Commissioner of Revenue by July 15 for use in calculating state aids (including any estimates still under objection).

**Effective date:** The day following final enactment (June 3, 2005).

**State Guarantee of County Debt  
Chapter 151, Article 5, Section 41**

Amends M.S. 373.45, subdivision 7

Strikes obsolete references to state aid payments to counties that may be offset if the state pays a debt service obligation on behalf of the county under this program. References to homestead and agricultural credit aid,

county criminal justice aid, and family preservation aid for counties are replaced by references to county program aid.

**Effective date:** Aids payable in 2005 and thereafter.

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**Population Estimates; Metropolitan Council  
Chapter 151, Article 4, Section 4**

Adds M.S. 473.24

Requires the Metropolitan Council to prepare and certify population, number of households, and average household size estimates for all counties, cities, and towns in the metropolitan area on the same schedule followed by the state demographer for all other political subdivisions (see Laws 2005, Chapter 151, Article 4, Section 1).

The Metropolitan Council has traditionally prepared these numbers, but it has not been subject to any formal timetable for finalizing the estimates, nor has a formal process existed for challenging the estimates.

**Effective date:** The day following final enactment (June 3, 2005).

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**PILT Payments**

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**Land Utilization Project Land; Recategorization  
SS Chapter 3, Article 1, Section 31**

Amends M.S. 477A.11, subdivision 4

Removes land utilization project land from the “other natural resources land” category.

**Effective date:** Aids payable in calendar year 2006 and thereafter.

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**Land Utilization Project Land; Recategorization  
SS Chapter 3, Article 1, Section 32**

Amends M.S. 477A.11 by adding subdivision 5

Establishes “land utilization project land” as a separate category.

**Effective date:** Aids payable in calendar year 2006 and thereafter.

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**Land Utilization Project Land; Payments  
SS Chapter 3, Article 1, Section 33**

Amends M.S. 477A.12, subdivision 1

Increases payment in lieu of tax (PILT) payments for land utilization project lands to 75 cents per acre (adjusted for

inflation) from 37.5 cents per acre (adjusted for inflation) by removing it from the “other natural resources land” category and making it a separate category (“other natural resources land” is still at 37.5 cents per acre, adjusted for inflation).

**Effective date:** Aids payable in calendar year 2006 and thereafter.

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**Land Utilization Project Land; Certification  
SS Chapter 3, Article 1, Section 34**

Amends M.S. 477A.12, subdivision 2

Requires the Commissioner of Natural Resources to certify to the Commissioner of Revenue by March 1 of each year the number of acres in each county of land utilization project land.

**Effective date:** Aids payable in calendar year 2006 and thereafter.

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**Land Utilization Project Land; General Distribution  
SS Chapter 3, Article 1 Section 35**

Amends M.S. 477A.14, subdivision 1

Treats land utilization land like “other natural resources land” in determining distribution of payments by the county to organized townships (7.5 cents per acre, as adjusted for inflation).

**Effective date:** Aids payable in calendar year 2006 and thereafter.

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**County Program Aid**

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**Estimates of Population over 65; County Program Aid  
Chapter 151, Article 4, Section 10**

Amends M.S. 477A.0124, subdivision 2

Changes the reference date for estimates of population over 65 filed by the Metropolitan Council and the state demographer to the Commissioner of Revenue to July 15 of the aid calculation year to be consistent with Laws 2005, Chapter 151, Article 4, Sections 1 and 4. This estimate is used in county program aid calculations.

Provides that a revision of an estimate is effective only if it is certified to the commissioner on or before July 15 of the aid calculation year, and specifies that clerical errors in the certification or use of the estimates established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under M.S. 477A.014.

**Effective date:** The day following final enactment (June 3, 2005).

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**County Tax-Base Equalization Aid  
Chapter 151, Article 4, Section 11**

Amends M.S. 477A.0124, subdivision 4

Provides that the following be allocated to pay postretirement health insurance costs for court employees:

- Up to \$73,259 to Anoka County; and
- Up to \$59,664 to Washington County.

This is part of an aid and budget base adjustment agreed to between the district courts and these counties related to aid offsets due to the state takeover of courts. Related provisions are in Laws 2005, Chapter 151, Article 4, Sections 12, 15, and 16.

**Effective date:** Aids payable in 2006 and thereafter.

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**Appropriation for Counties  
Chapter 151, Article 4, Section 12**

Amends M.S. 477A.03, subdivision 2b

Provides an extra \$132,923 to county tax-base equalization aid appropriation to fund the additional aid paid to Anoka and Washington counties for postretirement health insurance costs for court employees.

This is part of an aid and budget base adjustment agreed to between the district courts and these counties related to aid offsets due to the state takeover of courts. Related provisions are in Laws 2005, Chapter 151, Article 4, Sections 11, 15, and 16.

**Effective date:** Aids payable in 2006 and thereafter (per change made in Laws 2005, First Special Session, Article 2, Section 4).

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**County Appropriations  
SS Chapter 3, Article 2, Section 4**

Amends M.S. 477A.03, subdivision 2b, as amended by Laws 2005, Chapter 151, Article 4, Section 12

Makes a technical correction in the effective date for a county aid adjustment for Anoka and Washington counties that was enacted during the regular legislative session.

**Effective date:** Aids payable in 2006 and thereafter.

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**Temporary Aid for Court Costs**

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**Court Aid Adjustments  
Chapter 151, Article 4, Section 15**

Uncodified provision

Provides that the amount of temporary aid for court costs (under M.S. 273.1398, subdivision 4a) paid to Anoka County is increased by \$36,630 and the amount paid to Washington County is increased by \$29,832.

This is part of an aid and budget base adjustment agreed to between the district courts and these counties related to aid offsets due to the state takeover of courts. Related provisions are in Laws 2005, Chapter 151, Article 4, Sections 11, 12, and 16.

**Effective date:** Aids payable in 2005 only.

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**District Courts Budget  
Chapter 151, Article 4, Section 16**

Uncodified provision

Reduces the district courts general fund appropriation by \$66,462 in fiscal year 2006 to offset the temporary aid for court costs adjustments for Anoka and Washington counties, and \$132,923 in fiscal year 2007 to offset the appropriation increases to county tax-base equalization aid for Anoka and Washington counties.

This is part of an aid and budget base adjustment agreed to between the districts courts and these counties related to aid offsets due to the state takeover of courts. Related provisions are in Laws 2005, Chapter 151, Article 4, Sections 11, 12, and 15.

**Effective date:** The day following final enactment (June 3, 2005).

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**Property Tax Credits**

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**Vacant Commercial Industrial Property  
SS Chapter 3, Article 1, Section 17**

Adds M.S. 273.1321

Authorizes a city to establish a program to encourage redevelopment, provide for better utilization of commercial-industrial property and eliminate blighting influences by revoking the eligibility of individual commercial-industrial property to receive the disparity reduction credit if, for more than three years prior to the current assessment, the property has been:



- condemned, dangerous or having multiple building code violations;
- condemned and illegally occupied; or
- either occupied or unoccupied during which time the local enforcement officer has issued multiple orders to correct nuisance conditions.

