REVENUE CORRESPONDENCE:

Assessor Memos

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Updated July 2024

Green Acres Bulletins

MINNESOTA ▪ REVENUE

Memo

Date: June 30, 2011

To: All County Assessors

From: Andrea Fish, State Program Administrator
Information and Education Section

Subject: Green Acres and the "primary use test"

We have recently received several inquiries as to whether the Department of Revenue would issue additional guidance on determining if a property qualifies for Green Acres based on its primary use as agricultural property. The department issued guidance on September 24, 2009 which has not since changed. As part of that guidance, we stated that all counties should establish a guide (based on the criteria we had included) that would be used to make consistent decisions. We further stated that the criteria should be consistent within adjoining counties or with counties having similar markets and land uses. Finally, we stated, "**This uniformity should be coordinated through the department and Regional Reps**."

The Information and Education Section has not created any additional guidance since that time. In large part, we have not issued additional guidance because we believe that the criteria developed within counties and regions should be able to be flexible to account for differences in land types, agricultural markets, and any other topographical or economic considerations that may vary throughout the state. An additional resource (beyond the September 24, 2009 memo) that may be helpful is the Property Tax Administrator's Manual, which is available online.

Because of specific requests we have received, we do feel that it is prudent to address some general items. **The following criteria *should not* be used**, as it is inconsistent with statutory guidelines for application of the Green Acres program as provided in Minnesota Statutes, Section 273.111:

- minimum acreage not specifically identified in section 273.111 (e.g. requiring a minimum of 20 acres of agricultural land, or requiring a minimum of a 40-acre parcel); however, comparing the number of acres used agriculturally to total acres is allowable as per the 2009 bulletin
- ownership requirements that are either more expansive or more restrictive than those ownership scenarios allowed by section 273.111
- local zoning allowances (as opposed to zoning *restrictions*), if the actual use of the property remains agricultural
- whether the property is for sale

We urge you to continue your work within your county, your region, and with your Regional Representative to continue developing guidance and criteria to be used to determine whether a property is primarily devoted to agricultural use.

If you have any questions, please do not hesitate to contact our division via email at proptax.questions@state.mn.us.

MINNESOTA · REVENUE

Memo

Date: January 13, 2010

To: All Assessors

From: Andrea Fish, State Program Administrator
Information and Education Section, Property Tax Division

Subject: **Refund of Green Acres payment of deferred taxes**

Minnesota Statutes, section 273.111, subdivision 9, paragraph (b) requires counties to repay taxes which were collected from property owners who voluntarily withdrew from the Green Acres tax deferral program after 2008 law changes. These taxpayers would have informed assessors of their decision to withdraw from the program and had paid back deferred taxes with respect to the last three years' enrollment.

The purpose of this memo is to outline which taxpayers are eligible for repayment of these taxes, and to outline the process for this repayment.

M.S. 273.111, subdivision 9, paragraph (b) provides:

> *"Real property that has been valued and assessed under this section prior to May 29, 2008, and that ceases to qualify under this section after May 28, 2008, and is withdrawn from the program before May 1, 2010, is not subject to additional taxes under this subdivision or subdivision 3, paragraph (c). If additional taxes have been paid under this subdivision with respect to property described in this paragraph prior to April 3, 2009, the county must repay the property owner in the manner prescribed by the commissioner of revenue."*

This paragraph clearly describes land that "is withdrawn from the program" prior to May 1, 2010. In other words, property that was voluntarily withdrawn from the program after May 28, 2008 (but before May 1, 2010) additional taxes are not due. In some cases, property owners repaid deferred taxes upon withdrawal. As you are aware, property owners now have until May 1, 2010 to withdraw class 2b acres from the Green Acres program without payment of taxes deferred on those acres. However, property owners who paid those deferred taxes upon withdrawal are eligible in many cases for repayment.

The following types of property transfers are also eligible for repayment of the deferred taxes they paid, due to additional change in language (M.S. 273.111, subd. 11a):

- Transfer of the property from the owner(s) to a child or children of the owner(s)
- A transfer resulting from the divorce or marriage of a property owner

- A transfer into a trust property where the same owner(s) maintained the same beneficial interest both before and after the transfer into a trust.

Sales between unrelated parties, transfers to owners other than children, or any type of property sale or transfer not specifically provided for in statute (M.S. 273.111, subd. 11a) will **not** be eligible for repayment of the deferred taxes which were due upon withdrawal from the program.

The language above is also very clear that it regards only property that "ceases to qualify" for Green Acres deferral. This is specifically regarding lands that we reclassified from the previous 2a agricultural homestead classification to class 2b rural vacant land after 2008 legislation. Any class 2a lands that were sold or withdrawn and for which additional taxes were due upon sale or withdrawal, no repayment of those deferred taxes is due. Repayment is only for class 2b rural vacant land acres which could not qualify for Green Acres after the 2008 legislation.

If 2b lands were withdrawn from Green Acres after May 28, 2008, those lands are not eligible to "re-enroll" in the program until 2013. The lands may be transferred into the Rural Preserves program beginning in 2011, but there is no provision in law which would allow these class 2b acres to be re-enrolled in Green Acres for any reason.

<u>Summary</u>

Under these specific conditions, a refund of payment of deferred taxes will be due to the property owner:

- The acres are classified 2b rural vacant land.
- The acres had been enrolled in Green Acres as of January 2, 2008.
- The property owner repaid taxes deferred on those class 2b acres.
- The acres were withdrawn due to one of the following reasons and the property owner paid back deferred taxes:
    1. Voluntary withdrawal by taxpayer request;
    2. Transfer or sale of the class 2b acres to a child of the property owner;
    3. Removal of class 2b acres due to death of an owner of the property where a surviving owner continued to meet all other Green Acres requirements;
    4. Removal of the class 2b acres due to divorce or marriage of an owner of the property;
    5. Removal of the class 2b acres due to organization into or reorganization of a family farm cooperative under M.S. 500.24 (if all owners had the same beneficial interest both before and after the organization or reorganization); or
    6. Removal of the class 2b acres because of transfer of the property into a trust (if all owners had the same beneficial interest both before and after the placement of the property into the trust).

The changes in ownership above reflect those listed in Minnesota Statutes, section 273.111, subdivision 11a. If class 2b property was withdrawn from Green Acres under one of those ownership transfer scenarios, the 2b acres may not be re-enrolled in Green

Acres. The acres may be eligible for enrollment in the Rural Preserve Property Tax Program beginning with the 2011 assessment (for taxes payable in 2012).

Under these specific conditions, the collection of deferred taxes was warranted and no refund is due:

- The acres are classified 2a agricultural land.
- The acres were withdrawn from Green Acres due to a sale (other than a sale of the property to children).
- The acres were withdrawn due to a transfer of ownership on the property (other than a transfer outlined in section 273.111, subdivision 11a, which for Green Acres purposes are not considered a transfer of ownership requiring a payback of deferred taxes).
- The acres were removed from Green Acres due to a change in use (and resultant change in classification).

If you have any questions, please direct them to proptax.questions@state.mn.us.

Fish, Andrea (MDOR)

From: Fish, Andrea (MDOR)
Sent: Monday, December 14, 2009 9:34 AM
To: *MDOR_Proptax Information
Subject: Green Acres letters to taxpayers
Attachments: Green Acres Withrawal Form 12-10-09.doc

Attached is a letter form for your use which we encourage you send to property owners in your county who are currently enrolled in Green Acres. This form was created in response to requests from assessors regarding the need for a clear and identifiable record of how property owners wanted their enrolled lands to be treated going forward. We want to acknowledge all of the helpful suggestions that we received from assessors in developing this form. We believe that the end product is greatly improved through these suggestions.

Although we are providing this form in an unprotected Microsoft Word format to assist with mail-merge functions, **it is imperative that none of the language be changed. This is necessary for statewide consistency.**

If you have any questions, please direct them to proptax.questions@state.mn.us.

COUNTY OF
OFFICE OF COUNTY ASSESSOR
"Name," COUNTY ASSESSOR
Address
"   "
"   "
PHONE:
FAX:
WEBSITE:
E-MAIL:

Date:

Re Parcels:

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,   ,

,   ,

Dear Property Owner:

The 2009 Legislature made changes to the Minnesota Agricultural Property Tax Law (Green Acres). Enclosed with this letter is the "Notification for Property Enrolled in Green Acres." The form explains the changes and the options you have as the owner of property that has been receiving the benefits of this law. Please read this information carefully. The parcels that you are currently receiving the Green Acres benefit on are listed on this letter. Please refer to them when you are completing the response form on the back of this letter that must be returned to our office. If we do not receive a response to this letter from you we will assume you do not want to make any changes to the Green Acres status on the above listed parcels.

If you have any questions regarding this please contact our office.

Sincerely,

Name: , County Assessor

Notification for Property Enrolled in Green Acres

Provided by the Minnesota Agricultural Property Tax Law, (M.S. 273.111)

Complete this form regarding your ongoing enrollment in the Green Acres program. Property classified as 2b rural vacant land may be withdrawn prior to May 1, 2010 without a payback of deferred taxes. If class 2b acres are withdrawn after this date, a payback of up to three years' deferred taxes will be due, unless the acres are immediately enrolled in the Rural Preserve Property Tax Program. Any class 2a agricultural land that is withdrawn will be required to pay back up to three years' deferred taxes. **Contact your county assessor for more details concerning the classification of your property and the potential payback of deferred taxes and special assessments.**

Property Information

Name of property owner(s)	Daytime phone number

Property is owned by: ☐ Private individual ☐ Family farm entity ☐ Authorized farm entity under section 500.24 ☐ Corporation owning a nursery
☐ Other Please specify:

Mailing address

City	State	Zip

Notification of Decision

THE RESPONSES BELOW PERTAIN TO THE PARCEL ID NUMBER(S) LISTED ON THE FRONT SIDE OF THIS LETTER.

