DEPARTMENT OF REVENUE

Property Tax Law Summary

2017

A summary of laws enacted during the 2017 sessions that impact property tax administration statewide

Date: July 13, 2017

To: All Property Tax Administrators

From: Cynthia Rowley, Director – Property Tax Division

2017 Property Tax Law Summary

We are pleased to provide this summary of property tax-related law changes that were enacted during the 2017 sessions of the Minnesota Legislature. The omnibus tax bill was signed into law on May 30, 2017.

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 2017 Property Tax legislative changes?

Additional information about some of the legislative changes will be shared at a later date. The additional information will focus on administration and address questions the Property Tax Division has received from counties, vendors, and other customers. We will focus on provisions that require implementation in 2017 first.

What if I have questions?

Please contact us with your questions about the legislative changes. Your questions will be answered as soon as possible and may also be added to the administration materials.

General Questions
proptax.division@state.mn.us

Information & Education
proptax.questions@state.mn.us

Auditor/Treasurer Services
proptax.admin@state.mn.us

MN State Board of Assessors
assessors.board@state.mn.us

Board of Appeals and Equalization
proptax.bae@state.mn.us

PRISM
prism.mdor@state.mn.us

Data & Analysis
dataanalysis.mdor@state.mn.us

State Assessed Property
sa.property@state.mn.us

eCRV
ecrv.support@state.mn.us

State Deeds
state.deeds.mdor@state.mn.us

Acknowledgements

The *Property Tax Law Summary* relied on the knowledge and skills of many people, including Minnesota House and Senate Research staff, Property Tax Division experts, internal Legal staff, and property tax administration partners. We have a better property tax system because we work together.

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.

Table of Contents

2017 Property Tax Law Summary

Revision History

DATE	PAGE	DESCRIPTION
7/20/2017	53	**Certificate of Real Estate Value, Deed Fulfillment of Contract for Deed.** Clarified that this section applies to deeds presented for recording on or after April 22, 2017.
7/24/2017	15	**Sectional Structures – Travel Trailer Improvements.** Clarified that the increase in exemption from $1,000 to $10,000 applies to improvements made on leased sites for travel trailers (and not manufactured homes).

Assessment

General Provisions

Assessor Accreditation Waiver

First Special Session 2017, Chapter 1, Article 2, Section 2

Amends Minnesota Statutes 2016, section 270C.9901.

This section extends the required date to advance from a certified Minnesota assessor to an accredited Minnesota assessor (AMA) to July 1, 2022, or within five years of becoming licensed as a certified Minnesota assessor, whichever is later.

The law allows assessors to apply to the State Board of Assessors for a waiver from the AMA requirement. In order to apply for the waiver, the individual must meet all of the following requirements:

- licensed as a certified Minnesota assessor before July 1, 2004
- had an assessor license since July 1, 2004
- successfully pass a comprehensive exam before May 1, 2020

After meeting these requirements, an assessor who would like to apply for the waiver will need to apply to the State Board of Assessors by July 1, 2022.

The commissioner of revenue will develop the application and comprehensive exam in consultation with the State Board of Assessors and the Minnesota Association of Assessing Officers.

An assessor granted a waiver under this section may not assess properties that require higher-level licensure, including income-producing properties (unless they have met income valuation requirements).

Waivers granted under this section will expire on June 30, 2032.

History: The Assessor Accreditation law passed in 2013. Under that law change, assessors had four years or until 2019 (whichever was later) to become accredited Minnesota assessors.

Effective Date: The day following final enactment.

State Board of Assessors Charges for License, Courses, Examinations or Materials

First Special Session 2017, Chapter 4, Article 2, Section 34

Amends Minnesota Statutes 2016, section 270.44.

This section changed the fee structure for assessors' licenses and other fees, as shown in the table below.

Current Fees		Fees as of July 1, 2018	
Senior accredited Minnesota assessor license	$105	Senior accredited Minnesota assessor license	$150
Accredited Minnesota assessor license	$80	Accredited Minnesota assessor license	$125
Certified Minnesota assessor specialist license	$65	Certified Minnesota assessor specialist license	$95
Certified Minnesota assessor license	$55	Certified Minnesota assessor license	$85
Temporary license	NA	Temporary license	$85
Trainee registration	NA	Trainee registration	$50
Grading a form appraisal	$35	Grading a form appraisal	$80
Grading a narrative appraisal	$60	Grading a narrative appraisal	$140
Reinstatement fee	$30	Reinstatement fee	$50
Record retention fee	$25	Record retention fee	$20
Educational transcript	$20	Educational transcript	N/A

History: The board has been operating at a deficit since its budget was first tracked in fiscal year 2012 and fees have not increased since 2003. State law requires the board to be entirely supported by license fees and related record-keeping fees. The State Board of Assessors recommended these fee increases.

Effective Date: Beginning with licenses issued after June 30, 2018.

State Board of Assessors Disposition of Fees and Fines

First Special Session Chapter 4, Article 2, Section 35

Amends Minnesota Statutes 2016, section 270.45.

This section requires that all fees and fines collected by the State Board of Assessors be deposited into a dedicated account to be used for board expenses.

History: In the past, all fees collected by the State Board of Assessors were deposited into the state's general fund.

Effective Date: July 1, 2017.

State Board of Assessors Refunds of Fees

First Special Session Chapter 4, Article 2, Section 36

Creates Minnesota Statutes, section 270.455.

This section adds the option for the State Board of Assessors to refund any fees that an assessor pays in error.

History: In the past, the State Board of Assessors applied any over-payments as credits towards future fees. With this addition to the law, the board may return over-payments to the assessors.

Effective Date: July 1, 2017.

Division of Duties between Local and County Assessor; Assessor's Duties

First Special Session 2017, Chapter 1, Article 15, Sections 14 and 15

Section 14 amends Minnesota Statutes 2016, section 273.061, subdivision 7.

Section 15 amends Minnesota Statutes 2016, section 273.08.

These sections require the local assessor to enter construction and valuation data into the records as directed by the county assessor. This includes entering valuation and new construction data into Computer Assisted Mass Appraisal (CAMA) systems, if applicable.

History: Before the introduction of CAMA systems, measurements, structural data, and valuation information was manually entered into assessment field cards. Later, data was entered into CAMA systems. This amendment clarifies that the local assessor is responsible for electronically entering the data.

Effective Date: Assessment year 2018.

Valuation Notice Compliance

First Special Session 2017, Chapter 1, Article 15, Section 16

Amends Minnesota Statutes 2016, section 273.121, subdivision 1.

This section creates a requirement for assessors who do not mail valuation notices to property owners at least 10 calendar days before the Local Board of Appeal and Equalization meeting.

In this case, the assessor must mail an additional valuation notice and convene a supplemental Local Board of Appeal and Equalization meeting or local review session. The supplemental meeting or session cannot be held earlier than 10 days after mailing the additional notice.

History: The county assessor is responsible for notifying all property owners of the estimated market value and classification of their property through an annual notice of valuation and classification. This notice must be mailed at least 10 calendar days before the Local Board of Appeal and Equalization or open book meeting and must contain specific information about the assessor's office, appeal options, and the property itself. Before this amendment, statute did not prescribe how assessors should respond when the notices were not mailed on time.

Effective Date: For valuation notices sent in 2018.

Classification

Class 1c Classification - Ma and Pa Resort

First Special Session 2017, Chapter 1, Article 2, Section 10

Amends Minnesota Statutes 2016, section 273.13, subdivision 22.

This section extends the qualifications for class 1c homesteaded resort property (Ma and Pa resorts) to include property that abuts a state trail administered by the Department of Natural Resources (DNR). The DNR maintains a list and map of trails on its website.

History: Before this amendment, class 1c property was limited to property abutting public waters.

Effective Date: Assessment year 2018, taxes payable in 2019.

Agricultural Purposes - Local Conservation Programs

First Special Session 2017, Chapter 1, Article 2, Section 11

Amends Minnesota Statutes 2016, section 273.13, subdivision 23.

This section expands the definition of agricultural purposes for property tax classification to include local conservation programs. Local conservation programs may be administered by a town, city, county, watershed district, water management organization, or soil and water conservation district.

To meet the definition of a local conservation program to qualify for agricultural classification, all of the following requirements must be met.

- The land must:
  - have been classified as agricultural in the year before enrollment
  - receive payments of at least $50 per acre in exchange for use or other restrictions on the land
- The landowner must:
  - apply to the assessor by February 1 of the assessment year
  - submit information required by the assessor including a copy of program requirements, the agreement between land owner and the local agency, and a map of the conservation area

History: Before the amendment, both state and federal conservation programs such as Reinvest in Minnesota (RIM) and Conservation Reserve Program (CRP) have been included in the definition of agricultural purposes. This amendment adds local programs that meet certain parameters to the definition of agricultural purposes.

Effective Date: Assessment year 2018, taxes payable in 2019.

Aquaculture

First Special Session 2017, Chapter 1, Article 2, Section 11

Amends Minnesota Statutes 2016, section 273.13, subdivision 23.

This section expands the definition of agricultural products to include all aquaculture products for sale and consumption if the product is produced on land zoned for agricultural use.

A property must still meet one of these other requirements for agricultural classification:

- at least 10 acres are used for aquaculture
- land less than 10 acres is used exclusively for aquaculture
- land less than 11 acres improved with a house is used intensively for aquaculture

History: Before this amendment, fish bred for sale and consumption were the only aquatic species included in the definition of agricultural products. This change clarifies that other aquaculture products, such as shrimp, also qualify.

Effective Date: Assessment year 2018, taxes payable in 2019.

Condominium-type Storage Units

First Special Session 2017, Chapter 1, Article 2, Section 12

Amends Minnesota Statutes 2016, Section 273.13, subdivision 25.

This section expands the 4bb classification to include garage condominium storage units that have separate parcel identification numbers and are not used for commercial purposes. Under the new class 4bb(3) criteria, these units have a class rate of 1.00% for the first $500,000 of value and 1.25% for value over $500,000.

This section also reinstates class 4bb(2) for a non-homestead residence on a farm.

History: Before the amendment, a residential non-homestead condominium unit was classified as 4bb and an associated storage unit was classified as 4b(1). After the amendment, the associated storage unit is classified as 4bb(3). Additionally, any storage unit with a separate parcel identification number not used for commercial purposes is also classified as 4bb(3), even if it is not associated with a residential non-homestead condominium unit.

There is no change to the provision that residential homestead condominium units with an associated storage unit that have separate parcel identification numbers may extend homestead to the storage unit's parcel.

Effective Date: Assessment year 2018, taxes payable in 2019.

Congressionally Chartered Veteran Organizations

First Special Session 2017, Chapter 1, Article 2, Section 12

Amends Minnesota Statute 2016, section 273.13, subdivision 25.

This section reduces the classification rate for congressionally chartered veterans' service organizations that qualify as class 4c(3) non-profit community service-oriented organizations. The rate for qualifying property owned or operated by a congressionally chartered veteran's organization changed from 1.50% to 1.00%.

The Department of Veterans Affairs is required to provide a list of congressionally chartered veterans' service organizations to the Department of Revenue each year. This list is available on the Department of Veterans Affairs website.

To qualify for the reduced class rate, assessors must verify the organization is on the Department of Veterans Affairs' list and meets requirements for class 4c(3)(i) or 4c(3)(ii) Non-Profit Community Service Organizations.

Effective Date: Assessment year 2017, taxes payable in 2018.

Manufactured Home Parks Class Rate

First Special Session 2017, Chapter 1, Article 2, Section 12 and Regular Session 2017, Chapter 94, Article 11, Sections 1 to 2

Chapter 1, Article 2, section 12 amends Minnesota Statutes 2016, section 273.13, subdivision 25.

Chapter 94, Article 11, section 1 adds subdivision 13 to Minnesota Statutes 2016, section 327C.01.

Chapter 94, Article 11, section 2 creates Minnesota Statutes 2017, section 374C.16.

These sections create and define a Class I manufactured home park – class 4c(5)(iii) - as one in which an owner or on-site attendant completes 12 hours of qualifying education courses every three years. Upon qualification, the manufactured home park will qualify for a reduced class rate of 1.00%.

The park owner will maintain the original course completion certificates from the education courses. The owner must provide the certificates to the county assessor within 30 days upon written request. Owners or on-site attendants may begin accumulating qualifying hours in 2017.

History: Before the amendments and additions, manufactured home parks receive a class rate of 1.25%. Manufactured home park cooperatives have a class rate of 0.75% if more than half of the units are owner-occupied, and a class rate of 1.00% otherwise.

Effective Date: Assessment year 2018, taxes payable in 2019.

Blind/Disabled Homestead (1b) Classification

First Special Session 2017, Chapter 1, Article 15, Section 17

Amends Minnesota Statutes 2016, section 273.13, subdivision 22.

This section clarifies that the market value in excess of $50,000 for class 1b blind or disabled homestead property is classified as either class 1a residential homestead or 2a agricultural homestead, depending upon the use of the property.

The remaining tiers for either residential or agricultural homesteads are reduced by the $50,000 that receives the 1b classification.

See the updated 2018 Class Rate Table at the end of this law summary.

History: This amendment is a technical change to clarify county administration of the class 1b program.