A property is also subject to loss of the credit if it was unoccupied and not utilized for a commercial or industrial purpose for five or more consecutive years prior to the current assessment year.

Specifies that the program must provide the following:

- Standards for determining whether a property is vacant;
- Written notice by the city or county to the property owner informing the owner that the property's eligibility will be revoked;
- Opportunity for the property owner to appeal the revocation at the Local and County Boards of Appeal and Equalization;
- Timely notice to the county assessor of the revocation (or city assessor if appropriate);
- Other provisions that the city deems necessary.

The municipality shall give notice to the property owner stating that the property may cease to be eligible for the credit unless it meets certain standards and is used for commercial or industrial purposes for at least 180 days during the next 12-month period.

**Effective date:** Taxes payable in 2007 and thereafter.

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### **Residential Homestead Market Value Credit Chapter 151, Article 4, Section 2**

Amends M.S. 273.1384, subdivision 1

Changes the computation of the residential homestead market value credit for fractional homesteads. Previously, the credit was computed using the value of the homestead portion only. In some instances, depending on the market value of the property, this resulted in a property receiving a higher market value credit if it was a fractional homestead than it would have received if it was a full homestead.

The credit should first be computed as though the non-homestead portion was part of the homestead portion. Then the credit should be pro-rated based on the homestead recipient's percentage of ownership (or one-half if only one spouse occupies the property).

**Effective date:** Taxes payable in 2006 and thereafter.

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### **Border City Development Zones; Property Tax Reimbursements Chapter 151, Article 5, Section 42**

Amends M.S. 469.1735, subdivision 3

Changes the date by which city officials must certify the amount of its tax credit allocation that it wishes to use to reimburse the county and/or city for property tax reductions granted under the border city development zone program. The current deadline is October 1 of the assessment year. The new deadline will be October 1 of the taxes payable year. The payment date for the reimbursements (December 26 of the taxes payable year) will remain the same.

**Effective date:** For reimbursements of taxes payable in 2005 and thereafter.

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### **Aid and Credit Reductions**

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#### **City Aid Reductions; Aids Payable in 2004 Chapter 151, Article 4, Section 13**

Amends Laws 2003, First Special Session Chapter 21, Article 5, Section 13

Retroactively corrects some language in the provision for calculating the 2004 city aid reductions to reflect the procedure used.

**Effective date:** Aids payable in 2004.

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#### **County Aid Reductions; Aids Payable in 2004 Chapter 151, Article 4, Section 14**

Amends Laws 2003, First Special Session Chapter 21, Article 6, Section 9

Retroactively corrects some language in the provision for calculating the 2004 county aid reductions to reflect the procedure used.

**Effective date:** Aids payable in 2004.

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#### **2005 and 2006 City Aid Payments SS Chapter 3, Article 2, Section 5**

Uncodified provision

Extends the market value credit reimbursement reductions for cities for credits paid in 2005 and 2006. Each city's reduction amount for 2005 and 2006 will be the lesser of its 2003 reduction or the amount of its current year reimbursement.

**Effective date:** The day following final enactment (July 14, 2005).

## Truth in Taxation

### Truth in Taxation Notices

#### Overlapping Jurisdictions; Proposed Local Tax Rates SS Chapter 3, Article 1, Section 21

Amends M.S. 275.065, subdivision 1a

Changes the date for the home county auditor to certify the proposed levy and the proposed local tax rate to the other county auditor from September 20 to October 5 for taxing authorities located in two or more counties. Since school districts do not certify their levies until September 30, the previous date was unworkable.

**Effective date:** The day following final enactment (July 14, 2005).

#### Notice of Proposed Property Taxes SS Chapter 3, Article 1, Section 22

Amends M.S. 275.065, subdivision 3

Provides that any amount levied for the Ramsey County public library service may be listed separately from the remaining amount of the county's levy on the truth in taxation notice.

Also provides that the governing body of a county, city, or school district may, if approved by the county board, include supplemental information with the truth in taxation notice about the impact of state aid increases or decreases on property taxes and the level of services provided in a jurisdiction. The supplemental information may include information for the following year, the current year, and for as many consecutive preceding years as deemed appropriate.

The supplement may include only information regarding the following:

- The impact of inflation;
- The population growth and decline;
- State or federal government action; and

- Other financial factors that affect the level of property taxation and local services that the governing body of the county, city, or school district may deem appropriate.

Specifies that the information may be presented using tables, written narrative, and graphic representations and may contain instructions for further sources of information or provide an opportunity for comment.

**Effective date:** Notices for property taxes payable in 2006.

#### Joint Hearing; Aitkin County SS Chapter 3, Article 1, Section 23

Amends M.S. 275.065 by adding subdivision 9

Authorizes Aitkin County, Independent School District No. 1, and the city of Aitkin, or any two of them, to hold their initial public hearing jointly. Provides that such meeting be held on the second Tuesday of December each year. Specifies that the advertisement for the meeting may be a joint advertisement.

**Effective date:** For hearings conducted in 2005 and thereafter.

#### Joint Hearing; Nobles County SS Chapter 3, Article 1, Section 24

Amends M.S. 276.065 by adding subdivision 10

Authorizes Nobles County, the city of Worthington, and Independent School District No. 518, or any two of them, to hold their initial public hearing jointly. Provides that such meeting be held on the second Tuesday of December each year. Specifies that the advertisement for the meeting may be a joint advertisement.

**Effective date:** For hearings conducted in 2005 and thereafter.

## Property Tax Collection and Distribution

### Property Tax Statements

#### Contents of Tax Statement

##### Chapter 10, Article 1, Section 60

Amends M.S. 276.04, subdivision 2

Clarifies that the reference made to “clause (4)” in paragraph (d) (requiring the Commissioner of Revenue to certify certain state aid amounts that must be shown on the property tax statements to the various county auditors) is to the clause (4) that is found in paragraph (c). Since there is no clause (4) in paragraph (d), the previous reference to that clause without a paragraph reference was ambiguous.

**Effective date:** None specified so August 1, 2005.

#### Contents of Tax Statement

##### SS Chapter 3, Article 1, Section 26

Amends M.S. 276.04, subdivision 2, as amended by Laws 2005, Chapter 10, Article 1, Section 60

Provides that, if Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington counties levy for its regional rail authority, the amount of the levy shall be listed separately directly under the county's levy on the property tax statement.

Also provides that, if Ramsey County levies for its public library service, the amount may be listed separately on the property tax statement.

Makes a technical change to certain aid references.

