June 17, 2019

Unless otherwise noted, the provisions discussed in this bulletin can be found in 2019 Minn. Laws, 1st Spec. Sess. ch. 6.

**Watershed districts construction or implementation fund.** Minn. Stat. § 103D.905, subd. 5, was amended to allow construction or implementation loans or grants from the state of Minnesota to be placed in a watershed district construction or implementation fund. The state loans or grants may be repaid from the proceeds of watershed district bonds or notes, collections of storm water charges, loan repayments, property tax levies, or special assessments on properties benefited by the project. Effective beginning with taxes payable in 2020 and thereafter.

**Watershed district project tax levy.** Minn. Stat. § 103D.905, subd. 9, was amended to allow a watershed district to levy a tax to pay for (1) costs for projects funded in whole or in part by grants or loans, (2) the principal, surcharges, and interest on bonds or notes issued to repay such loans, or (3) to repay such loans. Effective beginning with taxes payable in 2020 and thereafter.

**County historical society for cities or towns.** Minn. Stat. § 138.053 was amended to allow a city or town to appropriate property tax revenues to its historical society. Effective May 31, 2019.

**Veterans’ data disclosure.** Minn. Stat. §§ 197.603, subd. 2, and 273.1245, subd. 2, were amended to allow a county veterans service officer and county or local assessor to disclose certain data to each other necessary to determine a veteran’s eligibility for the veteran with a disability homestead market value exclusion. Effective May 31, 2019.

**Property tax data reports.** Minn. Stat. § 270C.85, subd. 2, was amended to clarify that the commissioner of revenue may collect property tax data at the parcel level or higher in the time, form, and manner as the commissioner may prescribe. This method of collection is consistent with property tax data collection under the Property Record Information System of Minnesota. Sections referencing abstract-level property tax data (see list below) were amended to cross-reference Minn. Stat. § 270C.85, subd. 2. Effective May 31, 2019.

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Agricultural historical society property. Minn. Stat. § 272.02, subd. 49, was amended to increase the eligible agricultural historical society property exempt from taxation to a maximum of 40 acres per owner per county. The deadline to apply for this exemption was extended to July 1 for exemption applications filed in 2019. Effective beginning with assessment year 2019, for taxes payable in 2020, and thereafter.

Exemption for certain property owned by an Indian tribe. Minn. Stat. § 272.02 was amended to add a new subdivision 102 that exempts property used as a pharmacy in the city of Minneapolis that was owned by an Indian tribe on January 1, 2016. The exempted property is limited to parcels and structures that do not cumulatively exceed 4,000 square feet. Property acquired for single-family housing, market-rate apartments, agriculture, or forestry does not qualify for the exemption under this subdivision. The deadline to apply for this exemption was extended to July 1 for exemption applications filed in 2019. The exemption expires with taxes payable in 2029. Effective beginning with taxes payable in 2020 and thereafter.

Exemption for licensed child care facility. Minn. Stat. § 272.02 was amended to add a new subdivision 103 that exempts property used as a licensed child care facility that accepts families participating in the Minnesota child care assistance program and that is owned and operated by a 501(c)(3) tax exempt nonprofit. The deadline to apply for this exemption was extended to July 1 for exemption applications filed in 2019. Effective beginning with assessment year 2019, for taxes payable in 2020.

Certificates of real estate value. Minn. Stat. § 272.115, subd. 1, was amended to change the threshold for filing a Certificate of Real Estate Value for consideration in excess of $1,000 to in excess of $3,000. Effective for certificates of value filed after December 31, 2019.


Manufactured home park cooperative. Minn. Stat. § 273.124, subd. 3a, was amended to eliminate the prohibition against the inclusion of ground lease payments in the determination of taxes payable for shareholders of manufactured home park cooperatives when filing for the homestead credit refund. Minn. Stat. § 290A.03 was amended to conform to the change in this section. Effective beginning with claims for taxes payable in 2020.

Agricultural homestead classification for business entities. Minn. Stat. § 273.124, subds. 8 and 14, were amended to allow agricultural homestead treatment when a property is owned by one business entity and operated by a separate business entity if (1) the shareholder, member, or partner residing on and actively farming the land is a shareholder, member, or partner of the business entity operating the farm, and (2) more than half of the shareholders, members, or partners of each business entity are persons or spouses of persons who are qualifying relatives. Effective beginning with assessment year 2019, for taxes payable in 2020.
**Homestead application.** Minn. Stat. § 273.124, subd. 13, was amended by only requiring the Social Security number of the spouse of a property owner when the property owner occupies the property. Effective for applications for homestead filed in 2020 and thereafter.

