

This Document can be made available in alternative formats upon request

State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH  
SESSION

HOUSE FILE No. 2142

March 15, 2007

Authored by Marquart, Haws, Olin, Westrom, Anzelc and others  
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to taxation; property tax; changing class rates; extending time for certain  
1.3 refunds; requiring certain information to be included on certificates of real  
1.4 estate value and used in sales ratio studies; creating a property classification  
1.5 for rural woodlands; establishing a seasonal recreational property tax deferral  
1.6 program; providing a market value exclusion for improvements made to  
1.7 certain older homes; providing for homeowners to make monthly property tax  
1.8 payments; appropriating money; amending Minnesota Statutes 2006, sections  
1.9 127A.48, subdivision 3; 272.115, subdivision 1; 273.11, by adding a subdivision;  
1.10 273.13, subdivisions 22, 23, 25, 33; 279.01, by adding a subdivision; 289A.40,  
1.11 subdivision 4; proposing coding for new law as Minnesota Statutes, chapter  
1.12 290D.

1.13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.14 Section 1. Minnesota Statutes 2006, section 127A.48, subdivision 3, is amended to  
1.15 read:

1.16 Subd. 3. **Agricultural lands.** For purposes of determining the adjusted net tax  
1.17 capacity of agricultural lands for the calculation of adjusted net tax capacities, the  
1.18 market value of agricultural lands must be the price for which the property would sell in  
1.19 an arm's-length transaction. When agricultural land is sold and the purchaser changes  
1.20 its use in a manner that would result in a change of classification of the property, the  
1.21 assessment/sales tax rates study under this section must take into account that changed  
1.22 classification as soon as practicable.

1.23 **EFFECTIVE DATE.** This section is effective for the first study prepared following  
1.24 the day following final enactment.

1.25 Sec. 2. Minnesota Statutes 2006, section 272.115, subdivision 1, is amended to read:

2.1           Subdivision 1. **Requirement.** Except as otherwise provided in subdivision 5,  
2.2 whenever any real estate is sold for a consideration in excess of \$1,000, whether by  
2.3 warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor,  
2.4 grantee or the legal agent of either shall file a certificate of value with the county auditor  
2.5 in the county in which the property is located when the deed or other document is  
2.6 presented for recording. Contract for deeds are subject to recording under section 507.235,  
2.7 subdivision 1. Value shall, in the case of any deed not a gift, be the amount of the full  
2.8 actual consideration thereof, paid or to be paid, including the amount of any lien or liens  
2.9 assumed. The items and value of personal property transferred with the real property  
2.10 must be listed and deducted from the sale price. The certificate of value shall include the  
2.11 classification to which the property belongs for the purpose of determining the fair market  
2.12 value of the property, and shall include any proposed change in use of the property known  
2.13 to the person filing the certificate that could change the classification of the property. The  
2.14 certificate shall include financing terms and conditions of the sale which are necessary  
2.15 to determine the actual, present value of the sale price for purposes of the sales ratio  
2.16 study. The commissioner of revenue shall promulgate administrative rules specifying the  
2.17 financing terms and conditions which must be included on the certificate. Pursuant to the  
2.18 authority of the commissioner of revenue in section 270C.306, the certificate of value  
2.19 must include the Social Security number or the federal employer identification number  
2.20 of the grantors and grantees. The identification numbers of the grantors and grantees are  
2.21 private data on individuals or nonpublic data as defined in section 13.02, subdivisions 9  
2.22 and 12, but, notwithstanding that section, the private or nonpublic data may be disclosed to  
2.23 the commissioner of revenue for purposes of tax administration. The information required  
2.24 to be shown on the certificate of value is limited to the information required as of the date  
2.25 of the acknowledgment on the deed or other document to be recorded.

2.26           Sec. 3. Minnesota Statutes 2006, section 273.11, is amended by adding a subdivision to  
2.27 read:

2.28           Subd. 16a. **Valuation exclusion for certain improvements.** Improvements to  
2.29 homestead property made after January 2, 2008, shall be fully or partially excluded from  
2.30 the value of the property for assessment purposes provided that (1) the house is at least 50  
2.31 years old at the time of the improvement and (2) the assessor's estimated market value of  
2.32 the house on January 2 of the current year does not exceed \$400,000.

2.33           For purposes of determining this eligibility, "house" means land and buildings.

2.34           The age of a residence is the number of years since the original year of its  
2.35 construction. In the case of a residence that is relocated, the relocation must be from a

3.1 location within the state and the only improvements eligible for exclusion under this  
3.2 subdivision are (1) those for which building permits were issued to the homeowner after  
3.3 the residence was relocated to its present site, and (2) those undertaken during or after the  
3.4 year the residence is initially occupied by the homeowner, excluding any market value  
3.5 increase relating to basic improvements that are necessary to install the residence on its  
3.6 foundation and connect it to utilities at its present site. In the case of an owner-occupied  
3.7 duplex or triplex, the improvement is eligible regardless of which portion of the property  
3.8 was improved.

3.9 If the property lies in a jurisdiction that is subject to a building permit process, a  
3.10 building permit must have been issued prior to commencement of the improvement. The  
3.11 improvements for a single project or in any one year must add at least \$15,000 to the value  
3.12 of the property to be eligible for exclusion under this subdivision. Only improvements to  
3.13 the structure which is the residence of the qualifying homesteader, or construction of or  
3.14 improvements to no more than one two-car garage per residence, qualify for the provisions  
3.15 of this subdivision. Whenever a building permit is issued for property currently classified  
3.16 as homestead, the issuing jurisdiction shall notify the property owner of the possibility  
3.17 of valuation exclusion under this subdivision. The assessor shall require an application,  
3.18 including documentation of the age of the house from the owner, if unknown by the  
3.19 assessor. The application is filed subsequent to the date of the building permit provided  
3.20 that the application must be filed within two years of the date the building permit was  
3.21 issued for the improvement. If the property lies in a jurisdiction that is not subject to a  
3.22 building permit process, the application must be filed within two years of the date the  
3.23 improvement was made. The assessor may require proof from the taxpayer of the date  
3.24 the improvement was made. Applications must be received prior to July 1 of any year in  
3.25 order to be effective for taxes payable in the following year.

3.26 No exclusion for an improvement may be granted by a local board of review or  
3.27 county board of equalization, and no abatement of the taxes for qualifying improvements  
3.28 may be granted by the county board unless (1) a building permit was issued prior to the  
3.29 commencement of the improvement if the jurisdiction requires a building permit, and  
3.30 (2) an application was completed.