**Effective date:** For property tax statements issued in 2006 (taxes payable 2006) and thereafter.

### Property Tax Collection

#### Caponi Art Park; Exemption

##### Chapter 151, Article 3, Section 18

Amends Laws 1998, Chapter 389, Article 3, Section 42, subdivision 2, as amended by Laws 2002, Chapter 377, Article 4, Section 24

Allows the Caponi Art Park property to be exempted from paying deferred/additional taxes if a portion of the property is conveyed for ownership or public easement rights to:

- One or more nonprofit foundations or corporations; and
- One or more local governments.

Those entities shall separately or jointly operate the property as an art park. Some of the property may also be used for other public purposes as determined by the local governments.

Also provides that if the portion of the property is transferred to the nonprofit foundation or corporation and the nonprofit does not operate it as an art park and ceases to provide the required services for 10 years following the conveyance, the property would be subject to additional taxes in the year following the year it ceased to do so. The county board, with the approval of the city council, shall determine the amount of additional taxes due on that portion of the property no longer utilized as an art park. No interest and penalties may be imposed on these additional taxes provided that they are paid within 30 days of the county's notice.

**Effective date:** March 1, 2005.

### Property Tax Distribution

#### Wind Energy Production Tax; Distribution

##### Chapter 151, Article 5, Section 15

Amends M.S. 272.029, subdivision 6

Clarifies that the distribution of wind energy production tax revenues are to be distributed locally (the state is not included in the distribution). Provides that beginning with taxes payable in 2006, the distribution of the wind energy production tax will be distributed as follows: 80 percent to counties, 14 percent to cities and townships, and 6 percent to school districts. For taxes payable in 2004 and 2005, distributions are to be made based upon the proportion that each of the local taxing jurisdiction's tax rates are to the total local tax rate where the wind energy conversion system is located.

**Effective date:** The day following final enactment (June 3, 2005).

**State General Property Tax Transmittal  
Chapter 151, Article 5, Section 30**

Amends M.S. 276.112

Changes the date by which county treasurers must transmit the state's share of property tax receipts to the Commissioner of Revenue from "on or before June 29" to "on or before June 28." This insures that the property taxes transmitted to the state are within the same fiscal year of receipt by the county, even if June 28 falls on a weekend.

**Effective date:** The day following final enactment (June 3, 2005).

**Electronic Funds Transfer; Effective Dates  
Chapter 151, Article 5, Section 43**

Amends Laws 2003, Chapter 127, Article 5, Section 27

Changes the effective date for a provision that eliminated the state from the list of taxing authorities to which funds are apportioned on the various settlement days provided for in general law, and also from the list of authorities for which the county auditor issues a warrant for payment. The original effective date was taxes payable in 2004 and thereafter. This change makes it effective for distributions occurring on or after June 10, 2003. The new effective date corresponds with Laws 2003, Chapter 127, Article 5, Section 29, which added new language requiring county treasurers to electronically transmit those collections to the Commissioner of Revenue annually on or before June 29, December 2, and the following January 25.

*Note: Laws 2005, Chapter 151, Article 5, Section 30 changed the June 29 settlement date to June 28.*

**Effective date:** For distributions occurring on or after June 10, 2003.

**Electronic Funds Transfer; Effective Dates  
Chapter 151, Article 5, Section 44**

Amends Laws 2003, Chapter 127, Article 5, Section 28

Changes the effective date for a provision enacted in 2003 that eliminated the state from the list of taxing authorities to which the county treasurer makes payment of property tax collections following issuance of a warrant by the auditor after each of the various settlement days that are provided for in law. The original effective date was taxes payable in 2004 and thereafter. This change makes it effective for distributions occurring on or after June 10, 2003. The new effective date corresponds with Laws 2003, Chapter 127, Article 5, Section 29, which added new language requiring county treasurers to electronically transmit those collections to the Commissioner of Revenue annually on or before June 29, December 2, and the following January 25.

*Note: Laws 2005, Chapter 151, Article 5, Section 30 changed the June 29 settlement date to June 28.*

**Effective date:** For distributions occurring on or after June 10, 2003.

## Property Tax Refund

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### Household Income Definition SS Chapter 3, Article 4, Section 16

Amends M.S. 290A.03, subdivision 3

Provides that the new manufacturer's deduction and deductions for contributions to health savings accounts are not allowed as deductions in computing household income for the property tax refund.

**Effective date:** For property tax refunds based on household income for 2004 and thereafter.

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### Internal Revenue Code SS Chapter 3, Article 4, Section 17

Amends M.S. 290A.03, subdivision 15

Updates the reference to the Internal Revenue Code in the Property Tax Refund Chapter to include federal changes through April 15, 2005.

**Effective date:** For property tax refunds based on property taxes payable on or after December 31, 2004, and rent paid on or after December 31, 2003.

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### Early Payments for Electronic Claims Chapter 151, Article 3, Section 13

Amends M.S. 290A.07 by adding subdivision 5

Authorizes the Commissioner of Revenue to pay property tax refunds up to 30 days earlier than the dates listed in the schedule below for claims submitted electronically.

The schedule for payment of property tax refunds is the later of 60 days after filing the claim or:

- After August 1 and before August 15 for renters and homeowners of a manufactured home or park trailers; or
- After September 15 and before September 30 for homeowners.

**Effective date:** The day following final enactment (June 3, 2005).

## Tax-Forfeited Land

### Sale or Conveyance

#### Prohibited Purchasers

##### Chapter 151, Article 5, Section 31

Amends M.S. 282.016

Adds county attorneys to the list of personnel who are prohibited from purchasing tax-forfeited land either personally or as an agent or attorney for another person. Other prohibited purchasers include county auditors, county treasurers, district court administrators, county assessors, supervisors of assessments, deputies or clerks or employees of such officers, commissioners for tax-forfeited lands or an assistant to such commissioners.

Clarifies that these prohibitions only apply to tax-forfeited land in the county for which the person performs duties. Also provides that persons prohibited from purchasing tax-forfeited property must not directly or indirectly have another person purchase it on their behalf for their benefit or gain.

**Effective date:** The day following final enactment (June 3, 2005).

#### Timber Sales

##### Chapter 141, Section 13

Amends M.S. 282.04, subdivision 1

Allows an irrevocable bank letter of credit to be used for the down payment required for an auction sale of timber. Also allows the letter of credit to be transferred to another timber sale contract if no cutting has taken place under the sale contract to which the letter of credit was initially provided.

*Note: See next listing for another change to this subdivision.*

**Effective date:** July 1, 2005.

#### Timber Sales; Land Uses and Leases

##### SS Chapter 1, Article 2, Section 141

Amends M.S. 282.04, subdivision 1

Provides that the county auditor may, with the approval of the county board and without first offering at public sale, grant leases for a term not exceeding 25 years for the removal of peat and for the production or removal of farm-grown closed loop biomass or short-rotation woody crops

from tax-forfeited lands under the terms and conditions as the county board may prescribe. A public hearing must be held regarding the auditor's intention to lease such property. Such leases must be reviewed and approved by the DNR if the lease covers 320 or more acres.

