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# Property Tax Law Summary

## 2021

A summary of laws enacted during the 2021 sessions that impact property tax  
administration statewide

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**Date:** July 28, 2021  
**To:** All Property Tax Administrators  
**From:** Jon Klockziem, Director – Property Tax Division

## 2021 Property Tax Law Summary

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We are pleased to provide this summary of property tax-related law changes enacted during the 2021 special session of the Minnesota Legislature. The tax omnibus bill was signed into law on July 1, 2021. Additional property tax related provisions were included in the commerce omnibus bill, housing omnibus bill, and the pensions omnibus bill, which was passed during the regular session.

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 2021 property tax legislative changes?**

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

### **What if I have questions?**

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

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## **Acknowledgements**

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

# Assessment

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## General Provisions

### State Board of Assessors Reports

#### First Special Session 2021, Chapter 14, Article 13, Section 1

Amends Minnesota Statutes 2020, section 270.41, subdivision 3a.

This section combines separate Board of Assessor reports to the governor and the legislature into one report containing the same information currently required under law. The report will be issued by October 1 of each even-numbered year and will be delivered to both the governor and the legislature, ensuring that they will receive the same information at the same time. The next report will be issued by October 1, 2022.

*History:* Prior to this change, the Board of Assessors was required to submit two separate but nearly identical reports each biennium: one to the governor and one to the legislature.

**Effective Date:** Effective for reports issued in 2022 and thereafter.

### State Board of Assessors Fees

#### First Special Session 2021, Chapter 14, Article 13, Section 2

Amends Minnesota Statutes 2020, section 270.44.

This section removes the fee for record retention by the Board of Assessors.

*History:* Prior to 2019, assessors had to pay to have their records retained, which often happened if an individual left the assessing field but wanted to leave open the option of returning in the future. In 2019, changes to Minnesota Rules were adopted and records became electronic and maintained indefinitely, with no further need for a fee.

**Effective Date:** Effective the day following final enactment.

### Assessor Powers and Duties

#### First Special Session 2021, Chapter 14, Article 13, Section 6

Amends Minnesota Statutes 2020, section 273.063.

This section clarifies that the “powers and duties” performed by a city assessor in a county with a city of the first class are the powers and duties identified in Minnesota Statutes section 273.061, subdivision 8.

**Effective Date:** Effective the day following final enactment.

### Training and Education of Property Tax Personnel

#### First Special Session 2021, Chapter 14, Article 13, Section 7

Amends Minnesota Statutes 2020, section 273.0755.

This section specifies that licensed assessors must complete 30 hours of education sponsored by the Department of Revenue on Minnesota laws, assessment administration, and administrative procedures, which may be spread out over every four-year licensing cycle, rather than mandating completion of a single weeklong course on these topics.

*History:* Prior to the change, Accredited Minnesota Assessors (AMAs) and Senior Accredited Minnesota Assessors (SAMAs) were required to attend one weeklong course on Minnesota Laws known as PACE every four-year licensing cycle. The change provides flexibility to assessors while maintaining the same level of required training.

**Effective Date:** Effective retroactively for the four-year licensing period starting on July 1, 2020, and thereafter.

## Classification

### **Class 4d (Low-Income Rental Housing) Tier Limit Decreased** **First Special Session 2021, Chapter 14, Article 6, Section 7**

Amends Minnesota Statutes 2020, section 273.13, subdivision 25.

This section reduces the first-tier limit of qualifying market value for each unit of class 4d property to \$100,000 for assessment years 2022 and 2023. The class rate is 0.75% for the first \$100,000 and is reduced to 0.25% on the value exceeding that first tier for each unit.

The tier limit will be annually adjusted based on statute beginning with assessment year 2024.

*History:* Previously, the first-tier limit (class rate of 0.75) for each unit of class 4d low-income rental housing started at \$100,000 for the assessment year 2014 and has been increasing each year. The tier limit was annually adjusted by using the average statewide change in estimated market value of property classified as class 4a and 4d for the previous assessment year, excluding valuation change due to new construction. For assessment year 2021, the limit was \$174,000.

**Effective Date:** Effective for assessment year 2022 and 2023 only.

### **4d Affordable Housing Programs Report** **First Special Session 2021, Chapter 14, Article 6, Section 19**

Uncodified provision

This section requires the Department of Revenue, in consultation with the Minnesota Housing Finance Agency and working with data provided by counties, to produce a report on Class 4d – Low Income property and local 4d affordable housing programs across the state. Counties will be required to provide 4d specific data to the department by November 1, 2021, at the latest.

Some of the data counties will need to provide may include the number of:

- Units classified as 4d in each property
- Units not classified as 4d in each property
- 4d properties located within tax increment financing districts
- 4d units whose value qualifies for the second tier in each year since 2019

The report is due to the Legislature by January 15, 2022.