3.31 The assessor shall note the qualifying value of each improvement on the property's  
3.32 record, and the sum of those amounts must be subtracted from the value of the property in  
3.33 each year for ten years after the improvement has been made. After ten years, the amount  
3.34 of the qualifying value shall be added back as follows:

3.35 (1) 50 percent in the two subsequent assessment years if the qualifying value is equal  
3.36 to or less than \$20,000 market value; or

4.1 (2) 33-1/3 percent in the three subsequent assessment years if the qualifying value is  
4.2 greater than \$20,000 market value.

4.3 If an application is filed after the first assessment date at which an improvement could  
4.4 have been subject to the valuation exclusion under this subdivision, the ten-year period  
4.5 during which the value is subject to exclusion is reduced by the number of years that  
4.6 have elapsed since the property would have qualified initially. The valuation exclusion  
4.7 terminates whenever (1) the property is sold, or (2) the property is reclassified to a class  
4.8 that does not qualify for treatment under this subdivision. Improvements made by an  
4.9 occupant who is the purchaser of the property under a conditional purchase contract do not  
4.10 qualify under this subdivision unless the seller of the property is a governmental entity.  
4.11 The qualifying value of the property must be computed based upon the increase from that  
4.12 structure's market value as of January 2 preceding the acquisition of the property by  
4.13 the governmental entity.

4.14 The total qualifying value for a homestead may not exceed \$75,000. The term  
4.15 "qualifying value" means the increase in estimated market value resulting from the  
4.16 improvement. The maximum qualifying value under this subdivision may result from no  
4.17 more than two separate improvements to the homestead.

4.18 If 50 percent or more of the square footage of a structure is voluntarily razed or  
4.19 removed, the valuation increase attributable to any subsequent improvements to the  
4.20 remaining structure does not qualify for the exclusion under this subdivision. If a structure  
4.21 is unintentionally or accidentally destroyed by a natural disaster, the property is eligible  
4.22 for an exclusion under this subdivision provided that the structure was not completely  
4.23 destroyed. The qualifying value on property destroyed by a natural disaster shall be  
4.24 computed based upon the increase from that structure's market value as determined on  
4.25 January 2 of the year in which the disaster occurred. A property receiving benefits under  
4.26 the homestead disaster provisions under section 273.123 is not disqualified from receiving  
4.27 an exclusion under this subdivision. If any combination of improvements made to a  
4.28 structure after January 1, 2008, increase the size of the structure by 100 percent or more,  
4.29 the valuation increase attributable to the portion of the improvement that causes the  
4.30 structure's size to exceed 100 percent does not qualify for exclusion under this subdivision.

4.31 **EFFECTIVE DATE.** This section is effective for improvements made after January  
4.32 2, 2008.

4.33 Sec. 4. Minnesota Statutes 2006, section 273.13, subdivision 22, is amended to read:

5.1 Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b)  
 5.2 and (c), real estate which is residential and used for homestead purposes is class 1a. In the  
 5.3 case of a duplex or triplex in which one of the units is used for homestead purposes, the  
 5.4 entire property is deemed to be used for homestead purposes. The market value of class 1a  
 5.5 property must be determined based upon the value of the house, garage, and land.

5.6 The first \$500,000 of market value of class 1a property has a net class rate of  
 5.7 one percent of its market value; and the market value of class 1a property that exceeds  
 5.8 \$500,000 has a class rate of 1.25 percent of its market value.

5.9 (b) Class 1b property includes homestead real estate or homestead manufactured  
 5.10 homes used for the purposes of a homestead by

5.11 (1) any person who is blind as defined in section 256D.35, or the blind person and  
 5.12 the blind person's spouse; or

5.13 (2) any person, hereinafter referred to as "veteran," who:

5.14 (i) served in the active military or naval service of the United States; and

5.15 (ii) is entitled to compensation under the laws and regulations of the United States  
 5.16 for permanent and total service-connected disability due to the loss, or loss of use, by  
 5.17 reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both  
 5.18 lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or  
 5.19 a wheelchair; and

5.20 (iii) has acquired a special housing unit with special fixtures or movable facilities  
 5.21 made necessary by the nature of the veteran's disability, or the surviving spouse of the  
 5.22 deceased veteran for as long as the surviving spouse retains the special housing unit  
 5.23 as a homestead; or

5.24 (3) any person who is permanently and totally disabled.

5.25 Property is classified and assessed under clause (3) only if the government agency or  
 5.26 income-providing source certifies, upon the request of the homestead occupant, that the  
 5.27 homestead occupant satisfies the disability requirements of this paragraph.

5.28 Property is classified and assessed pursuant to clause (1) only if the commissioner of  
 5.29 revenue certifies to the assessor that the homestead occupant satisfies the requirements of  
 5.30 this paragraph.

5.31 Permanently and totally disabled for the purpose of this subdivision means a  
 5.32 condition which is permanent in nature and totally incapacitates the person from working  
 5.33 at an occupation which brings the person an income. The first ~~\$32,000~~ \$50,000 market  
 5.34 value of class 1b property has a net class rate of .45 percent of its market value. The  
 5.35 remaining market value of class 1b property has a class rate using the rates for class 1a or  
 5.36 class 2a property, whichever is appropriate, of similar market value.

6.1 (c) Class 1c property is commercial use real property that abuts a lakeshore line and  
 6.2 is devoted to temporary and seasonal residential occupancy for recreational purposes but  
 6.3 not devoted to commercial purposes for more than 250 days in the year preceding the  
 6.4 year of assessment, and that includes a portion used as a homestead by the owner, which  
 6.5 includes a dwelling occupied as a homestead by a shareholder of a corporation that owns  
 6.6 the resort, a partner in a partnership that owns the resort, or a member of a limited liability  
 6.7 company that owns the resort even if the title to the homestead is held by the corporation,  
 6.8 partnership, or limited liability company. For purposes of this clause, property is devoted  
 6.9 to a commercial purpose on a specific day if any portion of the property, excluding the  
 6.10 portion used exclusively as a homestead, is used for residential occupancy and a fee is  
 6.11 charged for residential occupancy. The portion of the property used as a homestead is class  
 6.12 1a property under paragraph (a). The remainder of the property is classified as follows:  
 6.13 the first \$500,000 of market value is tier I, the next \$1,700,000 of market value is tier II,  
 6.14 and any remaining market value is tier III. The class rates for class 1c are: tier I, 0.55  
 6.15 percent; tier II, 1.0 percent; and tier III, 1.25 percent. If a class 1c resort property has any  
 6.16 market value in tier III, the entire property must meet the requirements of subdivision 25,  
 6.17 paragraph (d), clause (1), to qualify for class 1c treatment under this paragraph.