Effective Date: Assessment year 2018, taxes payable in 2019.

Exemptions

Apprenticeship Training Facilities

First Special Session 2017, Chapter 1, Article 2, Section 3

Amends Minnesota Statutes 2016, section 272.02, subdivision 86.

This section sets the township population threshold for apprenticeship training facilities seeking a property tax exemption to greater than 1,400 but less than 3,000. Due to this expansion, an apprenticeship training facility in Haverhill Township (Olmsted County) will qualify for the training facilities exemption.

History: Before this amendment, the township population threshold for apprenticeship training facilities seeking property tax exemption was greater than 2,000, but less than 3,000.

Effective Date: Taxes payable beginning in 2018.

Electric Generation Facility; Personal Property Exemption and Production Tax Created

First Special Session 2017, Chapter 1, Article 2, Section 4

Amends Minnesota Statutes 2016, section 272.02, by adding subdivision 100.

This section creates an exemption from taxes and payments in lieu of taxes for attached machinery and other personal property of an electric generation facility that meets all of the following criteria:

- 35-40 MW capacity
- primary fuel is natural gas
- owned and operated by a municipal power agency
- located within 800 feet of an existing pipeline
- satisfy deficiency in approved integrated resource plan
- be located outside the Twin Cities metro area
- have approval by resolution from city and county where located
- construction of facility commenced after January 1, 2015, and before January 1, 2017.

Due to this amendment, an electric generation facility in Owatonna (Steele County) is exempt as long as it continues to meet the specific criteria.

Effective Date: Taxes payable beginning in 2018.

Certain Property Owned by an Indian Tribe

First Special Session 2017, Chapter 1, Article 2, Section 5

Amends Minnesota Statutes 2016, section 272.02, by adding subdivision 101.

This section provides a 10-year property tax exemption for a medical clinic owned by a federally recognized Indian tribe in Duluth (St. Louis County). The specific property is limited to no more than two contiguous parcels and structures that do not exceed 30,000 total square feet.

Effective Date: Assessment year 2017, taxes payable in 2018-2028.

Leased Seasonal-Recreational Land

First Special Session 2017, Chapter 1, Article 2, Section 6

Amends Minnesota Statutes 2016, section 272.0213.

This amendment provides a property tax exemption for land leased from the federal government, the state, a county, a city, or a town for either of these uses:

- noncommercial seasonal-recreational (such as a cabin)
- class 1c commercial seasonal-recreational residential (such as a Ma and Pa resort)

Structures remain taxable to the lessee of the land.

History: Before the amendment, land leased from state and local governments by a private entity and used for noncommercial seasonal-recreational residential purposes required county approval for exemption from property taxes. The property had to be exempt in 2008 and rented for the same purpose to qualify.

Land leased from the federal government for the same purpose automatically received an exemption. Land leased from federal, state, or local governmental units and used for class 1c commercial seasonal-recreational residential use was not exempt.

The amendment did not change the requirement that lessees pay property taxes on any improvements to the land, such as buildings.

Effective Date: Assessment year 2018, taxes payable in 2019.

Soccer Stadium Property Tax Exemption; Special Assessment

First Special Session 2017, Chapter 1, Article 2, Section 42

Uncodified provision.

This section provides a property tax exemption for a Major League Soccer stadium in the city of St. Paul. The property is subject to special assessments levied for local improvements. The exemption does not apply to real property used for residential, business, commercial, or any other use that is not necessary for the operation of the stadium.

Effective Date: This section is effective upon approval by the St. Paul City Council and compliance with Minnesota Statutes, section 645.021.

Agricultural Containment Facilities

First Special Session 2017, Chapter 1, Article 2, Section 43

Repeals Minnesota Statutes 2016, section 272.02, subdivision 23.

This section removes the exemption for real property used in agricultural chemical containment facilities.

History: Before this repeal, real property used in agricultural chemical containment facilities was exempt under an exemption enacted in 1992. Over the years, practices with respect to storage of the chemicals used in farming have changed considerably. It was unclear whether the exemption should apply to other types of fertilizer containment. The repeal simplifies valuation and exemption determination.

Effective Date: Effective for assessment 2015, taxes payable 2016, except any property the assessor classified as exempt for property taxes payable in 2016 or 2017 remains exempt for those years.

Statement of Exemption

First Special Session 2017, Chapter 1, Article 20, Section 2

Amends Minnesota Statutes 2016, section 272.025, subdivision 1.

This section authorizes the commissioner of revenue to determine the types of exempt properties that must file an application for exemption according to Minnesota Statutes, section 272.025, subdivision 3. By January 2, 2018, and every three years thereafter, the Department of Revenue must publish on its website the list of exempt property types that will require an application for exemption.

History: This amendment clarifies for assessors and property owners which properties must file an application or reapplication for exemption.

Effective Date: For applications for exemption beginning in 2018.

Homesteads

Homestead Application

First Special Session 2017, Chapter 1, Article 20, Section 6

Amends Minnesota Statutes 273.124, subdivision 13.

This section requires the name and Social Security number (SSN) of the applicant's spouse be included on the homestead application, whether the spouse lives at the requested homestead location or not. This requirement also extends to the spouses of individuals applying for relative homestead.

History: Before this amendment, the law required the SSN of the applicant's spouse only if the spouse occupied the property with the property owner or qualifying relative who filed the application. Without receiving the SSN for both spouses, counties and the commissioner of revenue cannot accurately determine homestead eligibility.

Effective Date: Applications for homestead filed in 2018.

Homestead Data

First Special Session 2017, Chapter 1, Article 20, Section 7

Amends Minnesota Statutes 2016, section 273.124, subdivision 13d.

This section requires counties to report the name and Social Security number (SSN) of the property owner's spouse – or for relative homesteads, the name and SSN of the qualifying relative's spouse – to the Department of Revenue as part of the Duplicate Homestead file.

History: Before this amendment, the law required the SSN of the applicant's spouse only if the spouse occupied the property with the property owner or qualifying relative who filed the application. Without receiving the SSN for both spouses, counties and the commissioner of revenue cannot accurately determine homestead eligibility.

Effective Date: Applications for homestead filed in 2018.

Reports – Exempting Certain Trusts from Reporting Requirements

Regular Session 2017, Chapter 36, Section 1

Amends Minnesota Statutes 2016, section 500.24, subdivision 4.

This section states that revocable trusts do not need to register with the commissioner of agriculture. This means that properties owned by a revocable trust can be granted an agricultural homestead if they meet all homestead requirements, even if the trust is not registered with the Department of Agriculture.

History: In the past, all trusts, regardless of type, were required to register with the commissioner of agriculture and county assessors had to verify if the trust was registered before granting an agricultural homestead. With this change, assessors will need to verify the type of trust to determine if the trust is required to register and whether they can grant homestead or not.

Effective Date: August 1, 2017.

Special Programs

Agricultural Preserves - Allowed Commercial and Industrial Operations; Early Termination

First Special Session 2017, Chapter 1, Article 2, Sections 1, 38-39

Section 1 amends Minnesota Statutes 2016, section 40A.18, subdivision 2.

Section 38 amends Minnesota Statutes 2016, section 473H.09.

Section 39 amends Minnesota Statutes 2016, section 473H.17, subdivision 1a.

Sections 1 and 39 clarify that wireless communications installations do not violate an agricultural preserves covenant made before January 1, 2018. The amendment allows wireless communications installation (cell towers) on property enrolled in the Agricultural Land Preservation Program in Greater Minnesota or the Metropolitan Agricultural Preserve Program, when the associated technology has a potential benefit to farming activities.

Section 38 allows for the early termination of a property's enrollment in the Metropolitan Agricultural Preserve Program upon the death of a property owner, the owner's spouse, or other qualifying person. If the surviving owner chooses to terminate, they must notify the unit of government with planning and zoning authority for the land within 365 days of the death. When an agricultural preserve is terminated under this section, the property is subject to additional taxes equal to 50 percent of the current year's taxes.

History: Before the amendment, non-farming commercial use was only allowed in farm buildings used in a manner that was non-disruptive to the integrity of the agricultural preserve.

Additionally, early termination of enrollment in the Metropolitan Agricultural Preserve Program was only permitted in the event of a public emergency by petition of the owner or authority to the governor.

Effective Date: Day following final enactment for sections 1 and 39; July 1, 2017 for section 38.

Homestead of Disabled Veteran or Family Caregiver - Surviving Spouse Eligibility Expanded

First Special Session 2017, Chapter 1, Article 2, Section 13

Amends Minnesota Statutes 2016, section 273.13, subdivision 34.

This section allows the surviving spouse of a qualifying veteran who died after December 31, 2011, to apply for the homestead market value exclusion in either of the following situations:

- The veteran was honorably discharged and had a 100% total and permanent disability at the time of death, but never applied for the exclusion, or applied but died before receiving the exclusion.
- The spouse has been awarded Dependency and Indemnity Compensation (DIC) by the U.S. Department of Veterans Affairs, regardless of the veteran's disability rating at the time of death or after.

In either case, the spouse qualifies for the exclusion for eight tax payable years or until the spouse remarries, or sells, transfers, or otherwise disposes of the property. The spouse apply within two years of the death of the veteran or by June 1, 2019, whichever is later. Reapplications are no longer required, but the spouse must notify the county assessor if there is a change in qualification for the exclusion.

The new spousal eligibility is meant to cover scenarios where:

The veteran applied for the exclusion at a percentage lower than 100% total and permanent disability and, after death, they were determined to be 100% totally and permanently disabled at death.

- The veteran did not apply for the benefit, but had a certified total and permanent disability rating of 100% at the time of death.
- The veteran did not have a 100% total and permanent disability, but the spouse receives DIC.

History: Before the law change, in order for the surviving spouse to qualify for the homestead market value exclusion, the qualifying veteran must have made application and received the exclusion before death. The surviving spouse benefits were also only for spouses of veterans who were 100% total and permanently disabled, or spouses of members of the U.S. armed forces who died while on active duty.

Effective Date: Assessment year 2017, taxes payable in 2018.

Homestead of Disabled Veteran or Family Caregiver - Application

First Special Session 2017, Chapter 1, Article 2, Section 13

Amends Minnesota Statutes 2016, section 273.13, subdivision 34.

This section eliminates the annual application requirement for a property owner that is currently receiving the Disabled Veterans' Homestead Market Value Exclusion. An application is required only for the first assessment year. The amendment applies to veterans with a disability rating of 70% or higher and surviving spouses of veterans who were 100% totally and permanently disabled.

Qualifying veterans and surviving spouses who currently receive the benefit do not have to reapply to continue receiving the benefit for the 2017 assessment year.

The County Veteran Service Officer must certify the disability rating and permanent address of each veteran receiving the benefit to the assessor by July 1.

The property owner must notify the assessor if a change occurs that disqualifies the property from the exclusion.

Effective Date: Assessment year 2017, taxes payable in 2018.

Valuation

Sectional Structures – Travel Trailer Improvements on Leased Land

[*Summary revised July 24, 2017*]
First Special Session 2017, Chapter 1, Article 2, Section 9

Amends Minnesota Statutes 2016, section 273.125, subdivision 8, paragraph (f).

This section makes storage sheds, decks, and other similar improvements valued under $10,000 on leased sites for travel trailers exempt from taxes.

History: Before this amendment, only improvements valued under $1,000 were exempt from taxes.

Effective Date: Assessment year 2018.

State Assessed Properties

Income Property Assessment Data

First Special Session 2017, Chapter 1, Article 15, Section 1

Amends Minnesota Statutes 2016, section 13.51, subdivision 2.

This section provides that certain income information regarding income-producing properties that is collected by the state is private or nonpublic data.

History: Previously, this data was not private or nonpublic when collected by the state.

Effective Date: The day following final enactment.

Updates to Airline Flight Property Tax

First Special Session 2017, Chapter 1, Article 15, Sections 2-8

Amends Minnesota Statutes 2016, sections 270.071 and 270.072.

Sections 2 through 4 further define air commerce, person, and flight property.

Section 5 adds a definition for intermittent or irregularly timed flights.

Section 6 removes an exclusion for a particular size of aircraft used on intermittent or irregularly timed flights.

Section 7 authorizes the commissioner of revenue to prescribe the content, format, and manner of the reports that airline flight properties are required to file.

Section 8 authorizes the commissioner of revenue to file reports on behalf of an airline company that does not file.

History: Before the amendment, the format and manner of filing were not addressed in statute. The amendment allows the commissioner of revenue to determine the format and manner of filing, including the potential for allowing electronic filing and electronic signature.

Effective Date: Assessment year 2018.

Personal Property; Pipelines

First Special Session 2017, Chapter 1, Article 15, Sections 11, 18- 19

Section 11 amends Minnesota Statutes 2016, section 272.02, subdivision 9.

Section 18 amends Minnesota Statutes 2016, section 273.33, subdivision 1.

Section 19 amends Minnesota Statutes 2016, section 273.33, subdivision 2.

These sections clarify that personal property which is part of a pipeline system transporting or distributing products is subject to tax regardless of the type of product carried through the system.

History: Previously, the personal property included was part of a pipeline system transporting or distributing water, gas, crude oil, or petroleum products.

Effective Date: The day following final enactment.