☐ I **DO NOT** wish to make changes to any of my enrolled acres. I choose for all my class 2a agricultural and class 2b rural vacant land acres to remain in the Green Acres program after May 1, 2010. I understand that for the 2013 assessment my class 2b rural vacant land acres will be withdrawn and three years' deferred taxes will be due, unless the class 2b acres are enrolled in the Rural Preserve Property Tax Program.

☐ I wish to remove all my class 2a agricultural and class 2b rural vacant land acres from the Green Acres program. I understand that there will be no payback on the class 2b acres if withdrawn prior to May 1, 2010, and that there **WILL BE** up to a three year payback on my class 2a acres. I also understand that the deferral will be removed for the 2010 assessment, taxes payable in 2011.

☐ I wish to remove all my class 2b rural vacant land acres from the parcels listed on the front of this form from Green Acres. I understand that there will be no payback on the deferred taxes on these acres if removed prior to May 1, 2010. I also understand that the deferral will be removed for the 2010 assessment, taxes payable in 2011. All class 2a acres will remain enrolled in Green Acres.

☐ I wish to remove **PART** of my class 2a agricultural or class 2b rural vacant land acres from the program. Attached is a copy of the Farm Service Agency (FSA) aerial photo with the acres I wish to remove highlighted. *(If you are unable to receive a map from the FSA contact your county assessor for help.)*

Sign Here

By signing below, I certify that I have reviewed my options under the Green Acres program. I also certify that I am the owner of the property or an authorized shareholder, member or partner of the entity that owns the property listed on the front of this form.

Print name of owner	Signature of owner	Date

Memo

Date: September 28, 2009

To: All County Assessors

From: Information and Education Section
Property tax Division

Subject: Green Acres Law Change - Information for Taxpayers

The purpose of this memo is to highlight new taxpayer options under legislative changes made to the Green Acres program in 2009. It will also give talking points for all assessors and staff when working with Green Acres property owners.

"Letters of Intent"

Last year, due to the 2008 law changes to the Green Acres program, the Department of Revenue drafted "suggested" letters to taxpayers which were meant to be of assistance to those taxpayers in informing you of their intent to withdraw from the Green Acres program. The purpose of those letters was to give taxpayers the opportunity to prepare for withdrawal of their lands from the program without requiring any action while awaiting potential legislation in 2009. As you are all aware, the legislature revisited Green Acres this year and has changed provisions for grandfathering and/or withdrawing 2b acres from the program.

Last year, we informed you that the expressed "intent" of some taxpayers to withdraw was non-binding. Subsequent to these 2009 law changes, the "intents" expressed by taxpayers last year are no longer applicable, and taxpayers now have an opportunity to reassess their options under new law.

Taxpayer Options Under 2009 Green Acres Law

Property owners currently enrolled in Green Acres will be able to "grandfather" their class 2b acres until the 2013 assessment. Taxpayers also have several other options available to them:

Option 1. Enroll their 2b acres into the new Rural Preserve property tax program. Current Green Acres enrollees are able to transition their qualifying 2b rural vacant lands into the program by 2013 without having to pay deferred taxes on those lands. Farmers may enroll in this program beginning with the 2011 assessment.

For farmers who have at least ten contiguous 2b acres enrolled in Green Acres, it is imperative that they grandfather those acres in Green Acres if they are planning on enrolling in the Rural Preserve Program. That way, they can transition into the program beginning in 2011 without facing any payback of deferred taxes.

Option 2. They can enroll their 2b lands in the 2c Managed Forest Land Classification that was established in 2008. The 2c classification has a class rate of .65%. 2b lands under a forest management plan may be enrolled in SFIA as well (but not while simultaneously being enrolled as 2c). Property owners wishing to enroll their 2b acres

into the 2c classification or the SFIA program may withdraw from Green Acres prior to May 1, 2010 without being required to pay back deferred taxes.

Option 3. Remove their 2b land from Green Acres by May 1, 2010 without having to pay back deferred taxes. Taxpayers should consult with assessors to better understand the pros and cons of this option as it applies to their individual circumstances.

Option 4. They can do nothing. If they choose this option their 2b lands will be valued at full market value for the 2013 assessment and they will be required to pay the difference in tax between the Green Acres value and market value for three prior years.

Of these three options, option 4 is clearly the least desirable. Options 1, 2, and 3 provide taxpayers with choices that do not require payback of deferred taxes. We anticipate that after property owners have had a chance to review their options, they likely will do one of two things. If they do not intend to enroll their 2b lands in the Rural Preserve Program, we would expect that they would remove their lands from Green Acres prior to the May 1, 2010 deadline, thereby avoiding any payback on 2b lands. Or, if they intend to enroll their 2b lands in the Rural Preserve Program, we anticipate they would simply leave their 2b lands in Green Acres and take the necessary steps to transition them to the Rural Preserve Program.

We have drafted a sample letter for you to use to explain these options to taxpayers. We have included form fields for you to provide your office's contact information. This sample letter is included with this memo. If you have any questions, please contact our division at proptax.questions@state.mn.us.

Dear Property Owner:

The 2008 Tax Bill made several major changes to the Minnesota Agricultural Property Tax Law, commonly known as Green Acres. Many of those changes were met with confusion and concern by taxpayers. In response, the legislature made further clarifying changes to the Green Acres law. These changes were signed into law on April 3, 2009.

The purpose of this letter is to explain the law changes so that you will be able to make an informed decision on how best to alter your Green Acres tax deferment to fit your specific situation for the long-term. Please read this letter carefully, and if you have further questions, contact your county assessor for additional information.

The 2009 Legislative Highlights

The 2009 Legislature made clarifying changes to the Green Acres law (which was amended in 2008). The changes also resulted in the creation of a new program, the Rural Preserve Property Tax program. The primary changes include:

- Potential to grandfather class 2b (rural vacant land) acres until as late as the 2013 assessment
- Further potential to transfer class 2b acres to children until the 2013 assessment with no payback of deferred taxes during that time
- Granting property owners a "free" withdrawal of class 2b acres by May 1, 2010
- Creation of the Rural Preserve Property Tax program, which provides a tax benefit similar to Green Acres for the class 2b acres that are part of an agricultural homestead. This program will first be available for the 2011 assessment. 2b acres may be grandfathered until enrollment in this program and no deferred taxes will be due (if transitioned by the 2013 assessment).

Assessment & Classification

There were no further changes to the classification changes made in 2008. Applications filed for Green Acres deferrals going forward are subject to the following rules:

- ***Agricultural (class 2a) acres*** will remain eligible for Green Acres. These acres are tilled, grazed, mowed for hay, or used for other agricultural purposes. You may leave these acres in the program as is. Nothing has changed for acres that are used for agricultural production.

- ***Rural Vacant Land (class 2b) acres*** will be valued at their full estimated market value and will **not** be eligible for the reduced, agricultural valuation and tax deferral provided by Green Acres. These class 2b acres include sloughs, wetlands, heavy woods, or land too rocky to be tilled or pastured. Some small portions of lands not used for agricultural purposes which are interspersed with class 2a lands may be included in class 2a and Green Acres tax deferral. Contact your assessor for additional, property-specific information.

Making an Informed Decision

In order to make an informed decision, you must first know how your lands are being classified. Assessors are now required to classify what was once known generally as agricultural land as either "class 2a" or "class 2b". Your assessor will be able to help you distinguish how your land is classified.

- Class 2a land is land used to produce an agricultural product for sale (e.g. tilled, pastured, hayed, etc.).
- Class 2b land is rural vacant land that does not qualify as agricultural land (e.g. areas of trees, etc.).

The attached page represents the two directions we anticipate property owners may wish to pursue. You may wish to discontinue enrollment in Green Acres for all or parts of your property, or continue enrollment in Green Acres and/or another property tax program. Again, your assessor will be able to help determine the best route depending on your specific situation and plans for your property. You will have until 2013 to make final changes to your class 2b acres before they are removed from Green Acres.

If you do not envision transitioning those acres into the Rural Preserve Program prior to 2013, you may remove them by May 1, 2010 without payback and leave them unencumbered or put them into a new program without payback of Green Acres deferred taxes.

Options

Option 1. Withdraw Some or All of Your Green Acres-Enrolled Lands.

- You may remove class 2b land from Green Acres by May 1, 2010 without having to pay back deferred taxes. Any 2a lands withdrawn from the program will require a pay back of deferred taxes. Your assessor will be able to help you better understand the pros and cons of this option as it applies to your individual circumstances.

- You may withdraw class 2b lands and enroll them in the 2c Managed Forest Land Classification or in the Sustainable Forest Incentive Act (SFIA) program. The 2c classification has a class rate of .65% and requires a forest management plan. 2b lands under a forest management plan may also be enrolled in SFIA as well (but not while simultaneously being enrolled as 2c). Property owners wishing to enroll their 2b acres into the 2c classification or the SFIA program should withdraw from Green Acres prior to May 1, 2010 to avoid a payback of deferred taxes. Additional information about these programs is available from your county assessor.