**Effective Date:** Effective the day following final enactment.

## Exemptions

### **Certain property owned by an Indian Tribe** **First Special Session 2021, Chapter 14, Article 6, Section 2**

Amends Minnesota Statutes 2020, section 272.02, by adding subdivision 104.

This section exempts specific parcels owned by an Indian Tribe in Cass County if both of the following apply:

- The parcels were erroneously treated as exempt under Minnesota Statutes section 272.02, subdivision 7, for assessment year 2018
- The parcels continue to be used for the same purpose as they were used for during assessment year 2018

For assessment year 2021 only, the property owners must file an exempt application by August 1, 2021. For assessment year 2022 and thereafter, the February 1 application deadline applies.

Additionally, the property owner may apply to the county for a refund of state general tax paid in 2020 and 2021. The county auditor will certify the refund amount needed, which the commissioner will pay to the county.

**Effective Date:** The exemption is effective beginning with assessment year 2021, taxes payable 2022 and thereafter. The payback is effective the day following final enactment.

## Homesteads and Special Programs

### **Agricultural Relative Homestead – Qualifying Relatives Added**

#### **First Special Session 2021, Chapter 14, Article 6, Section 3**

Amends Minnesota Statutes 2020, section 273.124, subdivision 1.

This section adds grandparent, stepparent, stepchild, uncle, aunt, nephew, and niece as qualifying relatives for occupied agricultural relative homestead. This change makes the qualifying relatives the same for residential and occupied agricultural relative homestead.

*History:* Prior to this change the qualifying relatives for occupied agricultural homestead were more restrictive than for residential relative homestead.

**Effective Date:** Effective for assessment 2021, taxes payable 2022

### **Homestead – Ownership, Occupancy, and Application Deadline Modification**

#### **First Special Session 2021, Chapter 14, Article 6, Section 4 and 5**

Section 4 amends Minnesota Statutes 2020, section 273.124, subdivision 9.

Section 5 amends Minnesota Statutes 2020, section 273.124, subdivision 13.

This section extends the occupancy and application deadline for homesteads established after the assessment date to December 31.

*History:* Prior to this change, the property must have been owned and occupied by December 1 and the deadline for a homestead application was December 15.

**Effective Date:** Effective for applications in 2021, taxes payable in 2022, and thereafter.

### **Homestead of a Veteran with a Disability or Family Caregiver - Application Deadline Modification**

#### **First Special Session 2021, Chapter 14, Article 6, Section 8**

Amends Minnesota Statutes 2020, section 273.13, subdivision 34

This section extends the Veteran with a Disability Market Value Exclusion application deadline to December 31.

*History:* Prior to this change the deadline for a qualifying veteran or family caregiver was December 15.

**Effective Date:** Effective for applications in 2021, taxes payable in 2022, and thereafter.

## State Assessed Properties

### Minnesota Energy Transition Office

#### First Special Session 2021, Chapter 4, Article 8, Sections 6

Creates Minnesota Statutes 2021, section 116J.5491.

This section establishes the Energy Transition Office in the Department of Employment and Economic Development. The purpose of the office is to:

- Address economic dislocations experienced by impacted workers after a utility retires an electric generating unit powered by coal, nuclear energy, or natural gas
- Implement recommendations of the Minnesota energy transition plan
- Improve communication among local, state, federal, and private entities regarding power plant retirement planning and implementation
- Address local tax and fiscal issues related to the power plant's retirement and develop strategies to reduce the resulting economic dislocation experienced by impacted communities and workers
- Assist the establishment and implementation of economic support programs for impacted communities and workers

**Effective Date:** This section is effective July 1, 2021, and it expires five years after the date the last impacted facility in Minnesota ceases operations.

### Minnesota Energy Transition Advisory Committee

#### First Special Session 2021, Chapter 4, Article 8, Section 7

Creates Minnesota Statutes 2021, section 116J.5492.

This section establishes the Energy Transition Advisory Committee to develop a statewide energy transition plan and to advise the governor, the commissioner, and the legislature on transition issues, established transition programs, economic initiatives, and transition policy. The advisory committee will consist of 18 voting members and eight ex officio nonvoting members. The commissioner of revenue or the commissioner's designee will be an ex officio nonvoting member.

**Effective Date:** This section is effective July 1, 2021, and expires the day after the Minnesota Energy Transition Plan required under section 116J.5493 is submitted to the legislature and the governor.

### Minnesota Energy Transition Plan

#### First Special Session 2021, Chapter 4, Article 8, Sections 8

Creates Minnesota Statutes 2021, section 116J.5493.

