



Board of County Commissioners Agenda Request

4A
Agenda Item #

Requested Meeting Date: June 13, 2017

Title of Item: Individual Disaster Abatements and Credits

<input checked="" type="checkbox"/> REGULAR AGENDA <input type="checkbox"/> CONSENT AGENDA <input type="checkbox"/> INFORMATION ONLY	Action Requested: <input type="checkbox"/> Approve/Deny Motion <input type="checkbox"/> Adopt Resolution (attach draft)	<input checked="" type="checkbox"/> Direction Requested <input type="checkbox"/> Discussion Item <input type="checkbox"/> Hold Public Hearing* <small>*provide copy of hearing notice that was published</small>
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Submitted by: Mike Dangers	Department: County Assessor
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Presenter (Name and Title): Mike Dangers, County Assessor	Estimated Time Needed: 10 minutes
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Summary of Issue:

Please see attached memo for details.

Alternatives, Options, Effects on Others/Comments:

Recommended Action/Motion:

Financial Impact:

Is there a cost associated with this request? Yes No

What is the total cost, with tax and shipping? \$

Is this budgeted? Yes No *Please Explain:*

Legally binding agreements must have County Attorney approval prior to submission.



**OFFICE OF
AITKIN COUNTY ASSESSOR**
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MEMO

May 31, 2017

To: Board of County Commissioners
Jessica Seibert, County Administrator

From: Mike Dangers, County Assessor 

Re: Individual Disaster Abatements and Credits

Staff in the Assessor's Office find damaged property every year. The damage may be caused by a variety of forces such as fire, wind, hail, or tornadoes.

We typically reduce valuation of structures affected by these calamities through the normal means. For example, a house burns down in March 2016 and is not rebuilt. The value is removed for the 2017 assessment and the taxes payable in 2018 are reduced. This results in a significant delay between the damage and the reduced taxes.

There is a process available through Minnesota Statutes Sections 273.1233 and 273.1235 that provide disaster abatements and disaster credits. In the example given above, if the house is a total loss, the 2016 payable taxes on the house portion of the property are abated and a credit is granted for the 2017 payable taxes. These abatements and credits are only available for building value losses of 50% or more.

Attached to this memo is a copy of the Statutes and a two-page flowchart describing the process. These are the same Statutes and same flowchart that pertain to the large scale disasters such as the 2012 flood. The difference now is that we are looking at just the columns that have "no" at the top since the counties are not declared disaster areas in these situations.

Please provide direction regarding this process. These abatements and credits are subject to County Board approval. Their cost is not reimbursed by the State. We have not processed these types of abatements and credits in the past because a previous County Board made a decision not to do these. Please find attached a copy of a portion of the November 4, 1997 County Board minutes describing the Board's decision to "not have a disaster credit policy and do no disaster credit".

We can continue to do no disaster abatement or credit due to the cost to other taxpayers or the process can begin as provided in the Statutes. The Board has approved using this process when State reimbursement was present in 2012 and last year for the Hill City area wind damage. Please contact Mike with any questions.

273.1233 TAX RELIEF FOR DESTROYED PROPERTY; LOCAL OPTION DISASTER ABATEMENT.

Subdivision 1. **Abatement authorization.** (a) Notwithstanding section 375.192, a county board may grant an abatement of net tax for homestead and nonhomestead property under the provisions of this paragraph for taxes payable in the year in which the destruction occurs if:

(1) the owner submits a written application to the county assessor as soon as practical after the damage has occurred;

(2) the owner submits a written application to the county board as soon as practical after the damage has occurred; and

(3) the county assessor determines that 50 percent or more of a homestead dwelling or other building has been (i) unintentionally or accidentally destroyed, or (ii) destroyed by arson or vandalism by someone other than the owner.

Abatements granted under this paragraph are not subject to approval by the commissioner of revenue.

(b) Notwithstanding sections 270C.86 and 375.192, the commissioner of revenue may grant an abatement of net tax for utility property for taxes payable in the year in which the destruction occurs if:

(1) the owner submits a written application to the commissioner as soon as practical after the damage has occurred;

(2) the owner forwards a copy of the written application to the county board as soon as practical after the damage has occurred; and

(3) the commissioner determines that 50 percent or more of the property has been (i) unintentionally or accidentally destroyed, or (ii) destroyed by arson or vandalism by someone other than the owner.

Abatements granted under this paragraph are not subject to approval by the county board of the county where the property is located.

Subd. 2. **Abatement limits and allowances.** (a) In the case of a property located within a disaster or emergency area, the abatement under this section is limited to the difference between (i) the net tax on the property computed using the market value of the property established for the January 2 assessment in the year in which the damage occurred, and (ii) the net tax computed using the reassessed value.