Wind Energy Production Tax Systems

First Special Session 2017, Chapter 1, Article 15, Section 12

Amends Minnesota Statutes 2016, section 272.029, subdivision 2.

This section amends one of the criteria for combining the nameplate capacity of wind energy conversion systems for purposes of the Wind Energy Production Tax. Wind energy conservation systems constructed within the same 12-month period may be combined if other combining criteria are met.

History: Before this amendment, connected wind towers that were constructed in different calendar years were not considered part of the same system, even if one was constructed on December 31 and another was constructed on January 1.

Effective Date: Reports filed in 2018.

Wind Energy Production Tax Filing Extension

First Special Session 2017, Chapter 1, Article 15, Section 13

Amends Minnesota Statutes 2016, section 272.029.

This section provides that the commissioner of revenue may, for good cause, extend the deadline for filing the Wind Energy Production Report by up to 15 days.

History: Before this amendment, the commissioner of revenue could not grant an extension.

Effective Date: Reports filed in 2018.

State Assessed Property Appeals

First Special Session 2017, Chapter 1, Article 15, Sections 20- 23, 29

Sections 20 through 23 amend Minnesota Statutes 2016, section 273.372.

Section 29 amends Minnesota Statutes 2016, section 278.01, subdivision 1.

These sections update and clarify the administrative appeals process and the process for filing in Tax Court for appeals of state assessed property.

- Section 20 provides that if an appeal to Tax Court is on an order of the commissioner of revenue, the appeal must be filed within 60 days of the notice date.
- Section 21 updates the administrative appeal process to:
    - Include a filing deadline of 30 days from the notice date of an order to file a written appeal

  - Establish what information must be contained in the appeal
  - Provide a timeline of 30 days for the Department of Revenue to issue a final determination
  - Remove the informal appeal option
- Section 22 provides the commissioner may settle an administrative appeal with a binding agreement that cannot be appealed to Tax Court.
- Section 23 provides that an administrative appeal is dismissed if a company files an appeal of the same order with the Tax Court.
- Section 29 clarifies that valuation notices on state assessed property may not be appealed to the Tax Court under chapter 271. Only valuation notices sent by county assessors (or city assessors having the powers of a county assessor) may be appealed to the Tax Court.

Effective Date: Sections 20, 21, and 22 are effective for assessment year 2018 and thereafter. Section 23 is effective beginning with assessment year 2017. Section 29 is effective the day following final enactment.

Equalization of Public Utility Structures

First Special Session 2017, Chapter 1, Article 15, Sections 24 and 37, paragraph (b)

Section 24 amends Minnesota Statutes 2016, section 273.88.

Section 37, paragraph (b) repeals previous sales ratio and equalization methodology in Minnesota Rules 8100.0700.

Section 24 establishes that sales ratio and equalization methodology used by the Department of Revenue for utility and pipeline structures will be accepted by the State Board of Equalization. The commissioner of revenue must equalize the values of the operating structures to the level accepted by the State Board of Equalization if the appropriate sales ratio for each county is outside the range accepted by the State Board of Equalization.

In addition, the commissioner must not equalize the value of the operating structures if the sales ratio is within the range accepted by the State Board of Equalization.

History: Previously, equalization for public utility structures was outlined in Minnesota Rules 8100.0700.

Effective Date: Assessment year 2017.

Rescind Prior Repeal of a Personal Property Exemption

First Special Session 2017, Chapter 1, Article 15, Section 36

Amends Laws 2014, Chapter 308, Article 9, Section 94.

This section reinstates an exemption under Minnesota Statutes, section 272.027, subdivision 2 that was repealed in 2014 for tools, implements, and machinery of an electric generating facility that was used to manufacture or produce goods, products, or services by the owner and later the electric generation plant was sold to a Minnesota electric utility.

Effective Date: Retroactive to May 20, 2014.

Content, Format, and Manner of Reports

First Special Session 2017, Chapter 1, Article 16, Sections 1, 14-18, 21

Section 1 amends Minnesota Statutes 2016, section 270.82, subdivision 1 (Reports of Railroad Companies).

Section 14 amends Minnesota Statutes 2016, section 272.02, subdivision 10 (Pollution Control Exemption Application).

Section 15 amends Minnesota Statutes 2016, section 272.0211, subdivision 1 (Sliding Scale Market Value Exclusion).

Section 16 amends Minnesota Statutes 2016, section 272.025, subdivision 1 (Pollution Control Statement of Exemption).

Section 17 amends Minnesota Statutes 2016, section 272.029, subdivision 4 (Wind Energy Production Tax Report).

Section 18 amends Minnesota Statutes 2016, section 272.0295, subdivision 4 (Solar Energy Production Tax Report)

Section 21 amends Minnesota Statutes 2016, section 273.371 (Reports of Utility and Pipeline Companies)

These sections provide that the commissioner of revenue shall prescribe the content, format, and manner of each of these required reports. For reports sent electronically, the name of the taxpayer, the name of the taxpayer's authorized agent, or the taxpayer's identification number will constitute a signature when transmitted as part of the return.

History: Before the amendment, the format and manner of filing were not addressed in statute. The amendment allows the commissioner of revenue to determine the format and manner of filing, including the potential for allowing electronic filing and electronic signature.

Effective Date: The day following final enactment.

Notice Date Clarification; Tax Court

First Special Session 2017, Chapter 1, Article 16, Sections 12-13

Section 12 amends Minnesota Statutes 2016, section 271.06, subdivision 2.

Section 13 amends Minnesota Statutes 2016, section 271.06, subdivision 7.

These sections provide that appeals must be filed within 60 days after the notice date of an order of the commissioner of revenue. This deadline applies to serving a notice of appeal upon the commissioner of revenue and to filing the appeal with the Tax Court. These sections apply to all appeals to the Tax Court of orders of the commissioner of revenue, including appeals of state assessed property.

The Rules of Civil Procedure do not apply to or alter the 60-day period to file a notice of appeal.

Effective Date: Orders dated after December 31, 2017.

Wind Energy Conversion Systems, Reports

First Special Session 2017, Chapter 1, Article 16, Section 17

Amends Minnesota Statutes 2016, section 272.029, subdivision 4.

This amendment changes the due date for an owner of a wind energy conversion to file the Wind Energy Production Report to January 15.

This section provides that the commissioner shall prescribe the content, format, and manner of the report. For reports sent electronically, the name of the taxpayer, the name of the taxpayer's authorized agent, or the taxpayer's identification number, will constitute a signature when transmitted as part of the return.

History: Before this amendment, the filing due date for wind energy production reports was February 1.

Effective Date: The due date change is effective for reports filed in 2018 and thereafter. The other changes are effective the day following final enactment.

Reports of Utility Companies

First Special Session 2017, Chapter 1, Article 16, Section 21

Amends Minnesota Statutes 2016, section 273.371.

This section provides that if a company fails to file a required report, the commissioner of revenue may make and file a report for the company – or make the valuation, recommended valuation, and equalization – based on information available to the commissioner.

This section provides that the commissioner shall prescribe the content, format, and manner of the report. For reports sent electronically, the name of the taxpayer, the name of the taxpayer's authorized agent, or the taxpayer's identification number, will constitute a signature when transmitted as part of the return.

History: Before the amendment, the format and manner of filing were not addressed in statute. The amendment allows the commissioner of revenue to determine the format and manner of filing, including the potential for allowing electronic filing and electronic signature.

Effective Date: The day following final enactment.

Updates to Airline Flight Property Tax

First Special Session 2017, Chapter 1, Article 20, Sections 1 and 10

Section 1 amends Minnesota Statutes 2016, section 270.074, subdivision 1.

Section 10 repeals Minnesota Statutes 2016, section 270.074, subdivision 2.

These sections update the allocation of property value to Minnesota for purposes of the airline flight property tax. The new allocation is:

- 1/2 revenue ton miles of passengers, mail, express, and freight
- 1/2 total departures

History: The previous allocation was:

- 1/3 plane hours
- 1/3 tonnage of passengers, express, and freight
- 1/3 revenue ton miles

Effective Date: Assessment year 2018.

Extension to File Solar Energy Production Report

First Special Session 2017, Chapter 1, Article 20, Section 3

Amends Minnesota Statutes 2016, section 272.0295, subdivision 8.

This section provides that the commissioner may, for good cause, extend the time for filing the Solar Energy Production Report. The extension must not exceed 15 days.

Effective Date: Assessment year 2018.

Property Tax Aids and Credits

County Aid

County Tax-Base Equalization Aid

First Special Session 2017, Chapter 1, Article 4, Section 12

Amends Minnesota Statutes 2016, section 477A.0124, subdivision 4.

This section amends the formula used to calculate the tax base equalization aid component of County Program Aid (CPA).

- Adjusts the parameters of this aid component to the amount by which $190 times the county's population exceeds 9% of the county's adjusted net tax capacity (ANTC).
  - Old formula: (185 x Population) – (ANTC x .0945)
  - New formula: (190 x Population) – (ANTC x .0900)
- Indexes the $190 in the aid component formula to the current year's statewide net tax capacity (NTC) per capita divided by the 2016 statewide NTC per capita. The indexed value is rounded to the nearest $10 and cannot be lower than the previous year's value.
- Defines a minimum amount of tax-base equalization aid for each county. The minimum amount is the greater of:
  - 0.27% of the total statewide appropriation for this aid factor, or
  - 95% of the county's aid factor in the previous year.

If the calculated amount of aid payable to all counties is more than the total appropriation for this aid component, then the amount of tax-base equalization aid will be proportionately reduced for those counties whose amounts exceed their minimum required aid for this component.

This section also eliminates additional aid amounts for Anoka and Washington counties.

History: Each county's proportionate share of the tax-base equalization component of CPA takes into account each county's adjusted net tax capacity, which means the higher the adjusted net tax capacity per capita, the lower the amount of tax-base equalization aid the county receives.

In recent years, due to an increase in agricultural land values, counties with high proportions of agricultural land experienced a decline in aid for this component, which caused a reduction in their total CPA received.

Effective Date: Aids payable in 2018.

County Aid Calculations

First Special Session 2017, Chapter 1, Article 4, Section 13

Amends Minnesota Statutes 2016, section 477A.0124, by adding subdivision 7.

This section provides that data used in calculating County Program Aid is the data available as of January 1 of the year in which the aid is certified. This adjustment allows counties to more accurately estimate the amount of aid they will receive the following year.

Effective Date: Aids payable in 2018.

Reimbursement to Counties and Tribes for Certain Out-of-Home Placements

First Special Session 2017, Chapter 1, Article 4, Section 14

Creates Minnesota Statues 2017, section 477A.0126.

This section creates an aid program to reimburse counties and tribes for the costs of out-of-home placement of Indian children. A $5 million annual appropriation is made to the commissioner of revenue for this aid program.

The amount of aid dispersed to tribes will be the greater of these amounts:

- 5% of the average reimbursement amount received from the federal government for these costs for the previous certified calendar year
- $200,000

If funds remain in the appropriation, they will be proportionately distributed to counties based on their share of costs for out-of-home placements.

A county's aid amount will be reduced if the Department of Human Services finds the county is substantially out of compliance with Indian Child Welfare Act and the Minnesota Indian Family Protection Act. The county's certified aid will be reduced 50% annually until it comes into compliance. Noncompliant counties will have one year to come into compliance before the 50% penalty is imposed.

The Department of Revenue will certify aid amounts to counties by August 1 each year. Counties will receive payments in two equal installments on July 20 and December 26.

Effective Date: Aids payable in 2018.

County Program Aid Appropriation

First Special Session 2017, Chapter 1, Article 4, Section 20

Amends Minnesota Statutes, section 477A.03, subdivision 2b.

This section increases, by $25.5 million, the total amount of aid available for distribution under the county tax-base equalization component of County Program Aid.

This section also provides an additional $3 million annual allocation to Beltrami County.

Effective Date: Aids payable in 2018.

Riparian Protection Aid

First Special Session 2017, Chapter 1, Article 4, Section 24

Creates Minnesota Statutes 2017, section 477A.21.

This section adds a new aid program for counties and watershed districts to oversee the riparian protection and water quality practices required under statute. Each county's aid amount is based on several factors, including its share of the total statewide:

- class 2a agricultural acreage
- centerline miles of public watercourses
- miles of public drainage ditches

The Board of Water and Soil Resources and the Department of Natural Resources certify the data used to calculate the aid to the Department of Revenue.

If $10 million of aid is appropriated to the commissioner of revenue, the aid to a county cannot be greater than $200,000 or less than $50,000. If a different amount of aid is appropriated, the minimum and maximum amounts are adjusted proportionally.

In areas where neither the county nor the watershed district has affirmed its jurisdiction to the Board of Water and Soil Resources, the jurisdiction's share of aid is distributed to the Board of Water and Soil Resources. The aid is paid in two equal installments on July 20 and December 26.

History: Enacted in 2015, Minnesota Statutes, section 103F.48 requires buffer land along all public waters and public drainage systems in the state. Buffers on public waters must be in place by November 1, 2017, and buffers on public drainage systems must be in place by November 1, 2018. The Riparian Protection Aid in this section is to be used to enforce and implement these requirements.

Effective Date: Aids payable in 2017.