This section requires that the Energy Transition Advisory Committee established in section 116J.5492 submit a statewide energy transition plan to the governor and the chairs and ranking minority members of the legislative committees having jurisdiction over economic development and energy by July 1, 2022.

**Effective Date:** This section is effective the day following final enactment.

### Review of Utility and Pipeline Valuation Process

#### First Special Session 2021, Chapter 14, Article 6, Section 20

Uncodified provision.

This section requires the commissioner of revenue to initiate a review of the framework for valuations of the properties belonging to:

- Pipeline companies and others engaged in transporting products by pipelines
- Gas and water companies
- Electric light and power companies



- Companies supplying electric power

The review also includes the methodology for valuations prescribed in Minnesota Rules, chapter 8100.

**Effective Date:** This section is effective the day following final enactment.

## Definitions

### First Special Session 2021, Chapter 14, Article 13, Sections 3 and 4

Section 3 amends Minnesota Statutes 2020, section 272.029, subdivision 2.

Section 4 amends Minnesota Statutes 2020, section 272.0295, subdivision 2.

These sections clarify that the construction date of a wind energy conversion system or a solar energy generating system is not altered if the system is replaced, repaired, or otherwise maintained or altered.

**Effective Date:** Effective the day following final enactment.

## Notification of Tax – Clerical Errors

### First Special Session 2021, Chapter 14, Article 13, Section 5

Amends Minnesota Statutes 2020, section 272.0295, subdivision 5.

This section allows the commissioner to correct clerical errors until December 31.

*History:* Prior to the change, if a clerical error was identified after April 1, it could not be corrected.

**Effective Date:** Effective the day following final enactment.

# Property Tax Aids and Credits

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## County Aid

### County Program Aid; Transfer to Board of Public Defenders

#### First Special Session 2021, Chapter 11, Article 3, Section 26

#### First Special Session 2021, Chapter 14, Article 7, Section 1

Amends Minnesota Statutes 2020, section 477A.03, subdivision 2b.

This section changes the amount of County Program Aid for public defense costs to be transferred to the Board of Public Defense rather than being retained by the commissioner of revenue for reimbursements to Minnesota Management and Budget. The provisions in each chapter are nearly identical, with a minor style difference in capitalization and where one refers to "service" and the other "services."

**Effective Date:** Effective July 1, 2021.

## Local Homeless Prevention Aid

### First Special Session 2021, Chapter 14, Article 7, Section 3

Creates Minnesota Statutes 2021, section 477A.30.

The section creates a new state aid for counties to fund family homeless prevention and assistance projects and programs. A county's distribution includes two amounts:

- The greater of \$5,000 or (ii) the county's per capita share of 5% of the overall annual allocation
- The remaining allocation multiplied by the county's proportional share of students experiencing homelessness in the current year and the previous two years

The aid would distribute \$20 million annually and expire after six years.

**Effective Date:** Effective beginning with property taxes payable in 2023.

## Other Local Aid

### Small Cities Assistance Appropriation

**First Special Session 2021, Chapter 5, Article 1, Section 2, Subdivision 4, Paragraph (c), Clause (3)**

Uncodified provision.

This section appropriates \$18 million in fiscal year 2022 for the Small Cities Assistance program. The program, which provides funds for roads to cities under 5,000 in population, is administered by the Department of Transportation and distributed to qualifying cities by the Department of Revenue. The first half will be paid on July 20, 2021, and the second half on December 26, 2021.

*History:* The Small Cities Assistance program was created in 2015. It does not have a standing appropriation and is not funded every year. Previous appropriations were made for calendar years 2015, 2017, and 2018.

**Effective Date:** Effective July 1, 2021.

### Supplemental 2022 City Aid Distribution

**First Special Session 2021, Chapter 14, Article 7, Section 5**

Uncodified provision.

Provides supplemental aid for any city that has certified LGA for payable 2022 that is less than the amount certified for the city in 2021. The amount of supplemental aid for each city is equal to the reduction in LGA between 2021 and 2022. An appropriation from the general fund is provided.

**Effective Date:** Effective for aids payable in calendar year 2022.

### City of Floodwood; Grant

**First Special Session 2021, Chapter 14, Article 7, Section 6**

Uncodified provision.

This section provides a onetime appropriation of \$250,000 in fiscal year 2022 to the city of Floodwood. The grant must be used by the city to pay for costs related to the Floodwood City-Wide Street and Infrastructure Project.

**Effective Date:** Effective the day following final enactment.

### Local Government Grants

**First Special Session 2021, Chapter 14, Article 7, Section 7**

Uncodified provision.

This section provides onetime grants to specific counties that must pay a refund to a pipeline company as a result of an appeal. The grants must be used by the counties to pay refunds. The commissioner of revenue must make payments to the counties by August 15, 2021.