(b) In the case of property not located in a disaster or emergency area, the abatement under this section is limited to the result obtained by multiplying the difference in the net tax on the property computed using the market value of the property established for the January 2 assessment in the year in which the damage occurred, and the net tax computed using the reassessed value, times a fraction, the numerator of which is the number of months in the assessment year that the structure was not usable and the denominator of which is 12. If a structure was usable for a fraction of a month, that month is not included in the numerator.

(c) If application is made after payment of all or a portion of the taxes being abated, the portion already paid shall be refunded to the taxpayer by the county treasurer as soon as practical.

Subd. 3. **Reimbursement, levy, and appropriation.** (a) If the destruction occurs as a result of a disaster or emergency and the property is located in a disaster or emergency area, the county auditor shall certify the abatements granted under this section to the commissioner of revenue for reimbursement to each taxing jurisdiction in which the damaged property is located. The commissioner shall make the payments to the

taxing jurisdictions containing the property, other than school districts and the state, at the time distributions are made under section 473H.10, subdivision 3. Reimbursements to school districts shall be made as provided in section 273.1392. No reimbursement is to be paid to the state treasury.

(b) Local taxing authorities may levy in the following year the amount of unreimbursed tax dollars lost as a result of the reductions granted pursuant to this section and sections 273.1234 and 273.1235 outside of any statutory restriction as to levy amount or tax rate.

(c) There is annually appropriated from the general fund to the commissioner of revenue an amount necessary to make the payments required by this section.

History: *1Sp2007 c 2 art 3 s 8; 2008 c 366 art 15 s 7,8*

273.1235 TAX RELIEF FOR DESTROYED PROPERTY; LOCAL OPTION DISASTER CREDITS.

Subdivision 1. **Credit provided.** The county board may grant a credit for taxes payable in the year following the year in which the damage or destruction occurred for: (1) homestead property that meets all the requirements under section 273.1233, subdivision 1, paragraph (a), but that does not qualify for a credit under section 273.1234, except that an application need only be submitted by the end of the year in which the damage occurred; and (2) nonhomestead and utility property that meets all the requirements under section 273.1233, subdivision 1, paragraph (b), except that an application need only be submitted by the end of the year in which the damage occurred.

Subd. 2. **Credit calculation.** In the case of a property located within a disaster or emergency area, the credit is equal to the difference between (i) the net tax on the property computed using the market value of the property established for the January 2 assessment in the year in which the damage occurred, and (ii) the net tax computed using the reassessed value. In the case of property not located in a disaster or emergency area, the credit under this section is equal to the result obtained by multiplying the difference in the net tax on the property computed using the market value of the property established for the January 2 assessment in the year in which the damage occurred, and the net tax computed using the reassessed value, times a fraction, the numerator of which is the number of months in the assessment year that the structure was not usable and the denominator of which is 12. If a structure was usable for a fraction of a month, that month is not included in the numerator.

Subd. 3. **Credit reimbursements.** The county auditor shall certify the credits granted under this section for property within a disaster or emergency area to the commissioner of revenue for reimbursement to each taxing jurisdiction in which the damaged property is located. The commissioner shall make the payments to the taxing jurisdictions containing the property, other than school districts and the state, at the time distributions are made under section 473H.10, subdivision 3. Reimbursements to school districts shall be made as provided in section 273.1392. No reimbursement is to be made for credits to property not located in a disaster or emergency area.

Subd. 4. **Appropriation.** There is annually appropriated from the general fund to the commissioner of revenue an amount necessary to make the payments required by this section.