*Note: See previous listing for another change to this subdivision.*

**Effective date:** None specified so August 1, 2005.

#### Sales of Forfeited Agricultural Land

##### Chapter 151, Article 5, Section 33

Amends M.S. 282.15

Makes a change to the assessment year in which tax-forfeited land in one of the reforestation areas created in 1931 or 1933 are classified by the county board as suitable for agricultural use and approved by the department of natural resources as agricultural becomes taxable to be consistent with general provisions relating to the sale of tax-forfeited lands. This change makes such land taxable in the assessment year in which it is sold. Previously, when such land was sold it was to become taxable in the following assessment year, while other tax-forfeited land that is sold becomes taxable in the current assessment year.

**Effective date:** For sales occurring on or after July 1, 2005.

#### Form of Conveyance

##### Chapter 151, Article 5, Section 34

Amends M.S. 282.21

Provides that the Commissioner of Natural Resources (rather than the Commissioner of Finance) is responsible for issuing conveyances for tax-forfeited land in conservation areas.

**Effective date:** The day following final enactment (June 3, 2005).

#### Form of Conveyance

##### Chapter 151, Article 5, Section 35

Amends M.S. 282.224

Clarifies that the Commissioner of Natural Resources' responsibilities with respect to issuing conveyances of tax-forfeited property apply only to tax-forfeited agricultural lands in the Red Lake Preserve.

**Effective date:** The day following final enactment (June 3, 2005).

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**Receipts for Payments  
Chapter 151, Article 5, Section 36**

Amends M.S. 282.301

Clarifies that statutory procedures and the duties of the Commissioner of Revenue with respect to repurchases of tax-forfeited land relate to all repurchases of tax forfeited land authorized in Chapter 282.

**Effective date:** The day following final enactment (June 3, 2005).

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**Private Sale of Tax-Forfeited Land; Beltrami County  
Chapter 161, Section 5**

Uncodified provision

An uncodified law authorizes Beltrami County to privately sell specified tax-forfeited lands, provided the conveyance is in a form specified by the state attorney general (standard practice), and the county decides that the sale is in the best interests of the county's land management.

**Effective date:** Day following final enactment (June 4, 2005).

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**Conveyance of Tax-Forfeited Land Bordering Public Water or Including Wetlands; Hennepin County  
Chapter 161, Sections 6-9**

Uncodified provision

An uncodified law authorizes Hennepin County to sell or convey without monetary consideration specified tax-forfeited lands bordering public waters to the cities of Brooklyn Park, Minnetrista, and Eden Prairie, provided the conveyance is in a form specified by the state attorney general (standard practice), and the county decides that the sale is in the best interests of the county's land management. Also provides that these conveyances are subject to the restrictions provided.

**Effective date:** Day following final enactment (June 4, 2005).

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**Private Sale of Tax-Forfeited Land Bordering Public Water; Itasca County  
Chapter 161, Section 12**

Uncodified provision

An uncodified law authorizes Itasca County to privately sell specified tax-forfeited lands bordering public waters, provided the conveyance is in a form specified by the state attorney general (standard practice), and the county decides that the sale is in the best interests of the county's land management. Also provides that the existing structures be removed within one year and a conservation easement be retained on the parcel.

**Effective date:** Day following final enactment (June 4, 2005).

---

**Public Sale of Tax-Forfeited Land Bordering Public Water; Itasca County  
Chapter 161, Section 13**

Uncodified provision

An uncodified law authorizes Itasca County to publicly sell specified tax-forfeited lands bordering public waters, provided the conveyance is in a form specified by the state attorney general (standard practice), and the county decides that the sale is in the best interests of the county's land management.

**Effective date:** Day following final enactment (June 4, 2005).

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**Private Sale of Tax-Forfeited Land; Lake County  
Chapter 161, Section 15**

Uncodified provision

An uncodified law authorizes Lake County to privately sell specified tax-forfeited lands, provided the conveyance is in a form specified by the state attorney general (standard practice), and the county decides that the sale is in the best interests of the county's land management.

**Effective date:** Day following final enactment (June 4, 2005).

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**Private Sale of Tax-Forfeited Land Bordering Public Water; Rice County  
Chapter 161, Section 16**

Uncodified provision

An uncodified law authorizes Rice County to privately sell specified tax-forfeited lands bordering public waters,

provided the conveyance is in a form specified by the state attorney general (standard practice), and the county decides that the sale is in the best interests of the county's land management.

**Effective date:** Day following final enactment (June 4, 2005).

---

**Conveyance of Tax-Forfeited Land Bordering Public Water; Rice County  
Chapter 161, Section 17**

Uncodified provision

An uncodified law authorizes Rice County to convey for no consideration to the city of Dundas specified tax-forfeited lands bordering public waters, provided the conveyance is in a form specified by the state attorney general (standard practice), and the county decides that the sale is in the best interests of the county's land management.

**Effective date:** Day following final enactment (June 4, 2005).

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**Public Sale of Tax-Forfeited Land Bordering Public Water; St. Louis County  
Chapter 161, Section 19**

Uncodified provision

An uncodified law authorizes St. Louis County to publicly sell specified tax-forfeited lands bordering public waters, provided the conveyance is in a form specified by the state attorney general (standard practice), and the county decides that the sale is in the best interests of the county's land management. Provides that some of these lands are subject to certain deed restrictions or easements.

**Effective date:** Day following final enactment (June 4, 2005).

---

**Private Sale of Tax-Forfeited Land Bordering Public Water; St. Louis County  
Chapter 161, Section 20**

Uncodified provision

An uncodified law authorizes St. Louis County to privately sell specified tax-forfeited lands, provided the conveyance is in a form specified by the state attorney

general (standard practice). These sales are intended to resolve unintentional occupancy trespasses.

**Effective date:** Day following final enactment (June 4, 2005).

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**Private Sale of Tax-Forfeited Land Bordering Public Water; Washington County  
Chapter 161, Section 24**

Uncodified provision

An uncodified law authorizes Washington County to privately sell specified tax-forfeited lands bordering public waters, provided the conveyance is in a form specified by the state attorney general (standard practice), and the county decides that the sale is in the best interests of the county's land management.

**Effective date:** Day following final enactment (June 4, 2005).

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**Proceeds of Sales**

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**Apportionment of Proceeds to Taxing Districts  
Chapter 151, Article 5, Section 32**

Amends M.S. 282.08

Eliminates the state's share of the net proceeds from the sale or lease of tax-forfeited land. Laws 2003, Chapter 238, Article 5, Section 34 required county auditors to pay the unpaid state general property tax levy amount to the state from the net proceeds for each parcel of tax-forfeited land beginning with taxes payable in 2004.

**Effective date:** The day following final enactment (June 3, 2005) for state general tax levy amounts payable in 2004 and thereafter.

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**Use of Funds  
SS Chapter 1, Article 2, Section 142**

Amends M.S. 282.08, as amended by Laws 2005, Chapter 151, Article 5, Section 32

States that a county board having a balance of money remaining from the sale or rental of tax-forfeited land, after statutory apportionment, may use the funds to improve the health and management of county forests.