**Agricultural homesteads owned by trust.** Minn. Stat. § 273.124, subs. 14 and 21, were amended to centralize language regarding homestead treatment of trust owned property. The terms “agricultural property” and “agricultural land” are defined for purposes of subdivision 21. Agricultural land may qualify for homestead treatment if the property is owned by an individual and a trust, or different trusts, of which the grantors are any combination of an individual, the individual’s spouse, or the individual’s deceased spouse. The criteria and notification requirements for noncontiguous agricultural land to be included as part of an agricultural homestead owned by a trust are described. Effective beginning for property taxes payable in 2020.

**Fractional homesteads.** Minn. Stat. § 273.124 was amended to add a new subdivision 23 that requires the ownership percentages for agricultural homestead property owned by tenants in common to be based on the deeded ownership amounts for each owner who homesteads the property. Effective for and must be applied to agricultural homestead properties owned by tenants in common by all county assessors beginning no later than assessment year 2019 and thereafter, unless the county assessor determines that a county is unable to comply with this requirement, in which case the county must implement the language beginning with assessment year 2020 and thereafter.

**Class 2.** Minn. Stat. § 273.13, subd. 23, was amended to include in the definition of “agricultural purposes” the use of no more than three acres of land which provide environmental benefits such as buffer strips, old growth forest restoration or retention, or retention ponds to prevent soil erosion. Effective for assessment year 2019 and thereafter.

**Homestead of veteran with a disability or family caregiver.** Minn. Stat. § 273.13, subd. 34, was amended to eliminate the eight-year limit on the spousal benefit of the veteran with a disability homestead market value exclusion. The application deadline to apply for the exclusion was also changed from July 1 to December 15. Effective beginning with assessment year 2019, for taxes payable in 2020 and thereafter.

**Agricultural homestead market value credit.** Minn. Stat. § 273.1384, subd. 2, was amended to clarify that a fractional agricultural homestead will also receive a fractional maximum credit amount and that the credit is computed based on the percentage of homestead. Effective beginning with taxes payable in 2020 and thereafter.

**Report for utility cooperative associations.** Minn. Stat. § 273.371, subd. 1, was amended to require that property tax data reported to the Minnesota Department of Revenue by utility cooperative associations is aggregated to the unique taxing jurisdiction level and excludes information related to the tax on cooperative associations, which is paid in lieu of all personal property taxes. Effective beginning with assessment year 2020 and thereafter.
**Recommended and ordered values.** Minn. Stat. § 273.3711 was amended to require the commissioner of revenue to certify preliminary recommended values for state-assessed property to county auditors on or before July 15. Effective beginning with assessment year 2019 and thereafter.

**State general levy.** Minn. Stat. § 275.025, subd. 1, was amended to decrease the levy amounts for commercial-industrial property and seasonal-recreational property to $737,090,000 and $41,690,000, respectively, for taxes payable in 2020 and thereafter. Effective beginning with taxes payable in 2020.

**State general levy abatement for natural gas pipeline.** Minn. Stat. § 275.025 was amended to add a new subdivision 6 that requires a county to abate the state general levy on personal property that is part of an intrastate natural gas pipeline if certain criteria are met. The taxpayer seeking an abatement must file an application with the commissioner of revenue by March 1 of the assessment year. The commissioner must notify any affected county in the first year that a pipeline system becomes eligible for the abatement. The abatement applies for up to 12 taxable years. Once a property no longer qualifies for the abatement, it may not qualify again. Effective beginning with taxes payable in 2021.

**Distribution of penalties, interest, and costs.** Minn. Stat. § 276.131 was amended to add a new subdivision 2 that requires the penalties, interest, and costs collected on the wind energy production tax and solar energy production tax to be distributed to the same local taxing jurisdictions and in the same percentages as provided for the revenues of the original taxes. Effective for penalties, interest, and costs collected on taxes payable in 2020 and thereafter.

**Tax-forfeited land sale facility.** Minn. Stat. § 282.01, subd. 4, was amended to allow St. Louis and Koochiching Counties to conduct a sale at any facility within the county, even if the facility is not owned by the county. Effective July 1, 2019. 2019 Minn. Laws, 1st Spec. Sess. ch. 4, art. 4, sec. 5.