**Effective Date:** Effective the day following final enactment.

## **Appropriations; Fire Remediation Grants**

### **First Special Session 2021, Chapter 14, Article 11, Section 46**

Uncodified provision.

This section provides a onetime appropriation from the general fund in fiscal year 2022 to the commissioner of revenue to make grants to the cities of Alexandria and Melrose to cover costs of remediation efforts, by both public and private entities, after fires in both cities. The grant to the city of Alexandria is \$120,000. The grant to the city of Melrose is \$643,729. The commissioner of revenue must pay these amounts to the cities by July 20, 2021.

**Effective Date:** Effective the day following final enactment.

## **Fire State Aid; Allocation for the Statewide Volunteer Firefighter Plan**

### **Regular Session 2021, Chapter 22, Article 4, Sections 1 and 2**

Section 1 amends Minnesota Statutes 2020, section 477B.04, subdivision 3.

Section 2 creates Minnesota Statutes 2021, section 477B.041.

These sections provide a mechanism for a municipality or independent nonprofit firefighting corporation (INFC) to allocate Fire State Aid when that municipality or INFC has both firefighters in the Public Employees Retirement Association statewide volunteer firefighter plan (PERA-SVF) and that are covered by the Public Employees Retirement Association's Police and Fire Plan (PERA-P&F).

*History:* This provision follows 2020 legislation that provides for allocation of Fire State Aid when there are both firefighters in a volunteer fire relief association and firefighters that are covered by the Public Employees Retirement Association's Police and Fire Plan (PERA-P&F).

**Effective Date:** Effective for aids payable in 2022 and thereafter.

## **Fire State Aid for Nowthen**

### **Regular Session 2021, Chapter 22, Article 6, Section 10**

Uncodified provision.

This section makes an exception to the statutory requirement that a fire department be in operation for a full calendar year before receiving Fire State Aid for the city of Nowthen. The city will be eligible for Fire State Aid payable in 2022 if it provides documentation of its fire department being in operation prior to December 31, 2021, to the commissioner of revenue no later than February 1, 2022.

*History:* This provision reflects one aspect of an agreement between the cities of Ramsey and Nowthen to end a joint powers agreement that had been in place. Other aspects of the agreement are provided for in sections 9 and 11 of Chapter 22, Article 6.

**Effective Date:** Effective the day following final enactment.

## **Police and Fire Supplemental State Aid Work Group**

### **Regular Session 2021, Chapter 22, Article 9, Section 2**

Uncodified provision.

This section creates a work group to discuss and provide options to the Legislative Commission on Pensions and Retirement (LCPR) on changing the method of allocating the volunteer firefighter portion of Police and Firefighter Retirement Supplemental State Aid (Minnesota Statutes, section 423A.022). The work group is to be convened by the state auditor. The work group must also address the Fire State Aid program. Members of the work group shall include various stakeholders, including one representative from the Department of Revenue.

The work group shall submit a report to the LCPR by December 31, 2022, and the group expires on June 30, 2023.

**Effective Date:** Effective June 30, 2021.

### **Fire State Aid; Scope**

#### **Regular Session 2021, Chapter 22, Article 10, Section 34**

Amends Minnesota Statutes 2020, section 477B.01, subdivision 1.

This section clarifies that the definitions in section 477B.01 for Fire State Aid also apply for the purpose of chapter 424A for volunteer fire relief associations unless a word or term is separately defined in chapter 424A.

**Effective Date:** Effective the day following final enactment.

## **Taxing Authority and Levies**

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### **Levies**

#### **State General Levy – Commercial-Industrial Levy Amount**

##### **First Special Session 2021, Chapter 14, Article 6, Section 9**

Amends Minnesota Statutes 2020, section 275.025, subdivision 1.

This section lowers the commercial-industrial property levy from \$737,090,000 to \$716,990,000.

**Effective Date:** Effective beginning with property taxes payable in 2023 and thereafter.

#### **State General Levy – Commercial-Industrial Tax Capacity**

##### **First Special Session 2021, Chapter 14, Article 6, Section 10**

Amends Minnesota Statutes 2020, section 275.025, subdivision 2.

The section increases the exclusion on market value for commercial-industrial property from \$100,000 to \$150,000.

**Effective Date:** Effective beginning with property taxes payable in 2023 and thereafter.

### **Special Taxing Districts**

#### **Fire Protection and Emergency Medical Services Special Taxing Districts**

##### **First Special Session 2021, Chapter 14, Article 6, Section 1**

Amends Minnesota Statutes 2020, section 144F.01.