**Effective date:** None specified so August 1, 2005.



## Miscellaneous Property Tax Laws

### Border City Development Zone

#### Additional Allocations

##### SS Chapter 3, Article 7, Section 11

Amends M.S. 469.169 by adding subdivision 17

Allocates \$1.5 million for border city enterprise zone and border city development zone tax reductions. This allocation is divided equally between the two programs, but the cities can reallocate the amounts between the two programs. The allocation is divided among the qualifying border cities on a per capita basis. The five cities that qualify are Moorhead, Dilworth, East Grand Forks, Breckenridge and Ortonville.

**Effective date:** The day following final enactment (July 14, 2005).

### Commissioner's Powers

#### Power to Appoint Staff

##### SS Chapter 3, Article 11, Section 1

Amends M.S. 270C.02, subdivision 2, as amended by Laws 2005, Chapter 151, Article 1, Section 2

Provides that delegation of authority provided by the Commissioner of Revenue remains in effect until revoked by the commissioner or a successor commissioner.

**Effective date:** The day following final enactment (July 14, 2005).

### County Boards

#### County Board Meetings

##### Chapter 42, Section 1

Amends M.S. 375.07

Provides for meetings of county boards at locations within the county other than the county seat. The first meeting of the year (the first Tuesday after the first Monday) must be held at the county seat. Additional meetings may be held at other locations within the county.

**Effective date:** None specified so August 1, 2005.

### County Boards of Appeal and Equalization

#### County Board of Appeal and Equalization Meeting Dates

##### Chapter 151, Article 5, Section 27

Amends M.S. 274.14

Strikes obsolete language pertaining to meeting dates for the County Board of Appeal and Equalization if the actual meeting days were listed on the valuation notices. Other provisions of law require that the meeting dates be listed on the valuation notice. County Boards of Appeal and Equalization are allowed to meet on any 10 consecutive meeting days after the second Friday in June (Saturday and Sunday are not "meeting days").

**Effective date:** The day following final enactment (June 3, 2005).

### County Offices

#### Auditor-Treasurer and Recorder; Pope County Chapter 75, Section 1

Uncodified provision

Allows the Pope County Board of Commissioners to fill the offices of county recorder and county auditor-treasurer by appointment, rather than by election. Requires a public hearing to be held prior to the board's decision to make the county auditor-treasurer and recorder offices appointive.

**Effective date:** Upon local approval.

#### Auditor-Treasurer and Recorder; Lac Qui Parle County Chapter 75, Section 2

Uncodified provision

Allows the Lac qui Parle County Board of Commissioners to combine the offices of county auditor and county treasurer and to fill the offices of county recorder and county auditor-treasurer by appointment, rather than by election. Requires a public hearing to be held prior to the board's decision to make the county auditor-treasurer office combined and to make the county auditor-treasurer and recorder offices appointive.

**Effective date:** Upon local approval.

**Auditor-Treasurer and Recorder; Nobles County  
Chapter 75, Section 3**

Uncodified provision

Allows the Nobles County Board of Commissioners to fill the offices of county recorder and county auditor-treasurer by appointment, rather than by election. Requires a public hearing to be held prior to the board's decision to make the county auditor-treasurer and recorder offices appointive.

**Effective date:** Upon local approval.

**County Personnel****DOT to Notify County Auditor of Property  
Acquisition  
SS Chapter 3, Article 1, Section 2**

Adds M.S. 174.11

Requires the Commissioner of Transportation to notify the county auditor of the county where the property is located of all taxable real property acquired.

**Effective date:** The day following final enactment (July 14, 2005).

**Training and Education of Property Tax Personnel;  
Assessors  
SS Chapter 3, Article 1 Section 7**

Amends M.S. 273.0755

Requires that every assessor attend and participate in a seminar that focuses on ethics, professional conduct and the need for standardized assessment practices developed and presented by the Commissioner of Revenue beginning with the four-year educational licensing period starting on July 1, 2004. This requirement applies to all assessors licensed for one year or more during a four-year licensing period.

**Effective date:** The day following final enactment (July 14, 2005).

**Notice of Highest Paid Employees  
Chapter 156, Article 2, Section 39**

Adds M.S. 471.701

Requires a city or county with a population over 15,000 to annually notify residents of the positions and base salaries of its three highest-paid employees. This may be done on the homepage of the city or county's website, in

a publication distributed to all residents, or as part of truth in taxation notices.

**Effective date:** None specified so August 1, 2005.

**County Recorder****County Recorder Fees  
Chapter 136, Article 14, Section 6**

Amends M.S. 357.18

Establishes the fees to be charged by the county recorder. The fees are as follows:

- \$46 for indexing or recording any deed or instrument;
- \$46\* for documents containing multiple assignments, partial releases or satisfactions, plus an additional fee of \$10 for each additional instrument cited over the first four;
- \$10 for certified copies of any records or papers;
- \$10 for each copy of an official plat, plus an additional \$5 for the certification of the plat;
- .50 per apartment or unit (\$56\* minimum fee) for recording an amended floor plan, condominium plat or common interest community plat or amendment;
- \$1 per page (\$10 minimum fee) for a copy of a floor plan, condominium plat or common interest community plat or amendment;
- \$56 for recording any plat; and
- \$2 for a noncertified copy of any document submitted for recording if the original document is accompanied by a copy.

The following fees are to be determined by the county board:

- For noncertified copies of any instrument or writing on file in the office of the county recorder, the amount is to be determined by the county board (per page).

The following fees are to be determined by the county board upon the recommendation of the county recorder:

- For an abstract of title, the fees shall not exceed \$10 per entry, \$100 for abstract certificate; \$1 per page for each exhibit included within an abstract; \$5 per name for each required name search certification.

*\*These fee changes were made in Laws 2005, First Special Session Chapter 7, Section 12.*

**Effective date:** July 1, 2005.

### County Recorder Fees SS Chapter 7, Section 12

Amends M.S. 357.18

The revisors bill correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors makes the following changes to the fees to be charged by the county recorder:

- \$46 for documents containing multiple assignments, partial releases or satisfactions, plus an additional fee of \$10 for each additional instrument cited over the first four; and
- .50 per apartment or unit (\$56 minimum fee) for recording an amended floor plan, condominium plat or common interest community plat or amendment.

*Note: See previous listing for another change to this section.*

**Effective date:** The same date as the provision being corrected takes effect (July 1, 2005).

### County Fees and Recording Standards for Recording of Real Estate Documents Chapter 136, Article 14, Section 7

Adds M.S. 357.182

Prohibits counties (notwithstanding any local law or ordinance to the contrary) from charging or collecting fees which are not denominated or prescribed by state law, for any service, task, or step performed by any county officer or employee during the recording process.

Establishes timelines and a compliance schedule for recording, indexing, and returning documents. Authorizes a temporary suspension from complying with the recording requirements for system enhancements.

