

2021 PROPERTY TAX LEGISLATIVE BULLETIN

(2021 1st Special Session)



Appeals and Legal Services Division
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Saint Paul, Minnesota 55146-2220

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Unless otherwise noted, the provisions discussed in this bulletin can be found in 2021 Minn. Laws, 1st Spec. Sess., Ch. 14.

Sale of tax forfeited property with abandoned underground storage tanks. Minn. Stat. §115C.094 was amended to provide that if property with an abandoned underground storage tank located on property held in trust under Minn. Stat. § 281.25 is repurchased by the owner, or the owners' heirs, devisees or representatives or any person whom the right to pay taxes was granted by statute, mortgage or other agreement, the removal costs incurred by the Petroleum Tank Release Compensation Board must be included in the repurchase price under Minn. Stat. §282.251 and must be returned to the Board upon the sale of the property. Effective July 1, 2021. 2021 Laws, 1st Sp. Sess. Ch. 4, Art. 7, §. 1.

Energy transition office within Department of Employment and Economic Development (DEED). Minn. Stat. §116J.5491 was enacted to create an office within DEED that will be looking into issues related to future closures of currently operating electric plants owned by public utilities powered by coal, nuclear energy or natural gas. Some of the issues the Office will look at include:

- (a) addressing local tax and fiscal issues related to the impacted facility's retirement;
- (b) assisting the establishment and implementation of economic support programs, including property tax revenue replacement;
- (c) acting as a liaison among impacted communities, impacted workers, and state agencies;
- (d) assisting state agencies to address local tax, land use, economic development, and fiscal issues related to an impacted facility's retirement; and
- (e) monitoring and participating in administrative proceedings that affect the office's activities, including matters before the Department of Revenue.

Effective July 1, 2021 and expires five years after the date the last impacted facility ceases operations. 2021 Laws, 1st Sp. Sess. Ch. 4, Art. 8, § 6.

Energy transition advisory committee. Minn. Stat. §116J.5492 was enacted to establish a committee to develop a statewide energy transition plan. The committee has 18 voting members and 8 ex officio nonvoting members, including the commissioner of revenue. The first

committee meeting must be held by August 1, 2021 and the committee must meet monthly until a transition plan is submitted to the governor and the legislature.

The statewide energy plan, enacted in Minn. Stat. §116J.5493, must include a number of items related to closing of facilities, including some items important to the department of revenue, such as:

- (a) An analysis of the estimated fiscal impact of facility retirements on local governments;
- (b) A description of the statutes and administrative processes that govern how retired utility property impacts a local government tax base; and
- (c) Recommendations on how to effectively respond to the economic effects of impacted facility retirements.

Effective July 1, 2021. 2021 Laws, 1st Sp. Sess. Ch. 4, Art. 8, §§ 7 and 8. The committee expires the day after the plan is submitted to the governor and legislature.

Fire protection and emergency medical services special taxing districts. Minn. Stat. § 144F.01 was amended to allow for the establishment of fire protection and emergency medical services special taxing districts and provide for levy authority for those districts. Effective July 2, 2021, and applies to districts established after June 30, 2021, except that districts established prior to June 30, 2021, are eligible for changes made related to levy and debt provisions beginning with property taxes payable in 2022. Art. 6, § 1.

Manufactured home affixed to real property owned by cooperative. Minn. Stat. §168A.1411 was enacted to provide a process to affix a manufactured home to real property when the park that the home is located on is owned by a nonprofit cooperative. Minn. Stat. §273.125, subd. 8, was amended so that these manufactured homes will be taxed as improvements to real property. Effective July 1, 2021. 2021 Minn. Laws, 1st Spec. Sess. Ch. 8, Art. 3, §§ 1 and 3.

Board of Assessors reports. Minn. Stat. § 270.41, subd. 3a, was amended by combining separate reports to the Governor and the Legislature into a single report containing the same information required under current law. Effective for reports issued in 2022 and thereafter. Art. 13, § 1.