6.18 (d) Class 1d property includes structures that meet all of the following criteria:

6.19 (1) the structure is located on property that is classified as agricultural property under  
 6.20 section 273.13, subdivision 23;

6.21 (2) the structure is occupied exclusively by seasonal farm workers during the time  
 6.22 when they work on that farm, and the occupants are not charged rent for the privilege of  
 6.23 occupying the property, provided that use of the structure for storage of farm equipment  
 6.24 and produce does not disqualify the property from classification under this paragraph;

6.25 (3) the structure meets all applicable health and safety requirements for the  
 6.26 appropriate season; and

6.27 (4) the structure is not salable as residential property because it does not comply  
 6.28 with local ordinances relating to location in relation to streets or roads.

6.29 The market value of class 1d property has the same class rates as class 1a property  
 6.30 under paragraph (a).

6.31 **EFFECTIVE DATE.** This section is effective for assessment year 2007 and  
 6.32 thereafter, for taxes payable in 2008 and thereafter.

6.33 Sec. 5. Minnesota Statutes 2006, section 273.13, subdivision 23, is amended to read:

6.34 Subd. 23. **Class 2.** (a) Class 2a property is agricultural land including any  
 6.35 improvements that is homesteaded. The market value of the house and garage and

7.1 immediately surrounding one acre of land has the same class rates as class 1a property  
 7.2 under subdivision 22. The value of the remaining land including improvements up to  
 7.3 the first tier valuation limit of agricultural homestead property has a net class rate of  
 7.4 0.55 percent of market value. The remaining property over the first tier has a class rate  
 7.5 of one percent of market value. For purposes of this subdivision, the "first tier valuation  
 7.6 limit of agricultural homestead property" and "first tier" means the limit certified under  
 7.7 section 273.11, subdivision 23.

7.8 (b) Class 2b property is (1) unplatted real estate, rural in character and used  
 7.9 ~~exclusively for growing trees for timber, lumber, and wood and wood products;~~ (2)  
 7.10 ~~real estate,~~ that is not improved with a structure ~~and is used exclusively for growing~~  
 7.11 ~~trees for timber, lumber, and wood and wood products, if the owner has participated or~~  
 7.12 ~~is participating in a cost-sharing program for afforestation, reforestation, or timber stand~~  
 7.13 ~~improvement on that particular property, administered or coordinated by the commissioner~~  
 7.14 ~~of natural resources;~~ (3) and that consists of at least ten acres, including land used for  
 7.15 growing trees for timber, lumber, and wood products, but not including land used for  
 7.16 agricultural purposes, provided that the presence of a minor, ancillary nonresidential  
 7.17 structure does not disqualify property from the classification under this clause; (2) real  
 7.18 estate that is nonhomestead agricultural land; or (4) (3) a landing area or public access  
 7.19 area of a privately owned public use airport. Class 2b property has a net class rate of one  
 7.20 percent of market value.

7.21 (c) Agricultural land as used in this section means contiguous acreage of ten acres or  
 7.22 more, used during the preceding year for agricultural purposes. "Agricultural purposes" as  
 7.23 used in this section means the raising or cultivation of agricultural products. "Agricultural  
 7.24 purposes" also includes enrollment in the Reinvest in Minnesota program under sections  
 7.25 103F.501 to 103F.535 or the federal Conservation Reserve Program as contained in Public  
 7.26 Law 99-198 if the property was classified as agricultural (i) under this subdivision for  
 7.27 the assessment year 2002 or (ii) in the year prior to its enrollment. Contiguous acreage  
 7.28 on the same parcel, or contiguous acreage on an immediately adjacent parcel under the  
 7.29 same ownership, may also qualify as agricultural land, but only if it is pasture, timber,  
 7.30 waste, unusable wild land, or land included in state or federal farm programs. Agricultural  
 7.31 classification for property shall be determined excluding the house, garage, and  
 7.32 immediately surrounding one acre of land, and shall not be based upon the market value of  
 7.33 any residential structures on the parcel or contiguous parcels under the same ownership.

7.34 (d) Real estate, excluding the house, garage, and immediately surrounding one acre  
 7.35 of land, of less than ten acres which is exclusively and intensively used for raising or  
 7.36 cultivating agricultural products, shall be considered as agricultural land.

8.1 Land shall be classified as agricultural even if all or a portion of the agricultural use  
8.2 of that property is the leasing to, or use by another person for agricultural purposes.

8.3 Classification under this subdivision is not determinative for qualifying under  
8.4 section 273.111.

8.5 The property classification under this section supersedes, for property tax purposes  
8.6 only, any locally administered agricultural policies or land use restrictions that define  
8.7 minimum or maximum farm acreage.

8.8 (e) The term "agricultural products" as used in this subdivision includes production  
8.9 for sale of:

8.10 (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing  
8.11 animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains,  
8.12 bees, and apiary products by the owner;

8.13 (2) fish bred for sale and consumption if the fish breeding occurs on land zoned  
8.14 for agricultural use;

8.15 (3) the commercial boarding of horses if the boarding is done in conjunction with  
8.16 raising or cultivating agricultural products as defined in clause (1);

8.17 (4) property which is owned and operated by nonprofit organizations used for  
8.18 equestrian activities, excluding racing;

8.19 (5) game birds and waterfowl bred and raised for use on a shooting preserve licensed  
8.20 under section 97A.115;

8.21 (6) insects primarily bred to be used as food for animals;

8.22 (7) trees, grown for sale as a crop, and not sold for timber, lumber, wood, or wood  
8.23 products; and

8.24 (8) maple syrup taken from trees grown by a person licensed by the Minnesota  
8.25 Department of Agriculture under chapter 28A as a food processor.

8.26 (f) If a parcel used for agricultural purposes is also used for commercial or industrial  
8.27 purposes, including but not limited to:

8.28 (1) wholesale and retail sales;

8.29 (2) processing of raw agricultural products or other goods;

8.30 (3) warehousing or storage of processed goods; and

8.31 (4) office facilities for the support of the activities enumerated in clauses (1), (2),  
8.32 and (3),

8.33 the assessor shall classify the part of the parcel used for agricultural purposes as class  
8.34 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its  
8.35 use. The grading, sorting, and packaging of raw agricultural products for first sale is  
8.36 considered an agricultural purpose. A greenhouse or other building where horticultural

9.1 or nursery products are grown that is also used for the conduct of retail sales must be  
 9.2 classified as agricultural if it is primarily used for the growing of horticultural or nursery  
 9.3 products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of  
 9.4 those products. Use of a greenhouse or building only for the display of already grown  
 9.5 horticultural or nursery products does not qualify as an agricultural purpose.