Provides that, beginning in 2007 for the 2008 county budget, counties must file with the county commissioners, as part of their budget request, a report that establishes the status of their compliance with the recording requirements for the previous year. If a county is not in compliance, the report must include an explanation and a recommendation for achieving compliance.

Also provides restrictions on use of recording fees.

**Effective date:** July 1, 2005.

### Tract Index Required Chapter 4, Section 75

Amends M.S. 386.05

Requires a tract index be maintained and allows for use of electronic media.

**Effective date:** None specified so August 1, 2005.

### Abstracts of Title Chapter 4, Section 88

Amends M.S. 386.37

Removes the 10-day requirements pertaining to abstracts of title and replaces it with "a reasonable amount of time."

**Effective date:** None specified so August 1, 2005.

### Standards for Documents to be Recorded Chapter 156, Article 2, Section 40

Amends M.S. 507.093

Authorizes counties that participated in the electronic real estate recording (ERER) pilot project to continue to electronically record real estate documents if the county complies with the standards adopted by the task force and uses software validated by the ERER task force.

Also authorizes counties that did not participate in the ERER pilot project to record documents electronically if:

- The document to be recorded or filed is of a type included in the pilot project under the ERER task force created in Laws 2000, Chapter 391;
- The county complies with the standards adopted by the ERER task force;
- The county uses software that was validated by the ERER task force; and
- The recreated ERER task force (see Laws 2005, Chapter 156, Article 2, Section 41) votes to accept a written certification of compliance by the county board and county recorder to implement the electronic filing of real estate documents.

**Effective date:** The day following final enactment (June 4, 2005).

### Electronic Real Estate Recording Task Force Chapter 156, Article 2, Section 41

Adds M.S. 507.094

Recreates the electronic real estate recording (ERER) task force established under Laws 2000, Chapter 391. Specifies the membership requirements for the 17-member committee. Authorizes the ERER task force to refer items to subcommittees. Provides that the ERER task force make recommendations regarding implementation of a system for electronic filing and recording of real estate documents and shall consider:

- Technology and computer needs;
- Legal issues such as authenticity, security, timing and priority of recordings, and the relationship between electronic and paper recorder systems;
- A timetable and plan for implementing electronic recording, considering types of documents and entities using electronic recording;
- Permissive versus mandatory systems; and
- Other relevant issues identified by the task force.

Requires the ERER task force to submit a report to the legislature by January 15 of each year during its existence. Also provides that the ERER task force may accept donations of money or resources, including loaned employees or other services.

**Effective date:** July 1, 2005, and expires June 30, 2008.

### Recorded Documents Must Be Legible Chapter 4, Section 120

Amends M.S. 507.24, subdivision 1

Provides that a document must be legible and archivably to be recorded.

**Effective date:** None specified so August 1, 2005.

### Original Signatures Required Chapter 156, Article 2, Section 42

Amends M.S. 507.24, subdivision 2

Provides an exemption from the requirement that real estate documents contain original signatures for electronically filed real estate documents recorded as part of the ERER pilot project.

**Effective date:** The day following final enactment (June 4, 2005).

### Technical Changes to Filing and Recording Statutes Chapter 4, Sections 1 to 154

Amends Multiple Statutes

Clarifies that documents are recorded and not filed.

Also updates statutes that relate to real estate filing and recording to more accurately reflect current processes (for example, allowing for electronic record keeping, etc.).

**Effective date:** None specified so August 1, 2005.

## Home Rule and Statutory Cities

### Fee Studies SS Chapter 3, Article 11, Section 7

Uncodified provision

Each home rule charter city or statutory city must report to the Commissioner of Revenue by January 15, 2006:

- The type and amount of fees it imposes;
- The type and amount of fee increases since January 1, 2003;
- The revenues derived from each fee for each of the most recent four calendar years; and
- The use of the revenues from the fees.

The Commissioner of Revenue is to provide a comprehensive report on all city fees to the finance and tax committees of the Senate and the appropriations and tax committees of the House by February 15, 2006.

**Effective date:** None specified so August 1, 2005.

## International Economic Development Zone

### Application for Designation SS Chapter 3, Article 10, Section 14

Adds M.S. 469.3215

Provides rules for one or more local governments to apply for designation of an area as an international economic development zone. All or part of the area comprising the zone must be located within the boundaries or the local governments applying for zone designation. A local government may not submit more than one application. Applications must be submitted to the Foreign Trade Zone Authority by no later than December 31, 2005.

Specifies that the application must include:

- Resolutions or ordinances adopted by each of the cities, towns and counties that comprise the zone agreeing to provide all or part of the local tax exemptions;
- An agreement by the applicant to treat incentives as business subsidies;
- Supporting evidence to allow the authority to evaluate the application.

**Effective date:** The day following final enactment (July 14, 2005).

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**Foreign Trade Zone Authority Powers  
SS Chapter 3, Article 10, Section 16**

Adds M.S. 469.323

Provides that the foreign trade zone authority create and implement a development plan for the regional distribution center with the purpose of expanding, on a regional basis, international distribution capacity and capability. The authority must consult with municipalities that are interested in being the site for the zone and with businesses, financiers, and federal and state agencies.

Requires the authority to create a business plan for the international economic development zone.

Also provides that the foreign trade zone authority may establish a port authority and may exercise any city powers, but it may not levy a property tax or request another unit of government to impose a property tax levy on its behalf.

Specifies that tax exemptions and job credits are business subsidies.

**Effective date:** The day following final enactment (July 14, 2005).

---

**Tax Incentives Available in Zone  
SS Chapter 3, Article 10, Section 17**

Adds M.S. 469.324

Provides the following tax incentives for qualified businesses that operate in an international economic development zone, individuals who invest in a regional distribution center or an international economic development zone, and property located in an international economic development zone:

- Exemption from individual income taxes;

- Exemption from corporate franchise taxes;
- Exemption from the state sales and use taxes and local sales and use taxes on qualifying purchases;
- Exemption from property tax on improvements; and
- The Jobs credit for businesses in the zone.

*Note: See M.S. 272.02, subdivision 83 on page 12 for the property tax exemption.*

**Effective date:** None specified so August 1, 2005.

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**Repayment of Tax Benefits  
SS Chapter 3, Article 10, Section 21**

Adds M.S. 469.328

Requires the repayment of the two previous years of tax benefits received before the business ceased to operate in the zone as a qualified business, ceased to be in compliance with the terms of the business subsidy agreement or otherwise ceased to be a qualified business.

Repayments must be made as follows:

- State tax reductions must be paid to the state (and deposited in the general fund);
- Property tax reductions/exemptions must be paid to the county – payments are to be distributed to the taxing authorities in the same manner as delinquent property taxes are distributed; and
- Local sales taxes must be repaid to the jurisdiction imposing the local tax.