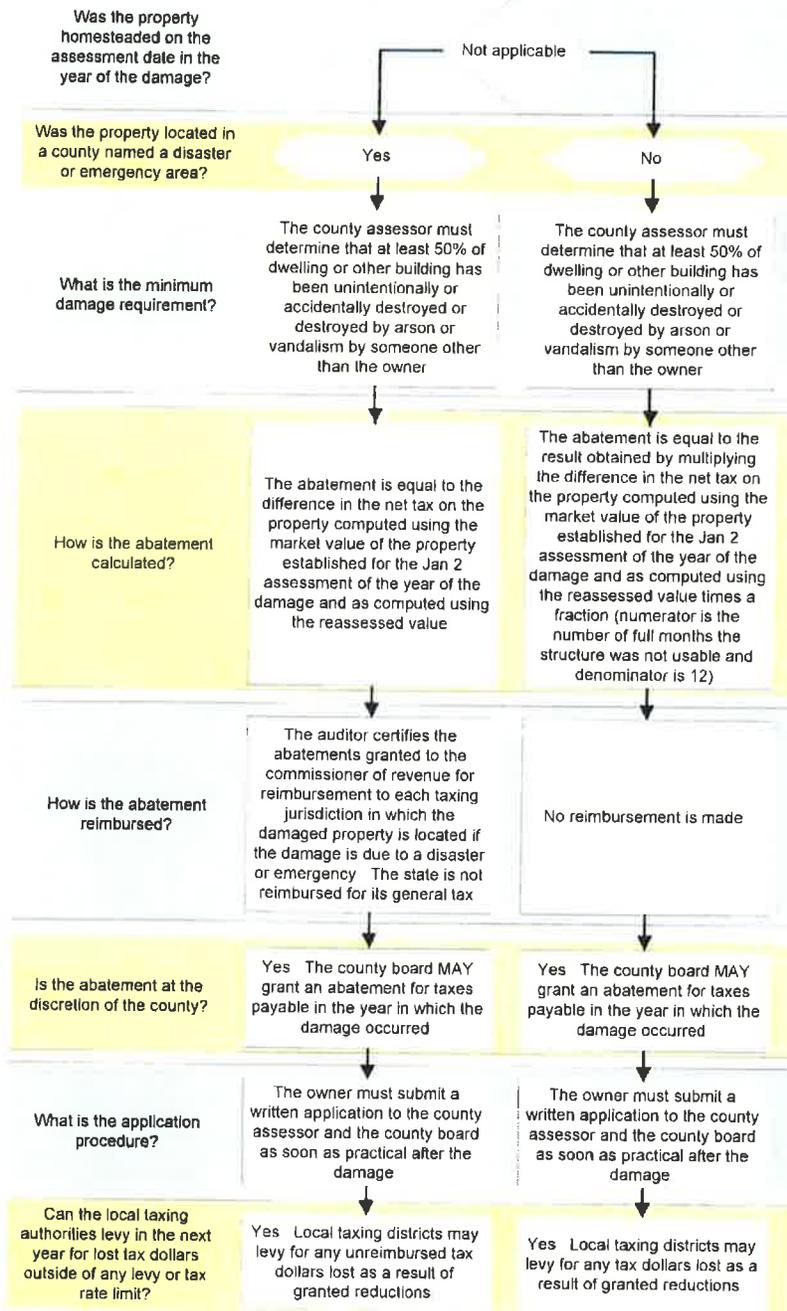
History: *1Sp2007 c 2 art 3 s 10; 2008 c 366 art 15 s 10,11*

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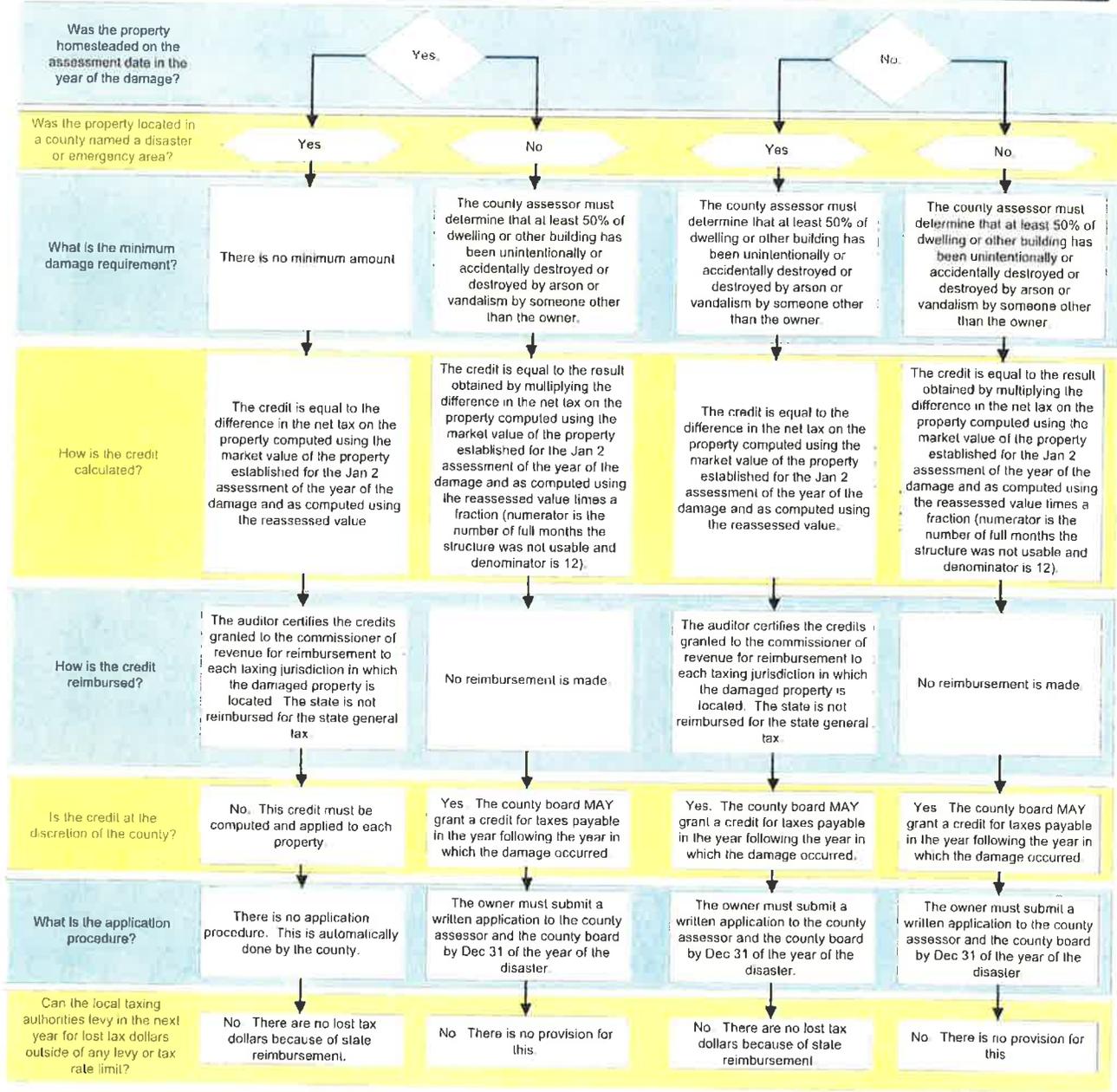
PACKET 3 – Disaster Relief and Follow Up
Disaster Relief Flowcharts

