



Board of County Commissioners Agenda Request

6A
Agenda Item #

Requested Meeting Date: November 13, 2018

Title of Item: Property Tax Exemption Applications

- REGULAR AGENDA
- CONSENT AGENDA
- INFORMATION ONLY

Action Requested:

- Approve/Deny Motion
- Adopt Resolution (attach draft)

- Direction Requested
- Discussion Item
- Hold Public Hearing*

**provide copy of hearing notice that was published*

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.

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:



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MEMO

October 29, 2018

To: County Board of Commissioners
Jessica Seibert, County Administrator

From: Mike Dangers, County Assessor

Re: Exemption Applications

During the 2017 Legislative Session, Minnesota Statutes Section 272.025 was changed to give the Department of Revenue the authority to publish a list of the properties that must make application to county assessors to receive property tax exemption. See page 2 of this packet for the summary of the law change highlighted in yellow. Page 3 is a copy of 272.05 after the changes.

For many years, county assessors in Minnesota have been instructed by the State to ask for exempt applications for any new exempt property. This new law change makes it clear that all exempt property that is not owned by the government must apply for exemption.

Page 4 of this packet shows the list from the Department of Revenue as required by 272.05. As you can see, churches and schools are included.

I am bringing this to your attention today because Aitkin County will be requesting exemption applications of churches and other exemption institutions. This has rarely been done in the past. This will likely generate questions and concerns.

The county assessor in each county of Minnesota is primarily responsible for exempting property within their county. I do not expect to be making changes to the exempt status of properties as a result of this process. Once we have an exempt application on file, Aitkin County will not be asking for additional paperwork of church organizations or other organizations unless there is a legitimate reason.

Please contact me with any questions.

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.

272.025 FILING REQUIREMENT.

Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned by the state of Minnesota or any political subdivision thereof, a taxpayer claiming an exemption from taxation on property described in section 272.02 must file a statement of exemption with the assessor of the assessment district in which the property is located. By January 2, 2018, and each third year thereafter, the commissioner of revenue shall publish on its website a list of the exemptions for which a taxpayer claiming an exemption must file a statement of exemption. The commissioner's requirement that a taxpayer file a statement of exemption pursuant to this subdivision shall not be considered a rule and is not subject to the Administrative Procedure Act, chapter 14.

(b) A taxpayer claiming an exemption from taxation on property described in section 272.02, subdivision 10, must file a statement of exemption with the commissioner of revenue, on or before February 15 of each year for which the taxpayer claims an exemption.

(c) In case of sickness, absence or other disability or for good cause, the assessor or the commissioner may extend the time for filing the statement of exemption for a period not to exceed 60 days.

(d) The commissioner of revenue shall prescribe the content, format, and manner of the statement of exemption pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws.

(e) If a statement is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws.

Subd. 2. **Verification.** Upon the written request of the assessor, the taxpayer filing a statement of exemption shall make available to the assessor all books and records relating to the ownership or use of property which are reasonably necessary to verify that the property qualifies for exemption.

Subd. 3. **Filing dates.** (a) The statement required by subdivision 1, paragraph (a), must be filed with the assessor by February 1 of the assessment year, however, any taxpayer who has filed the statement required by subdivision 1 more than 12 months prior to February 1, 1983, or February 1 of each third year after 1983, shall file a statement by February 1, 1983, and by February 1 of each third year thereafter.

(b) For churches and houses of worship, and property solely used for educational purposes by academies, colleges, universities, or seminaries of learning, no statement is required after the statement filed for the assessment year in which the exemption began.

(c) This section does not apply to existing churches and houses of worship, and property solely used for educational purposes by academies, colleges, universities, or seminaries of learning that were exempt for taxes payable in 2011.

Subd. 4. **Knowing violation.** No property subject to the requirements of this section shall be exempt from taxation under section 272.02 if the taxpayer claiming the exemption knowingly violates any of the provisions of this section.

History: 1975 c 352 s 2; 1Sp1981 c 1 art 8 s 4; 1986 c 444; 1Sp1989 c 1 art 3 s 5; 1991 c 291 art 12 s 5; 1993 c 375 art 3 s 9; 1994 c 416 art 1 s 10; 1999 c 139 art 4 s 2; 2010 c 389 art 8 s 4,5; 2014 c 308 art 9 s 22; 1Sp2017 c 1 art 16 s 16; art 20 s 2

What are the filing requirements?

The chart below lists the types of properties required to make initial application and apply every three years. They are listed by title and the associated subdivision in Minnesota Statute 272.02.

M.S. 272.02 Exempt Property Filing Requirements				
Subd.	Type of Property	Initial application only	Initial & every 3 years	Every year
2	Public burying grounds	X		
3	Public schoolhouses	X		
4	Public hospitals	X		
5	Education institutions	X		
6	Church property	X		
7	Institutions of public charity		X	
8	Property used for public purpose	X		
10	Personal property used for pollution control			X
11	Wetlands	X		
12	Native Prairie	X		
13	Emergency Shelters for victims of domestic abuse		X	
14	Property for Senior Citizen groups	X		
15	Property used to generate hydroelectric or hydromechanical power	X		
16	Satellite broadcasting facilities	X		
17	Hot water heat; generation and distribution		X	
18	State leased lands		X	
19	Property used to distribute electricity to farmers		X	
20	Transitional housing facilities		X	
21	Property used to provide computing resources to U of M		X	
22	Wind energy conversion system	X		
24	Solar energy generating system	X		
25	Ice arenas; baseball parks		X	
27	Superior National Forest; recreational property for use by disabled veterans		X	
28	Manure pits	X		
29	Cogeneration system		X	
30	Government property; lease or installment purchase	X		
32	Wastewater treatment systems	X		
39	Economic development; public purpose	X		
41	Pollution abatement property		X	
42	Property leased to schools		X	
46	Residential buildings on temporary sites	X		
49	Agricultural historical society property		X	

57	Comprehensive Health Association	X		
58	Private Cemeteries	X		
59	Western Lake Superior Sanitary Board	X		
60	Unfinished sale or rental projects	X		
61	Pedestrian systems; public parking structures	X		
62	Municipal recreation facilities	X		
64	Job opportunity building zone property	X		
73	Property subject to taconite production tax or net proceeds tax		X	
74	Religious Corporations	X		
75	Children's Homes	X		
76	Housing and redevelopment authority and tribal housing authority property	X		
77	Property of housing and redevelopment authorities	X		
78	Property of regional rail authority	X		
79	Spirit Mountain Recreation Area Authority	X		
81	Certain recreational property for disabled veterans.		X	
85	Modular Homes used as models by dealers	X		
86	Apprenticeship training facilities		X	
87	Monosloped roofs for feedlots and manure storage areas	X		
88	Fergus Falls historical zone	X		
90	Nursing Homes		X	
91	Railroad wye connections	X		
95	St. Louis County fairgrounds		X	
98	Certain property owned by an Indian tribe		X	
101	Certain property owned by an Indian tribe		X	

Below are additional subdivisions listed in M.S.272.02. These types of property are required to make initial application only.

M.S. 272.02 Exempt Property Filing Requirements		
Subd.	Type of Property	Initial Application Only
33	Electric generation facility personal property	X
44	Electric generation facility personal property	X
45	Biomass electrical generation facility; personal property	X
47	Poultry litter biomass generation facility; personal property	X
52	Electric generation facility personal property	X
54	Small biomass electric generation facility; personal property	X
55	Electric generation facility personal property	X
56	Electric generation facility personal property	X
68	Electric generation facility personal property	X
69	Electric generation facility personal property	X