For the repayment of property taxes, the county auditor should prepare a tax statement applying the applicable tax rates for each year. A tax reduction is deemed to have been received on the date that the tax would have been due if the taxpayer had not been entitled to an exemption. The taxes must be paid to the county treasurer within 30 days of receipt of the tax statement. The taxpayer may appeal the valuation and determination of the property tax to the Tax Court within 30 days or receipt of the tax statement. If the property tax is not repaid within 30 days following receipt of the tax statement, the county treasurer should add the amount required to be repaid to the property taxes assessed against the property for payment in the year following the year the treasurer discovers that the person ceased to operate in the zone.

The Commissioner of Revenue may waive all or a part of the repayment after consulting with the foreign trade authority, the Commissioner of DEED and the affected local government units if it is deemed that repayment is not in the best interest of the state or local government units and the

business ceased to operate as a result of circumstances beyond its control such as:

- A natural disaster;
- Unforeseen industry trends; or
- Loss of a major supplier or customer.

**Effective date:** The day following final enactment (July 14, 2005).

### Local Boards of Appeal and Equalization

#### Appeals by Property Owners Refusing Entry by the Assessor SS Chapter 3, Article 1, Section 18

Amends M.S. 274.01, subdivision 1

Clarifies the provision that prohibits Local Boards of Appeal and Equalization from making favorable changes in value or classification for a property in which the assessor is refused access to inspect the property and the interior of any buildings or structures by specifying that such refusal must be either verbal or expressly stated in a letter to the county assessor.

**Effective date:** Assessment year 2006 (taxes payable in 2007) and thereafter.

#### Appeals and Equalization Course Chapter 151, Article 5, Section 25

Amends M.S. 274.014, subdivision 2

Provides that Local Boards of Appeal and Equalization have until the 2006 local board meeting to attend the appeals and equalization course offered by the Department of Revenue.

**Effective date:** The day following final enactment (June 3, 2005).

#### Appeals and Equalization Course; Proof of Compliance Chapter 151, Article 5, Section 26

Amends M.S. 274.014, subdivision 3

Provides that a city or town which conducts a Local Board of Appeal and Equalization must provide proof that at least one member at each meeting has attended the appeals and equalization course. Also requires that the board verify that there is a quorum of voting members at each meeting in the current year (instead of the prior year).

Such proof can be provided by completing and signing the Local Board of Appeal and Equalization Certification Form at each local board meeting. The Department of Revenue will issue a list of all people who have attended the appeals and equalization course prior to the Local Board of Appeal and Equalization meetings so assessors can verify that the board member has in fact attended the training.

**Effective date:** The day following final enactment (June 3, 2005).

### Mortgage and Deed Taxes

#### Mortgage Registry Tax; Exemptions Chapter 151, Article 8, Section 1

Amends M.S. 287.04

Provides that a mortgage on an armory building (as set forth in M.S. 193.147) is not subject to the mortgage registry tax.

**Effective date:** The day following final enactment (June 3, 2005).

### Public Waters Inventory

#### Public Waters Inventory Revision Chapter 138, Section 1

Amends M.S. 103G.201

Allows the Commissioner of Natural Resources to revise the public waters inventory as needed to:

- Correct errors in the original survey;
- Add or subtract trout stream tributaries;
- Add depleted quarries and sand and gravel pits when the body of water exceeds 50 acres and the shore land has been zoned for residential development; and
- Add or subtract public waters created or eliminated under a permit authorized by the DNR.

**Effective date:** None specified so August 1, 2005.

### Tax Court

#### Filing Fees Chapter 136, Article 14, Section 3

Amends M.S. 357.021, subdivision 2

Changes the fee for filing in the Regular Division of Tax Court from \$235 to \$240.

**Effective date:** July 1, 2005.

**Titles to Property****Manufactured Homes; Statement of Property Tax Payment  
Chapter 151, Article 5, Section 1**

Amends M.S. 168A.05, subdivision 1a

Clarifies a 2003 law change requiring that all personal property taxes levied on the unit in the name of the current owner at the time of transfer be paid before the manufactured home's title can be transferred by the registrar of motor vehicles. Specifies that, for this purpose, manufactured home personal property taxes are treated as levied on January 1 of the taxes payable year, rather than May 30 as indicated in other provisions of law. Without this change, there would be a five-month period (from January 1 to May 30) each year in which the title could be transferred without paying the tax liability for the current year.

**Effective date:** The day following final enactment (June 3, 2005).

**Manufactured Homes; Statement of Property Tax Payment  
SS Chapter 3, Article 1, Section 1**

Amends M.S. 168A.05 by adding subdivision 1c

Clarifies the requirement that all personal property taxes levied on the unit in the name of the current owner at the time of transfer be paid before the manufactured home's title can be transferred does not apply if the title is transferred to an owner of a manufactured home park providing a notarized statement to the county auditor or treasurer that the manufactured home is to be destroyed or moved to a site and destroyed.

**Effective date:** The day following final enactment (July 14, 2005).

## Property Tax Programs

### Senior Citizen Property Tax Deferral Program

#### Calculation of Deferred Property Tax Amounts Chapter 151, Article 5, Section 37

Amends M.S. 290B.05, subdivision 3

Provides that special assessments can be included in the deferred tax amount for property enrolled in the senior citizens' deferred property tax program (subject to maximum allowable deferral amounts). Special assessments include assessments, fees, or other charges that appear on the property tax statement.

**Effective date:** For amounts deferred in 2006 and thereafter.

### Sustainable Forest Incentive Act Program

#### Annual Certification Chapter 151, Article 5, Section 38

Amends M.S. 290C.05

Clarifies that failure to return the annual certification required under the SFIA program by the due date does not result in immediate removal from the program. However, such action is treated like any other program violation.

**Effective date:** The day following final enactment (June 3, 2005).

#### Length of Covenant Chapter 151, Article 5, Section 39

Adds M.S. 290C.055

Clarifies that the covenant remains in effect for a minimum of eight years. Specifies the following:

- If land that has not been enrolled for four years is removed from the program, the covenant remains in effect for eight years from the date it was recorded;
- If land that has been enrolled for four years is removed from the program, there is a four-year waiting period for removal. The land is removed on January 1 of the fifth calendar year following:
  - Receipt of the property owner's termination notice by the Commissioner of Revenue; or
  - The date the land is removed from the program by the Commissioner of Revenue for violating the conditions of the program.

Also provides that if a government entity or any other entity that has the power of eminent domain acquires title or possession for a public purpose, the covenant terminates upon acquisition of title or possession by that entity.

These provisions are not changes to the program as this language already is contained in various provisions of Chapter 290C. However, having it in one section makes it easier to understand.

**Effective date:** The day following final enactment (June 3, 2005).

#### Withdrawal Procedures Chapter 151, Article 5, Section 40

Amends M.S. 290C.10

Allows early withdrawal of land from the SFIA program if a government entity or any other entity that has the power of eminent domain acquires title or possession for a public purpose. Also clarifies that only the land that is acquired is removed from the program, while other enrolled land remains in the program.