9.6 The assessor shall determine and list separately on the records the market value of  
 9.7 the homestead dwelling and the one acre of land on which that dwelling is located. If any  
 9.8 farm buildings or structures are located on this homesteaded acre of land, their market  
 9.9 value shall not be included in this separate determination.

9.10 (g) To qualify for classification under paragraph (b), clause ~~(4)~~ (3), a privately  
 9.11 owned public use airport must be licensed as a public airport under section 360.018. For  
 9.12 purposes of paragraph (b), clause ~~(4)~~ (3), "landing area" means that part of a privately  
 9.13 owned public use airport properly cleared, regularly maintained, and made available to the  
 9.14 public for use by aircraft and includes runways, taxiways, aprons, and sites upon which  
 9.15 are situated landing or navigational aids. A landing area also includes land underlying  
 9.16 both the primary surface and the approach surfaces that comply with all of the following:

9.17 (i) the land is properly cleared and regularly maintained for the primary purposes of  
 9.18 the landing, taking off, and taxiing of aircraft; but that portion of the land that contains  
 9.19 facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

9.20 (ii) the land is part of the airport property; and

9.21 (iii) the land is not used for commercial or residential purposes.

9.22 The land contained in a landing area under paragraph (b), clause ~~(4)~~ (3), must be described  
 9.23 and certified by the commissioner of transportation. The certification is effective until  
 9.24 it is modified, or until the airport or landing area no longer meets the requirements of  
 9.25 paragraph (b), clause ~~(4)~~ (3). For purposes of paragraph (b), clause ~~(4)~~ (3), "public access  
 9.26 area" means property used as an aircraft parking ramp, apron, or storage hangar, or an  
 9.27 arrival and departure building in connection with the airport.

9.28 **EFFECTIVE DATE.** This section is effective for assessment year 2007 and  
 9.29 thereafter, for taxes payable in 2008 and thereafter.

9.30 Sec. 6. Minnesota Statutes 2006, section 273.13, subdivision 25, is amended to read:

9.31 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more  
 9.32 units and used or held for use by the owner or by the tenants or lessees of the owner  
 9.33 as a residence for rental periods of 30 days or more, excluding property qualifying for  
 9.34 class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other

10.1 than hospitals exempt under section 272.02, and contiguous property used for hospital  
10.2 purposes, without regard to whether the property has been platted or subdivided. The  
10.3 market value of class 4a property has a class rate of 1.25 percent.

10.4 (b) Class 4b includes:

10.5 (1) residential real estate containing less than four units that does not qualify as class  
10.6 4bb, other than seasonal residential recreational property;

10.7 (2) manufactured homes not classified under any other provision;

10.8 (3) a dwelling, garage, and surrounding one acre of property on a nonhomestead  
10.9 farm classified under subdivision 23, paragraph (b) containing two or three units; and

10.10 (4) unimproved property that is classified residential as determined under subdivision  
10.11 33.

10.12 The market value of class 4b property has a class rate of 1.25 percent.

10.13 (c) Class 4bb includes:

10.14 (1) nonhomestead residential real estate containing one unit, other than seasonal  
10.15 residential recreational property; and

10.16 (2) a single family dwelling, garage, and surrounding one acre of property on a  
10.17 nonhomestead farm classified under subdivision 23, paragraph (b).

10.18 Class 4bb property has the same class rates as class 1a property under subdivision 22.

10.19 Property that has been classified as seasonal residential recreational property at  
10.20 any time during which it has been owned by the current owner or spouse of the current  
10.21 owner does not qualify for class 4bb.

10.22 (d) Class 4c property includes:

10.23 (1) except as provided in subdivision 22, paragraph (c), or subdivision 23, paragraph  
10.24 (b), clause (1), real property devoted to temporary and seasonal residential occupancy for  
10.25 recreation purposes, including real property devoted to temporary and seasonal residential  
10.26 occupancy for recreation purposes and not devoted to commercial purposes for more  
10.27 than 250 days in the year preceding the year of assessment. For purposes of this clause,  
10.28 property is devoted to a commercial purpose on a specific day if any portion of the  
10.29 property is used for residential occupancy, and a fee is charged for residential occupancy.  
10.30 In order for a property to be classified as class 4c, seasonal residential recreational for  
10.31 commercial purposes, at least 40 percent of the annual gross lodging receipts related to the  
10.32 property must be from business conducted during 90 consecutive days and either (i) at  
10.33 least 60 percent of all paid bookings by lodging guests during the year must be for periods  
10.34 of at least two consecutive nights; or (ii) at least 20 percent of the annual gross receipts  
10.35 must be from charges for rental of fish houses, boats and motors, snowmobiles, downhill  
10.36 or cross-country ski equipment, or charges for marina services, launch services, and guide

11.1 services, or the sale of bait and fishing tackle. For purposes of this determination, a paid  
11.2 booking of five or more nights shall be counted as two bookings. Class 4c also includes  
11.3 commercial use real property used exclusively for recreational purposes in conjunction  
11.4 with class 4c property devoted to temporary and seasonal residential occupancy for  
11.5 recreational purposes, up to a total of two acres, provided the property is not devoted to  
11.6 commercial recreational use for more than 250 days in the year preceding the year of  
11.7 assessment and is located within two miles of the class 4c property with which it is used.  
11.8 Owners of real property devoted to temporary and seasonal residential occupancy for  
11.9 recreation purposes and all or a portion of which was devoted to commercial purposes for  
11.10 not more than 250 days in the year preceding the year of assessment desiring classification  
11.11 as class 1c or 4c, must submit a declaration to the assessor designating the cabins or units  
11.12 occupied for 250 days or less in the year preceding the year of assessment by January  
11.13 15 of the assessment year. Those cabins or units and a proportionate share of the land  
11.14 on which they are located will be designated class 1c or 4c as otherwise provided. The  
11.15 remainder of the cabins or units and a proportionate share of the land on which they are  
11.16 located will be designated as class 3a. The owner of property desiring designation as class  
11.17 1c or 4c property must provide guest registers or other records demonstrating that the units  
11.18 for which class 1c or 4c designation is sought were not occupied for more than 250 days in  
11.19 the year preceding the assessment if so requested. The portion of a property operated as  
11.20 a (1) restaurant, (2) bar, (3) gift shop, and (4) other nonresidential facility operated on a  
11.21 commercial basis not directly related to temporary and seasonal residential occupancy  
11.22 for recreation purposes shall not qualify for class 1c or 4c;

11.23 (2) qualified property used as a golf course if:

11.24 (i) it is open to the public on a daily fee basis. It may charge membership fees or  
11.25 dues, but a membership fee may not be required in order to use the property for golfing,  
11.26 and its green fees for golfing must be comparable to green fees typically charged by  
11.27 municipal courses; and