**Duties of commissioner after tax-forfeited land sale.** Minn. Stat. § 282.01, subd. 6, was amended to require the commissioner of revenue to issue a state deed for tax-forfeited land when the county auditor has written confirmation from a licensed closing agent, title insurer, or title insurance agent that the funding for the conveyance is held in an escrow account. The deed must contain a certification by the county auditor before the county recorder or registrar of titles may record or file the deed. If the closing does not occur, the deed must be returned to the commissioner of revenue for cancellation and destruction. Effective for conveyances issued by the commissioner of revenue after December 31, 2019.

**Minimum deed tax.** Minn. Stat. § 287.21, subd. 1, was amended to change the minimum consideration for real property for purposes of calculating the deed tax from $500 or less to $3,000 or less. Effective for deeds recorded after December 31, 2019.
Senior citizens’ property tax deferral application. Minn. Stat. § 290B.04, subd. 1, was amended to change the deadline for applying to the Senior Citizens’ Property Tax Deferral program from July 1 to November 1. Effective beginning with applications submitted in 2019.

Metropolitan Agricultural Preserves; Till expiration started. Minn. Stat. § 473H.08, subd. 1, was amended to allow a state agency or governmental unit to initiate expiration of an agricultural preserve. Effective May 31, 2019, and applies to any agricultural preserve where the previously required eight-year termination period under Minn. Stat. § 473H.08 has not yet expired.

Expiration for park and trail purposes. Minn. Stat. § 473H.08 was amended to add a new subdivision 3a which provides that an agricultural preserve immediately expires when a state agency or other governmental unit purchases the property or obtains an easement over the property for the purpose of creating or expanding a public trail or public park. Any portion of the property not acquired for trail or park purposes remains an agricultural preserve, regardless of the acreage. The acquiring state agency or governmental unit must notify the preserve authority. Minn. Stat. § 473H.08, subd. 4, was also amended to add a cross-reference to the new subdivision. Effective May 31, 2019, and applies to any agricultural preserve where the previously required eight-year termination period under Minn. Stat. § 473H.08 has not yet expired.

Approval of authority. Minn. Stat. § 473H.09 is amended to add a new subdivision 3, which provides that a landowner may request termination of an agricultural preserve eight years after commencement of the preserve. The landowner must provide notice to the preserve authority. Termination of the agricultural preserve and covenant is only effective upon approval by a majority vote of the authority. Effective May 31, 2019, and applies to any agricultural preserve where the previously required eight-year termination period under Minn. Stat. § 473H.08 has not expired.

Levy authority effective date. The effective date for 2008 Minn. Laws, ch. 366, art. 5, § 33, as amended by 2013 Minn. Laws, ch. 143, art. 4, § 35, was amended to extend the levy authority for the Northwest Minnesota Multicounty Housing and Redevelopment Authority until taxes levied in 2023, payable in 2024 and thereafter. Effective beginning with taxes payable in 2019.

Cloquet Area Fire and Ambulance District. 2009 Minn. Laws, ch. 88, art. 2, § 46, subds. 1 to 5, as amended by 2013 Minn. Laws, ch. 143, art. 4, §§ 36 and 37, were amended to provide that the purpose of the tax imposed by the Cloquet Area Fire and Ambulance Special Taxing District is to pay the costs of providing fire or ambulance services, or both, throughout the district. Language was updated to refer to the Cloquet Area Fire and Ambulance Special Taxing District. The district is defined as a municipality and its ability to incur debt as such is clarified. Language also clarified that a property tax levied by the district on property located in a withdrawing municipality to make debt service payments remains in effect until the obligations outstanding on the date of withdrawal are satisfied. Effective upon compliance by the Cloquet Area Fire and Ambulance Special Taxing District Board with Minn. Stat. § 645.021, subd. 3.
**Sustainable Forest Incentive Act effective date.** 2017 Minn. Laws, 1st Spec. Sess. ch. 1, art. 10, § 4, was amended to provide that the 2017 amendments to the definition of forest land for purposes of the Sustainable Forest Incentive Act apply to land enrolled in the program prior to 2018. Effective retroactively for certifications made in 2018 and thereafter.