Appropriation; Riparian Protection Aid

First Special Session 2017, Chapter 1, Article 4, Section 25

Creates Minnesota Statutes 2017, section 477A.22.

This section appropriates $6 million for fiscal year 2018, and $8 million per year beginning in fiscal year 2019, for Riparian Protection Aid. The environment and natural resources bill (Minnesota Laws 2017, Chapter 93) appropriates another $2 million per year for the aid. Unused funds the first year may be transferred to the following year. Therefore, the total appropriation is $8 million for fiscal year 2018 and $10 million for fiscal year 2019 and thereafter. The Department of Revenue computes the amount of aid payable to each county and the Board of Water and Soil Resources based on the amount appropriated for each year.

Effective Date: Aids payable in 2017.

County Program Aid Appropriation – Wadena County

First Special Session 2017, Chapter 1, Article 4, Section 32

Uncodified provision.

This section authorizes a $600,000 grant appropriation in calendar years 2017 and 2018 to Wadena County.

Effective Date: July 1, 2017.

Repealer - County Transition Aid

First Special Session 2017, Chapter 1, Article 4, Section 33, paragraph (a)

Repeals Minnesota Statutes 2016, section 477A.0124, subdivision 5.

This section repeals the transition aid component of County Program Aid.

Effective Date: The repeal of county transition aid is effective beginning in aids payable 2018.

Repealer - Debt Service Aid for the Lewis and Clark Joint Powers Board

First Special Session 2017, Chapter 1, Article 4, Section 33, paragraph (b)

Repeals Minnesota Statutes 2016, section 477A.20.

This section repeals the Debt Service Aid program for the Lewis and Clark Joint Powers Board.

History: The Lewis and Clark Joint Powers Board does not exist. The Legislature has enacted other funding mechanisms for counties and municipalities that are members of the Lewis and Clark Regional Water System.

Effective Date: The day following final enactment.

Certification – Aquatic Invasive Species Prevention Aid

First Special Session 2017, Chapter 1, Article 15, Section 33

Amends Minnesota Statutes 2016 section 477A.19, by adding subdivision 3a.

This section states that by June 1 of each year, the commissioner of natural resources will certify the number of watercraft launches and the number of watercraft trailer parking spaces in each county. This certification is made to the Department of Revenue for purposes of calculating the aquatic invasive species prevention aid.

History: This amendment specifies when data must be certified to the Department of Revenue for purposes of calculating the Aquatic Invasive Species Aid.

Effective Date: Aids payable in 2018.

Certification – Aquatic Invasive Species Prevention Guidelines

First Special Session 2017, Chapter 1, Article 15, Section 34

Amends Minnesota Statutes 2016 section 477A.19, by adding subdivision 3b.

This section requires that by June 1 of each year, the commissioner of natural resources will certify which counties complied with the requirements to establish guidelines for addressing aquatic invasive species in the prior year. This certification is made to the Department of Revenue.

History: This clarifies the Aquatic Invasive Species Prevention Aid by specifying who certifies eligibility for the aid and when the certification needs to be made.

Effective Date: Aids payable in 2018.

Definitions - County Program Aid

First Special Session 2017, Chapter 1, Article 18, Section 4

Amends Minnesota Statutes2016, section 477A.0124, subdivision 2.

This section makes a technical correction to population data references from "over age 65" to "age 65 and over" to reflect the population data used in the County Program Aid calculation.

Effective Date: The day following final enactment.

Other Local Aid

Underserved Municipalities Distribution

First Special Session 2017, Chapter 1, Article 2, Section 17

Amends Minnesota Statutes, section 275.025, by adding subdivision 5.

This section provides a distribution of state general levy revenues to qualifying cities and townships. The county treasurer will make the payment distributions. A qualifying municipality must meet both of these criteria:

- Is located within the Twin Cities metropolitan area but outside the transit district area
- Has a net fiscal disparities contribution equal to or greater than 8% of its total net tax capacity.

The distribution is equal to the municipality's fiscal disparities contribution in excess of 8% its tax capacity multiplied by its tax rate. The distribution cannot exceed the amount of state general levy paid by properties within the municipality. Three municipalities are projected to be eligible for the distribution in 2018: the city of Coates (Dakota County), the city of Rogers (Hennepin County), and the township of Louisville (Scott County).

Effective Date: Effective for taxes payable in 2018.

Additional Border City Allocations; Taylors Falls Border City Development Zone

First Special Session 2017, Chapter 1, Article 4, Sections 9 and 29

Section 9 amends Minnesota Statutes 2016, section 469.169, by adding subdivision 20

Section 29 adds an uncodified provision.

Section 9 authorizes an additional $3 million for businesses located in border city enterprise zones in five qualifying cities along the western border (Breckenridge, Dilworth, East Grand Forks, Moorhead, and Ortonville). The amendment reduces taxes for new or existing businesses who apply to the city if the city deems these reductions necessary to retain existing businesses or to attract new businesses. The additional $3 million will be available until used, and allocated among the cities on a per capita basis.

Section 29 adds the city of Taylors Falls to the list of approved cities that can exercise border city development powers and allocates $50,000 of the total appropriation specifically to state tax reductions in Taylors Falls. Lastly, this section authorizes the commissioner of revenue to waive the $50,000 limitation if the commissioner determines general law rules would permit waiver.

Effective Date: Section 9 is effective July 1, 2017. Section 29 is effective July 1, 2017, and does not require local approval as specified in Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

City Revenue Need; LGA - Cities

First Special Session 2017, Chapter 1, Article 4, Section 10

Amends Minnesota Statues 2016, section 477A.011, subdivision 34.

This section adds the sparsity adjustment to the formula for "city revenue need" for small cities (population less than 2,500) and medium cities (population equal to or greater than 2,500 and less than 10,000). Additionally, it modifies the transition for cities moving between medium and large (population 10,000 or greater) by increasing the threshold from 10,500 to 11,000 and reducing the "transition factor" downwards from 0.2% to 0.1%.

Effective Date: Aids payable in 2018.

City Revenue Need; Sparsity Adjustment

First Special Session 2017, Chapter 1, Article 4, Section 11

Amends Minnesota Statues 2016, section 477A.011, subdivision 45.

This section adds a new sparsity adjustment that applies to small and medium cities. This adjustment is equal to 200 for any city with an average population density less than 30 residents per square mile, according to the most recent federal census. The following cities are projected to have increased revenue need due to the added sparsity adjustment:

- Tamarack (Aitkin County)
- Funkley (Beltrami County)
- Fifty Lakes (Crow Wing County)
- Trommald (Crow Wing County)
- Emily (Crow Wing County)
- Rushford Village (Fillmore County)
- Taconite (Itasca County)
- Mizpah (Koochiching County)
- Kinbrae (Nobles County)
- Denham (Pine County)
- Hatfield (Pipestone County)
- Babbitt (St. Louis County)
- Nashua (Wilkin County)

Effective Date: Aids payable in 2018.

City Formula Aid

First Special Session 2017, Chapter 1, Article 4, Section 15

Amends Minnesota Statues 2016, section 477A.013, subdivision 8.

This section states that the formula aid for a city is calculated as follows:

Formula Aid in Current Year = (Unmet Need in Current Year - Certified Aid in Previous Year before special adjustments) x (Aid Gap Percentage)

Effective Date: Aids payable in 2018.

City Aid Distribution

First Special Session 2017, Chapter 1, Article 4, Section 16

Amends Minnesota Statues 2016, section 477A.013, subdivision 9.

This section states that if a city's certified aid before any aid adjustments for the previous year is less than its current unmet need, the city's aid will be equal to its certified aid in the previous year before any adjustments plus its formula aid and any special adjustments for the current year. If a city's aid in the previous year is equal to or greater than its current unmet need, its new aid amount will be the greater of:

- its current unmet need
- its aid in the previous year minus the lesser of $10 per capita or 5% of its net levy in the previous year

Effective Date: Aids payable in 2018.

LGA Payment Dates

First Special Session 2017, Chapter 1, Article 4, Section 17

Amends Minnesota Statues 2016, section 477A.015.

This section states that for aids payable in 2019 only, Local Government Aid (LGA) payments for cities will be paid in the following installments:

1) 14.6% on June 15, 2019
2) 35.4% on July 20, 2019
3) 50% on December 26, 2019

Effective Date: Aids payable in 2019 only.

Aid Reductions for Operating an Unauthorized Diversion Program

First Special Session 2017, Chapter 1, Article 4, Section 18

Creates Minnesota Statutes 2016, section 477A.0175.

This section requires a reduction in County Program Aid or Local Government Aid for a county or city that is determined by a court to have operated a pretrial diversion program that is not authorized under state law.

The reduction is the total amount of fees paid by participants for the years in which the program operated. Courts will report orders related to this provision to the state auditor, who will determine the amount of fees collected and notify the Department of Revenue. The department will reduce aid for a county or city by this amount beginning with the first aid payment after receiving notice from the state auditor.

If the amount exceeds a single aid payment, the remaining amount will be applied to future aid payments. This section also allows a taxpayer to challenge the legality of a pretrial diversion program in court.

Effective Date: Aids payable in 2018.

City LGA Appropriation

First Special Session 2017, Chapter 1, Article 4, Section 19

Amends Minnesota Statutes 2016, section 477A.03, subdivision 2a.

This section increases the Local Government Aid (LGA) appropriation by $15 million (to $534,398,012) for aids payable in 2018 and thereafter.

Effective Date: Aids payable in 2018.

LGA; Base Year Formula Aid for Newly Incorporated City

First Special Session 2017, Chapter 1, Article 4, Section 26

Uncodified provision.

This section changes the calculation of Local Government Aid (LGA) for the city of Rice Lake (St. Louis County) for payable year 2018 only.

History: The starting point for calculating LGA is a city's previous year certified aid. For the city of Rice Lake only, its starting point for calculating 2018 LGA will be $95 per capita rather than its previous year certified aid.

Effective Date: Aids payable in 2018 only.

2013 City Aid Penalty Forgiveness; City of Oslo

First Special Session 2017, Chapter 1, Article 4, Section 27

Uncodified provision.

This section forgives the penalty levied on the city of Oslo in calendar year 2013 for failure to submit audited financial statements to the state auditor. The commissioner of revenue will make a payment with the first payment of aids under Minnesota Statutes, section 477A.015. The state auditor must first certify that it received audited financial statements for calendar year 2012 from the city by December 31, 2013.

History: Without this provision, unpaid LGA payments normally cancel to the state general fund when the city fails to submit required statements to the state auditor.

Effective Date: The day following final enactment.

2014 Aid Penalty Forgiveness

First Special Session 2017, Chapter 1, Article 4, Section 28

Uncodified provision.

This section forgives the penalties levied on the cities of Dundee, Jeffers, and Woodstock in calendar year 2014 for failure to submit audited financial statements to the state auditor. The commissioner of revenue will make a payment to the cities no later than July 20, 2017. The state auditor must first certify that the cities have complied with all reporting requirements for the 2013 and 2014 calendar years by June 1, 2015.

History: Without the provision, unpaid LGA payments normally cancel to the state general fund when the city fails to submit required statements to the auditor.

Effective Date: The day following final enactment.

Local Governments Required to Report – Property Tax Levy Report (PTLR)

First Special Session 2017, Chapter 1, Article 15, Section 28

Amends Minnesota Statutes section 275.62, subdivision 2.

This section eliminates the requirement of filing a property tax levy report (PTLR) with the commissioner of revenue for the following local governments:

- towns with populations greater than 5,000
- cities of less than 2,500 population receiving taconite aid
- towns receiving taconite aid

History: The PTLR was used to model the effects of levy limitations on local units of government. The levy limitations statute has been amended over time. Amending this statute brings the reporting requirements into alignment with the local units of government subject to levy limits.

Effective Date: The day following final enactment.

Firefighter Relief Surcharge for Cities of the First Class

First Special Session 2017, Chapter 1, Article 14, Sections 14-15

Section 14 amends Minnesota Statutes 2016, section 297I.10, subdivision 1.

Section 15 amends Minnesota Statutes 2016, section 297I.10, subdivision 3.

Section 14 changes the responsibility for paying Fire Relief Aid to cities of the first class from the commissioner of management and budget to the commissioner of revenue.

Section 15 changes the agency that receives the appropriation for the Firefighter Relief Surcharge for cities of the first class from the commissioner of management and budget to the commissioner of revenue.

Effective Date: The day following final enactment.

Communication by Electronic Email

First Special Session 2017, Chapter 1, Article 15, Section 32

Amends Minnesota Statutes 2016 section 477A.013, by adding subdivision 14.

This section requires a city to register an official email address with the Department of Revenue before it receives aid. The department may use the email address as its only means of communication with the city.

Effective Date: Aids payable in 2018.

Town Aid

First Special Session 2017, Chapter 1, Article 18, Section 5

Amends Minnesota Statutes 2016, section 477A.013, subdivision 1.

This section makes a technical correction to terminology for the Township Aid calculation formula and adds a paragraph clarifying what data is used. There is no change in how the aid is administered.

Effective Date: The day following final enactment.