11.28 (ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

11.29 A structure used as a clubhouse, restaurant, or place of refreshment in conjunction  
11.30 with the golf course is classified as class 3a property;

11.31 (3) real property up to a maximum of one acre of land owned by a nonprofit  
11.32 community service oriented organization; provided that the property is not used for a  
11.33 revenue-producing activity for more than six days in the calendar year preceding the year  
11.34 of assessment and the property is not used for residential purposes on either a temporary  
11.35 or permanent basis. For purposes of this clause, a "nonprofit community service oriented  
11.36 organization" means any corporation, society, association, foundation, or institution

12.1 organized and operated exclusively for charitable, religious, fraternal, civic, or educational  
12.2 purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3),  
12.3 (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31,  
12.4 1990. For purposes of this clause, "revenue-producing activities" shall include but not be  
12.5 limited to property or that portion of the property that is used as an on-sale intoxicating  
12.6 liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant  
12.7 open to the public, bowling alley, a retail store, gambling conducted by organizations  
12.8 licensed under chapter 349, an insurance business, or office or other space leased or  
12.9 rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of  
12.10 the property which is used for revenue-producing activities for more than six days in the  
12.11 calendar year preceding the year of assessment shall be assessed as class 3a. The use of  
12.12 the property for social events open exclusively to members and their guests for periods of  
12.13 less than 24 hours, when an admission is not charged nor any revenues are received by the  
12.14 organization shall not be considered a revenue-producing activity;

12.15 (4) postsecondary student housing of not more than one acre of land that is owned by  
12.16 a nonprofit corporation organized under chapter 317A and is used exclusively by a student  
12.17 cooperative, sorority, or fraternity for on-campus housing or housing located within two  
12.18 miles of the border of a college campus;

12.19 (5) manufactured home parks as defined in section 327.14, subdivision 3;

12.20 (6) real property that is actively and exclusively devoted to indoor fitness, health,  
12.21 social, recreational, and related uses, is owned and operated by a not-for-profit corporation,  
12.22 and is located within the metropolitan area as defined in section 473.121, subdivision 2;

12.23 (7) a leased or privately owned noncommercial aircraft storage hangar not exempt  
12.24 under section 272.01, subdivision 2, and the land on which it is located, provided that:

12.25 (i) the land is on an airport owned or operated by a city, town, county, Metropolitan  
12.26 Airports Commission, or group thereof; and

12.27 (ii) the land lease, or any ordinance or signed agreement restricting the use of the  
12.28 leased premise, prohibits commercial activity performed at the hangar.

12.29 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must  
12.30 be filed by the new owner with the assessor of the county where the property is located  
12.31 within 60 days of the sale;

12.32 (8) a privately owned noncommercial aircraft storage hangar not exempt under  
12.33 section 272.01, subdivision 2, and the land on which it is located, provided that:

12.34 (i) the land abuts a public airport; and

13.1 (ii) the owner of the aircraft storage hangar provides the assessor with a signed  
13.2 agreement restricting the use of the premises, prohibiting commercial use or activity  
13.3 performed at the hangar; and

13.4 (9) residential real estate, a portion of which is used by the owner for homestead  
13.5 purposes, and that is also a place of lodging, if all of the following criteria are met:

13.6 (i) rooms are provided for rent to transient guests that generally stay for periods  
13.7 of 14 or fewer days;

13.8 (ii) meals are provided to persons who rent rooms, the cost of which is incorporated  
13.9 in the basic room rate;

13.10 (iii) meals are not provided to the general public except for special events on fewer  
13.11 than seven days in the calendar year preceding the year of the assessment; and

13.12 (iv) the owner is the operator of the property.

13.13 The market value subject to the 4c classification under this clause is limited to five rental  
13.14 units. Any rental units on the property in excess of five, must be valued and assessed as  
13.15 class 3a. The portion of the property used for purposes of a homestead by the owner must  
13.16 be classified as class 1a property under subdivision 22.

13.17 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each  
13.18 parcel of seasonal residential recreational property not used for commercial purposes has  
13.19 the same class rates as class 4bb property, (ii) manufactured home parks assessed under  
13.20 clause (5) have the same class rate as class 4b property, (iii) commercial-use seasonal  
13.21 residential recreational property has a class rate of one percent for the first \$500,000 of  
13.22 market value, and 1.25 percent for the remaining market value, (iv) the market value of  
13.23 property described in clause (4) has a class rate of one percent, (v) the market value of  
13.24 property described in clauses (2) and (6) has a class rate of 1.25 percent, and (vi) that  
13.25 portion of the market value of property in clause (9) qualifying for class 4c property  
13.26 has a class rate of 1.25 percent.

13.27 (e) Class 4d property is qualifying low-income rental housing certified to the assessor  
13.28 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion  
13.29 of the units in the building qualify as low-income rental housing units as certified under  
13.30 section 273.128, subdivision 3, only the proportion of qualifying units to the total number  
13.31 of units in the building qualify for class 4d. The remaining portion of the building shall be  
13.32 classified by the assessor based upon its use. Class 4d also includes the same proportion of  
13.33 land as the qualifying low-income rental housing units are to the total units in the building.  
13.34 For all properties qualifying as class 4d, the market value determined by the assessor must  
13.35 be based on the normal approach to value using normal unrestricted rents.

13.36 Class 4d property has a class rate of 0.75 percent.

14.1 **EFFECTIVE DATE.** This section is effective for assessment year 2007 and  
14.2 thereafter, for taxes payable in 2008 and thereafter.

14.3 Sec. 7. Minnesota Statutes 2006, section 273.13, subdivision 33, is amended to read:

14.4 Subd. 33. **Classification of unimproved property.** (a) All real property that is not  
14.5 improved with a structure must be classified according to its current use.

14.6 (b) Except as provided in subdivision 23, paragraph (b), clause (1), real property that  
14.7 is not improved with a structure and for which there is no identifiable current use must be  
14.8 classified according to its highest and best use permitted under the local zoning ordinance.  
14.9 If the ordinance permits more than one use, the land must be classified according to the  
14.10 highest and best use permitted under the ordinance. If no such ordinance exists, the  
14.11 assessor shall consider the most likely potential use of the unimproved land based upon  
14.12 the use made of surrounding land or land in proximity to the unimproved land.

14.13 **EFFECTIVE DATE.** This section is effective for assessment year 2007 and  
14.14 thereafter, for taxes payable in 2008 and thereafter.

14.15 Sec. 8. Minnesota Statutes 2006, section 279.01, is amended by adding a subdivision  
14.16 to read:

14.17 Subd. 5. **Homestead property; monthly payment option.** (a) In the case of class  
14.18 1, 1c, or 2a homestead property as defined in section 273.13, a homeowner may apply  
14.19 to make payments in eight equal monthly installments on the 15th day of each month  
14.20 from May through December. A homeowner desiring to utilize this option must apply  
14.21 to the county by April 15 of the year that the taxes are payable, following procedures  
14.22 established by the county.

