



Board of County Commissioners Agenda Request

5A
Agenda Item #

Requested Meeting Date: October 24, 2017

Title of Item: Non-Profit Organizations and Property Taxes

<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) <i>*provide copy of hearing notice that was published</i>	<input type="checkbox"/> Direction Requested <input checked="" type="checkbox"/> Discussion Item <input type="checkbox"/> Hold Public Hearing*
Submitted by: Mike Dangers		Department: County Assessor
Presenter (Name and Title): Mike Dangers, County Assessor		Estimated Time Needed: 10 minutes
Summary of Issue: Please see attached memo for more information.		
Alternatives, Options, Effects on Others/Comments:		
Recommended Action/Motion:		
Financial Impact: Is there a cost associated with this request? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No What is the total cost, with tax and shipping? \$ Is this budgeted? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>Please Explain:</i>		



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MEMO

October 16, 2017

To: County Board of Commissioners
Jessica Seibert, County Administrator

From: Mike Dangers, County Assessor

Re: Non-Profit Organizations and Property Taxes

Aside from government owned land and buildings, relatively few properties have property tax exemption in Minnesota. Aitkin County has 8718 exempt parcels with a total valuation of \$819,867,200, which is more than many Minnesota counties due to the large amount of public land. State Statutes clearly define the various property tax exemptions. The county assessor in each county is responsible for the proper administration of these exemptions. Boards of Appeal and Equalization cannot grant or remove exemptions.

Non-profit organizations that are often called public charities own 35 parcels of exempt property in Aitkin County with a total valuation of \$22,600,000. This only amounts to about 2.8% of overall exempt property valuation in Aitkin County. If these properties were taxable at commercial classification, they would pay roughly \$660,000 per year in property taxes. This listing of properties and estimate of taxes doesn't include school properties, church properties, and church camps.

Generally, for a property to be considered exempt, it must meet three basic tests: it must be owned by the organization seeking exemption, it must be used by that organization, and ownership of the property must be necessary for the organization to meet its mission. For example, if a church owns a property and they rent it out to a business for office space, the property would be taxable. The business use is not a church use. A second example would be when a private party rents an office building out to house state offices. Even though the state is a tax-exempt entity for property tax purposes, the building is not owned by the government so the owner must pay property taxes.

Public charities need to reapply for exemption every three years. At that time, they need to confirm their 501(c)(3) status, confirm the use of the property and provide the previous three years of federal tax returns. The burden of proof is on the organization to show that the exemption is warranted.

Please contact Mike with any questions.