Board of Assessors fees. Minn. Stat. § 270.44, was amended by removing the fee for record retention by the Board, as assessor training records are now kept electronically and the Board does not charge this fee. Effective July 2, 2021. Art. 13, § 2.

Certain property owned by an Indian Tribe. Minn. Stat. § 272.02 was amended by adding a subdivision 104 to exempt certain property owned by an Indian Tribe if the land was erroneously treated as exempt under subdivision 7 in assessment year 2018 and the property is still used for the same purpose. Effective beginning with assessment year 2021. An owner of such property may apply with the county for a refund of any state general tax paid for property taxes payable in 2020 and 2021. Effective July 2, 2021. Art. 6, § 2.

Definitions. Minn. Stat. §§ 272.029, subd. 2, and 272.0295, subd. 2, were amended to clarify that the construction date of a wind energy conversion system, or a solar energy generating system, is not altered if the system is replaced, repaired, or otherwise maintained or altered. Effective July 2, 2021. Art. 13, §§ 3, 4.

Notification of tax. Minn. Stat. § 272.0295, subd. 5, was amended to allow the commissioner to correct clerical errors until December 31. Effective July 2, 2021. Art. 13, § 5.

Community land trust income requirements. Minn. Stat. §273.11, subd. 12, was amended to require all residents of a community land trust to have income less than 115% of the greater of state median income, or area or county median income. Effective July 1, 2021. 2021 Minn. Laws, 1st Spec. Sess. Ch. 8, Art. 2, § 3.

Agricultural homestead. Minn. Stat. § 273.124, subd. 1, was amended by expanding what types of relatives qualify for relative homestead treatment for agricultural property to include a grandparent, stepparent, stepchild, uncle, aunt, nephew, or niece. Effective beginning with property taxes payable in 2022 and thereafter. Art. 6, § 3.

Homestead occupancy and application deadline. Minn. Stat. § 273.124, subs. 9 and 13, were amended to move the homestead occupancy deadline from December 1 to December 31, and the homestead application deadline from December 15 to December 31. Effective beginning with assessments in 2021. Art. 6, §§ 4 and 5.

Assessor powers and duties. Minn. Stat. § 273.063, was amended by clarifying that the “powers and duties” performed by a city assessor in a county having a city of the first class are the powers and duties identified in section 273.061, subd. 8. Effective July 2, 2021. Art. 13, § 6.

Assessor education. Minn. Stat. § 273.0755, was amended by specifying that licensed assessors must complete 30 hours of education on Minnesota laws, assessment administration, and administrative procedures, which may be spread out over every four-year licensing cycle, rather than mandating completion of a single weeklong course on these topics. Effective retroactively for the four-year licensing period starting on July 1, 2020, and thereafter. Art. 13, § 7.

Lake Vermilion-Soudan Underground Mine State Park PILT. Payment in-lieu of taxes (PILT) references in Minn. Stat. §§ 273.124, subd. 14; 273.18; and 477A.10, were amended to include a cross-reference to Minn. Stat. § 477A.17, the Lake Vermilion-Soudan Underground Mine State Park PILT statute. Effective July 2, 2021. Art. 13, §§ 8, 9, 11.

Sustainable Forest Incentive Act; Exception to 10-acre split-classification rule. Minn. Stat. § 273.13, subd. 23, was amended to provide that when a parcel of at least 20 acres is enrolled in the Sustainable Forest Incentive Act program and the parcel has been improved with a structure that is not a minor, ancillary nonresidential structure, the number of acres assigned to the split parcel is equal to three or the number of acres excluded from the Sustainable Forest Incentive Act covenant, whichever is greater. Effective for assessment year 2022 and thereafter. Art. 6, § 6.

An uncodified provision was enacted to provide that land that was split-classified pursuant to the 10-acre split-classification rule under Minn. Stat. § 273.13, subd. 23, while enrolled in the Sustainable Forest Incentive Act program is not in violation of the conditions of enrollment if the minor, ancillary nonresidential structure was identified, and the appropriate acreage was excluded, on the Sustainable Forest Incentive Act covenant at the time of enrollment. Effective for determinations of violations of the conditions of enrollment after June 30, 2021. Art. 6, § 18.