14.23 (b) Each county must establish procedures allowing homeowners the option of  
14.24 paying the current year's property taxes on a monthly basis. The procedures must address  
14.25 how homeowners apply to participate in the program, how taxpayers can make payments,  
14.26 including the possibility of automatic bank withdrawals, how and whether the taxpayer is  
14.27 notified of each payment due date, whether to require annual applications, how to modify  
14.28 the property tax settlement process, and any other procedures the county board deems  
14.29 necessary to implement this subdivision. The proposed procedures must be submitted to  
14.30 the commissioner of revenue by November 1, 2007. The commissioner must review the  
14.31 procedures and approve them or notify the county of changes that must be made to the  
14.32 proposed procedures by January 1, 2008.

14.33 (c) The application procedure must be included in the property tax statement mailing.

15.1 (d) Penalties on unpaid taxes on property under the monthly payment program  
 15.2 must be computed by equating the number of days that any of the monthly payments are  
 15.3 overdue to the penalty for the corresponding number of days after May 15 that a payment  
 15.4 is overdue under subdivision 1.

15.5 **EFFECTIVE DATE.** This section is effective for taxes payable in 2008 and  
 15.6 thereafter.

15.7 Sec. 9. Minnesota Statutes 2006, section 289A.40, subdivision 4, is amended to read:

15.8 Subd. 4. **Property tax refund claims.** A property tax refund claim under chapter  
 15.9 290A is not allowed if the initial claim is filed more than (1) one year after the original due  
 15.10 date for filing the claim for refunds under section 290A.04, subdivision 2h; or (2) three  
 15.11 years after the original due date for filing the claim for refunds under section 290A.04,  
 15.12 subdivisions 2 and 2a.

15.13 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2006  
 15.14 and thereafter and rent paid in 2005 and thereafter.

15.15 Sec. 10. **[290D.01] CITATION.**

15.16 This program shall be named the "seasonal recreational property tax deferral  
 15.17 program."

15.18 Sec. 11. **[290D.02] TERMS.**

15.19 Subdivision 1. **Terms.** For purposes of sections 290D.01 to 290D.08, the terms  
 15.20 defined in this section have the meanings given them.

15.21 Subd. 2. **Primary property owner.** "Primary property owner" means a person who  
 15.22 (1) has been the owner, or one of the owners, of the eligible property for at least 15 years  
 15.23 prior to the year the application is filed under section 290D.04; and (2) applies for the  
 15.24 deferral of property taxes under section 290D.04.

15.25 Subd. 3. **Secondary property owner.** "Secondary property owner" means any  
 15.26 person, other than the primary property owner, who has been an owner of the eligible  
 15.27 property for at least 15 years prior to the year the initial application is filed for deferral  
 15.28 of property taxes under section 290D.04.

15.29 Subd. 4. **Eligible property.** "Eligible property" means a parcel of property or  
 15.30 contiguous parcels of property under the same ownership classified as noncommercial  
 15.31 seasonal residential recreational 4c(1) property under section 273.13, subdivision 25.

16.1            Subd. 5. **Base property tax amount.** "Base property tax amount" means the total  
 16.2 property taxes levied by all taxing jurisdictions, including special assessments, on the  
 16.3 eligible property in the year prior to the year that the initial application is approved under  
 16.4 section 290D.04 and payable in the year of the application.

16.5            Subd. 6. **Special assessments.** "Special assessments" mean any assessment, fee, or  
 16.6 other charge that may be made by law, and that appears on the property tax statement for  
 16.7 the property for collection under the laws applicable to the enforcement of real estate taxes.

16.8            Subd. 7. **Commissioner.** "Commissioner" means the commissioner of revenue.

16.9            **Sec. 12. [290D.03] QUALIFICATIONS FOR DEFERRAL.**

16.10           In order for an eligible property to qualify for treatment under this program:

16.11           (1) the eligible property must have been owned solely by the primary property owner,  
 16.12 or jointly with others, for at least 15 years prior to the year the initial application is filed;

16.13           (2) there must be no state or federal tax liens or judgment liens on the eligible  
 16.14 property;

16.15           (3) there must be no mortgages or other liens on the eligible property that secure  
 16.16 future advances, except for those subject to credit limits that result in compliance with  
 16.17 clause (4); and

16.18           (4) the total unpaid balances of debts secured by mortgages and other liens on the  
 16.19 eligible property, including unpaid and delinquent special assessments and interest and  
 16.20 any delinquent property taxes, penalties, and interest, but not including property taxes  
 16.21 payable during the year, must not exceed 60 percent of the assessor's estimated market  
 16.22 value for the current assessment year.

16.23           **Sec. 13. [290D.04] APPLICATION FOR DEFERRAL.**

16.24           Subdivision 1. **Initial application.** (a) A primary owner of a property meeting  
 16.25 the qualifications under section 290D.03 may apply to the commissioner for deferral  
 16.26 of taxes on the eligible property. Applications are due on or before July 1 for deferral  
 16.27 of any taxes payable in the following year. The application, which must be prescribed  
 16.28 by the commissioner, shall include the following items and any other information the  
 16.29 commissioner deems necessary:

16.30           (1) the name, address, and Social Security number of the primary property owner  
 16.31 and secondary property owners, if any;

16.32           (2) a copy of the property tax statement for the current taxes payable year for the  
 16.33 eligible property;

17.1 (3) the initial year of ownership of the primary property owner and any second  
17.2 property owners of the eligible property;

17.3 (4) information on any mortgage loans or other amounts secured by mortgages or  
17.4 other liens against the eligible property, for which purpose the commissioner may require  
17.5 the applicant to provide a copy of the mortgage note, the mortgage, or a statement of the  
17.6 balance owing on the mortgage loan provided by the mortgage holder. The commissioner  
17.7 may require the appropriate documents in connection with obtaining and confirming  
17.8 information on unpaid amounts secured by other liens; and

17.9 (5) the signatures of the primary property owner and all other owners, if any, stating  
17.10 that each owner agrees to enroll the eligible property in the program to defer property  
17.11 taxes under this chapter.

17.12 The application must state that program participation is voluntary. The application  
17.13 must also state that program participation includes authorization for the annual deferred  
17.14 amount. The deferred property tax calculated by the county and the cumulative deferred  
17.15 property tax amount is public data.