Option 2. Make No Immediate Changes to Your Green Acres Enrollment Status

- You can make no change to their property now and enroll your 2b acres into the new Rural Preserve property tax program. Current Green Acres enrollees are able to transition their qualifying 2b rural vacant lands into the program by 2013 without having to pay deferred taxes on those lands. Property owners must have ten acres of class 2b lands to qualify for the Rural Preserve program. Enrollment in this program begins with the 2011 assessment.

  If you believe that you will enroll your property in Rural Preserve, it will most likely benefit you to keep your 2b lands grandfathered in Green Acres until enrollment into Rural Preserve, so that you do not need to pay back deferred taxes.

- You can do nothing. If you choose this option, your 2b lands will be valued at full market value for the 2013 assessment and you will be required to pay the difference in tax between the Green Acres value and market value for three prior years at that time.

Payback Provisions

This legislation also changed the number of payback years when parcels, or portions of parcels, no longer qualify for Green Acres. The seven-year payback of deferred taxes on class 2b acres has been repealed. Class 2b rural vacant land acres may be withdrawn prior to May 1, 2010 and no payback is required. The 2b acres may be transferred to a son or daughter prior to 2013 and no payback is required. All 2b acres will be removed for the 2013 assessment. If they have not been enrolled in to the Rural Preserve property tax program by May 1, 2013, deferred taxes equal to the average deferred taxes for the last three years' enrollment in Green Acres will be due.

If you withdrew your class 2b lands in response to 2008 law changes, the deferred taxes which you had paid will be refunded to you.

If you have any questions in the meantime, please contact your assessor:

County Assessor's Office
Address 1
Address 2
City, State, Zip
Phone
Web Address

B U L L E T I N

Date: September 24, 2009

To: **County Assessors**

From: Property Tax Division

Re: Applying the "Primarily Devoted to" Agricultural Use Requirements for Green Acres Eligibility

The following is a guide for assessors to use in applying the "primarily devoted to" agricultural use requirement for Green Acres eligibility. It should help assessors apply some best practices that lead to consistency and uniformity in the county and the region. Regional Reps will be able to help in making determinations of primary use and to ensure regional consistency.

The classification of property is the first step in determining the eligibility of property for Green Acres. Please review and understand the directives related to classification of agricultural and rural vacant lands, as well as direction on what is considered "impractical to separate" to better understand these considerations. While the decision on the classification of a property will greatly impact Green Acres eligibility, it must be made first and without regard to Green Acres implications. The agricultural classification has specific statutory requirements, while the Green Acres program has other separate specific eligibility requirements. A property can correctly be classified as agricultural without being eligible for Green Acres. The classification (or split-classification) of the property should not be used as a default mechanism for denying Green Acres.

The "primarily devoted to" criteria is not applicable for determining agricultural classification, however, it is applicable for determining Green Acres eligibility. It is no longer found in the classification statute (273.13), rather it is now located in the Green Acres statute (273.111). To be eligible for Green Acres, the assessor needs to clearly inform the property owner that in addition to the minimum requirement of 10 acres of 2a lands, the law also requires the assessor to make a subjective decision: *Is the property primarily devoted to agricultural use?*

Using "Primarily Devoted to Agricultural Use" to Determine Green Acres Eligibility

After determining the classification of the property, verifying that the homestead or ownership requirements are met, and applying the minimum requirement of 10 acres of class 2a land for Green Acres, if the property has not yet been disqualified, assessors must make a subjective decision if it is "primarily devoted to agricultural use." This decision should be based on a list of objective factors that are always considered before the decision is finalized. Here is a list of factors that an assessor may consider, along with other criteria that may be appropriate in the assessor's county.

In making this determination, assessors should put the most weight on physical criteria. In determining if a property is "primarily devoted to" agricultural use, the potential exists that in some instances, a reasonable justification may warrant not satisfying one or more of these

criteria. A preponderance of the factors and criteria below is necessary to determine if a property is primarily devoted to agricultural use.

1. PHYSICAL

- The number of acres used agriculturally compared to total acres
- Number of acres used for residential purposes compared to those used agriculturally
- Visible indication of participation in actual farming activity
- Presence of physical structures for livestock, equipment, storage, etc. used to support agricultural activity
- Surrounding uses (i.e. farming versus development), zoning restrictions, etc.
- Historical use, current use
- Local market is highly susceptible to real estate speculation
- Current market trends for property
- The number and type of animals raised as agricultural products in comparison to the overall use of the property
- Length of time animals raised as agricultural products are physically located on the property each year
- Use of the property by the lessee, if rented

2. VALUATION

Although consideration of value is not appropriate for determining class, it still may be considered in determining "primarily devoted to" for Green Acres eligibility. Criteria to consider could be:

- Value as a residential site compared to the agricultural value
- Ag value compared to overall value of property
- Residential value compared to overall value of the property
- Ag value compared to other use value (e.g. commercial)

3. INCOME

Although income is no longer a required factor for determining Green Acres eligibility, assessors may want to include income in the list of criteria that could be considered when trying to address the "primarily devoted to" test. Suggested income criteria would be:

- The income from the class 2a acres divided by the total acres
- Income (Schedule F) of agricultural products (crops, livestock, etc.)
- The income from rented acres
  - Number of acres rented agriculturally
  - Number of acres rented for other use
  - Actual rent compared to market rents in the area
  - Rental income from agricultural use
  - Rental income from other use (i.e. commercial storage, house rental, etc.)
- Owner's knowledge of farm markets
- Owner's agricultural income compared to owner's total income and/or other income-producing uses of the land
- Significant agricultural income compared to value of homestead

4. Occupation or "farming" intent of owner

While occupation of the owner should not be a primary factor, it **may** be useful as secondary or supplemental information that could be used by assessors in considering the "primarily devoted to" test.

- Owner's stated occupation as a farmer (on tax returns, etc.)
- Owner's knowledge of farming activity – number of acres, rotation cycles, etc.
- Other occupation(s) supported on the property
- Provide benefit to *owners* who are actually farming or participating in an agricultural activity (as defined in statute)
- Demonstrate some degree of long-term commitment (for example, the 2b lands enrolled are in Rural Preserve program)

Informing Property Owner of Determination

After reviewing the property owner's Green Acres application, inspecting the parcel, and applying the suggested criteria, the assessor must make a determination whether to approve or deny the application. If denied, the assessor must clearly and concisely inform the property owner of the reason for denial.

If the denial is based on the "primarily devoted to" determination, the assessor should provide the property owner with a "Primary Use Determination" form which would identify the use of the property and the criteria used by the assessor to support his/her decision. For example, the form would include:

- A statement that "For the purposes of determining Green Acres eligibility, the assessor has determined the property's primary use to be [i.e. residential, residential / agricultural split classification, commercial, etc.]."
- The form should indicate the number of acres attributed to each use (i.e. X acres of residential use, Y acres of 2a agricultural use, Z acres of commercial use, etc.)
- Along with this statement, the form should provide the evidence and criteria the assessor used in making the determination.
- The form should also list appeal options if the property owner disagrees with the determination.

Appealing the "Primary Use" Determination. If the property owner disagrees with the assessor's classification or split-classification, the owner can appeal to the local and/or county boards and to Minnesota Tax Court for a final determination.

If the property owner disagrees with the assessor's "primary use" determination (and resulting Green Acres eligibility decision), the owner can appeal to Minnesota Tax Court.

Other Discussion

This statutory provision related to "primarily devoted to agricultural use" is subjective, as are the guidelines presented above. It allows for flexibility – to some degree, counties can tailor a "primarily devoted to agricultural use" policy that aligns with their markets and land uses.

Similarly, the provision also requires assessor judgment. As a result, counties will need to establish a guide, based on the above uniform set of criteria developed by the department, which can be used by assessors to make consistent decisions and justify their application of this provision to landowners. The criteria and rationalization used should also be consistent with adjoining counties or with counties having similar markets and land uses. **This uniformity should be coordinated through the department and Regional Reps.**

Counties should take a cautious approach in making classification and Green Acres determinations until they attend a regional Green Acres seminar and can formulate a county policy for making the more subjective decisions that are required by the statutes. Regional Reps should be able to help counties on these tasks and answer any questions.

Please review and understand the directives related to the classification of agricultural and rural vacant lands and what is considered "impractical to separate" to better understand these considerations and how they affect what is eligible for Green Acres.

If you have any questions, please direct them to proptax.questions@state.mn.us.

MINNESOTA · REVENUE

MEMO

Date: June 2, 2009

To: All Assessors

From: Stephanie L. Nyhus, SAMA
Principal Appraiser

Subject: Ownership entities that may qualify for Green Acres

As many of you are aware, changes were recently made to the Minnesota Agricultural Property Tax Law, commonly known as Green Acres. This memo is intended to address only the changes made to the provisions surrounding the ownership entities that may qualify for Green Acres.

