
Property Tax Law Summary

2020

A summary of laws enacted during the 2020 sessions that impact property tax administration statewide

Date: October 27, 2020
To: All Property Tax Administrators
From: Jon Klockziem, Director – Property Tax Division

2020 Property Tax Law Summary

We are pleased to provide this summary of property tax-related law changes enacted during the 2020 sessions of the Minnesota Legislature. A standalone property tax bill, Providing Covid Response Efforts, was signed into law on March 28, 2020. The bonding bill, containing property tax provisions, was signed into law on October 21, 2020.

The *Property Tax Law Summary* is an organized and condensed source of overview information about this year's legislative changes that affect property tax laws. Property tax professionals can use it to plan for implementation.

What other information will I receive about 2020 property tax legislative changes?

We will share additional information about some of the legislative changes at a later date. The additional information will focus on administration and address questions we receive from counties, vendors, and other customers.

What if I have questions?

Please contact us. We will answer your questions as soon as possible and may also include them in administration materials.

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If you have any suggestions for improving future editions of the Property Tax Law Summary, please contact Susan Raverty at susan.raverty@state.mn.us.

Assessment

Classification

Short-term Rental Property Classification

Fifth Special Session 2020, Chapter 3, Article 8, Section 2

Amends Minnesota Statutes 2020, section 273.13, subdivision 25.

This section expands the definition of the 4b(1) classification to include short-term rental property rented for more than 14 days in the preceding year. Short-term rental properties under this provision are defined as non-homestead residential real estate that both:

- Rents for periods of less than 30 consecutive days
- Contains fewer than four units

Homestead properties are not considered short-term rental properties. The 4b(1) classification has a class rate of 1.25%.

History: Prior to this change, properties determined to have a primary use as a short-term rental were classified as commercial.

Effective Date: Effective beginning with assessment year 2021, taxes payable in 2022, and thereafter.

Special Programs

Market Value Exclusion on the Homestead of a Veteran with a Disability – Allowing a Surviving Spouse to Move

Fifth Special Session 2020, Chapter 3, Article 8, Section 3

Amends Minnesota Statutes 2018, section 273.13, subdivision 34.

This section expands the market value exclusion for the homestead of a surviving spouse of a qualifying veteran by allowing the spouse to transfer their benefit to a different property if they move. The property must have an estimated market value less than or equal to the value of the original property at the time of sale of the original property. A surviving spouse is limited to one transfer under this new provision.

To qualify for the continuation of the exclusion on a new property, the surviving spouse must:

- Make a new application
- Hold legal or beneficial title and permanently reside there
- Not have already received the exclusion on more than one property
- Not have remarried

History: Previously, once a surviving spouse sells, transfers or otherwise disposes of the property they owned with the qualifying veteran, they no longer were eligible for the exclusion.

Effective Date: Effective for applications in 2020, taxes payable in 2021, and thereafter.

Collection and Distribution

Collection

County Auditor Waiver to Allow Removal of Structure Before Taxes Paid Fifth Special Session 2020, Chapter 3, Article 8, Section 1

Amends Minnesota Statutes 2018, section 272.38, subdivision 1.

This section provides that if the county auditor determines that the removal of a structure is in the public interest, including the health, safety, and well-being of the surrounding area, and that removal will not impair the collection of property taxes, the county auditor may waive the requirements of the section that no structure be removed from a tract of land before all taxes are paid.

Effective Date: Effective the day following final enactment (October 22, 2020).

Appeals and Equalization

Appeals

Property Tax Appeal Deadline Extended Regular Session 2020, Chapter 71, Article 2, Section 18

Uncodified provision.

This section extends the Minnesota Tax Court appeal deadline for property owners choosing to contest the assessment of their real or personal property under chapter 278. The new law extends the appeal deadline to May 30 for taxes payable in 2020 only.

Background: Under current law, property owners choosing to appeal their assessment must file a petition by April 30 each year.

Effective Date: Effective the day following final enactment (March 29, 2020).