Small Cities Assistance; Appropriation

First Special Session 2017, Chapter 3, Article 1, Section 2, subdivision 4, paragraph (c)

This section appropriates $8 million per year to pay Small Cities Assistance in fiscal years 2018 and 2019.

History: Small Cities Assistance is an aid program created in 2015 to provide funds for the construction and maintenance of roads to cities with a population under 5,000. The Department of Transportation calculates the aid and sends the payment amounts to the Department of Revenue, which issues the aid to cities. Funding for this program is appropriated on a year-by-year basis. The appropriation for fiscal year 2016 was $12.5 million. There was no appropriation for fiscal year 2017.

Note: Please contact the Department of Transportation's State Aid Division with any questions about Small Cities Assistance.

Effective Date: The day following final enactment for fiscal years 2018 and 2019.

Credits

Agricultural Homestead Market Value Credit

First Special Session 2017, Chapter 1, Article 4, Section 1

Amends Minnesota 2016, section 273.1384, subdivision 2.

This amended language makes two changes described below.

1) If a property is a fractional homestead or has more than one homestead record due to joint ownership, the credit is calculated on a fractional market value based on the percentage of homestead for each owner who qualifies for a credit.

    - For a full homestead with an estimated market value of $300,000, the credit is calculated on the full value.
    - For a half-homestead parcel with an estimated market value of $300,000 and two owners, the credit is calculated on $150,000 value ($300,000 / 2).

2) The language further clarifies that for properties with multiple owners, the amount of homestead is prorated equally between the owners (or number of grantors of a trust that own the property), regardless of ownership type (or percentage of granted ownership interest).

    This language conforms to existing Department of Revenue guidance. The decision for whether to own a property in joint tenancy or tenants in common is a decision the property owners make for their own purposes. For classification purposes, homestead status is based on use; it does not take into account unique shares of ownership interest.

    If a property has two owners, and one of two (1/2) occupy the property, then it receives ½ homestead. Fractionalization will always be in equal shares of the number of owners (even if they don't own equal shares). This means ownership as joint tenants or tenants-in-common does not factor into the proration.

    - If Bill and Andrea co-own a parcel as non-relatives and unmarried individuals, it is considered 50% Bill's homestead and 50% Andrea's homestead.
    - If Bill deeds only 10% ownership interest to Andrea as tenant in common, it is still 50% Bill's homestead.

Note: This does not change the application of homestead to spouses, who are still considered “one owner” for homestead purposes. A property owned by a married couple is considered under one ownership, and normal and historical rules for applying homestead to spouse-owned property apply.

History: In 2015, the department began researching how counties were applying homesteads in joint ownership scenarios, and how counties were calculating the Agricultural Homestead Market Value Credit. Working with counties, the department recommended these changes to support consistency across the state.

Effective Date: Taxes payable in 2019.

School Bond Credit

First Special Session 2017, Chapter 1, Article 4, Sections 2, 5, and 8

Section 2 creates Minnesota Statutes 2017, section 273.1387.

Section 5 amends Minnesota Statues 2016, section 275.065, subdivision 3.

Section 8 amends Minnesota Statues 2016, section 276.04, subdivision 2.

Section 2 creates a School Bond Credit for all property classified as 2a (agricultural land), 2b (rural vacant land), and 2c (managed forest land), excluding the house, garage, and surrounding 1 acre of land of an agricultural homestead. The credit is equal to 40% of the tax on the property attributable to school district bonded debt levies.

Under changes in sections 5 and 8, the credit will be shown on the Truth in Taxation notice and Property Tax Statement beginning with taxes payable in 2018.

The county auditor will calculate the credit and certify that amount to the commissioner of revenue annually as part of PRISM Submission 3. The commissioner of revenue will review the certifications for accuracy and then certify that amount to the commissioner of education who will allocate the reimbursement amounts to each school district. This section also provides an open and standing appropriation to pay for the credit.

History: In some school districts, the tax base can be heavily dependent on agricultural land. In recent years, school districts with a large share of farm land have had less success passing capital referenda than those with less farm land. The school bond credit provides tax relief for owners of farm land in districts with bonded debt levies. It will also help school districts have more success in passing capital referenda to fund new schools or school renovations.

Effective Date: For taxes payable in 2018.

Payment; School Districts – School Bond Credit

First Special Session 2017, Chapter 1, Article 4, Section 3

Amends Minnesota Statues 2016, section 273.1392, as amended by Minnesota Laws 2017, Chapter 40, article 1, section 93.

This section provides for state payment of School Bond Credit reimbursements to school districts.

Effective Date: Taxes payable in 2018.

Computation of Net Property Taxes – School Bond Credit

First Special Session 2017, Chapter 1, Article 4, Section 4

Amends Minnesota Statues 2016, section 273.1393.

This section states that the School Bond Credit is included in the list of credits that are subtracted from gross taxes on a property in order to determine the net property taxes. The school bond credit is the seventh subtraction from the gross taxes.

Effective Date: Taxes payable in 2018.

School District Levies; Special Requirements – School Bond Credit

First Special Session 2017, Chapter 1, Article 4, Section 6

Amends Minnesota Statues 2016, section 275.07, subdivision 2.

This section defines which school district levies are considered debt service levies for the calculation of the new School Bond Credit.

Effective Date: Taxes payable in 2018.

Computation of Tax Rates – School Bond Credit

First Special Session 2017, Chapter 1, Article 4, Section 7

Amends Minnesota Statues 2016, section 275.08, subdivision 1b.

This section requires the county auditor to compute a school debt tax rate for each school district so that the school bond credit can be computed.

Effective Date: Taxes payable in 2018.

Homestead Property Tax Relief [Taconite Homestead Credit]

First Special Session 2017, Chapter 1, Article 18, Section 2

Amends Minnesota Statutes 2016, section 273.135, subdivision 1.

This amendment clarifies that the homestead statute under Minnesota Statutes, section 273.124, and the taconite credit statute under Minnesota Statutes, section 273.135, provide the same information.

History: Under the homestead statutes, if an assessor classifies a property as both homestead and non-homestead, taconite homestead credits apply to the value of both the homestead and the non-homestead portions. This information was only contained in the homestead statute. This technical change adds the information to the taconite credit statute for clarity.

Effective Date: The day following final enactment.

Taxing Authority and Levies

Truth in Taxation

Public Meeting Announcement

First Special Session 2017, Chapter 1, Article 15, Section 27

Amends Minnesota Statutes 2016, section 275.065, subdivision 1.

This section clarifies that at the meeting where a taxing authority (other than a town) adopts its proposed levy, it must announce the time and place of any subsequent regularly scheduled meeting at which the budget and levy will be discussed and at which the public will be allowed to speak.

Effective Date: The day following final enactment.

Levies

State General Levy - Freeze

First Special Session 2017, Chapter 1, Article 2, Section 14

Amends Minnesota Statutes, section 275.025, subdivision 1.

This section sets the state general levy for commercial-industrial property to $784,590,000 and seasonal-recreational property to $44,190,000. It removes the annual levy increases based on inflation..

History: The state general tax base amount was $592,000,000 when the levy was created for taxes payable 2002 and increased each year for inflation. The total levy had grown to $863,781,130 for taxes payable 2017.

Note: As of this writing, the freeze to the state's general property tax levy contained in this section is the subject of on-going negotiations. We will provide updates as appropriate.

Effective Date: Taxes payable in 2018.

State General Levy – Commercial Industrial Tax Capacity

First Special Session 2017, Chapter 1, Article 2, Section 15

Amends Minnesota Statutes, section 275.025, subdivision 2.

This section excludes from the state general levy the first $100,000 of commercial, industrial, and some utility market value of each parcel or group of contiguous parcels that is eligible for the first-tier classification rate.

History: The exclusion of the first $100,000 of market value provides tax relief to small businesses that own property. The state general levy was also reduced to minimize the tax shift implications of this exclusion.

Effective Date: Taxes payable in 2018.

State General Levy – Apportionment

First Special Session 2017, Chapter 1, Article 2, Section 16

Amends Minnesota Statutes, section 275.025, subdivision 4.

This section removes language that separates the state general levy into two levies apportioned at 95% commercial-industrial and 5% seasonal residential recreational tax capacity. The levy amounts were established under Article 2, Section 14.

Effective Date: Taxes payable in 2018.

Proposed Levies

First Special Session 2017, Chapter 1, Article 2, Section 18

Amends Minnesota Statutes, section 275.065, subdivision 1.

This section changes the date by which towns and special taxing districts must certify their proposed levy to the county auditor from September 15 to September 30. It also specifies that the Metropolitan Council and Metropolitan Mosquito Control District must certify their proposed levies by September 15.

History: In 2014, the due date for counties' and cities' proposed levies was changed from September 15 to September 30. This year's law adds towns and special taxing districts so that the due date for all taxing jurisdictions is the same for proposed levies, except the Metropolitan Council and Metropolitan Mosquito Control District.

Effective Date: Taxes payable in 2018.

Certified Levies

First Special Session 2017, Chapter 1, Article 2, Section 19

Amends Minnesota Statutes, section 275.07, subdivision 1.

This section changes the date by which towns must certify their proposed levy to the county auditor from September 15 to September 30. The date change corresponds with the date change for proposed levies in Article 2, section 18, since the proposed levy is the same as the certified levy for towns.

Effective Date: Taxes payable in 2018.

Recreation Levy for Sawyer – Carlton County

First Special Session 2017, Chapter 1, Article 2, Section 41

Amends Laws 1996, chapter 471, article 3, section 51

This section increases the amount that the Carlton County Board of Commissioners may levy in and for the unorganized township of Sawyer to $1,500 annually for recreational purposes.

Effective Date: For taxes payable in 2018 provided the Carlton County Board of Commissioners and its chief clerical officer timely complete their compliance with Minnesota Statutes 2016, section 645.021, subdivisions 2 and 3 (local approval and filing requirements).

Collection and Distribution

Collection

Proof of Timely Payment

First Special Session 2017, Chapter 1, Article 2, Section 20

Amends Minnesota Statutes 2016, section 276.017, subdivision 3.

This section clarifies that a postmark or registration mark from the U.S. Postal Service, as well as a delivery service's records, qualify as proof of timely mailing of property taxes. It also clarifies that proof cannot be established by an electronic stamp purchased online.

Note: To comply with this change, counties should track the postmark, registration mark, or date of delivery from a service for proof of timely or untimely payment in the event that a penalty is assessed and the property owner files an application for abatement of that penalty.

Effective Date: The day following final enactment.

Due Dates; Penalties

First Special Session 2017, Chapter 1, Article 2, Section 21

Amends Minnesota Statutes 2016, section 279.01, subdivision 1.

This section amends existing language for clarity and equalizes the penalties imposed for late payment of second-half property taxes for homestead and non-homestead property. Penalties for second-half payments will accrue as they do for first-half payments.

Property Type	October 16	November 1	December 1
Homestead	2%	4%	5%
Non-homestead	4%	8%	9%

Counties should refer to the property tax statement instructions and statement sample issued by the Department of Revenue for guidance before drafting the 2018 property tax statement.

Effective Date: Taxes payable in 2018.

Abatement of Penalty

First Special Session 2017, Chapter 1, Article 2, Section 22

Amends Minnesota Statutes, section 279.01, subdivision 2.

This section allows the county treasurer to abate the penalty for late payment of property taxes if the envelope containing the payment is postmarked within one business day of the due date. It clarifies that if the postmark on the envelope is missing or illegible, the property owner may provide an affidavit as proof of mailing. This abatement is granted only once per taxpayer.

History: This provision addresses changes in service by the U.S. Postal Service in certain parts of the state. Mail from individual postboxes is often brought to a centralized post office, which results in a separation in time between when an envelope is mailed and when the envelope is postmarked.

Note: This section should be interpreted in tandem with the provision regarding proof of timely payment (Article 2, Section 20 of this bill). To comply with this requirement, counties will need to implement a method to track:

- Taxpayers who have already used this one-time abatement (beginning with taxes payable 2018).
- Dates of the postmark, registration mark, or date of delivery for proof of timely or untimely payment.

Effective Date: Taxes payable in 2018.

Agricultural Property

First Special Session 2017, Chapter 1, Article 2, Section 23

Amends Minnesota Statutes 2016, section 279.01, subdivision 3.

This section changes the due date to November 15 for property taxes on rural vacant land (class 2b) that is part of an agricultural homestead (class 1b or 2a). This is the same due date as all other agricultural homestead property. The due date for all other 2b rural vacant land will remain October 15.

Penalties for late payment of taxes for agricultural property are the same as the penalties for nonagricultural property, as provided for in Article 2, Section 21 of this bill.

Property Type	November 16	December 1
Agricultural Homestead (Class 1b and 2a)	2%	4%
Rural vacant land that is part of an agricultural homestead (Class 2b)	2%	4%
Agricultural Non-homestead (Class 2a)	4%	8%

Note: Counties should refer to the property tax statement instructions and statement sample issued by the Department of Revenue for guidance before drafting the 2018 property tax statement.

History: This provision was implemented to simplify the payment process for property owners who own 2b rural vacant land that is part of their 1b or 2a agricultural homestead. Under current law, these parcels have separate due dates (November 15 and October 15).

Effective Date: The due date for the affected class 2b land is effective for taxes payable in 2019. The penalties for agricultural land are effective for taxes payable in 2018.