Under the previous law, ownership entities had to be authorized under Minnesota Statutes, section 500.24 in order to qualify for Green Acres. However, Minnesota Laws 2009, Chapter 12, Article 2, section 1 amends Minnesota Statutes 273.111, subdivision 3, paragraph (b) which now states:

> *"(b) Valuation of real estate under this section is limited to parcels owned by individuals except for:*
> *(1) a family farm entity or authorized farm entity regulated under section 500.24;*
> *(2) an entity, not regulated under section 500.24, in which the majority of the members, partners, or shareholders are related and at least one of the members, partners, or shareholders either resides on the land or actively operates the land; and*
> *(3) corporations that derive 80 percent or more of their gross receipts from the wholesale or retail sale of horticultural or nursery stock.*
> *The terms in this paragraph have the meanings given in section 500.24, where applicable."*

Beginning with the 2009 assessment, clause (2) above now allows entities that are not subject to regulation under section 500.24 to qualify for Green Acres if the majority of the members, partners, or shareholders are related, and at least one of the members, partners, or shareholders lives on the land or actively operates the land, and the property meets all other qualifications for the program.

If you have any questions or concerns, please direct them to proptax.questions@state.mn.us.

Memo

Date: May 27, 2009

To: All County Assessors

From: Andrea Fish, State Program Administrator
Information and Education Section, Property Tax Division

Subject: Green Acres Transfers

In February 2009, we provided clarification on what types of transfer requires a Green Acres payback and which do not. Since that time, new legislation has codified that the following ownership transfer scenarios do not constitute a change in ownership for Green Acres purposes, and therefore do not require a withdrawal of class 2b lands or payback of deferred taxes. These transfers are the same type as were included in the February memo, with the addition of transfer of property into a trust. We recommend destroying the February 2009 memo and retaining this one for future reference.

Again, the following types of transfers DO NOT constitute a change in ownership for purposes of Green Acres, none of these types of transfers cause Green Acres withdrawal or payback:

- death of a property owner when a surviving owner retains ownership thereafter;
- divorce of a married couple when one of the spouses retains ownership thereafter;
- marriage of a single property owner when that owner retains ownership thereafter (in whole or in part);
- organization into or reorganization of a farm entity ownership (under M.S. 500.24) situation when all owners maintain the same exact beneficial interest both before and after said organizational changes; and
- placement of a property into a trust, provided that the individual owners of the property are the grantors of the trust and that they maintain the same beneficial interest both before and after the placement of the property in the trust.

If you have any questions, please contact our division at proptax.questions@state.mn.us.

Memo

Date: April 9, 2009

To: All County Assessors

From: John F. Hagen, Assistant Director
Property tax Division

Subject: Memo #2 - New Green Acres Law

On Friday April 3, Governor Pawlenty signed a new Green Acres bill into law. We are optimistic that this new law will resolve many of the major taxpayer criticisms that resulted from the 2008 Green Acres law changes.

This memo is intended to give you a brief overview of some of the changes so that you will be able to respond to questions that may result from news or articles surrounding this new law. More specific instructions and information will be coming out in the next few weeks.

Highlights of the 2009 Green Acres Law

The 7-year payback requirement contained in the 2008 law has been repealed. The maximum payback on any acres (2a or 2b) is now three years' deferred taxes.

All property owners currently enrolled in Green Acres will have until May 1, 2010 to withdraw some or all of their 2b acres without any payback.

Many farmers who withdrew lands in response to last year's changes, or who transferred property to a son or daughter, will be refunded the deferred taxes they paid.

Property owners currently enrolled in Green Acres who do not remove their 2b lands before May 1, 2010 will be able to "grandfather" these 2b lands until the 2013 assessment. At that time they will have one of three options available to them:

> **Option 1.** The establishment of a new Rural Preserve program will give property owners an opportunity to enroll their 2b lands which are part of an agricultural homestead. This program requires a minimum 10-year land covenant and defers taxes in a manner similar to the Green Acres program. Current Green Acres enrollees are able to transition their qualifying 2b vacant lands into the program by 2013 without having to pay deferred taxes on those lands. Farmers may enroll in this program beginning with the 2011 assessment.
>
> For farmers who have 2b acres enrolled in Green Acres, it is imperative that they keep those acres in Green Acres if they are planning on enrolling in the Rural Preserve Program. That way, they can transition into the program beginning in 2011 without facing any payback of deferred taxes. **More information concerning the new Rural Preserve Program is contained in an attached document.**
>
> **Option 2.** They can enroll their lands in the 2c Managed Forest Land Classification that was established in 2008. Enrollment would require 20 or more 2b acres and an up-to-date forest management plan. The 2c classification has a class rate of .65%. 2b lands

under a forest management plan may be enrolled in SFIA as well (but not while simultaneously being enrolled as 2c).

Option 3. They can do nothing. If they choose this option their lands will be valued at full market value for the 2013 assessment and they will be required to pay the difference in tax between the Green Acres value and market value for three prior years.

Of these three options, option 3 is clearly the least desirable. We anticipate that after property owners have had a chance to review their options, they likely will do one of two things. If they do not intend to enroll their 2b lands in the Rural Preserve Program, we would expect that they would remove their lands from Green Acres prior to the May 1, 2010 deadline, thereby avoiding any payback on 2b lands. Or, if they intend to enroll their 2b lands in the Rural Preserve Program, we anticipate they would simply leave their 2b lands in Green Acres and take the necessary steps to transition them to the Rural Preserve Program.

The legislature has also clarified that the following types of transfers do not constitute a change in ownership for Green Acres purposes. These transfers would not require withdrawal and payback of 2b acres. These are the same types of transfers discussed in a recent memo, with the addition of placement of a property into a trust.

- Death of a property owner when a surviving owner is the legal or beneficial title holder of the property;
- Divorce of a married couple after which one of the spouses continues to occupy and farm the property;
- Marriage of a single property owner when that person continues to own and farm the property in whole or in part;
- Organization into, or reorganization of, a family farm entity under section 500.24 if all the owners maintain the same beneficial interest both before and after the organizational changes; and
- Placement of the property into a trust, provided that the individual owners of the property are the grantors of the trust and maintain the same beneficial interest both before and after placing the property under a trust.

Finally, more direction was added to assist in making determinations of what class 2b land is "impractical to separate" from the surrounding agricultural land, and therefore eligible for 2a classification. It was clarified that beginning with the 2010 assessment, "2a property must also include any property that would otherwise be classified as 2b but is interspersed with class 2a property including but not limited to sloughs, wooded wind shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement, and other similar land that is impractical for the assessor to value separately from the rest of the property or that is unlikely to be sold separately from the rest of the property." Additional instruction on proper implementation of this language will be forthcoming in the near future.

MINNESOTA · REVENUE

Preliminary Taxpayer Information
New Law Gives Green Acres Landowners More Time
April 9, 2009

Agricultural landowners who participate in the Green Acres program have more time – and more options – to decide on tax treatment of class 2b rural vacant land acres.

- The law retains the "2b" classification introduced last year for "rural vacant land" which is not used for agricultural production, including woodlands, sloughs, and other types of land that are unsuitable for farming. Small tracts that are interspersed with agricultural land – such as fence lines and wind breaks – are still considered "2a" agricultural land and are eligible for Green Acres.

- In addition, land that was used for agricultural production but is now enrolled in other non-perpetual preservation initiatives such as the Conservation Reserve Program or Reinvest in Minnesota will now be eligible for Green Acres as long as it meets other program requirements.

- Landowners now have until May 1, 2010 to withdraw any 2b lands from Green Acres with no payback on deferred tax. Or, current enrollees can leave their 2b lands in the existing Green Acres program until January of 2013 at which time they will be subject to a 3 year payback if they do not enroll the 2b lands in the Rural Preserve program.

- The updated law loosens the restrictions on the sale or transfer of rural vacant land that no longer qualifies for Green Acres. The changes reduce any associated tax payback to no more than three years. The seven year payback provision that had applied in certain cases has been repealed.

- Property owners who withdrew class 2b lands from Green Acres in response to the 2008 law changes may be eligible for a refund of the paybacks made to counties.

Payback provisions
There is a three-year tax payback due on any 2b vacant land that:
- is voluntarily withdrawn from Green Acres after May 1, 2010, and not enrolled in Rural Preserve;
- remains in Green Acres on Jan. 2, 2013, at which time it will be automatically removed from the program; and
- is sold or transferred to someone other than a child, or subdivided for development.

Rural Preserve Program
Class 2b lands currently enrolled in Green Acres will be eligible to enroll in a new Rural Preserve program that offers similar tax benefits if landowners agree to manage their property in accordance with a conservation plan for at least 10 years.

Rural Preserve will be open to most 2b vacant land or other qualifying parcels that are at least 10 acres in size and part of an agricultural homestead. Farmers may enroll in Rural Preserve starting in 2011. Again, current Green Acres enrollees may transition their qualifying 2b vacant land into the program by 2013 without having to pay deferred taxes.

County assessors will soon provide current Green Acres enrollees with additional information about program changes and new or existing programs that may apply to 2b land. Landowners with questions after receiving this information may contact their county assessor's office to discuss their options. Within the next few weeks the Department of Revenue will also post informational materials on its website, www.taxes.state.mn.us.

MEMO

Date: April 24, 2008

To: County Assessors

From: **GORDON FOLKMAN,** Director
Property Tax Division

Subject: Green acres update

Less than four weeks are left of the legislative session and we are making some progress on putting together a green acres/agricultural definitions bill but we have a significant distance to go. Because of the time restraints, we are not 100 percent confident that we will get a legislative resolution. We will continue to work with legislators, legislative staff, the Green Acres Committee, and the MAAO legislative committee in the remaining weeks of the session.