Classification Rate Table – Assessment Year 2021

Class	Description	Tiers	Class Rate	State General Rate
1a	Residential Homestead	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
1b	Homestead of Persons who are Blind/Disabled [classified as 1a or 2a]	First \$50,000	0.45%	N/A
		\$50,000 - \$500,000	1.00%	N/A
1c	Homestead Resort	Over \$500,000	1.25%	N/A
		First \$600,000	0.50%	N/A
		\$600,000 - \$2,300,000	1.00%	N/A
1d	Housing for Seasonal Workers	Over \$2,300,000	1.25%	1.25%
		First \$500,000	1.00%	N/A
2a	Agricultural Homestead - House, Garage, 1 Acre (HGA)	Over \$500,000	1.25%	N/A
		First \$500,000	1.00%	N/A
2a/2b	Agricultural Homestead - First Tier	***TBD - 2021***	0.50%	N/A
2a/2b	Farm Entities Remaining First Tier	Unused First Tier	0.50%	N/A
2a	Agricultural - Non-Homestead or Excess First Tier		1.00%	N/A
2b	Rural Vacant Land		1.00%	N/A
2c	Managed Forest Land		0.65%	N/A
2d	Private Airport		1.00%	N/A
2e	Commercial Aggregate Deposit		1.00%	N/A
3a	Commercial/Industrial/Utility (<i>not including utility machinery</i>)	First \$100,000	1.50%	N/A
		\$100,000 - \$150,000	1.50%	1.50%
		Over \$150,000	2.00%	2.00%
		Electric Generation Public Utility Machinery	2.00%	N/A
		All Other Public Utility Machinery	2.00%	2.00%
	Transmission Line Right-of-Way	2.00%	2.00%	
4a	Residential Non-Homestead 4+ Units		1.25%	N/A
4b(1)	Residential Non-Homestead 1-3 Units		1.25%	N/A
4b(2)	Unclassified Manufactured Home		1.25%	N/A
4b(3)	Agricultural Non-Homestead Residence (2-3 units)		1.25%	N/A
4b(4)	Unimproved Residential Land		1.25%	N/A
4bb(1)	Residential Non-Homestead Single Unit	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
4bb(2)	Agricultural Non-Homestead Single Unit - (HGA)	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
4bb(3)	Condominium Storage Unit	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
4c(1)	Seasonal Residential Recreational Commercial (resort)	First \$500,000	1.00%	1.00%
		Over \$500,000	1.25%	1.25%
4c(2)	Qualifying Golf Course		1.25%	N/A

4c(3)(i)	Non-Profit Community Service Org. (non-revenue)		1.50%	N/A
	Congressionally Chartered Veterans Organization (non-revenue)		1.00%	N/A
4c(3)(ii)	Non-Profit Community Service Org. (donations)		1.50%	1.50%
	Congressionally Chartered Veterans Organization (donations)		1.00%	1.00%
4c(4)	Post-Secondary Student Housing		1.00%	N/A
4c(5)(i)	Manufactured Home Park		1.25%	N/A
4c(5)(ii)	Manufactured Home Park (>50% owner-occupied)		0.75%	N/A
4c(5)(ii)	Manufactured Home Park (50% or less owner-occupied)		1.00%	N/A
4c(5)(iii)	Class I Manufactured Home Park		1.00%	N/A
4c(6)	Metro Non-Profit Recreational Property		1.25%	N/A
4c(7)	Certain Non-Comm. Aircraft Hangars and Land (leased land)		1.50%	N/A
4c(8)	Certain Non-Comm. Aircraft Hangars and Land (private land)		1.50%	N/A
4c(9)	Bed & Breakfast		1.25%	N/A
4c(10)	Seasonal Restaurant on a Lake		1.25%	N/A
4c(11)	Marina	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
4c(12)	Seasonal Residential Recreational Non-Commercial	First \$76,000	1.00%	0.40%
		\$76,000 - \$500,000	1.00%	1.00%
		Over \$500,000	1.25%	1.25%
4d	Low Income Rental Housing (Per Unit)	First \$174,000	0.75%	N/A
		Over \$174,000	0.25%	N/A
5(1)	Unmined Iron Ore and Low-Grade Iron-Bearing Formations		2.00%	2.00%
5(2)	All Other Property		2.00%	N/A