This section adds fire protection special taxing districts to the existing authority for local governments to create emergency medical services special taxing districts. It adds various requirements, primarily related to the interaction of fire protection special taxing districts with state aid programs. It removes the levy limit that had been in place for emergency medical services; districts created prior to June 30, 2021, are eligible for this change beginning with property taxes payable in 2022. This section also requires a political subdivision with a special taxing districts under this section to submit a levy and budget expenditure report to the commissioner of revenue and legislative committees with jurisdiction over taxes and property taxes.

*History:* Two special taxing districts that allow authority for fire protection services have been created by special law in the past; the Moose Lake Area Fire Special Taxing District and the Cloquet Area Fire and Ambulance

Special Taxing District. In recent years, interest in this funding mechanism has increased and communities across the state have sought authority to create special taxing districts. This section provides general legislation for local governments to create these special taxing districts without the need to individually go to the legislature.

**Effective Date:** Effective the day after final enactment and applies to districts established after June 30, 2021, except that districts established prior to June 30, 2021, are eligible for changes made to subdivisions 4 and 6 beginning with property taxes payable in 2022.

### **Special Taxing Districts; Definition**

#### **First Special Session 2021, Chapter 14, Article 6, Section 13**

Amends Minnesota Statutes 2020, section 275.066.

This section adds the fire protection special taxing districts under Article 6, Section 1, to the definition of special taxing districts.

**Effective Date:** Effective the day following final enactment and applies to districts established after June 30, 2021.

### **Cloquet Fire and Ambulance District Levy Limits Removed**

#### **First Special Session 2021, Chapter 14, Article 6, Section 17**

Amends Laws 2009, chapter 88, article 2, section 46, subdivision 3, as amended.

This section removes the levy limits in current law, matching fire protection and emergency medical services special taxing districts under Article 6, Section 1.

**Effective Date:** Effective the day after the governing body of the Cloquet Area Fire and Ambulance Special Taxing District and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

## **Truth in Taxation**

### **Notice of Proposed Property Taxes**

#### **First Special Session 2021, Chapter 14, Article 6, Section 11**

Amends Minnesota Statutes 2020, section 275.065, subdivision 3.

This section adds fire protection and emergency medical services districts established under section 144F.01 to the list of entities that are required to hold a public truth-in-taxation meeting and must be listed on the proposed taxes notice delivered in November each year.

**Effective Date:** Effective beginning with property taxes payable in 2022.

### **Notice of Proposed Taxes Required Supplemental Information**

#### **First Special Session 2021, Chapter 14, Article 6, Section 12**

Amends Minnesota Statutes 2020, section 275.065, by adding subdivision 3b.

This section requires that a separate statement be included with the proposed taxes notice, which is delivered in November each year. The separate statement must include a list of various levy and budget details for the county and school district the parcel is within, and the percent change in the proposed levy by jurisdiction. If the parcel is within a city with a population of at least 500, the same information must also be included for that city.

**Effective Date:** Effective for property taxes payable in 2023 and thereafter.

# Delinquency and Forfeiture

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## **Certification by County Auditor**

### **Regular Session 2021, Chapter 7, Section 1**

Amends Minnesota Statutes 2020, section 282.301.

This section removes language that has been moved to and clarified in new sections 282.302, 282.303, and 282.304.

**Effective Date:** Effective July 1, 2021, and applies to repurchases approved on or after that date.

## **Conveyance of Deed Upon Certification**

### **Regular Session 2021, Chapter 7, Section 2**

Creates Minnesota Statutes 2021, section 282.302.

This section requires the commissioner of revenue to issue a quitclaim deed to the record owner of the property at the time of the expiration of the redemption period or the record owner's estate.

**Effective Date:** Effective July 1, 2021, and applies to repurchases approved on or after that date.

## **Assignment of Installment Contract**

### **Regular Session 2021, Chapter 7, Section 3**

Creates Minnesota Statutes 2021, section 282.303.

This section requires that if the record owner at the time of the expiration of redemption assigns an installment contract used to repurchase, and the assignment was registered or recorded, the state deed must name the assignee as the grantee.

**Effective Date:** Effective July 1, 2021, and applies to repurchases approved on or after that date.

## **Recordation of Deed; Default**

### **Regular Session 2021, Chapter 7, Section 4**

Creates Minnesota Statutes 2021, section 282.304.

This section requires that the quitclaim deed must be electronically recorded or sent to the county auditor who must have it recorded. It also clarifies that failure to pay any payment will constitute default and the sale subject to cancellation.

**Effective Date:** Effective July 1, 2021, and applies to repurchases approved on or after that date.

## **Abandoned Underground Storage Tanks on Tax-Forfeited Land**

### **First Special Session 2021, Chapter 4, Article 7, Section 1**

Amends Minnesota Statutes 2020, section 115C.094.