Right now, the Senate and House proposals have one thing in common—both separate productive agricultural land from non-productive land and allow green acres benefits to only the productive land. This is a significant difference from current law and will require assessors to reexamine their property records and perhaps change how agricultural acres are listed.

As we see it now, assessors should begin to sort all of their agricultural acres into three "buckets"—Bucket 1 will contain all tillable acres; Bucket 2 will contain all non-tillable acres (pasture, meadow and woods); and Bucket 3 will contain all acres that are waste (slough, water, rocks and bluffs). This three-bucket separation is substantially the same as the breakdown we outlined in the Green Acres Bulletin #1, as revised following our green acres tour earlier this year.

The attached diagram shows the three bucket sort. Please note that the non-tillable "bucket" would include both pasture actively being grazed and pasture capable of being grazed; meadow actively being mowed and meadow capable of being mowed; and wooded acres whether the acres could or could not be used productively. These "buckets" will work with either the revised GAB #1 or the House and Senate versions. But if the House or Senate version is adopted, you may need to further refine the non-tillable bucket into acres actually being used productively (livestock grazing on the land or hay being mowed) and acres NOT being used productively. The diagram shows how the legislative proposals would separate the middle "bucket."

Many of you have asked what you need to be doing right now to get ready for the 2009 assessment. With or without a 2008 tax bill, you should be doing three things.

1. **Review your property records.** This should be your top priority right now. We have heard from you that you have several different approaches to grading your agricultural lands. Some of you use CERs; some of you use high land/low land; some of you have other methods. In our judgment, whether we proceed with implementation of the Green Acres Bulletin #1 or a hoped for legislative solution, all assessors must be able to separate their agricultural acres into the three "buckets" (tillable, non-tillable and waste) with some consistency statewide. You need to start that process right now if you have not already done so. If you need guidance, contact your regional representative now. Please use the attached diagram for a guide on how to start sorting the acres.

(Continued…)

2. **Review the indicated green acres values that we sent to you last December for the 2008 assessment.** After you have categorized your property, you need to begin comparing the indicated green acres values to your current or recent agricultural sales data. Do the sales data indicate that the estimated market values exceed the indicated green acres values by 10 percent (guideline indicator) or more? You need to do this analysis on a countywide basis and by areas within the county and by land types (tillable, non-tillable and waste). If the sales data indicate that your estimated market values are greater than 110 percent of the indicated green acres values, you should be **considering** implementation of green acres in your county. If you already have green acres, does your analysis show any need for adjustments? If you need guidance, contact your regional representative now. We will not know for several weeks exactly which version of green acres will be implemented, but this analysis will be necessary whether we have new legislation or not.

3. **Communication Plan.** If your analysis indicates a need to implement green acres in all or a part of your county, or if you need to adjust an existing green acres program, start drafting a communication plan. How will you notify property owners that green acres will be available for the 2009 assessment or that the green acres program will be changing for 2009? How will you communicate with your township, city and county officials? If you have questions, contact your regional representative now. Again, until the end of the session we will not know the exact message that needs to be communicated, but we do know that we will have changes to implement and communicate.

I cannot stress vigorously enough that you must start now to get ready for 2009. You cannot wait until early June to see what the legislature enacts (or doesn't enact). Absent legislative action, the Department will proceed with implementation of the Green Acres Bulletin #1. **This is a good time to review the Bulletin, especially pages 22, 23 and 24.** Either way, 2009 will present interesting challenges and opportunities for all of us and we need to start now. If you need guidance, contact your regional representative now.

Cc Senator Rod Skoe
Representative Randy Demmer
Representative Lyle Koenen

E- MEMO

Date: October 4, 2007

From: **Stephanie Nyhus**
Information and Education Section

Subject: Green Acres Bulletin #1

Attached are Green Acres Bulletin #1, a decision tree and a map of indicated agricultural values for both tillable and non-tillable property. As you know, this is intended to be the first in a series of bulletins. Please understand that this will be the starting point for future discussions on this topic. We fully anticipate that there will be questions and concerns as you go through all of this information. The second bulletin is already in the planning stages and will be developed over the coming months. In the meantime, please direct any questions and/or comments to us at proptax.questions@state.mn.us.

MINNESOTA · REVENUE

BULLETIN

To: All City and County Assessors

From: Property Tax Division

Date: October, 2007

Re: Green Acres Bulletin #1

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Green Acres Bulletin #1

Introduction

In 1967 the Minnesota legislature created a new property tax program named the Minnesota Agricultural Property Tax Law that we now fondly call the Minnesota Green Acres (GA) Law. Legislators were attempting to find a method for valuing agricultural property for its agricultural use only while protecting its value from other non-agricultural influences. At the time, development appeared to be swallowing up agricultural property in the seven county metropolitan area, driving up the values used for property tax purposes. Qualifying agricultural property would be enrolled in the GA program and valued using sales data for agricultural property outside the metropolitan area to eliminate the development influences.

During the last forty years, development pressures have spread much further than just the metropolitan area and are not the only non-agricultural influence on agricultural prices. Changes in the economic markets have made real estate, wherever located, a great investment choice. Buyers are seeking the recreational potential of agricultural land. The economic structure of farming itself has been altered in ways that are not subject to easy measurement. As a result, at the present time, over fifty counties use GA in all or a portion of their jurisdictions.

After almost 40 years of experience with GA, in 2005 the legislature directed the Commissioner of Revenue to review the GA law and report back to the legislature in 2006 with an analysis of existing practices and recommendations for achieving higher quality and **uniform assessments** and **consistency of property classifications**. The Commissioner's 2006 report included a recommendation that the Department of Revenue develop guidelines to assist assessors.

The Commissioner asked assessors to work with the Department to examine current GA practices and recommend a statewide GA program that reflects the best practices in GA administration. This bulletin includes guidelines, examples and best practices to assist Minnesota assessors in implementing and managing the requirements of section 273.111.

During their investigation, the GA Committee identified significant barriers in achieving consistency and uniformity in administering GA laws. The most significant barrier is the lack of good agricultural sales that have little or no non-agricultural influences. Without good sales data, assessors cannot determine the appropriate GA value to apply in their counties. In fact, there is a significant difference of opinion as to what constitutes a "good" agricultural sale.

Layered on top of the lack of data is a significant difference in interpretation of laws regarding classification of agricultural property. The GA Committee members found differences among themselves and even more differences when they looked statewide.

The GA Committee had to tackle both the lack of data and lack of consistent administration based on differing classification practices in order to finalize this bulletin.

The GA Committee and the Department are aware that the decisions made by the Committee and incorporated in this bulletin will result in changes in green acres processes in many counties. Some counties will now have the tools to make green acres available to property owners. Some counties will review their green acres applications and conclude that certain properties currently in the green acres program really do not qualify. Some counties will have properties that will now qualify AND have properties now in the program that are not qualified. In some counties these swings may be dramatic.

The GA Committee is also aware that assessors are concerned with potential shifts in tax burdens as properties are entered into the program or removed. Technically, assessors should not concern themselves with shifts that result from interpretations of the tax laws but, of course, they are concerned. Assessors are property tax professionals and they both understand and are concerned with changes. At the property tax system's frontline, assessors are the first to hear the complaints, first to answer the questions and first to see the consequences of decisions "made on high," both intended and unintended.

Many assessors will be concerned that the decisions reflected in the bulletin do not square with their understanding of the green acres law or the 1997 amendments to the law. According to the 1997 House Research Bill Summary, the law change "…provides for how the assessor should classify property when the property is used for both residential and agricultural uses. It allows the assessor to split classify, if the property has both uses and gives the limits upon which it should be done." At the same time, the Department of Revenue summary of 1997 property tax laws contained the statement that:

"Section 20 establishes the rules and regulations for an assessor to classify property that is used for both residential and agricultural purposes. It allows the assessor to split the classification and gives the limitations for doing so."

Looking back on this language ten years later, we are having difficulty finding either the legislative authority or the need for split classifying property. The Committee members were surprised by the differences in practices even amongst themselves and then the state as a whole. After our discussions, it was plain to see that inconsistencies and lack of uniformity were bound to occur and needed to be addressed.

Many of the decisions the Committee made were not unanimous but, in the end, they were decisions that the Committee felt best reflected the law as it exists. The Committee and the Department anticipate vigorous discussions about the application of the green acres law as it exists now and how this bulletin will change it. This bulletin will be effective for the 2009 assessment so we (assessors, the Department, property owners and legislators) will have adequate time for the discussion.