**Effective date:** The day following final enactment (June 3, 2005).



## Repealed Property Tax Laws

### Repealer

#### SS Chapter 3, Article 7, Section 20

Repeals M.S. 272.02, subdivision 65; and M.S. 477A.08

Repeals the biotechnology and health sciences industry zone property tax exemption (M.S. 272.02, subdivision 65) for taxes payable in 2006. Also repeals job opportunity building zone aid (M.S. 477A.08) for aids payable in 2005 and thereafter.

**Effective date:** Varies (see above).

### Repealer

#### Chapter 151, Article 5, Section 46

Repeals M.S. 273.19, subdivision 5; 274.05; 275.15; 275.61, subdivision 2; 283.07; Laws 1975, Chapter 287, Section 5; Laws 2003, Chapter 127, Article 9, Section 9, subdivision 4; 270.85; 270.88; and 273.37, subdivision 3.

Repeals the following effective the day following final enactment (June 3, 2005):

- A limited exemption for some hydroelectric facilities on government-owned sites. A non-limited exemption is provided under M.S. 272.02, subdivision 15 (M.S. 273.19, subdivision 5);
- An obsolete certification of the assessment books by the county auditor (M.S. 274.05);
- Obsolete language relating to levy limits (M.S. 275.15);
- An expired subdivision (M.S. 275.61, subdivision 2); and
- Obsolete language regarding taxes paid by mistake by railroad companies (M.S. 283.07).

Repeals the following effective for taxes payable in 2006 and thereafter:

- Language allowing the Alexandria Lake Area sanitary sewer district and the Central Lakes region sanitary sewer district to levy property taxes on an alternative tax base that will not be used (Laws 1975, Chapter 287, Section 5; Laws 2003, Chapter 127, Article 9, Section 9, subdivision 4);

Repeals the following effective September 1, 2005:

- Language pertaining to appeals of railroad company valuations (M.S. 270.85 and M.S. 270.88) as this language was rewritten in Laws 2005, Chapter 151, Article 5, Section 24; and
- Language specifying that taxable wind energy conversion systems, which are not owned, operated, and exclusively controlled by the owner of the land upon which the system is situated, must be listed and assessed by the Commissioner of Revenue as personal property in the name of the owner of the system in the taxing district where it is situated. (M.S. 273.37, subdivision 3)

**Effective date:** Varies (see above).

### Repealer

#### Chapter 152 Article 2 Section 31

Repeals M.S. 469.176, subdivision 1a; and M.S. 469.1766

Repeals the requirement for TIF districts created after July 31, 1979, to commence development or redevelopment activities within three years of creating a district (M.S. 469.176, subdivision 1a). Effective June 3, 2005, provided that the law has been complied with by each district to which it applies according to the terms of the repealer.

Repeals the provision restricting the use of moneys collected as a repayment of TIF development assistance to those uses allowed by law for increment revenues (M.S. 469.1766). Effective as of July 1, 2005, for districts requesting certification after August 1, 1993.

**Effective date:** Varies (see above).

### Repealer

#### Chapter 151 Article 3 Section 22

Repeals M.S. Laws 1998, Chapter 389, Article 3, Section 41

Repeals the provision in the 1998 law specifying that the city may defer the payment of special assessments for Caponi Art Park property. All of the required special assessments have already been paid to the City of Eagan.

**Effective date:** The day following final enactment (June 3, 2005).

## Recodification of M.S. Chapter 270 (Property Tax-Related Provisions)

### Laws 2005, Chapter 151, Article 1

New Cite and Title/Subject	Old Cite
<b>270C.01 Definitions (for purposes of Chapter 270C)</b>	None
Subd. 7. Defines “Property Tax Laws”	None
Subd. 9. Defines “State Revenue Laws”	None
<b>270C.03 Powers and Duties</b>	270.06
(4) (investigate tax laws and make recommendations to legislature)	270.06, clause (10)
(5) (consult and confer with the governor)	270.06, clause (11)
(9) (general power to act as authorized by law)	270.06, clause (21)
<b>270C.04 Use of Information</b>	270.065
<b>270C.06 Rulemaking Authority</b>	270.06, clause (14)
<b>270C.07 Revenue Notices</b>	
Subd. 1. Authority	270.0604, subd. 1
Subd. 2. Effect	270.0604, subd. 2
Subd. 3. Retroactivity	270.0604, subd. 3
Subd. 4. Issuance	270.0604, subd. 4
Subd. 5. Publication	270.0604, subd. 5
<b>270C.08 Tax Information Bulletins</b>	270.0605
<b>270C.09 Opinion of Attorney General; Effect</b>	270.09
<b>270C.306 Commissioner May Require Social Security or Identifying Numbers on Forms</b>	270.066
<b>270C.85 Administration of Property Tax Laws; Powers and Duties</b>	
Subd. 1. General Supervision (general supervision over the administration of the property tax laws)	270.06, clause (1)
Subd. 2. Powers and Duties (Commissioner of Revenue)	
(a) (instruct and direct local assessors and Local Boards of Appeal and Equalization)	270.06, clause (2)
(b) (failure or negligence to comply with the provisions of the property tax laws)	270.06, clause (3)
(c) (require assistance of county attorneys)	270.06, clause (4)
(d) (require local government officials to report information as to the assessment of property)	270.06, clause (5)
(e) (provide report to legislature showing all taxable property in the state and the values of each)	270.06, clause (12)
(f) (inquire into the methods of assessment and taxation practices)	270.06, clause (13)
<b>270C.86 Power to Abate; Correction of Errors</b>	
Subd. 1. Powers of Commissioner; Application for Abatement; Orders.	
(a) (commissioner shall have power to grant such reduction or abatement)	270.087, subd. 1(a) (excerpt)
(b) (commissioner shall forward copy of order to the county auditor if the approval of the county board is required)	270.07, subd. (c)
(c) (appeal may not be taken to the Tax Court)	270.07, subd. 1(f)
Subd. 2. Examination of Application; Reductions; Appeals	270.07, subd. 1a
Subd. 3. Correction of Errors	270.07, subd. 2

<b>New Cite and Title/Subject</b>	<b>Old Cite</b>
<b>270C.87</b> <b>Revision of Minnesota Assessors' Manual</b>	270.068
<b>270C.88</b> <b>Orders; Decisions</b>	
Subd. 1.    In Writing	270.10, subd. 1 (excerpt)
Subd. 2.    Only Official Actions of County Board or Other Agency Acted Upon	270.10, subd. 2
<b>270C.89</b> <b>County Assessor's Reports of Assessment Filed with Commissioner</b>	
Subd. 1.    Initial Report	270.11, subd. 2
Subd. 2.    Final Report	270.11, subd. 2
<b>270C.90</b> <b>County Auditor to Calculate Tax Rate</b>	270.14
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Subd. 3.    Appearances Before the Commissioner	270.11, subd. 7
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