This section amends the definition of an abandoned underground petroleum tank under the Petroleum Tank Release Cleanup Act to include one taken out of service and located on property that is being held by the state in trust for local taxing districts under section 281.25, which is property that has tax-forfeited. It requires that if the property is repurchased by the property owner or the owner's heirs, devisees, or representatives, the Petroleum Tank Release Compensation Board's contracted costs for the underground storage tank removal project must be included as a special assessment in the repurchase price as provided under section 282.251, and must be returned to the board upon the sale of the property.

**Effective Date:** Effective August 1, 2021.

# Sustainable Forest Incentive Act

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## Sustainable Forest Incentive Act Split Classification and Violations

### First Special Session 2021, Chapter 14, Article 6, Sections 6 and 18

Section 6 amends Minnesota Statutes 2021, section 273.13, subdivision 23.

Section 18 is an uncodified provision.

These sections state that when a parcel is 20 or more acres in size and improved with a structure (that is not a minor, ancillary nonresidential structure), then:

- The number of acres assigned to the structure must equal the number of acres excluded from the SFIA covenant due to the structure, but no less than 3 acres;
- SFIA parcels that received a 10-acre split-classification prior to assessment year 2022 will be deemed to have met the conditions of enrollment if at least 3 acres surrounding the structure were excluded from enrollment.

*History:* Prior to this change, when a parcel was 20 or more acres in size and improved with a structure (that was not a minor, ancillary nonresidential structure), then:

- For the purposes of property classification, the structure and the immediately surrounding 10 acres are classified according to the use of the structure.
- However, for the purposes of enrolling forest land in the Sustainable Forest Incentive Act (SFIA) program, a minimum of 3 acres must be excluded from the enrolled land.

This conflict in acreage could result in 7 acres of enrolled land receiving a classification that violates the SFIA definition of forest land (which excludes land used for residential or agricultural purposes). The law change addresses that conflict.

**Effective Date:** Effective beginning with assessment year 2022, taxes payable in 2023, and thereafter.

## Payment in Lieu of Taxes

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### Lake Vermilion-Soudan Underground Mine State Park; Annual Payments

#### First Special Session 2021, Chapter 14, Article 7, Section 2

Amends Minnesota Statutes, section 477A.17.

This section adds payments in lieu of taxes to St. Louis County for the Granelda Unit parcels added to the Lake Vermilion-Soudan Underground Mine State Park under Article 7, Section 4, and designates that the county will transfer a portion for the ongoing operations and maintenance of a public safety facility.

**Effective Date:** Effective beginning with aids payable in 2022.

### Addition to Lake Vermilion-Soudan Underground Mine State Park

#### First Special Session 2021, Chapter 14, Article 7, Section 4

Uncodified provision.

This section adds certain parcels designated as the Granelda Unit to the Lake Vermilion-Soudan Underground Mine State Park in St. Louis County.

**Effective Date:** Effective the day after final enactment.

## **Payment in Lieu of Taxes; Cross-Reference Updates**

### **First Special Session 2021, Chapter 14, Article 13, Sections 8, 9, and 11**

Section 8 amends Minnesota Statutes 2020, section 273.124, subdivision 14.

Section 9 amends Minnesota Statutes 2020, section 273.18.

Section 11 amends Minnesota Statutes 2020, section 477A.10.

These sections make a technical correction to include cross-references to the statute for in lieu payments for the Lake Vermilion-Soudan Underground Mine State Park. This correction matches how the payments are administered.

**Effective Date:** Effective the day following final enactment.

## **Economic Development and Tax Increment Financing (TIF)**

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### **TIF – General Provisions**

#### **Tax Increment Financing; Temporary Use of Increment**

##### **First Special Session 2021, Chapter 14, Article 9, Section 1**

Amends Minnesota Statutes 2020, section 469.176, by adding subdivision 4n.

This section gives TIF authorities the temporary option to transfer unobligated increment to provide assistance to certain private development. An authority that chooses to make this type of transfer is required to create a written spending plan, and the municipality must approve the spending plan after holding a public hearing. The spending plan and updated tax increment financing plan must be submitted to the Office of the State Auditor. The authority to make this type of transfer expires December 31, 2022.

**Effective Date:** Effective the day following final enactment and applies to increments from any district that are unobligated as of the date of final enactment regardless of when the request for certification was made.

#### **Tax Increment Financing; Pooling Rules Expanded**

##### **First Special Session 2021, Chapter 14, Article 9, Section 2**

Amends Minnesota Statutes 2020, section 469.1763, subdivision 2.

This section adds, for districts that have elected to increase pooling by 10%, inclusion of assistance to owner-occupied housing that meets the requirements of a housing TIF district under section 469.1761, subdivision 2, to the allowable expenses outside of the district.