Of all the guidelines recommended in the bulletin, the GA Committee feels that these six issues are especially ripe for discussion:

1. **Green acres agricultural valuation methodology**. Will legislators and assessors accept the methodology for establishing the agricultural values for each county based on the data from the five base counties? And will they accept the values for productive non-tillable and nonproductive non-tillable acres? (Green Acres Bulletin #1, page 8.)
2. **Split classification**. May assessors consider splitting the classification of a parcel between residential and agricultural uses and, if so, under what circumstances? Several assessors believe that the 1997 law changes authorized split classes but if that was the legislative intent, the Committee did not see that intent in the law as written. If the residential portion should be split, what is considered to be a residential use? The Committee believes that defining "residential" will be as problematic as defining "agricultural." (GA Bulletin #1, page 11.)
3. **Parcels less than ten acres**. Under what circumstances should small parcels be considered agricultural? The Committee found that the agricultural use must be exclusive and intensive in order to qualify. Just being a small version of a big farm did not qualify. But if a parcel is eight acres and every inch is planted in corn, what is the appropriate class? If it is not agricultural, what is it? But if eight acres of corn qualifies, what about five acres? What about two acres? What about a big garden in the backyard? (GA Bulletin #1, page 14.)
4. **Primarily devoted to agriculture**. What does "primarily devoted to agricultural use" actually mean? The Committee found that a property may be properly classified as agricultural but not qualify for green acres based on the "primarily devoted to agricultural use" test. On the other hand, many assessors believe that if a property qualifies as agricultural and meets the ownership and income criteria, it qualifies, per se, for green acres. (GA Bulletin #1, page 17.)
5. **Green acres income threshold**. Almost everyone agreed that the income tests are woefully inadequate. Assessors all over the state report that the income claimed on the green acres application equaled the statutory minimum even though market rents in that area were several times higher. But assessors are fearful of becoming income tax auditors and dealing with federal income tax forms. (GA Bulletin #1, page 19.)
6. **Payback provisions**. Many Committee members and assessors throughout the state feel the three year payback should be reviewed. The payback for open space deferment is seven years and we could see no reason for the difference.

There are surely other provisions that need clarification. The Green Acres Committee and the Department look forward to the discussion and debate.

Maybe the easiest part of the task is done. Over the next months, the Department and the GA Committee will be briefing legislators and legislative staff on the Bulletin, the implications of its implementation and the need for legislative resolution of the issues raised through this process. The Legislative Auditor will also be issuing a report which will certainly be raising additional questions and issues that we and the legislature need to address. The Department and the GA Committee believe we have a window of opportunity to engage legislators in a thorough review of the GA process before the 2008 legislative session begins.

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Assessor input into development of this bulletin was extremely valuable and continuing involvement is essential. The Department wants the GA Committee to continue its role of advising the Department on further bulletins. In addition, the Department wants to coordinate the legislative discussions with the MAAO Executive, Agriculture and Legislative Committees. The legislative charge to improve the consistency and uniformity of assessment practices was addressed to all of the players in the property tax system so we need all players at the table to discuss issues and seek resolutions.

The GA Committee will begin to develop Bulletin #2. We know that many unique policy and administrative issues will be raised by assessors as they review Bulletin #1 and those issues will be addressed in Bulletin #2. We already are working on the application process and will tackle questions such as whether all parcels owned by a person or entity must be included in the GA application or can a person or entity pick and chose the parcels to include. We know that the GA forms need to be updated and we know that we need better reports in order to answer legislative questions and better evaluate the program.

The Department field representatives will meet with their regions to develop a better understanding of Bulletin #1 and a process for preparing the county GA plans. Many issues and needs will surely arise from these meetings and can be addressed in Bulletin #2.

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Background

In 1967 the Minnesota legislature created a new property tax program named the Minnesota Agricultural Property Tax Law that was quickly nicknamed the Minnesota Green Acres (GA) Law. The new law has been codified as Minnesota Statutes, section 273.111, and contains a statement of public policy that reads:

> The present general system of ad valorem property taxation in the state of Minnesota does not provide an equitable basis for the taxation of certain agricultural real property and has resulted in inadequate taxes on some lands and excessive taxes on others. Therefore, it is hereby declared to be the public policy of this state that the public interest would best be served by equalizing tax burdens upon agricultural property within this state through appropriate taxing measures.
>
> Minnesota Statutes, section 273.111, subdivision 2.

After almost 40 years of experience with GA, in 2005 the legislature directed the Commissioner of Revenue to review the GA law and report back to the legislature in 2006 with an analysis of existing practices and recommendations for achieving higher quality and uniform assessments and consistency of property classifications. The Commissioner's 2006 report included a recommendation that the Department of Revenue develop guidelines to assist assessors. This bulletin includes guidelines, examples and best practices to assist Minnesota assessors in implementing and managing the requirements of section 273.111.

It is generally agreed that the GA law was enacted by the legislature in response to non-agricultural pressures on the values of agricultural properties in the seven-county metropolitan area. The prices for land easily developable into housing or commercial activities were increasing, causing values for property tax purposes to increase as well. Remembering back 40 years, "urban sprawl" was a major point of discussion. In the metropolitan area, residential and commercial developments were pushing further and further out from the core downtown areas and stressing the ability of existing infrastructure such as sewer and water systems to deal with new residents and business activities. In the same year the legislature adopted the GA law, they established the Metropolitan Council "in order to coordinate the planning and development of the metropolitan area comprising the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington." Minnesota Laws 1967, chapter 896, section 1.

Regardless of the original intent of the GA law, there is general agreement that most, if not all, agricultural property in Minnesota is now subject to non-agricultural influences forcing the market price of an acre of agricultural land to increase beyond its value as a farm acre. The current pressures may come from different sources than in 1967 but the results are the same. Market prices for farm land exceed the agricultural value of the land. Currently, over 50 counties in Minnesota use GA. Many other county assessors believe that GA should be implemented in at least some areas of their counties. For assessors, the most significant barrier to implementing GA is determining the actual agricultural value of farmland in their counties.

By law, assessors must determine the highest and best use of property and then estimate the value of property based on the results of that determination. If the highest and best use of tillable agricultural property is residential or commercial development, recreational purposes or lakeshore development, the assessor must value the property as if it were to be converted to the highest and best use. In cases where the highest and best use of the property is for something other than agriculture, the assessor places a value on that property that exceeds the agricultural value resulting in higher property taxes.

The GA law requires assessors to look at qualifying agricultural property in two ways. First, the assessor must value the property according to its highest and best use. Then the assessor must determine the agricultural value of the property. If the agricultural value is significantly below the highest and best use value, the assessor must use the agricultural value for tax purposes. Because many assessors believe most of the sales of agricultural property have non-agricultural influences, they have very few or no "true" agricultural sales to determine the agricultural value.

The Department of Revenue formed a Green Acres Committee (GA Committee) composed of assessors and Department staff to tackle the issue of establishing agricultural land values throughout the state. Current GA law specifies that the assessor should determine the agricultural value by using agricultural sales outside of the seven-county metropolitan region. However, the GA Committee found that it is becoming increasingly difficult to identify *true* agricultural sales anywhere in Minnesota. While it may be difficult to prove or disprove the statement "there are no true agricultural sales in Minnesota," it is very apparent that the number of true agricultural sales is rapidly diminishing. This limited number of agricultural-to-agricultural sales in many parts of the state contributes to a lack of uniformity in assessment practices.

GA Committee members discussed the changes they have witnessed in the market for tillable and non-tillable agricultural properties in recent years. Since September 11, 2001, real estate, wherever located, is a popular investment as investors avoid the uncertain financial markets for stocks and bonds. While in the past investors favored commercial property, assessors are seeing purchases of agricultural property that will be used for recreation purposes only. The increasing prices for agricultural properties make farm acres prime targets for investors, especially if the land can be used recreationally during the investment period. Assessors in the metropolitan are continuing to see agricultural property purchased as an investment, but they are not seeing the recreational influences reported elsewhere in the state.

While the GA Committee agreed that agricultural values are being influenced by factors not closely related to farming, the members also agreed that the non-agricultural influences are difficult to define and impossible to quantify with the data currently available. The Committee concluded that a thorough analysis of all sales of agricultural property by assessors and the Department is necessary to help us better understand and track the changing real estate markets.

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Some assessors question the importance of non-agricultural influences on the sales prices of agricultural properties. If farmers are willing to pay the asking prices, these assessors would argue that farmer-to-farmer sales are true farm sales. The GA Committee responds that a farmer competes in the market for land to expand the farm operation along with investors and buyers seeking recreational land. The farmer may be willing to compete in this market because the farmer has land previously obtained at much lower cost and can average the cost across all the farmer's acreage. This does not negate the fact that the last acre acquired cannot cash flow on its own—the production on that acre cannot justify its price absent other cheaper acres acquired earlier.

The "ethanol factor" is difficult to quantify and characterize at this time. Is ethanol an agricultural influence or a commercial influence? Obviously there is an "ethanol factor" but can it sustain itself or will it be minimized as other sources of materials for producing energy are developed? The GA Committee recognizes the importance of monitoring all market influences over time.

The GA Committee recognized that estimating agricultural value for non-tillable agricultural land is more challenging than estimating the agricultural value for tillable land. Challenged with the task of determining a method of estimating agricultural value that falls within current law and Department of Revenue guidelines, the Committee explored numerous proposals. Ultimately the committee developed its own methodology to arrive at agricultural values.

Green acres agricultural valuation methodology

The initial concept was to establish a "base" area of the state which has the least non-agricultural influences on its farm land sales today. The one area of the state the Committee could unanimously agree on is the southwest corner of Minnesota consisting of Lyon, Murray, Nobles, Pipestone and Rock Counties. Once the base area was established, the Committee located the most recent period in time (1990 – 1996) when the non-agricultural influences on farm land sales were either minimal or non-existent throughout the state, with the exception of the seven-county metropolitan area.

- The median sales prices of farmland sales for each county during that time frame were compared to the median sales price per acre for the "base" counties to establish a ratio or "factor."
- This factor could then be applied to the current median sales price per acre in the "base" counties to establish a current indicator of agricultural value for each county.
- This process was applied to both sales of tillable land, sales with 75% or more of the acreage reported as tillable, and sales of non-tillable land, sales with less than 75% of the acreage reported as tillable.