Appeals and Equalization

Appeals

Initial Report

First Special Session 2017, Chapter 1, Article 15, Section 10

Amends Minnesota Statutes 2016, section 270C.89, subdivision 1.

This section removes the requirement for County Boards of Appeal and Equalization to send their meeting minutes to the commissioner of revenue.

History: Before this amendment, County Boards of Appeal and Equalization were required to send meeting minutes to the commissioner of revenue within five days of the final board action. Beginning in 2017, the department may request county board minutes if it needs to review information beyond what is submitted in record forms.

Effective Date: Effective for County Board of Appeal and Equalization meetings held in 2017.

Ordinary Board; Meetings, Deadlines, Grievances

First Special Session 2017, Chapter 1, Article 15, Section 25

Amends Minnesota Statutes 2016, section 274.01, subdivision 1.

This section clarifies that the statute applies to Local Boards of Appeal and Equalization and not County Boards of Appeal and Equalization.

Effective Date: The day following final enactment.

Members; Meetings; Rules for Equalizing Assessments

First Special Session 2017, Chapter 1, Article 15, Section 26

Amends Minnesota Statutes 2016, section 274.13, subdivision 1, by adding clause (8).

This section states that County Boards of Appeal and Equalization (CBAEs) cannot make any valuation or classification changes to a property if the owner has refused the assessor access to the property for an inspection. This includes access to the exterior and/or interior of a property.

History: Before this amendment, only Local Boards of Appeal and Equalization (LBAEs) were restricted from changing value or classification for a property owner who refused the assessor access to the property. This change places the same restriction on CBAEs.

Effective Date: Effective for board of appeal and equalization meetings in 2018.

Proof of Compliance; Transfer of Duties – Local Boards of Appeal and Equalization

First Special Session 2017, Chapter 1, Article 20, Section 8

Amends Minnesota Statutes 2016, section 274.014, subdivision 3.

This section removes the requirement that all Local Boards of Appeal and Equalization (LBAEs) must provide proof of a trained member to the county assessor. LBAEs must still meet the training requirement by February 1 but they no longer have to submit a Trained Member Certification Form to the assessor.

The Department of Revenue maintains online attendance rosters that counties and boards may reference to verify if they have a trained member.

Under this section, an LBAE that does not meet the training requirement by February 1 must transfer its powers to the county for a minimum of two assessment years.

History: Before the amendment, LBAEs were required to certify to the county assessor that they had a trained member. Boards that did not send a Trained Member Certification Form to the assessor by February 1 lost their powers for the current assessment year.

This amendment removes the requirement for LBAEs to certify to the assessor, though they must still have a trained member by February 1 each year. Boards that do not meet the training requirement lose their powers for at least two years. This is consistent with what happens they do not have a trained member and/or quorum at the LBAE meeting.

Effective Date: Local board of appeal and equalization meetings held in 2018.

Proof of Compliance; Transfer of Duties – County Boards of Appeal and Equalization

First Special Session 2017, Chapter 1, Article 20, Section 9

Amends Minnesota Statutes 2016, section 274.135, subdivision 3.

This section removes the requirement that all County Boards of Appeal and Equalization (CBAEs) must provide proof of a trained member to the commissioner of revenue. CBAEs must still meet the training requirement by February 1 but they no longer have to submit a Trained Member Certification Form to the commissioner.

The Department of Revenue maintains online attendance rosters that counties and boards may reference to verify if they have a trained member.

Under this section, a CBAE that does not meet the training requirement by February 1 must transfer its powers to a Special Board of Appeal and Equalization for a minimum of two assessment years.

History: Before the amendment, CBAEs were required to certify to the commissioner of revenue that they had a trained member. Boards that did not send a Trained Member Certification Form to the commissioner by February 1 lost their powers for the current assessment year.

This amendment removes the requirement for CBAEs to certify to the commissioner, though they must still have a trained member by February 1 each year. Boards that do not meet this training requirement lose their powers for at least two years. This is consistent with what happens if they do not have a trained member and/or quorum at the CBAE meeting.

Effective Date: County Board of Appeal and Equalization meetings held in 2018.

Equalization

Reassessment Orders - State Board of Equalization

First Special Session 2017, Chapter 1, Article 15, Section 9

Amends Minnesota Statutes 2016, 270.12, by adding subdivision 6.

This section allows the State Board of Equalization to order a reassessment on all parcels, or an identified set of parcels, in a county. The county assessor is responsible for executing this order.

History: The State Board of Equalization must annually equalize assessments so that all taxable property in the state is assessed at its market value. Equalization generally occurs through a State Board order. If property data is unreliable, missing, or inconsistent, a reassessment of the property is more appropriate than a State Board order.

Effective Date: Assessment year 2018, taxes payable in 2019.

Delinquency and Forfeiture

Confession of Judgment Conditions

First Special Session 2017, Chapter 1, Article 2, Section 24

Amends Minnesota Statutes 2016, section 279.37, by adding subdivision 1b.

This section permits county auditors to offer financial literacy counseling as part of an agreement to enter into a confession of judgment. The counseling must be optional, not mandatory, and free to the taxpayer.

History: Literacy counseling will help customers who enter into a confession of judgment better understand their financial obligations and terms of the confession.

Effective Date: The day following final enactment.

Period of Redemption

First Special Session 2017, Chapter 1, Article 2, Section 25

Amends Minnesota Statutes 2016, section 281.17.

This section removes references to "targeted neighborhoods" and replaces it with "targeted communities."

This section also clarifies that:

- The property classification as of the assessment year of the judgment is used to determine the period of redemption
- Any change to the classification after the assessment year of the judgment does not effect on the period of redemption.

History: Before this amendment, the statute referenced both "targeted communities" and "targeted neighborhoods." This caused confusion since the redemption periods are different depending on whether a property fell within a "community" or "neighborhood."

Effective Date: For tax judgment sales after January 1, 2018.

Summons and Complaint – Period of Redemption

First Special Session 2017, Chapter 1, Article 2, Sections 26-27

Amends Minnesota Statutes 2016, section 281.173, subdivision 2.

The section allows a county to commence an action to reduce the period of redemption for abandoned property and vacant property.

History: Previously, only a city, housing and redevelopment authority, port authority, or economic development authority could commence such an action.

Effective Date: The day following final enactment.

Maintenance; Expenditure of Public Funds

First Special Session 2017, Chapter 1, Article 2, Section 28

Creates Minnesota Statutes 2017, section 281.231.

This section states that when a state, agency, political subdivision, or other entity becomes the owner or manager of a tax-forfeited property, they are not required to spend public funds to maintain servitudes, agreements, easements, or other encumbrances on the property as long as they give proper notice. The owner or manager can use public funds for maintenance, security, or management of the property if they choose.

Effective Date: The day following final enactment.

Limited Right of Entry

First Special Session 2017, Chapter 1, Article 2, Section 29

Creates Minnesota Statutes 2017, section 281.70.

This section allows, but does not require, the county auditor to protect and secure a vacant or unoccupied property from the elements, trespass, or other illegal activities.

This addresses nuisance properties early in the forfeiture process and may preserve the value of the property. Counties may add costs incurred to protect the premises to the delinquent taxes due.

Effective Date: The day following final enactment.

Sale; Method; Requirements; Effects

First Special Session 2017, Chapter 1, Article 2, Section 30

Amends Minnesota Statutes 2016, section 282.01, subdivision 4.

This section allows a county board to sell individual parcels through a real estate broker.

Effective Date: The day following final enactment.

Online Auction; List of Lands for Sale; Notice; Online Auctions Permitted

First Special Session 2017, Chapter 1, Article 2, Sections 31 and 34

Section 31 amends Minnesota Statutes 2016, section 282.01 by adding subdivision 13.

Section 34 amends Minnesota Statutes 2016, subdivision 282.02.

These sections allow the county auditor to sell tax-forfeited property through an online auction. If an auction takes place online, the county board must put the website and the date of the auction in the auction notice.

Effective Date: For sales on or after August 1, 2017.

Prohibited Purchasers

First Special Session 2017, Chapter 1, Article 2, Section 32

Amends Minnesota Statutes 2016, section 282.016.

This section gives the county board and/or county auditor the authority to exclude certain bidders and purchasers from purchasing tax-forfeited lands including a person who:

- has delinquent property taxes for other properties
- has had a rental license revoked in the last five years
- was a vendee on a canceled contract for a purchase of tax-forfeited property

This section also clarifies that a prohibited purchaser may not use another person to make a purchase.

Effective Date: The day following final enactment.

Land On or Adjacent to Public Waters

First Special Session 2017, Chapter 1, Article 2, Section 33

Amends Minnesota Statutes 2016, section 282.018, subdivision 1.

This section allows counties to sell non-conservation lands bordering 150 feet or more of public waters with approval from the commissioner of natural resources. Before selling the property under this new authority, the county board must give notice of its intent to meet for this purpose.

History: Before the amendment, special legislation was required if a county wanted to sell non-conservation land bordering 150 feet of more of public waters.

Effective Date: The day following final enactment.

Rights before Sale; Improvements, Insurance, Demolition

First Special Session 2017, Chapter 1, Article 2, Section 35

Amends Minnesota Statutes 2016, section 282.04, subdivision 2.

This section gives the county auditor (with approval from the county board) the right to sell or dispose of personal property found at a tax-forfeited property after the redemption period has expired and the related certificate is recorded.

The county auditor must make a reasonable effort to give the former owner at least 28 days notice of the sale or disposal of the personal property. If the items are not removed by the end of the notice period, the county auditor may contact a third party to properly remove or dispose of them.

Effective Date: The day following final enactment.

Repurchase Requirements; Forfeited Land List

First Special Session 2017, Chapter 1, Article 2, Sections 36-37

Section 36 amends Minnesota Statutes 2016, section 282.241, subdivision 1

Section 37 amends Minnesota Statutes 2016, section 282.322

These sections reduce the length of time that an owner may repurchase property that was non-homestead at the time of forfeiture from one year to six months. This reduces the time a property sits vacant and allows the county to sell the property sooner.

Effective Date: January 1, 2018.

Grounds – Recover Possession by Eviction

First Special Session 2017, Chapter 1, Article 2, Section 40

Amends Minnesota Statutes 2016, section 504B.285, subdivision 1.

This section authorizes the person who is entitled to the premises to recover possession of the premises by means of eviction after redemption period has expired on a real estate tax judgment sale.

Effective Date: The day following final enactment.

Repealer

First Special Session 2017, Chapter 1, Article 2, Section 43, paragraph (a)

Repeals Minnesota Statutes 2016, section 281.22.

This section repeals a previous notice requirement for parcels that were neither sold nor assigned to a purchaser by one year before the expiration of the redemption period.

Effective Date: The day following final enactment.

Conveyances to Public Entities

First Special Session 2017, Chapter 1, Article 15, Section 30

Amends Minnesota Statutes 2016, section 282.01, subdivision 1a.

This section allows a county board to sell tax-forfeited non-conservation lands to a state agency for any public purpose for which the agency is authorized to acquire property. The property may be sold by the county board for its market value, as determined by the county board. If the property is sold to a state agency, the property will be released from the trust in favor of the taxing districts and the commissioner of revenue will convey the property on behalf of the state to the agency by quitclaim deed.

Effective Date: The day following final enactment.

Conditional Use Deed

First Special Session 2017, Chapter 1, Article 15, Section 31

Amends Minnesota Statutes 2016, section 282.01, subdivision 1d.

This section clarifies that governmental subdivisions that fail to put land conveyed under a conditional use deed to its intended use and are interested in purchasing the property must first reconvey the property to the state before purchasing it. Once the land is reconveyed and the county auditor has submitted a proper application, the commissioner of revenue will convey the property by quitclaim deed, free of a use restriction and the possibility of reversion or defeasement.

History: Before the amendment, a governmental subdivision that does not put land conveyed for an authorized public use to that use within three years (or that abandons that use) must either purchase the land or convey the land back to the state. The reconveyance is necessary for the state to issue a purchase deed to the governmental subdivision.

Effective Date: The day following final enactment.

Tax-Forfeited Property – Contracts for Deed

First Special Session 2017, Chapter 1, Article 15, Section 35

Amends Minnesota Statutes 2016, section 559.202, subdivision 2.

This section provides that sales of tax-forfeited land that are purchased through a contract for deed are not subject to a five-day rescission period.

History: County boards have the option to make tax-forfeited lands available for purchase through a contract for deed. In 2013, legislation created the five-day rescission period, during which a contract can be cancelled and the parties are returned to the position they would have had if the contract had not been made. The legislation left open the question of whether purchases under a contract for deed at a tax-forfeited land sale were subject to the rescission period. This amendment eliminates that ambiguity.

Effective Date: Effective for sales of tax-forfeited land occurring after the day following final enactment.

Repealer

First Special Session 2017, Chapter 1, Article 15, Section 37, paragraph (a)

Repeals Minnesota Statutes 2016, section 281.22.

This section repeals an obsolete provision that provided a one-year notice period for the expiration of redemption for properties bid in for the state before 1935.

Effective Date: The day following final enactment.