Revised 10/2010

Local Option Disaster Abatement
(for taxes payable the year in which the destruction occurs)



**Homestead Disaster Credit and
Local Option Disaster Credit**
(for taxes payable the year following the damage)



Statutory Reference

M S 273 1234

M S 273 1235

M S 273 1235

M S 273 1235

Discussion on Enforcement & Corrections Task Force followed with it being agreed upon to set aside a separate date to discuss this issue with the Task Force Members and the people involved with putting the plan together. Date and time were set for Friday, November 28, 1997 from 9:00 a.m. to 11:00 a.m. in the basement of the jail.

**SHERIFF DEPT
UPDATES**

Sheriff Tim Catlin presented additional budget information and a discussion followed.

County Auditor, Alice Dotzler presented additional budget information and a discussion followed.

**CO. AUDITOR
BUDGET**

Motion by Commissioner Sherman, seconded by Commissioner Galliger and carried, all members voting yes to accept Harvey Monson's retirement notice, with regrets. County Coordinator, Scott Arneson will bring back recommendations to the Board on how to proceed with filling this position.

**RETIREMENT
NOTICE OF
HARVEY
MONSON**

Motion by Commissioner Haug, seconded by Commissioner Sherman and carried, all members voting yes, to change the time for the following: 1) move John Walkup-Road & Bridge Department items to 4:05 p.m from 11:30 a.m.; and 2) move VSO position discussion to 4:15 p.m. from 11:45 a.m.

**AMEND
AGENDA**

At 12:00 p.m. the County Board of Commissioners recessed for lunch.

RECESS

At 1:04 p.m. the County Board of Commissioners reconvened.

RECONVENE

In the absence of DuWayne Konewko, Environmental Services Director, County Coordinator Scott Arneson discussed a letter from the MN Office of Environmental Assistance regarding the SCORE Block Grant and notice of conditional disbursement status.

**SCORE BLOCK
GRANT**

Motion by Commissioner Galliger, seconded by Commissioner Haug and carried, all members voting yes to approve the Routine Business as follows: 1) Auditors Warrants as follows: General Fund \$37,870.94, Road & Bridge \$15,166.85, Trust \$8,901.20 Forest Development \$2,560.00 for a total of \$64,498.99; 2) Part-time Employee Listing; 3) Cancel County Board Mtg of 11/11/97 in recognition of Veterans Day; 4) Approve 10/21/97 minutes; 5) GFOA conference attendance by County Coordinator.

**ROUTINE
BUSINESS**

Motion by Commissioner Galliger, seconded by Commissioner Haug and carried, all members voting yes to *not* have a disaster credit policy and do no disaster credit.

**DISASTER
CREDIT
POLICY**

County Assessor, Don Niemi discussed additional budget items.

CO. ASSESSOR

A department update was given by Tom Burke, Health & Human Services Director; as well as discussion of additional budget items for Public Health and Family Services.

**HUMAN SER &
PUBLIC
HEALTH**

Commissioner Haug offered the following resolution and moved it's adoption, seconded by Commissioner Galliger and on vote being taken, all members voting yes, was declared duly adopted, to-wit:

**RESOLUTION
110497-155**

WHEREAS, the Work Force Center that presently serves Aitkin County is located in Grand Rapids, some 60 miles from the County Seat; and

**WORK FORCE
CENTER**

WHEREAS, the closet Work Force Center is located in Brainerd, in excess of 30 miles from the Aitkin County Seat, and