This process proved very promising for tillable lands and, with a little rounding or "blending" of the factors, should provide a fair, uniform and, most importantly, equalized method of arriving at the value of tillable agricultural land throughout the state.

The results of the process on non-tillable land were less conclusive, possibly due to the lack of detail available regarding the type or quality of non-tillable lands that were analyzed. The relationship between tillable and non-tillable was then reviewed as an alternative method of establishing non-tillable values. Various methods of calculating the non-tillable to tillable relationship yielded statewide averages of non-tillable sales prices per acre at approximately 55 – 63% of tillable sales prices. In an effort to differentiate between the more agricultural non-tillable land (i.e. pasture and lightly wooded lands) and the less agriculturally-productive land (i.e. heavily wooded land, steep hillside and wasteland), the committee decided that using 50% of tillable value for the more useful non-tillable land and using 25% of tillable for the less useful and unusable land provided a "reasonable" and equitable method of arriving at non-tillable value.

While not perfect by any means, these methods of establishing agricultural values provide a uniform basis for valuation while retaining ties to deriving agricultural values from the market. The end result is a projection of what the current agricultural value of land would be in the absence of the current non-agricultural market influences.

The GA Committee chose to name the three categories of agricultural properties tillable, productive non-tillable, and nonproductive non-tillable. The name of the first category—"tillable"—is obvious but the Committee chose the other two names because they are not terms the assessors normally use to categorize non-tillable lands. The Committee found that throughout the state, assessors use different terms to describe land that can be used for grazing animals or cutting hay. The Committee chose to call this land productive non-tillable land—the land is not suitable for tilling but can be used productively for other agricultural purposes. The Committee also found that throughout the state, assessors have different terms to describe land that is less productive or has no production value. The Committee calls this land nonproductive, non-tillable—the land will never be tilled and in most years cannot be used for grazing or for cutting hay.

For assessors, in most cases it will be simple to convert most of their agricultural properties into these three categories but there will be questionable properties. Remember, assessors will be using these three categories solely for the purpose of assigning indicated GA values to their agricultural properties. For establishing the estimated market values, assessors may use the methodology that works best for them. For determining the "low" value or indicated GA value, assessors must use the three categories.

The GA Committee has included a glossary as part of this Bulletin providing greater definitions for these categories. The Committee expects that the regional meetings will set aside time for assessors to discuss and refine these categories to make them fit the properties in each region.

Conclusions

The GA Committee concluded that Minnesota Statutes, section 273.111, the "Green Acres Law," was intended to equalize the value of agricultural values throughout the state based on some measure of the land's productivity, rather than its development potential. By focusing on properties with significant agricultural activities, assessors can do a more consistent job of equalizing values. The Committee reached their conclusion after reviewing the statute itself and the series of Tax Court and Supreme Court decisions interpreting the GA law.

It is important to remember that in administering GA, sections 273.111 and 273.13, subdivision 23, must be **read** together but **administered** separately. Not all property that is classed as 2a or 2b is eligible for GA but GA may never be considered if the property is not classified as agricultural property pursuant to section 273.13, subdivision 23.

Based on the best data available to the Department of Revenue and to Minnesota assessors, the method for establishing agricultural values for tillable properties in Minnesota developed by the GA Committee produces values that reflect true agricultural values in this state. The method produces values for productive non-tillable and nonproductive non-tillable land that adequately reflect the true agricultural value of non-tillable land in this state. Assessors must use the values as the basis for setting agricultural values for qualifying green acres properties in their counties.

In any county or portion of a county where the estimated market values of tillable, productive non-tillable or nonproductive non-tillable farm lands exceed the agricultural values indicated by the GA Committee methodology by 10% or more, the assessor must complete an analysis and County Plan as outlined later in this Bulletin.

The GA Committee strongly recommends, and the Department concurs, that assessors, the Department, the field representatives, and MAAO continue to study the markets for agricultural property and continually assess the relationship between the base counties and the rest of the Minnesota counties, the relationship between tillable and non-tillable agricultural property and the relationship between regions of the state. The GA Committee is satisfied that the proposed methodology reflects the current relationships but understands that the relationships can, and probably will, change over time and the methodology must change if the markets change. The Committee further encourages the Department to establish stronger working relationships with the Minnesota Department of Agriculture, the University of Minnesota, the Farm Service Agency and other partners to better understand the changing economics of the farm sector.

Split Classification

In 1997, sections 273.111 and 273.13, subdivision 23, were amended by the legislature. Before the amendments were enacted, section 273.13, subdivision 23, required the assessor to determine whether the primary use of the property was residential or agricultural. If the primary use was agricultural, the assessor classified the property as agricultural. If the primary use was something other than agricultural, perhaps residential, the assessor could not classify the property as agricultural even if there was an agricultural activity on the property. Often this determination is easy to make. For example, a 160 acre parcel has 120 acres or more tilled for production of corn and soy beans, three acres devoted to the residential unit and assorted farm buildings with the remaining acres mostly wet or heavily wooded. Even if the value of the residential unit and farm buildings are significant, the decision to class the 160 acres as agricultural appears easy. But right across the road, a 40 acre parcel includes a residence with ten acres mowed for hay by a neighbor and no other agricultural production occurring. Prior to 1997, many assessors would determine that the primary use of the 40 acres was residential because the agricultural activity was so minimal. If the primary use of the property was residential, the property could not be classified as agricultural even if there was some agricultural production occurring on the property. Other assessors determined the primary use of the parcel was agricultural because of its size (40 acres), its zoning (local ordinances allow only one building site per 40 acres, for example) and the limited residential use (only two to five acres of the entire parcel). The differing classification decisions made by assessors across the state resulted in a lack of uniformity in values and taxes from county to county.

The 1997 amendments removed the "primary" test from section 273.13, the classification section, and placed it in section 273.111, the GA law. The amended section 273.13, subdivision 23 requires the assessor to exclude the house, garage and one acre (HGA) before determining if the agricultural class is appropriate and further states that the determination is not to be based on the value of the residential structures. The legislature was concerned that assessors were refusing to allow an agricultural class on a parcel of property that contained both land being used for agricultural production and a large, expensive residential structure. Legislators heard reports that assessors were comparing the value of the residential structure to the value of the land being used in the agricultural activity and if the value of the residential component was larger than the value of the agricultural component, no agricultural class would be allowed.

But the 1997 amendments only caused additional confusion for assessors. In the 40 acre example, should the assessor split just the ten acres or should any waste, timber or wetlands be included with the ten acres to be classed as agricultural? If the parcel was 160 acres but only 15 acres were used for agricultural production, was the assessor supposed to split off the HGA and class the remaining 159 acres as agricultural? Or class just the 15 acres as agricultural? What class would the assessor use for the remaining144 acres (assuming that the HGA were classed as residential)? Could "split class" properties be eligible for GA? Many assessors refused to consider GA for split class properties while several did grant GA. The Department of Revenue bulletin in 1997 indicated that

assessors should consider using the split classification only on small acreages, not exceeding 40 acres. Currently some assessors are splitting the classification of parcels of any size while some feel limited by the Department's 40 acre directive. Some allow GA, some do not. Some may be influenced by the value of the residential portion of the parcel as compared to the agricultural value and if the value of the residence is greater than the agricultural portion, some assessors split the classes and deny GA.

Because many in the assessing profession have operated on the "I'll know it when I see it" approach, wide disparities exist in the classification of agricultural properties and using split classes has compounded the inconsistencies.

The GA Committee concludes that the split class issue must be addressed and guidelines provided to assessors if uniformity and consistency are to be achieved statewide.

The GA Committee finds no compelling reason to split the residential portion from the agricultural portion of a parcel that has sufficient agricultural activities to meet the requirements of section 273.13, subdivision 23.

If a parcel (excluding the HGA) contains 10 or more contiguous acres and at least ten acres were used for agricultural purposes in the preceding year OR if the parcel (excluding the HGA) is less than 10 acres but is exclusively and intensively being used for raising or cultivating agricultural products, the parcel should be classified as agricultural whether or not a portion is also being used for residential purposes.

The GA Committee recommends, and the Department endorses, the following directions to Minnesota assessors for classifying parcels:

1. If a parcel of property (excluding the HGA) contains ten or more contiguous acres and at least ten acres were used during the preceding year for agricultural purposes, the parcel should be classified as agricultural land and should include any contiguous pasture, timber, waste, unusable wild land and RIM or CRP acres.
2. If a parcel of property (excluding the HGA) is less than ten acres but is exclusively and intensively used for raising or cultivating agricultural products, the parcel should be classified as agricultural land.
3. If a parcel of land that is classified as agricultural contains a residential unit or units, the homestead rules in section 273.124 should be applied to determine if a residence qualifies as a homestead. If a residence qualifies as a homestead, the agricultural land and the home are class 2a (agricultural homestead). If the agricultural land does not qualify for homestead benefits, the appropriate class is 2b (non-homestead agricultural). HGA for the homestead residential unit shall be reported separately on the reports filed with the DOR. The value of the HGA is subject to the market value referendum levy.
4. If the parcel is class 2a and contains the homestead of the owner, the Property Tax Refund qualifying tax is the tax levied on the HGA.

5. If the agricultural parcel contains residential units that do not qualify as homesteads, the residential units including HGA shall be split from the agricultural parcel and classed as 1d (residences for seasonal farm workers), 4a (four or more units), 4b (less than four units) or 4bb (single unit).
6. If there is a commercial or industrial use of a portion of the parcel, the portion used for commercial or industrial purposes should be split and classified as class 3a (commercial/industrial).
7. If there is a seasonal residential recreational (SRR) use of a portion of the parcel, the portion used as SRR should be split and classified as class 4c.