17.16 (b) As part of the initial application process, if the property is abstract property, the  
17.17 commissioner may require the applicant to obtain at the applicant's cost a report prepared  
17.18 by a licensed abstracter showing the last deed and any unsatisfied mortgages, liens,  
17.19 judgments, and state and federal tax lien notices which were recorded on or after the date  
17.20 of that last deed with respect to the eligible property or to the applicant.

17.21 The certificate or report need not include references to any documents filed or  
17.22 recorded more than 40 years prior to the date of the certification or report. The certification  
17.23 or report must be as of a date not more than 30 days prior to submission of the application  
17.24 under this section.

17.25 The commissioner may also require the county recorder or county registrar of the  
17.26 county where the eligible property is located to provide copies of recorded documents  
17.27 related to the applicant of the eligible property, for which the recorder or registrar shall  
17.28 not charge a fee. The commissioner may use any information available to determine or  
17.29 verify eligibility under this section.

17.30 Subd. 2. **Approval; recording.** The commissioner shall approve all initial  
17.31 applications that qualify under this chapter and shall notify the primary property owner on  
17.32 or before December 1. The commissioner may investigate the facts or require confirmation  
17.33 in regard to an application. The commissioner shall record or file a notice of qualification  
17.34 for deferral, including the names of the primary and any secondary property owners and a  
17.35 legal description of the eligible property, in the office of the county recorder, or registrar of  
17.36 titles, whichever is applicable, in the county where the eligible property is located. The

18.1 notice must state that it serves as a notice of lien and that it includes deferrals under this  
 18.2 section for future years. The primary property owner shall pay the recording or filing fees  
 18.3 for the notice, which, notwithstanding section 357.18, shall be paid by that owner at the  
 18.4 time of satisfaction of the lien.

18.5 Subd. 3. **Penalty for failure; investigations.** (a) The commissioner shall assess  
 18.6 a penalty equal to 20 percent of the property taxes improperly deferred in the case of a  
 18.7 false application. The commissioner shall assess a penalty equal to 50 percent of the  
 18.8 property taxes improperly deferred if the taxpayer knowingly filed a false application. The  
 18.9 commissioner shall assess penalties under this section through the issuance of an order  
 18.10 under the provisions of chapter 270C. Persons affected by a commissioner's order issued  
 18.11 under this section may appeal as provided in chapter 270C.

18.12 (b) The commissioner may conduct investigations related to initial applications  
 18.13 required under this chapter within the period ending 3-1/2 years from the due date of  
 18.14 the application.

18.15 Subd. 4. **Annual certification to commissioner.** Annually on or before July 1,  
 18.16 the primary property owner must certify to the commissioner that the person continues  
 18.17 to qualify as a primary property owner. If the primary owner has died or has transferred  
 18.18 the property in the preceding year, a certification may be filed by the primary owner's  
 18.19 spouse, or by one of the secondary owners, provided that the person is currently an  
 18.20 owner of the property. In this case, the primary owner's spouse or the secondary owner  
 18.21 shall be considered the primary owner from that point forward. If neither the primary  
 18.22 owner, the primary owner's spouse, or a secondary owner is eligible to file the required  
 18.23 annual certification for the property, the property's participation in the program shall be  
 18.24 terminated, and the procedures in section 290D.08 apply.

18.25 Subd. 5. **Annual notice to primary property owner.** Annually, on or before  
 18.26 September 1, the commissioner shall notify each primary property owner, in writing, of  
 18.27 the total cumulative deferred taxes and accrued interest on the qualifying property as of  
 18.28 that date.

18.29 **Sec. 14. [290D.05] DEFERRED PROPERTY TAX AMOUNT.**

18.30 Subdivision 1. **Calculation of deferred property tax amount.** Each year after  
 18.31 the county auditor has determined the final property tax rates under section 275.08, the  
 18.32 "deferred property tax amount" must be calculated on each eligible property. The deferred  
 18.33 property tax amount is equal to 50 percent of the amount of the difference between (1) the  
 18.34 total amount of property taxes and special assessments levied upon the eligible property  
 18.35 for the current year by all taxing jurisdictions and (2) the eligible property's base property

19.1 tax amount. Any tax attributable to new improvements made to the eligible property after  
 19.2 the initial application has been approved under section 290D.04, subdivision 2, must be  
 19.3 excluded in determining the deferred property tax amount. The eligible property's total  
 19.4 current year's tax less the deferred property tax amount for the current year must be listed  
 19.5 on the property tax statement and is the amount due to the county under chapter 276.  
 19.6 Reference that the property is enrolled in the seasonal recreational property tax deferral  
 19.7 program under this chapter and a state lien has been recorded must be clearly printed on  
 19.8 the statement.

19.9 Subd. 2. **Certification to commissioner.** The county auditor shall annually, on or  
 19.10 before April 15, certify to the commissioner the property tax deferral amounts determined  
 19.11 under this section for each eligible property in the county. The commissioner shall  
 19.12 prescribe the information that is necessary to identify the eligible properties.

19.13 Subd. 3. **Limitation on total amount of deferred taxes.** The total amount of  
 19.14 deferred taxes and interest on a property, when added to (1) the balance owed on any  
 19.15 mortgages on the property at the time of initial application; (2) other amounts secured by  
 19.16 liens on the property at the time of the initial application; and (3) any unpaid and delinquent  
 19.17 special assessments and interest and any delinquent property taxes, penalties, and interest,  
 19.18 but not including property taxes payable during the year, must not exceed 60 percent of  
 19.19 the assessor's estimated market value of the property for the current assessment year.

19.20 **Sec. 15. [290D.06] LIEN; DEFERRED PORTION.**

19.21 (a) Payment by the state to the county treasurer of property taxes, penalties, interest,  
 19.22 or special assessments and interest, deferred under this chapter is deemed a loan from the  
 19.23 state to the program participant. The commissioner shall compute the interest as provided  
 19.24 in section 270C.40, subdivision 5, but not to exceed two percent over the maximum  
 19.25 interest rate provided in section 290B.07, paragraph (a), and maintain records of the total  
 19.26 deferred amount and interest for each participant. Interest accrues beginning September 1  
 19.27 of the payable year for which the taxes are deferred. Any deferral made under this chapter  
 19.28 must not be construed as delinquent property taxes.