**Effective Date:** Effective the day following final enactment.

#### **Tax Increment Financing; Five-Year Rule Extended**

##### **First Special Session 2021, Chapter 14, Article 9, Section 3**

Amends Minnesota Statutes 2020, section 469.1763, subdivision 3.

This section extends the five-year rule to eight years for a redevelopment district certified after December 31, 2017, and before June 30, 2020.

**Effective Date:** Effective for districts for which the request for certification was made after December 31, 2017.



## **Tax Increment Financing; 6-Year Rule Extended**

### **First Special Session 2021, Chapter 14, Article 9, Section 4**

Amends Minnesota Statutes 2020, section 469.1763, subdivision 4.

This section extends the six-year rule to nine years for districts that are extended from five years to eight under Article 9, Section 3.

**Effective Date:** Effective the day following final enactment.

## **Tax Increment Financing; Temporary Transfer of Increment Authorized; Cities of Minnetonka, Richfield, and St. Louis Park**

### **First Special Session 2021, Chapter 14, Article 9, Section 5**

Uncodified provision.

This section permits the cities of Minnetonka, Richfield, and St. Louis Park to transfer increment accumulated for housing development purposes under Minnesota Statutes, section 469.1863, subdivision 2, paragraph (b) or (d), to housing trust funds established the city. The transferred increment can only be used for specified uses and is subject to reporting requirements to the Office of the State Auditor. Each city must issue a report to the legislature by February 1, 2024, and February 1, 2026, with detailed information related to each housing project financed with increment transferred under this section. The authority to make the transfers expires December 31, 2026.

**Effective Date:** Effective for each city the day after its governing body and its chief clerical officer comply with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

## **TIF – Specific Districts**

### **Amendments to Existing TIF Districts and Creation of New TIF Districts**

#### **First Special Session 2021, Chapter 14, Article 9, Sections 6-12**

These sections amend or permit the creation of the following districts:

- **Section 6: Bloomington (American Boulevard)** - authorizes the creation of a redevelopment district, limited to certain listed parcels, and provides special rules.
- **Section 7: Bloomington (98th and Aldrich)** - authorizes the creation of a redevelopment district, limited to certain listed parcels, and provides special rules.
- **Section 8: Burnsville (Burnsville Center Mall)** - authorizes the creation of one or more redevelopment districts, limited to the parcels comprising the Burnsville Center mall together with adjacent roads and rights-of-way, and provides special rules.
- **Section 9: Mountain Lake (District No. 1-8)** - extends the five-year and six-year rules by five years.
- **Section 10: Ramsey (District No. 14)** - extends the five-year rule by a two-year period to November 28, 2023, and extends the six-year rule to the 13th year.
- **Section 11: Wayzata (District No. 6)** - allows expending increments generated from the district for additional work related to the Panoway on Wayzata Bay project and makes those expenditures deemed as expended on activities within the district.
- **Section 12: Windom (District No. 1-22)** - extends the five-year rule to 10 years and the six-year rule to 11, and permits the city or its economic development authority to extend the duration of the district by five years.

# Miscellaneous

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## **Community Land Trusts – Income Requirements**

### **First Special Session 2021, Chapter 8, Article 2, Sections 3 and 9**

Section 3 amends Minnesota Statutes 2020, section 273.11, subdivision 12.

Section 9 amends Minnesota Statutes 2020, section 462A.30, subdivision 9.

This provision amends the income requirements for renting or selling a unit to an applicant. The income of each person or family applying for a unit in a community land trust building must not exceed 115% of the median income for the area, county, or state, whichever is greater, as determined by the Department of Housing and Urban Development.

*History:* Prior to the change, the income of each person or family applying for a unit in a community land trust building could not exceed 80% of the median income for the area, county, or state.

**Effective Date:** Effective August 1, 2021.

## **Manufactured Home Affixed to Real Property Owned by Cooperative**

### **First Special Session 2021, Chapter 8, Article 3, Section 1**

Creates Minnesota Statutes 2021, section 168A.1411.

If a manufactured home is affixed to property owned by a Minnesota nonprofit or Minnesota cooperative under the changes made under Chapter 8, Article 3, Section 2, this section allows the owner of the manufactured home to surrender the certificate of origin or certificate of title so that the manufactured home becomes an improvement to real property rather than personal property.

**Effective Date:** Effective July 1, 2021.

## **Manufactured Home Affixed to Real Property**

### **First Special Session 2021, Chapter 8, Article 3, Section 2**

Creates Minnesota Statutes 2021, section 168A.1412.

This section adds two additional ways for a manufactured home to be considered an improvement to real property instead of being considered as personal property:

- If the certificate of title is surrendered for cancellation
- An affidavit as described in this section is submitted

The certificate is submitted to the commissioner of transportation, while the affidavit is submitted to the county recorder who then must inform the county auditor.