Economic Development and Tax Increment Financing (TIF)

TIF – General Provisions

Economic Development District

First Special Session 2017, Chapter 1, Article 6, Section 1

Amends Minnesota Statutes 2016, section 469.174, subdivision 12.

This section amends the definition of "economic development (TIF) district" to include certain workforce housing projects authorized by Article 6, section 2 of this bill.

History: In certain locations around the state, there is a lack of affordable housing for employees. This provision encourages affordable housing.

Effective Date: For districts requesting certification after June 30, 2017.

Municipality Approval

First Special Session 2017, Chapter 1, Article 6, Section 2

Amends Minnesota Statutes 2016, section 469.175, subdivision 3.

This section outlines the findings a city must make in order to establish an economic development TIF district for workforce housing. Cities must establish all of the following, in writing:

- the city is located outside of the Twin Cities metro area
- the city intends to use increments to develop workforce housing in the city or surrounding area
- the average vacancy rate for rental housing in the municipality (and the cities within 15 miles) is a maximum of 3% for at least the two preceding years
- at least one business with at least 20 full-time employees located in the municipality (or within 15 miles) provides a written statement that the lack of available housing has made it difficult to hire employees

This section also provides a sunset date of June 30, 2027, for certification of this type of TIF district.

Effective Date: For districts requesting certification after June 30, 2017.

Economic Development Districts

First Special Session 2017, Chapter 1, Article 6, Section 3

Amends Minnesota Statutes 2016, section 469.176, subdivision 4c.

This section provides the authorization for increments generated from economic development districts to be used for workforce housing development projects. A project qualifies if it meets all of the following criteria:

- the county and school board approved the TIF plan
- the city made the requisite findings of fact to establish an economic development district for workforce housing
- increment is used exclusively for the following purposes:
    - acquiring property
    - construction of improvements
    - acquiring loans or subsidies, grants, interest rate subsides, public infrastructure, and related financial costs

Effective Date: For districts requesting certification after June 30, 2017.

Income Limits; Minnesota Housing Finance Agency Challenge Program

First Special Session 2017, Chapter 1, Article 6, Section 4

Amends Minnesota Statutes 2016, section 469.1761, adding subdivision 5.

This section authorizes higher income limitations under the Minnesota Housing Finance Agency (MHFA) challenge program for housing TIF districts if the project already receives an MHFA grant from the program.

History: Before the amendment, TIF law included income limitations on rental housing projects in housing TIF districts so that they met federal law limitations for tax credit and tax-exempt bond financed projects. Rental housing projects had to meet one of two tests:

- The 20-50 test requires 20% of the units to be occupied by tenants whose incomes are 50% less than either the state median income or the area's median income, whichever is greater.
- The 40-60 test requires 40% of the units to be occupies by tenants whose incomes are 60% less than either the state median income or the area's median income, whichever is greater. The income limitation is also based on family size.

The MHFA program uses a higher income limitation, meaning 80% of the units are occupied by tenants whose incomes are 50% less than either the state median income or the area's median income, whichever is greater. The program does not take family size into account.

Effective Date: For districts requesting certification after June 30, 2017.

Definitions - TIF Increment

First Special Session 2017, Chapter 1, Article 6, Section 5

Amends Minnesota Statutes 2016, section 469.1763, subdivision 1.

This section excludes increment that developers repay from the definition of increment under the five-year rule that limits spending increment and under the five-year pooling rule that limits the percentage of increment spent outside of a TIF district.

Effective Date: For districts requesting certification after the day following final enactment.

Expenditures Outside District

First Special Session 2017, Chapter 1, Article 6, Section 6

Amends Minnesota Statutes, section 469.1763, subdivision 2.

This section amends the reference to increments in the percentage pooling rule so it is consistent with the definition modification made in Article 6, section 5 of this bill.

Effective Date: The day following final enactment.

Five-Year Rule

First Special Session 2017, Chapter 1, Article 6, Section 7

Amends Minnesota Statutes, section 469.1763, subdivision 3.

This section amends the reference to increments in the five-year spending rule to be consistent with the definition modification made in Article 6, section 5 of this bill.

Effective Date: The day following final enactment.

Interfund Loans

First Special Session 2017, Chapter 1, Article 6, Section 8

Amends Minnesota Statutes, section 469.178, subdivision 7.

This section modifies the requirements for making and authorizing interfund loans.

- Loans may be made up to 60 days after the money has been transferred or spent, whichever is earlier.
- Resolutions may be passed before a TIF plan is approved.
- Loan terms may be rewritten after the loan has been made so long as it is done before the district is decertified.
- Cities must include the amount of interfund loans made and any amended loan terms in its annual report to the state auditor.

Effective Date: The day following final enactment.

TIF – Specific Districts

Amendments to Existing TIF Districts

First Special Session 2017, Chapter 1, Article 6, Sections 9-24

These sections amend the following districts:

- **Burnsvillle (Minnesota River Quadrant)** – allows economic development districts to be established, extends the four-year knockdown rule to nine years, and extending the deadline for plan approval.
- **Seaway Port Authority (Duluth)** – adds parcels to the district area and authorizes the use of interfund loans before the TIF plan's approval.
- **Edina (Southeast Edina Redevelopment Project Area)** – extends the deadline for district approval.
- **Maple Grove** – allows money from soils deficiency districts to be used for land acquisition and infrastructure outside of the district that generated the increment.
- **Anoka (Greens of Anoka)** – extends the five-year rule to eight years.
- **Coon Rapids (District 6-1) –** grants a five- year extension to the duration of the district.
- **Cottage Grove (Gateway North) –** extends the five-year rule to 10 years.
- **Edina (Special Law approval) –** extends the deadline for the city to file its certificate of approval and validates all actions taken before the filing of the certificate.
- **Moorhead (1st Ave North) -** extends the five-year rule to eight years.
- **Richfield (Cedar Avenue) –** extends the duration of the district by 10 years.
- **Richfield (Lyndale Gardens) -** extends the five-year rule to seven years.
- **South St. Paul (4th Ave Village) –** allows retroactive approval of an interfund loan agreement for the district.
- **St. Louis Park (Elmwood Village) –** increasing the pooling percentage permitted for the district to 30%.
- **St. Paul (Ford Site) –** allowing the city to delay receipt of increment up to taxes payable in 2023.
- **Washington County (Newport) –** authorizing the creation of a TIF district in the city of Newport.
- **Wayzata (Widsten) –** exempting the district from the five-year spending limitation.

Payment in Lieu of Taxes (PILT)

PILT – Payment Rate Increase

First Special Session 2017, Chapter 1, Article 4, Section 22

Amends Minnesota Statutes 2016, section 477A.12, subdivision 1.

This section increases the payment in lieu of taxes rate for county-administered other natural resources land (tax-forfeited land) and Department of Natural Resources-administered other natural resources land (for example, school trust land) from $1.50 per acre to $2 per acre.

Effective Date: Payments made in 2018.

PILT – Lake Vermillion-Soudan Underground State Park; Annual Payments

First Special Session 2017, Chapter 1, Article 4, Section 23

Amends Minnesota Statutes 2016, section 477A.17.

This section provides that the appraised value of state-owned land within in the Lake Vermilion-Soudan Underground State Park cannot be reduced below the 2010 appraised value of the land.

History: Land that qualifies for PILT is assessed every six years by the counties. The amount of PILT for this land is 1.5% of the appraised value.

Effective Date: Aids payable in 2017.

Sustainable Forest Incentive Act (SFIA)

Purpose and Application

First Special Session 2017, Chapter 1, Article 10, Sections 1- 2

Amends Minnesota Statutes 2016, section 290C.01 and section 290C.02, subdivision 1.

These sections amend the SFIA purpose to emphasize the economic and ecological benefits of the program and extend the applicability of the definitions to include new sections added to the SFIA chapter.

Effective Date: The day following final enactment.

Claimant

First Special Session 2017, Chapter 1, Article 10, Section 3

Amends Minnesota Statutes 2016, section 290C.02, subdivision 3.

This section changes the due date for the SFIA certification form from August 15 to July 1 and moves a provision regarding the transfer of ownership to the new section 290C.101. Moving up the certification date to July 1 allows more time for administering other SFIA changes, such as verification that will be done by the Department of Natural Resources.

Effective Date: Certifications and applications due in 2018.

Forest Land

First Special Session 2017, Chapter 1, Article 10, Section 4

Amends Minnesota Statutes 2016, section 290C.02, subdivision 6.

This section removes the restriction on land exceeding 60,000 acres that is subject to a single conservation easement from participating in the SFIA program and allows land with a paved trail under an easement, lease, or license to the state to qualify as forest land.

Effective Date: Applications made in 2018. Retroactively for payments due under Minnesota Statutes, section 290C.08, beginning for payments to be made in 2014. To qualify for retroactive payments, all of the following requirements must be met:

- The land is subject to a single conservation easement funded under Minnesota Statutes, section 97A.056, or a comparable permanent easement conveyed to a government or nonprofit entity.
- The owner of land must apply to the commissioner of revenue to participate in SFIA. To be approved, the application must establish that the affected property and its use meet the requirement of Minnesota Statutes, Chapter 290C, as amended by this section.
- The owner and each county in which the land is located must certify to the commissioner that no petitions challenging the market value of the property are pending under Minnesota Statutes, Chapter 278.
- The above requirements must be satisfied by October 1, 2017. No interest accrues on payment under this section for periods before November 1, 2017.

Eligibility Requirements

First Special Session 2017, Chapter 1, Article 10, Section 5

Amends Minnesota Statutes 2016, section 290C.03.

This section makes multiple changes to the SFIA program eligibility requirements.

- Requires land subject to a conservation easement to allow year-round public access. This is the same requirement that land owners with 1,920 acres or more enrolled in SFIA are required to meet.
- All forest management plans must be registered with the Department of Natural Resources.
- Clarifies that no portion of the parcel can be classified as 2c Managed Forest Land.
- Clarifies that the Department of Natural Resources is to provide a list of registered forest management plans to the county assessor.
- Requires a minimum of three acres be excluded from enrolled SFIA land when the land is improved with a structure that is not a minor, ancillary, and nonresidential structure.
- Clarifies that an entire tax parcel is not eligible to be enrolled in the SFIA program if the land is enrolled in Green Acres, the Metropolitan Agricultural Preserves program, or a state or federal conservation reserve or easement program.

History: These are technical amendments that clarify the SFIA program.

Effective Date: Certifications and applications due in 2018.

Applications

First Special Session 2017, Chapter 1, Article 10, Section 6

Amends Minnesota Statutes 2016, section 290C.04.

This section makes multiple changes to the SFIA program's application.

- Changes the application due date from September 30 to October 31.
- The application requires a forest management plan registration number.
- The commissioner of natural resources must record the area eligible for enrollment into SFIA as electronic geospatial data (geographic information systems, or GIS data).
- The commissioner of revenue must provide the claimant's application to the commissioner of natural resources within 30 days of receiving the application or by October 1, whichever is sooner. Within 30 days of receiving the application, the commissioner of natural resources must notify the commissioner of revenue whether the applicant qualifies for enrollment and, if so, provide the number of qualifying acres per tax parcel.

History: Before the amendment, the application due date was September 30. The Department of Natural Resources (DNR) was not required to review or approve applications, and the forest management plans were not required to be registered with the DNR. These amendments allow for the time needed to review and approve applications and to register forest management plans.

Effective Date: Certifications and applications due in 2018.

Annual Certification and Monitoring

First Special Session 2017, Chapter 1, Article 10, Section 7

Amends Minnesota Statutes 2016, section 290C.05.

This section amends two due dates related to the annual certification form.

- The commissioner of revenue can mail certification forms through May 15 of each year, instead of July 1.
- The land owner, or person designated by the owner, can sign and return the certification form to the commissioner of revenue through July 1 of the same year, instead of August 15.

In addition to the certification form, land owners will submit a report describing the management practices carried out on the enrolled property during the prior year. The commissioner of revenue will provide the certification forms and annual reports to the commissioner of natural resources by August 1.

This section also requires the commissioner of natural resources to conduct annual monitoring on 10% of claimants each year.

History: The amended dates allow time for the departments of Revenue and Natural Resources to meet additional program review requirements

Effective Date: Certifications and applications due in 2018. The Department of Natural Resources monitoring is effective July 1, 2019.

Length of Covenant

First Special Session 2017, Chapter 1, Article 10, Section 8

Amends Minnesota Statutes 2016, section 290C.055.

This section adds two additional covenant length options to the SFIA program. Landowners can choose to enroll their land under a covenant with a minimum duration of 8 years, 20 years, or 50 years. If the landowner wants to be removed from the program, they must wait to request removal until one-half of the number of years of the covenant has passed (4 years, 10 years, and 25 years). Covenant lengths determine the payment amounts as described in Article 10, Section 9.

This section also adds the conditions for terminating the covenant if executive action causes a reduction to the payment amount. In this circumstance, a claimant may request to be removed from the program immediately

History: Before the amendment, all covenants were for a minimum of 8 years. Allowing longer covenant lengths for a greater payment amount supports the intended goal of long-term forest preservation.

Before the amendment, an SFIA covenant bound the land to enrollment in the program unless there were legislative changes to the payment formula that reduced payments. After the amendment, the covenant can also be released immediately due to executive action that limits or reduces the payment.