19.29 The lien created under section 272.31 continues to secure payment by the taxpayer,  
 19.30 or by the taxpayer's successors or assigns, of the amount deferred, including interest, with  
 19.31 respect to all years for which amounts are deferred. The lien for deferred taxes and interest  
 19.32 has the same priority as any other lien under section 272.31, except that liens, including  
 19.33 mortgages, recorded or filed prior to the recording or filing of the notice under section  
 19.34 290D.04, subdivision 2, have priority over the lien for deferred taxes and interest. A  
 19.35 seller's interest in a contract for deed, in which a qualifying owner is the purchaser or an

20.1 assignee of the purchaser, has priority over deferred taxes and interest on deferred taxes,  
 20.2 regardless of whether the contract for deed is recorded or filed. The lien for deferred taxes  
 20.3 and interest for future years has the same priority as the lien for deferred taxes and interest  
 20.4 for the first year, which is always higher in priority than any mortgages or other liens filed,  
 20.5 recorded, or created after the notice recorded or filed under section 290D.04, subdivision  
 20.6 2. The county treasurer or auditor shall maintain records of the deferred portion and shall  
 20.7 list the amount of deferred taxes for the year and the cumulative deferral and interest for  
 20.8 all previous years as a lien against the eligible property. In any certification of unpaid  
 20.9 taxes for a tax parcel, the county auditor shall clearly distinguish between taxes payable in  
 20.10 the current year, deferred taxes and interest, and delinquent taxes. Payment of the deferred  
 20.11 portion becomes due and owing at the time specified in section 290D.07. Upon receipt of  
 20.12 the payment, the commissioner shall issue a receipt to the person making the payment  
 20.13 upon request and shall notify the auditor of the county in which the parcel is located,  
 20.14 within ten days, identifying the parcel to which the payment applies. Upon receipt by the  
 20.15 commissioner of collected funds in the amount of the deferral, the state's loan to the  
 20.16 program participant is deemed paid in full.

20.17 (b) If eligible property for which taxes have been deferred under this chapter forfeits  
 20.18 under chapter 281 for nonpayment of a nondeferred property tax amount, or because  
 20.19 of nonpayment of amounts previously deferred following a termination under section  
 20.20 290D.07, the lien for the taxes deferred under this chapter, plus interest and costs, shall be  
 20.21 canceled by the county auditor as provided in section 282.07. However, notwithstanding  
 20.22 any other law to the contrary, any proceeds from a subsequent sale of the eligible property  
 20.23 under chapter 282 or another law, must be used to first reimburse the county's forfeited  
 20.24 tax sale fund for any direct costs of selling the eligible property or any costs directly  
 20.25 related to preparing the eligible property for sale, and then to reimburse the state for  
 20.26 the amount of the canceled lien. Within 90 days of the receipt of any sale proceeds to  
 20.27 which the state is entitled under these provisions, the county auditor must pay those funds  
 20.28 to the commissioner by warrant for deposit in the general fund. No other deposit, use,  
 20.29 distribution, or release of gross sale proceeds or receipts may be made by the county until  
 20.30 payments sufficient to fully reimburse the state for the canceled lien amount have been  
 20.31 transmitted to the commissioner.

20.32 **Sec. 16. [290D.07] TERMINATION OF DEFERRAL; PAYMENT OF**  
 20.33 **DEFERRED TAXES.**

20.34 Subdivision 1. **Termination.** (a) The deferral of taxes granted under this chapter  
 20.35 terminates when one of the following occurs:

21.1 (1) the eligible property is sold or transferred to someone other than the primary  
21.2 owner's spouse or a secondary owner;

21.3 (2) the death of the primary owner, or in the case of a married couple, after the  
21.4 death of both spouses, provided that there is not a secondary owner eligible to become  
21.5 the primary owner;

21.6 (3) the primary property owner notifies the commissioner, in writing, that all owners,  
21.7 including any secondary property owners, desire to discontinue the deferral; or

21.8 (4) the eligible property no longer qualifies under section 290D.03.

21.9 (b) An eligible property is not terminated from the program because no deferred  
21.10 property tax amount is determined for any given year after the eligible property's initial  
21.11 enrollment into the program.

21.12 (c) An eligible property is not terminated from the program if the eligible property  
21.13 subsequently becomes the homestead of one or more of the property owners and the  
21.14 property and the owners qualify for, and are immediately enrolled in, the senior deferral  
21.15 program under chapter 290B.

21.16 Subd. 2. **Payment upon termination.** Upon the termination of the deferral under  
21.17 subdivision 1, the amount of deferred taxes, penalties, interest, and special assessments  
21.18 and interest, plus the recording or filing fees under this subdivision and section 290D.04,  
21.19 subdivision 2, becomes due and payable to the commissioner within 90 days of termination  
21.20 of the deferral for terminations under subdivision 1, paragraph (a), clauses (1) and (2),  
21.21 and within one year of termination of the deferral for terminations under subdivision 1,  
21.22 paragraph (a), clauses (3) and (4). No additional interest is due on the deferral if timely  
21.23 paid. On receipt of payment, the commissioner shall, within ten days, notify the auditor  
21.24 of the county in which the parcel is located, identifying the parcel to which the payment  
21.25 applies and shall remit the recording or filing fees under this subdivision and section  
21.26 290D.04, subdivision 2, to the auditor. A notice of termination of deferral, containing the  
21.27 legal description and the recording or filing data for the notice of qualification for deferral  
21.28 under section 290D.04, subdivision 2, shall be prepared and recorded or filed by the  
21.29 county auditor in the same office in which the notice of qualification for deferral under  
21.30 section 290D.04, subdivision 2, was recorded or filed, and the county auditor shall mail a  
21.31 copy of the notice of termination to the property owner. The property owner shall pay the  
21.32 recording or filing fees. Upon recording or filing of the notice of termination of deferral,  
21.33 the notice of qualification for deferral under section 290D.04, subdivision 2, and the lien  
21.34 created by it are discharged. If the deferral is not timely paid, the penalty, interest, lien,  
21.35 forfeiture, and other rules for the collection of ad valorem property taxes apply.

22.1 Sec. 17. **[290D.08] STATE REIMBURSEMENT.**

22.2 Subdivision 1. **Determination; payment.** The county auditor shall determine the  
22.3 total current year's deferred amount of property tax under this chapter in the county, and  
22.4 submit those amounts as part of the abstracts of tax lists submitted by the county auditors  
22.5 under section 275.29. The commissioner may make changes in the abstracts of tax lists as  
22.6 deemed necessary. The commissioner, after such review, shall pay the deferred amount of  
22.7 property tax to each county treasurer on or before August 31.

22.8 The county treasurer shall distribute as part of the October settlement the funds  
22.9 received as if they had been collected as part of the property tax.

22.10 Subd. 2. **Appropriation.** An amount sufficient to pay the total amount of property  
22.11 tax determined under subdivision 1, plus any amounts paid under section 290D.04,  
22.12 subdivision 4, is annually appropriated from the general fund to the commissioner.

22.13 Sec. 18. **EFFECTIVE DATE.**

22.14 Sections 10 to 17 are effective for applications filed July 1, 2008, and thereafter.