**Effective Date:** Effective July 1, 2021.

## **Addition to Manufactured Homes Treated as Real Property**

### **First Special Session 2021, Chapter 8, Article 3, Section 3**

Amends Minnesota Statutes 2020, 273.125, subdivision 8.

This section allows manufactured homes that are situated on land owned by a Minnesota nonprofit or Minnesota cooperative to be treated as real property, as long as the owner of the manufactured home is a member of the nonprofit or cooperative.

*History:* Previously, the owner of the manufactured home was required to also own the land that the manufactured home was situated upon for the manufactured home to be treated as real property.

**Effective Date:** Effective July 1, 2021.

## **Special Assessments for Energy Improvement Allowed**

### **First Special Session 2021, Chapter 14, Article 6, Sections 15 and 16**

Section 15 amends Minnesota Statutes 2020, section 429.021, subdivision 1.

Section 16 amends Minnesota Statutes 2020, section 429.031, subdivision 3.

This section allows a municipality to impose a special assessment for energy improvement projects that meet certain criteria, upon petition by the owner. The municipality must administer and fund the improvements and notice of low or no cost alternatives must be provided to the owner.

*History:* Prior to the change, special assessments could not be used for energy improvements.

**Effective Date:** Effective for special assessments payable in 2022 and thereafter.

## Classification Rates for Assessment Year 2022

Class	Description	Tiers	Class Rate	State General Rate
1a	Residential Homestead	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
1b	Homestead of Persons who are Blind/Disabled [classified as 1a or 2a] [classified as 1a or 2a]	First \$50,000	0.45%	N/A
		\$50,000 - \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
1c	Homestead 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	Housing for Seasonal Workers	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 - 2022***	0.50%	N/A
2a/2b	Farm Entities Remaining First Tier	Unused First Tier	0.50%	N/A
2a	Agricultural - Non-Homestead or Excess First Tier		1.00%	N/A
2b	Rural Vacant Land		1.00%	N/A
2c	Managed Forest Land		0.65%	N/A
2d	Private Airport		1.00%	N/A
2e	Commercial Aggregate Deposit		1.00%	N/A
3a	Commercial/Industrial/Utility (not including utility machinery)	First \$150,000	1.50%	N/A
		Over \$150,000	2.00%	2.00%
		Electric Generation Public Utility Machinery	2.00%	N/A
		All Other Public Utility Machinery	2.00%	2.00%
	Transmission Line Right-of-Way		2.00%	2.00%
4a	Residential Non-Homestead 4+ Units		1.25%	N/A
4b(1)	Residential Non-Homestead 1-3 Units		1.25%	N/A
4b(2)	Unclassified Manufactured Home		1.25%	N/A
4b(3)	Agricultural Non-Homestead Residence (2-3 units)		1.25%	N/A
4b(4)	Unimproved Residential Land		1.25%	N/A
4bb(1)	Residential Non-Homestead Single Unit	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
4bb(2)	Agricultural Non-Homestead Single Unit - (HGA)	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
4bb(3)	Condominium Storage Unit	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
4c(1)	Seasonal Residential Recreational Commercial (resort)	First \$500,000	1.00%	1.00%
		Over \$500,000	1.25%	1.25%
4c(2)	Qualifying Golf Course		1.25%	N/A
4c(3)(i)	Non-Profit Community Service Org. (non-revenue) Congressionally Chartered Veterans Organization (non-revenue)		1.50%	N/A
			1.00%	N/A
4c(3)(ii)	Non-Profit Community Service Org. (donations) Congressionally Chartered Veterans Organization (donations)		1.50%	1.50%
			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)(iii)	Manufactured Home Park (50% or less owner-occupied)		1.00%	N/A
4c(5)(iii)	Class I Manufactured Home Park		1.00%	N/A
4c(6)	Metro Non-Profit Recreational Property		1.25%	N/A
4c(7)	Certain Non-Comm. Aircraft Hangars and Land (leased land)		1.50%	N/A
4c(8)	Certain Non-Comm. Aircraft Hangars and Land (private land)		1.50%	N/A
4c(9)	Bed & Breakfast		1.25%	N/A
4c(10)	Seasonal Restaurant on a Lake		1.25%	N/A
4c(11)	Marina	First \$500,000	1.00%	N/A
		Over \$500,000	1.25%	N/A
4c(12)	Seasonal Residential Recreational Non-Commercial	First \$76,000	1.00%	0.40%
		\$76,000 - \$500,000	1.00%	1.00%
		Over \$500,000	1.25%	1.25%
4d	Low Income Rental Housing (Per Unit)	First \$100,000	0.75%	N/A
		Over \$100,000	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