Class 4d property. Minn. Stat. § 273.13, subd. 25, was amended by re-setting the first tier valuation limit of \$100,000 for class 4d property for assessment years 2022 and 2023. Effective beginning with assessment year 2022. Art. 6, § 7.

Homestead of a veteran with a disability or family caregiver. Minn. Stat. § 273.13, subd. 34, was amended by extending the application deadline for the valuation exclusion for a veteran with a disability or family caregiver from December 15 to December 31. Effective beginning with assessments in 2021. Art. 6, § 8.

State general levy. Minn. Stat. § 275.025, subd. 1 and 2, were amended by lowering the state general property tax levy to \$716,990,000 and by increasing the value of commercial-industrial property that is excluded from state general property tax to \$150,000. Effective beginning with property taxes payable in 2023 and thereafter. Art. 6, §§ 9 and 10.

Property tax meetings. Minn. Stat. § 275.065, subd. 3, was amended to require a fire protection and emergency medical services special taxing district to hold a public meeting to discuss its budget and levy. Effective beginning with property taxes payable in 2022. Art. 6, § 11.

Property tax notices supplemental information. Minn. Stat. § 275.065 was amended by adding a subdivision 3b, to require county auditors to provide a separate statement to be delivered with truth-in-taxation notices. This supplemental information must include the percentage change in the amount of the proposed levy of a county, city or township, and school district, and summary budget information from the county, city, and school district. Effective for property taxes payable in 2023 and thereafter. Art. 6, § 12.

Special taxing districts. Minn. Stat. § 275.066 was amended by changing emergency medical services districts to include fire protection. Effective July 2, 2021 and applies to districts established after June 30, 2021. Art. 6, § 13.

Repurchases after forfeiture. Chapter 282 was amended to add Minn. Stat. § 282.302, requiring the Department of Revenue to issue a quitclaim deed for successfully repurchased property to whoever was the record owner at the time the redemption period expired. If, however, the repurchase sale was made to a personal representative, heir, or devisee of the record owner (because the record owner died before the redemption period expired), or if the record owner died before the repurchase was complete, the Department must name the record owner's estate as the grantee. Effective July 1, 2021 and applies to repurchases approved on or after July 1, 2021. 2021 Minn. Laws, Reg. Sess. Ch. 7, § 2.

Exemptions. Minn. Stat. § 287.04, was amended to allow an exemption for mortgage loans made under a low or moderate income housing program if the assignee of the mortgage is a

governmental agency. Currently, the governmental agency must be listed as the mortgagee for the exemption to apply. It also corrects the format to reflect that the exemptions under § 287.04 are listed as clauses, not paragraphs. This section is effective for mortgages recorded after June 30, 2021. Art. 13, § 10.

Purpose of sustainable forest resource management. Minn. Stat. § 290C.01 was amended to add natural carbon sequestration to the list of roles forests play in the context of the purpose of the Sustainable Forest Incentive Act. Effective July 1, 2021. 2021 Minn. Laws, 1st Spec. Sess., Ch. 6, Art. 2, § 103.

Application for sustainable forest resource management incentives. Minn. Stat. § 290C.04 was amended to remove the requirement to provide the signature and identification number of the forest management plan writer when enrolling land for incentives under Minn. Stat. Ch. 290C. Effective July 1, 2021. 2021 Minn. Laws, 1st Spec. Sess., Ch. 6, Art. 2, § 104.

Cloquet Area Fire and Ambulance Special Taxing District. Various session laws were amended to remove the levy limit for the Cloquet Area Fire and Ambulance Special Taxing District. Effective the day after the governing body of the district and its chief clerical officer comply with the requirements of Minn. Stat. § 645.021, subds. 2 and 3. Art. 6, § 17.

Study of affordable housing programs. The Commissioner of Revenue, in consultation with the Minnesota Housing Finance Agency, must prepare a report on class 4D affordable housing and local affordable housing programs. This report must be provided to the legislature by January 15, 2022. Effective July 2, 2021. Art. 6, § 19.