Effective Date: Certifications and applications due in 2018.

Calculation of Incentive Payment

First Special Session 2017, Chapter 1, Article 10, Section 9

Amends Minnesota Statutes 2016, section 290C.07.

This section changes the SFIA payment formula.

1. The annual payment for each acre of land enrolled in the program is determined by estimating a percentage of property tax that would have been paid per acre by using the previous year's statewide average total tax for all taxes levied within townships or unorganized territories, the estimated market value per acre for class 2c managed forest lands, and a class rate of 1%.

   The payment rate that a land owner will receive depends on the covenant length selected as follows:

   - Enrolled land that is subject to a conservation easement conveyed to a governmental or nonprofit entity before May 31, 2013, must have an 8-year covenant and receives 25% of the calculated amount.
   - Enrolled land that is not subject to a conservation easement and under an 8-year covenant receives 65% of the calculated amount.
   - Enrolled land that is not subject to a conservation easement and under a 20-year covenant receives 90% of the calculated amount.

- Enrolled land that is not subject to a conservation easement and under a 50-year covenant receives 115% of the calculated amount.

2. The payment rate cannot increase or decrease by more than 10% from the previous year. The payment rate also cannot be less than the rate received by landowners in 2017 ($7 per acre). These payment restrictions do not apply if an eligible claimant chooses to change the length of the covenant by May 15, 2019 (in that case, the new payment amount would apply).
3. An additional payment is provided for claimants enrolling more than 1,920 acres where public access is allowed. The additional payment rate is equal to 25% of the calculated payment. Lands over 1,920 acres that are subject to a conservation easement funded under section 97A.056 or permanent easement conveyed to a governmental or nonprofit entity are excluded from receiving this additional payment.

History: The SFIA payment rate has fluctuated. In the beginning years of the SFIA program, the payment was based on a calculation formula that used stumpage prices, tree growth rates, and the value of timber lands. In 2011, the calculation formula was changed to a flat payment of $7.00 per acre.

Effective Date: Calculations made in 2018.

Annual Payment

First Special Session 2017, Chapter 1, Article 10, Section 10

Amends Minnesota Statutes 2016, section 290C.08, subdivision 1.

This section requires the commissioner of natural resources to certify the lands eligible to receive SFIA payments to the commissioner of revenue by September 15 of each year.

History: Before the amendment, certification forms were due August 15 and the Department of Natural Resources did not certify eligibility.

Effective Date: Certifications and applications due in 2018.

Withdrawal Procedures

First Special Session 2017, Chapter 1, Article 10, Section 11

Amends Minnesota Statutes 2016, section 290C.10.

This section addresses new procedures for withdrawal from the program. Landowners that want to withdraw must follow these procedures:

- If the landowner requests to be removed from the program, they must wait to request removal until one-half of the number of years of the covenant has been met (four years, 10 years, or 25 years).
- If a government entity or nonprofit acquires a permanent conservation easement on the enrolled property and the easement is at least as restrictive as the current covenant, the commissioner of natural resources must notify the commissioner of revenue that the lands acquired are eligible for early withdrawal from the program without penalty.
- Upon request of the claimant, land that is subject to fee or easement acquisition or leased to the state of Minnesota or a political subdivision of the state for the public purpose of a paved trail can be withdrawn early from the program without penalty.

Effective Date: The conditions for early withdrawal of lands with a conservation easement or paved trail are effective the day following final enactment. The other changes are effective for notifications made in 2018.

Transfer of Ownership

First Special Session 2017, Chapter 1, Article 10, Section 12

Creates Minnesota Statutes 2017, section 290C.101.

This new section outlines the steps for notification when SFIA land is sold or transferred.

A seller of land enrolled in SFIA must notify the commissioner of revenue within 60 days of the transfer of title to the property. The seller must provide the legal description of the property, parcel IDs, and the name and address of the new owner.

The commissioner of revenue must notify the new owner of the restrictions of the covenant, the withdrawal procedures, and application process for the program. The new owner must submit a new application and register a new forest management plan with the commissioner of natural resources within two years of the property transfer. The commissioner of revenue will terminate enrollment if the new owner does not register their forest management plan within two years. In this case, the normal time period for covenant release still applies (8-, 20-, or 50-year total covenant length).

History: The reporting requirements ensure that the department can provide the new owner with information about covenant requirements and eligibility for payment.

Effective Date: June 30, 2017.

Penalties for Removal

First Special Session 2017, Chapter 1, Article 10, Section 13

Amends Minnesota Statutes 2016, section 290C.11.

This section modifies the penalties for violations of SFIA eligibility requirements.

- If the current owner of the enrolled land is in violation of the program, the commissioner of revenue must notify the current owner of the intent to remove the violating tax parcel from the program.
- If the land is in violation of the program due to construction or addition of an improvement to the property, the property owner is liable for the penalty applied by the commissioner of revenue.
    - The penalty for violation is the lesser of payments received over half the duration of the covenant, or payments received over the total years enrolled. Interest will be applied.
    - In addition, the land and improvement will be reclassified by the assessor and the land owner will be penalized 25% of the new estimated market value of the property.
- If the commissioner of natural resources determines that the enrolled land is used for purposes other than forestry purposes, the commissioner of natural resources will notify the commissioner of revenue that the parcel is in violation.
    - The penalty for violation is the lesser of payments received over half the duration of the covenant, or payments received over the total years enrolled.
    - Interest will be applied, plus a penalty of 30% of the reclassified estimated market value.

History: Before the amendment, there were no provisions for violations of covenants or penalties.

Effective Date: Certifications and applications due in 2018.

Determination of Appeal

First Special Session 2017, Chapter 1, Article 10, Section 14

Amends Minnesota Statutes 2016, section 290C.13, subdivision 6.

This section requires the commissioner of revenue to consult with the commissioner of natural resources when an appeal relates to the use of the property and for appeals related to forest management plans.

Effective Date: The day following final enactment.

Sustainable Forest Incentive Act; Transition Provision

First Special Session 2017, Chapter 1, Article 10, Section 15

Uncodified provision.

This section provides deadlines for landowners to transition to the new law changes:

- By July 1, 2018, landowners may elect to withdraw land subject to a conservation easement from the program without penalty, provided the total acreage of the land withdrawn is 1,920 acres or less.
- By May 15, 2019, landowners enrolled in the program by December 31, 2017 may elect to change the length of their covenant without penalty.
- By July 1, 2019, landowners must comply with all changes.

Effective Date: The day following final enactment.

Sustainable Forest Incentive Act; Administrative Appropriation

First Special Session 2017, Chapter 1, Article 10, Section 16

Uncodified provision.

This section appropriates $215,000 in fiscal year 2018 and $312,000 in fiscal year 2019 to the commissioner of natural resources for administering the new SFIA changes. For fiscal years 2020 and 2021, $312,000 will be added to the base budget for the Department of Natural Resources.

Effective Date: The day following final enactment.

Repealer

First Special Session 2017, Chapter 1, Article 10, Section 17

Repeals Minnesota Statutes 2016, section 290C.02, subdivisions 5 and 9

This section repeals definitions that were used to calculate the SFIA payment before the payment was set at $7 per acre in 2011. These definitions are no longer needed to calculate a per-acre payment.

Effective Date: The day following final enactment.

Miscellaneous

Transfer for Divided Lands Restriction Rules Modified

First Special Session 2017, Chapter 1, Article 2, Section 8

Amends Minnesota Statutes 2016, section 272.162.

This provision allows counties to exercise the same authority as municipalities regarding land transfers or divisions. It allows a county to review documents relating to land transfers or divisions for conformity with the county's land use regulations before the county auditor transfers or divides the land or its net tax capacity.

To assume these powers, the county government must file a certified copy of an affirmative county resolution with the county auditor and recorder.

Effective Date: The day following final enactment.

Report on Rent Constituting Property Taxes

First Special Session 2017, Chapter 1, Article 4, Section 30

Uncodified provision.

This section requires the commissioner of revenue to report to the Legislature the percentage of rent constituting property taxes used in determining the renter property tax refund. The reported estimates will be based on property taxes attributable to rental units for which renters submitted claims for the renter property tax refund based on rent paid in 2016 as reported on the Certificate of Rent Paid (CRP).

The estimates must be reported for the following geographic regions:

- The city of Minneapolis
- The city of St. Paul
- The counties of Anoka, Dakota, Hennepin (excluding the city of Minneapolis), and Ramsey (excluding the city of St. Paul)
- The remainder of the state

The report is due by March 1, 2018.

History: The percentage of rent constituting property taxes used in determining the renter property tax refund has been set by law at 17% since 2011. Since 1975 this percentage has ranged from 15% to 23%, except for a period from 1983 to 1996 when the actual percentage of rent constituting property taxes was calculated for each rental unit.

Effective Date: The day following final enactment.

Transmission of Annexation Orders

First Special Session 2017, Chapter 1, Article 18, Section 3

Amends Minnesota Statutes 2016, section 414.09, subdivision 2.

This section removes the requirement that the chief administrative law judge send a copy of each annexation order to the Department of Revenue. Annexation orders are available online.

Effective Date: The day following final enactment.

Certificate of Real Estate Value

First Special Session 2017, Chapter 1, Article 20, Section 4

Amends Minnesota Statute 2016, section 272.115, subdivision 3.

This section removes the requirement that Department of Revenue provide paper certificate of real estate values (CRV) forms to the county.

History: Before the statewide implementation of eCRV (electronic certificate of real estate value), Minnesota Statutes, section 272.115 required the department to provide counties with a paper CRV form. After implementation of eCRV in 2014, no physical copies exist. CRV information is processed and retained electronically.

Effective Date: CRVs filed after December 31, 2017.

Certificate of Real Estate Value, Deed Fulfillment of Contract for Deed

[*Summary revised July 20, 2017*]
Regular Session 2017, Chapter 16, Section 2

Amends Minnesota Statutes 2016, section 272.115, adding subdivision 7.

This amendment removes the requirement for filing a certificate of real estate value when a transfer is made by a deed in fulfillment of a recorded contract for deed. The deed must include the recorded contract for deed by document number or by book, page, and consideration paid. For administrative purposes, the department advises that this section be applied to deeds presented for recording on or after April 22, 2017.

History: Previously, Minnesota Statutes, section 272.115 required a certificate of real estate value to be filed both at the initiation and the transfer of deed at the fulfillment of a contract for deed.

Effective Date: The day following final enactment.

Training and Education of Property Tax Personnel

First Special Session 2017, Chapter 1, Article 20, Section 5

Amends Minnesota Statutes 2016, section 273.0755.

This section allows the commissioner of revenue to require local officials who perform property tax administration functions to take property tax training, if the commissioner determines that they have not been performing those functions in a uniform or equitable manner.

The commissioner may require up to 2 hours of training for members of a local or county board of appeal and equalization, and up to 32 hours for other officials.

This section also provides that certifications in sales ratio, tax calculation, and abstracts of assessment expire after four years.

History: Before the amendment, the commissioner could not require training to ensure property tax administrators have the knowledge they need to correct practices and policies.

Effective Date: The day following final enactment.

Classification Rate Tables

Classification Rates - 2017 Assessment				
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	Blind/Disabled Homestead	First $50,000	0.45%	N/A
1c	Ma & Pa Resort	First $600,000	0.50%	N/A
		$600,000 - $2,300,000	1.00%	N/A
		Over $2,300,000	1.25%	1.25%
1d	Mirgrant Housing	First $500,000	1.00%	N/A
		Over $500,000	1.25%	N/A
2a	Agricultural Homestead - House, Garage, 1 Acre (HGA)	First $500,000	1.00%	N/A
		Over $500,000	1.25%	N/A
2a/2b	Agricultural Homestead - First Tier	First $1,940,000	0.50%	N/A
2a/2b	Farm Entities Excess First Tier	Unused First Tier	0.50%	N/A
2a	Agricultural - Nonhomestead 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	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 Nonhomestead 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	Residential Non-Homestead Single Unit; incl. on ag land	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(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 (cabin)	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 $121,000	0.75%	N/A
		Over $121,000	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

Classification Rates - 2018 Assessment

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	Blind/Disabled Homestead	First $50,000	0.45%	N/A
	[classified as 1a or 2a]	$50,000 - $500,000	1.00%	N/A
	[classified as 1a or 2a]	Over $500,000	1.25%	N/A
1c	Ma & Pa Resort	First $600,000	0.50%	N/A
		$600,000 - $2,300,000	1.00%	N/A
		Over $2,300,000	1.25%	1.25%
1d	Mirgrant Housing	First $500,000	1.00%	N/A
		Over $500,000	1.25%	N/A
2a	Agricultural Homestead - House, Garage, 1 Acre (HGA)	First $500,000	1.00%	N/A
		Over $500,000	1.25%	N/A
2a/2b	Agricultural Homestead - First Tier	*** TBD - 2018 ***	0.50%	N/A
2a/2b	Farm Entities Excess First Tier	Unused First Tier	0.50%	N/A
2a	Agricultural - Nonhomestead 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 (*not including utility machinery*)	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 Nonhomestead 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)	Agricultrual 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)	*** TBD - 2018 ***	0.75%	N/A
		*** TBD - 2018 ***	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