**Special refund provision.** An uncodified provision provided for a special property tax refund for a veteran who received a disability rating of 70 percent or more in 2016 or 2017 but did not receive the veteran with a disability homestead market value exclusion for assessment year 2016 or 2017. Such a veteran may apply for a refund of taxes paid in 2017 or 2018 if the veteran would have qualified for the benefit in one or both of those years. The application must be submitted to the assessor by December 15, 2019, and all taxes must have been paid in 2017 and 2018. The county assessor must verify the application and notify the county auditor if taxes must be recalculated for taxes payable 2017 and 2018. The county treasurer must issue a refund of taxes paid in 2017 and 2018 equal to the difference between the taxes as initially calculated for each taxes payable year and the taxes based on the value remaining after the exclusion. Effective for refund applications received in 2019, for refunds of tax paid in 2017 and 2018.

**Repealer.** Minn. Stat. § 275.29, which describes the abstract of tax lists, was repealed. Effective May 31, 2019.

**AIDS AND CREDITS**

**Referendum equalization levy.** Minn. Stat. § 126C.17, subd. 6, was amended to eliminate the third tier referendum equalization levy and reduce the denominators for the ratios calculated for the first and second tier referendum equalization levies. Effective for revenue for fiscal year 2021 and later.

**Small cities assistance.** Minn. Stat. § 162.145, subd. 3, was amended to provide that the commissioner of transportation certify aid amounts for the Small Cities Assistance program to the commissioner of revenue by June 1. Effective for aids payable in 2019 and thereafter.

**School building bond agricultural credit.** Minn. Stat. § 273.1387, subd. 2, was amended to phase in a larger credit amount from 2020 through 2023. For property taxes payable prior to 2020, the credit is equal to 40 percent multiplied by the property’s eligible net tax capacity multiplied by the school debt tax rate. For taxes payable in 2021, the credit percent is 55 percent. For taxes payable in 2022, the credit percent is 60 percent. For taxes payable in 2023 and thereafter, the credit percent is 70 percent. Effective beginning with property taxes payable in 2020.

**Additional border city allocations.** Minn. Stat. § 469.169 was amended to allocate an additional $750,000 for tax reductions to border city enterprise zones in cities located on the western border of the state. The amount is allocated among cities on a per capita basis and may be used for tax reductions as allowed under current law. Effective July 1, 2020.
Border city enterprise zone restriction. Minn. Stat. § 469.171, subd. 4, was amended to clarify the types of property to which the border city enterprise zone tax reductions may not apply. Effective May 31, 2019.

City aid distribution. Minn. Stat. § 477A.013, subd. 9, was amended to provide that for aids payable in 2020 only, no city’s local government aid amount before adjustments may be less than its pay 2019 certified aid amount, less any aid adjustment for that year. The cap on maximum aid losses was also adjusted. Effective for aids payable in calendar year 2020 and thereafter.

Local government aid appropriation. Minn. Stat. § 477A.03, subd. 2a, was amended to provide for a $26 million increase in local government aid to cities for aids payable in 2020 and an additional $4 million increase for aids payable in 2021 and thereafter. Effective for aids payable in calendar year 2020 and thereafter.

County program aid appropriation. Minn. Stat. § 477A.03, subd. 2b, was amended to provide for a $26 million increase to county program aid in 2020, and an additional $4 million increase for aids payable in 2021 and thereafter. The increased funds are split evenly between county need aid and county tax-base equalization aid. Effective for aids payable in calendar year 2020 and thereafter.

City of Austin. 2018 Minn. Laws, ch. 211, art. 14, § 26, was amended to provide that the city of Austin may continue to allocate fire pension aid between its volunteer firefighter relief association and its municipal firefighter pension without penalty. The special law permitting this practice for the city of Austin expires on the effective date of legislation authorizing the practice generally. Effective the day after the governing body of the city of Austin and its chief clerical officer comply with Minn. Stat. § 645.021, subds. 2 and 3.

City of Waubun aid penalty forgiveness. An uncodified provision allowed the city of Waubun to receive its second local government aid payment and small city assistance aid payment for aids payable in 2018 regardless of the fact that it did not timely file the necessary paperwork with the state auditor. The payments must be made by the commissioner of revenue to the city by June 30, 2019. Effective May 31, 2019.

Local government grants. An uncodified provision provided for nearly $4.5 million in grants to be paid by the commissioner of revenue to various local governments for specific purposes by July 15, 2019. The grants are onetime appropriations. Effective May 31, 2019.