Review of utility and pipeline valuation process. An uncodified provision requires the Commissioner of Revenue to review the framework for valuing utility and pipeline property. Effective July 2, 2021. Art. 6, § 20.

AIDS AND CREDITS

County aid appropriation for public defender programs. Minn. Stat. § 477A.03, subd. 2b, was amended to provide that the \$500,000 yearly appropriation for public defender programs be transferred by the Department of Revenue to the Board of Public Defense rather than to the Office of Management and Budget. Effective July 1, 2021. Art. 7, § 1.

County aid appropriation for local impact notes. Minn. Stat. § 477A.03, subd. 2b, was amended to provide that the \$207,000 yearly appropriation for preparation of local impact notes be transferred by the Department of Revenue to the Legislative Budget Office rather than to the Office of Management and Budget. Effective June 30, 2021. 2021 Minn. Laws, 1st Spec. Sess., Ch. 12, Art. 2, § 19.

County aid; Lake Vermilion-Soudan Underground Mine State Park appropriation for Granelda Unit. Minn. Stat. § 477A.17 was amended to add a specific appropriation for counties with land comprising the new Granelda Unit area of the Lake Vermilion-Soudan Underground Mine State Park. Effective for aids payable in 2022. Art. 7, § 2.

Local Homeless Prevention Aid. Chapter 477A was amended to add a new statute, Minn. Stat. 477A.30, appropriating \$20 million annually from the general fund to counties to fund family homeless prevention and assistance projects. Distribution amounts are determined by county population and by the number of students experiencing homelessness in a county, as certified by the Department of Education. The Department of Revenue is responsible for reporting requirements beginning in 2025. Effective with aids payable in 2023 and thereafter, for six years (through the distribution of aids payable in 2028). Art. 7, § 3.

Addition to Lake Vermilion-Soudan Underground Mine State Park. An uncodified provision expands the size of the Lake-Vermilion-Soudan Underground Mine state park to include the newly created Granelda Unit. Effective July 2, 2021. Art. 7, § 4.

Supplemental 2022 city aid distribution. This one-time appropriation from the general fund provides additional aid to cities if they lost LGA funding from 2021 to 2022. This supplemental aid will make up the difference. Effective for aid payable in calendar year 2022. Art. 7, § 5.

Appropriation for Floodwood. The City of Floodwood will receive a one-time \$250,000 appropriation grant from the general fund in fiscal year 2022 for costs related to its street and infrastructure project. Effective July 2, 2021, and payable by July 15, 2021. Art. 7, § 6.

Local government grants to counties affected by Enbridge pipeline property tax dispute. Over \$29 million was appropriated from the general fund as one-time grants in fiscal year 2022 to the 13 counties responsible for the tax refund due to Enbridge after an appeal determined the pipeline company was over-taxed for seven years. Effective July 2, 2021, and the counties must receive payments by August 15, 2021. Art. 7, § 7.

TAX INCREMENT FINANCING

Temporary transfer of unobligated increment allowed. Minn. Stat. § 469.176 was amended to add subdivision 4n, allowing TIF districts to transfer unobligated increment to private development for new construction and rehabilitation of buildings if those projects will retain jobs in Minnesota. Requires a spending plan, a public hearing with published notice, and approval by the municipality. Effective July 2, 2021; transfer authority expires December 31, 2022; transferred funds must be spent by December 31, 2025. Art. 9, § 1.

Expansion of outside district funding to owner-occupied housing. Minn. Stat. § 469.1763, subd. 2 was amended to allow TIF districts that have elected to increase their outside district spending percentage to spend those funds on low-income owner-occupied housing, not just low-income rental housing. Effective July 2, 2021. Art. 9, § 2.

Extension of five-year expenditure rule for redevelopment districts. Minn. Stat. § 469.1763, subd. 3, was amended to extend the five-year expenditure period to eight years for redevelopment districts that were certified after December 31, 2017, and before June 30, 2020. Effective for districts that requested certification after December 31, 2017. Art. 9, § 3.

Permissible uses of surplus TIF revenues. Minn. Stat. § 469.1763, subd. 4, was amended to reflect the corresponding extension of the five-year expenditure period to eight years for certain

redevelopment districts provided in Article 9, Section 3. Effective July 2, 2021, for districts that requested certification after December 31, 2017. Art. 9, § 4.

Tax increment financing; cities of Minnetonka, Richfield, and St. Louis Park; temporary transfer of increment authorized. An uncodified provision allows these cities or their economic or housing redevelopment authorities to transfer increment collected for housing purposes to their housing trust funds to finance housing or to match other government or private funds for housing projects. Subject to annual reporting requirements. Transfer authority expires December 31, 2026. Effective the day after the respective city governments approve the provision, complying with Minn. Stat. § 645.021. Art. 9, § 5.

Tax increment financing; city of Bloomington; American Boulevard. An uncodified provision allows the city of Bloomington to create a TIF redevelopment district specific to three parcels on American Boulevard. If a TIF district is created, it is considered to have met the requirements of Minn. Stat. § 469.174, subd. 10, and any related expenditures will be considered to meet the requirements of Minn. Stat. § 469.176, subd. 4j. Expenditures may also be spent on supporting infrastructure within the project area. Effective the day after the city of Bloomington approves the provision, complying with Minn. Stat. § 645.021. Art. 9, § 6.

Tax increment financing; city of Bloomington; 98th and Aldrich. An uncodified provision allows the city of Bloomington to create a TIF redevelopment district specific to three parcels on 98th Street and Aldrich Avenue. If a TIF district is created, it is considered to have met the requirements of Minn. Stat. § 469.174, subd. 10, and any related expenditures will be considered to meet the requirements of Minn. Stat. § 469.176, subd. 4j. Effective the day after the city of Bloomington approves the provision, complying with Minn. Stat. § 645.021. Art. 9, § 7.

Tax increment financing; city of Burnsville. An uncodified provision allows the city of Burnsville to create a TIF redevelopment district specific to the parcels comprising the Burnsville Center mall. If a TIF district is created, it is considered to have met the requirements of Minn. Stat. § 469.174, subd. 10, and any related expenditures will be considered to meet the requirements of Minn. Stat. § 469.176, subd. 4j. Expenditures may also be spent on infrastructure connecting the property to adjacent roads, including the construction of bridges and tunnels. Effective the day after the city of Burnsville approves the provision, complying with Minn. Stat. § 645.021. Art. 9, § 8.

Tax increment financing; city of Mountain Lake. An uncodified provision extends the five-year expenditure rule for TIF district No. 1-8 in the city of Mountain Lake for an additional five years. The relevant requirements dictating the use of surplus funds after initial five-year period is also extended to the district's 11th year post-certification. Effective the day after the city of Mountain Lake approves the provision, complying with Minn. Stat. § 645.021. Art. 9, § 9.

Tax increment financing; city of Ramsey. An uncodified provision extends the five-year expenditure rule for TIF district No. 14 in the city of Ramsey for an additional two years, until November 28, 2023. The relevant requirements dictating the use of surplus funds after initial five-year period is also extended to the district's 13th year post-certification. Effective the day after the city of Ramsey approves the provision, complying with Minn. Stat. § 645.021. Art. 9, § 10.

Tax increment financing; city of Wayzata. An uncodified provision allows the city of Wayzata to use increment from TIF district No. 6 to finance a lakefront pedestrian walkway and public access related to the Panoway on Wayzata Bay project. Effective the day after the city of Wayzata approves the provision, complying with Minn. Stat. § 645.021. Art. 9, § 11.

Tax increment financing; city of Windom. An uncodified provision extends the five-year expenditure rule for TIF district No. 1-22 in the city of Windom for an additional five years. The relevant requirements dictating the use of surplus funds after initial five-year period is also extended to the district's 11th year post-certification. The city may also choose to extend the duration of the TIF district No. 1-22 by five years. Effective the day after the city of Windom approves the provision, complying with Minn. Stat. § 645.021. Art. 9, § 12.