Appropriation of lapsed amount; fire remediation grants. An uncodified provision appropriated $643,729 from the general fund to the commissioner of public safety for fire remediation grants for the city of Melrose. The grants must be paid by August 1, 2019. The appropriation is for the amounts that lapsed by the terms of the appropriation in 2017 Minn. Laws, 1st Spec. Sess. ch. 1, art. 4, § 31. Effective May 31, 2019.
TAX INCREMENT FINANCING

Tax increment financing; city of Hopkins. 2003 Minn. Laws, ch. 127, art. 10, § 31, subd. 1, as amended by 2008 Minn. Laws, ch. 366, art. 5, § 21, was amended to authorize the city of Hopkins to pool increment for redevelopment activities consistent with current law. Administrative expenses paid with pooled increment cannot exceed ten percent of the total tax increments from the district. The amount of pooling authorized for the district is limited to 25 percent. Effective the day after the governing body of the city of Hopkins and its chief clerical officer comply with Minn. Stat. § 645.021, subds. 2 and 3.

Tax increment financing; city of Bloomington. 2008 Minn. Laws, ch. 366, art. 5, § 26, as amended by 2013 Minn. Laws, ch. 143, art. 9, § 11, was amended to extend the five-year rule for the Bloomington Central Station TIF district by an additional six years, for a period totaling 21 years. Effective the day after the governing body of the city of Bloomington and its chief clerical officer comply with Minn. Stat. § 645.021, subds. 2 and 3.

Tax increment financing; city of Edina. 2014 Minn. Laws, ch. 308, art. 6, § 8, subd. 1, as amended by 2017 Minn. Laws, 1st Spec. Sess. ch. 1, art. 6, § 11, was amended to extend the authority to request certification of districts for an additional two years. Effective the day after the governing body of the city of Edina and its chief clerical officer comply with Minn. Stat. § 645.021, subds. 2 and 3.

Tax increment financing; city of Alexandria. An uncodified provision provided that TIF District No. 50 in the city of Alexandria is deemed to meet the five-year rule if the relevant activities are undertaken prior to July 16, 2023. Effective the day after the governing body of the city of Alexandria and its chief clerical officer comply with Minn. Stat. § 645.021, subds. 2 and 3.

Tax increment financing; city of Anoka. An uncodified provision provided that the Commuter Rail Transit Village TIF district in the city of Anoka is deemed to meet the five-year rule if the relevant activities are undertaken prior to April 7, 2023. Effective the day after the governing body of the city of Anoka and its chief clerical officer comply with Minn. Stat. § 645.021, subds. 2 and 3.

Tax increment financing; city of Champlin. An uncodified provision extended the five-year rule to ten years for the Mississippi Crossings TIF district in the city of Champlin. The language also authorizes the city of Champlin to elect to extend the duration of the district by five years. Effective upon compliance by the governing bodies of the city of Champlin, Hennepin County, and Independent School District No. 11 (Anoka-Hennepin), with the requirements of Minn. Stat. §§ 469.1782, subd. 2; and 645.021, subds. 2 and 3.
**Tax increment financing; city of Duluth.** An uncodified provision provided authority for the city of Duluth or the Duluth Economic Development Authority to establish a redevelopment tax increment financing district in a specific area of the city of Duluth. Increment from the district may be used on seawalls and pier facings, among other expenditures, rather than limited to correction of blight conditions. Effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minn. Stat. § 645.021, subds. 2 and 3.

**Tax increment financing; city of Minneapolis.** An uncodified provision provided authority for the city of Minneapolis to establish one or more redevelopment TIF districts at the Upper Harbor Terminal site. Increments are not limited for use of correction of blight and the use of pooled increment is increased to 35 percent for such districts. The five-year rule is also extended to ten years. Effective the day after the governing body of the city of Minneapolis and its chief clerical officer comply with Minn. Stat. § 645.021, subds. 2 and 3.

**Tax increment financing; city of Roseville.** An uncodified provision authorized the city of Roseville and the Roseville Economic Development Authority to use any or all increment generated from the Hazardous Substance Subdistrict No. 17A to finance environmental remediation relating to action plans on the parcels in the district. Effective the day after the governing body of the city of Roseville and its chief clerical officer comply with Minn. Stat. § 645.021, subds. 2 and 3.