The GA Committee encourages assessors to review their split class parcels before the 2008 assessment. If changes are needed, the 2008 assessment is a good time to do it before implementation of the County Plan for GA in 2009.

Agricultural production

The GA Committee devoted a significant amount of time to discussions of what constitutes agricultural production in order to qualify for agricultural classification under section 273.13, subdivision 23. Property cannot qualify for GA unless it is agricultural property so defining agricultural production became another task of the Committee. The GA Committee came to two major conclusions.

Conclusion 1: If a parcel (excluding the house, garage and one acre) is 10 or more contiguous acres AND ten or more acres were used in the preceding year for agricultural purposes, the parcel qualifies as an agricultural parcel and should be classifies as 2a (agricultural homestead) or 2b (non-homestead agricultural) property. Many assessors will believe that we are simply stating the obvious but the Committee was surprised by the various interpretations being applied throughout the state.

There are two components to this first conclusion; the parcel must contain 10 contiguous acres AND there must be at least 10 acres in production. If a parcel is 10.5 acres with a house, the assessor must exclude the HGA leaving a parcel that is less than 10 acres. This parcel cannot qualify for agricultural classification under this conclusion. To be classified as agricultural, it must qualify under conclusion 2. The acres in production must total at least ten but do not need to be contiguous. Acres that are enrolled in RIM or CRP can be included in reaching the 10 acre threshold if the acres were classed as agriculture before being enrolled in RIM or CRP.

Conclusion 2: If a parcel (excluding the HGA) is less than 10 acres, it can qualify for the agricultural classification only if the parcel is **exclusively** and **intensively** used for raising or cultivating agricultural products. The GA Committee looked for definitions of the terms “exclusively” and “intensively” by first looking at the dictionary definitions.

In the American Heritage Dictionary, “exclusive” means “not divided or shared; sole.” Committee members agreed that most people would understand this meaning of exclusive and, therefore, recommends that assessors look closely at these smaller parcels and, after excluding the HGA, if there is a use that is different from the agricultural production, the parcel should not be classed as agricultural. For example, if the residential use “spills” over from the HGA in the form of barns, paddocks and riding circles for pleasure horses or swimming pool or extra utility buildings for antique cars, the use is not exclusive. If there is no residential use of the entire parcel but there is any other non-agricultural use, the parcel cannot qualify as agricultural property.

The same dictionary gave us a definition of “intensive” as “relating to a method especially of land cultivation that aims to increase the productivity of a fixed area by means of an increase in the capital and labor.” The same definition included a note that states: “Intensive is often used interchangeably with intense. However, it has the special meaning of ‘concentrated’ (the opposite of extensive). Thus, one speaks of intense heat but intensive study.” This definition is consistent with the Department’s historic

interpretation that intensive production applies to hog or poultry production facilities and truck farms but not to row crops, apple orchards, Christmas tree farms and honey production. "Intensive" agriculture does not equate with miniature or smaller agricultural production. For example, five acres of corn is just smaller, not more intensive. Enrollment in RIM or CRP cannot qualify as intensive agriculture.

The GA Committee finds that intensive agriculture requires high inputs of capital and labor and requires much closer attention to the end product meaning almost daily presence. The Committee endorses the Department's historic interpretation of what constitutes intensive agricultural production.

In order to qualify for classification under Condition 2, the parcel must be less than 10 acres and the agricultural production must be both exclusive and intensive.

Green acres requirements

An assessor must make a series of decisions before concluding that a parcel of property qualifies for GA or that it does not qualify. The GA Committee recommends the following sequence of decisions summarized on the Decision Tree. (Attachment 1.)

Decision #1

In order to qualify for GA, the property must be classified as agricultural property—either class 2a or 2b. If the property is not agricultural first, the property cannot be given the GA deferment. Assessors must make the classification decision first but classification as agricultural property is not the only requirement to qualify for GA.

Section 273.13, subdivision 23, provides for agricultural classification if a parcel, excluding the HGA, contains ten or more contiguous acres and 10 or more acres were used during the preceding year for agricultural purposes. If a parcel (excluding the HGA) contains less than ten acres, the agricultural use must be exclusive and intensive in order to be classified as agricultural. (See the Agricultural production portion of this bulletin.)

Decision #2

In order to qualify for GA, the property must be ten or more contiguous acres (including roads, site acres, wetlands or acres with no defined use) OR the property must contain a nursery or greenhouse. (Remember, a parcel that is10 or more contiguous acres must have ten acres in production to qualify as agricultural property.) A property (excluding the HGA) of less than ten acres that has been classified as agricultural because of its exclusive and intensive use for agricultural purposes, does not qualify for GA unless it contains a nursery or greenhouse.

Examples:
1. A parcel (excluding the HGA) of only nine acres may qualify for the agricultural class because the property is used exclusively and intensively to produce agricultural products but does NOT qualify for GA because it is not ten acres and does not include a nursery or greenhouse.
2. A parcel (excluding the HGA) of only nine acres that qualifies for agricultural classification because the exclusive and intensive use involves a greenhouse or nursery DOES qualify for GA.
3. A 20 acre parcel with nine acres in production does not qualify for agricultural classification because it does not include 10 acres used in the preceding year for agricultural purposes and would not qualify for GA.

Decision #3

In order to qualify for GA, the property must be "primarily devoted to agricultural use." The first and second decisions are based strictly on the facts. The third decision is based solely on the assessor's judgment.

The GA statutes do not provide guidance in deciding whether a property is primarily devoted to agricultural use. Section 273.13, subdivision 23, states that agricultural land means ten or more contiguous acres used for agricultural purposes. It further states that agricultural purposes means the raising or cultivating of agricultural products and then gives a list of agricultural products. Section 273.13, subdivision 23, and section 273.111 provide no clues for assessors as to how to determine if a property that includes agricultural activity is primarily devoted to such use.

The GA Committee first pulled out a dictionary and looked up the word "primarily." The American Heritage Dictionary defines "primarily" as "at first; originally; chiefly; principally." The Committee further looked at the definition of "primary" and found the word defined as "being or standing first in a list" or "being first or best in degree, quality or importance."

The Committee reviewed Tax Court and Minnesota Supreme Court cases in which the Courts defined the primary use test. All of these cases relate to the pre-1997 law when the primary use test was contained in section 273.13, subdivision 23. The 1997 amendments simply moved the language to the GA requirements section so the Committee concluded that the court cases are applicable to this decision-making process.

In *Barron v. Hennepin County*, the Minnesota Supreme Court stated:

The "primary use" test incorporated in Minn. Stat. § 273.13, subd. 23(c) implies an examination of the specific nature of the property and the use or multiple uses to which that property has been put, together with a subjective balancing of those relative uses….While 19 out of the 20 acres of the parcel are used for agricultural purposes, the crops have produced almost insignificant income when compared with the valuation of the homestead situated on the remaining acre.

Barron v. Hennepin County, 488 N.W.2d 293 (Minn. 1992).

In the *Barron* case, the Supreme Court overruled the Tax Court, denied the agricultural classification, and highlighted the subjective nature of the decision that an assessor must make. Following the Barron case, several Tax Court decisions denied the agricultural classification and GA treatment. In at least two of the Tax Court decisions, the Tax Court appears to have used a "valuation standard" suggesting that if the value of the residential portion of the parcel was in excess of the value of the agricultural portion, especially if the income received from the agricultural use was minimal, the primary use of the parcel could not be agricultural. The GA Committee strongly cautions assessors against overzealous application of such a valuation standard. Valuation alone should not be the

basis of an assessor's primary use determination. The GA Committee further cautions against applying a bias in favor of owners who are more engaged in the agricultural operations. The occupation of the owner should not be a controlling factor.

The GA Committee reminds assessors that valuation of the residential portion of the property and the occupation of the owner can NOT be considered as part of the determination of the classification of the property. The classification law no longer contains the primary use test and assessors cannot use it for classification purposes. Assessors must make the classification decision first and independently of the GA decision. A parcel that is appropriately classified as agricultural by the assessor may ultimately fail the "primarily devoted to agricultural use" test for GA purposes but that does not change the classification decision.

The GA Committee suggests that assessors keep in mind that section 273.111, subdivision 12, recommends a broad construction of the GA law. Even though the Committee is mindful of the legislative directive for a broad interpretation of the GA law, the Committee recommends a "minimum acreage" factor that assessors should apply to every application. If a parcel (excluding the HGA) is less than 80 acres, at least 50% of the acres must be in agricultural production. If a parcel is 80 acres or more, at least 40 acres must be in agricultural production.

After applying the minimum acreage requirement and if the property has not been disqualified, assessors must make a subjective decision but should have a list of objective factors that are always considered before the decision is finalized. Here is a list of factors that an assessor may consider, along with other factors that may be appropriate in the assessor's county:

1. The number of productive acres compared to total acres
2. The income from the productive acres divided by the total acres
3. The number of acres enrolled in a farm program
    a. The type of program: RIM, CRP, CREP, other
    b. The duration of enrollment in the program
    c. Who is actually receiving the program payments
4. The number and type of animals raised for sale on the property
    a. How long are the animals on the property each year
    b. Income earned in the past year from sale of animals
5. The income from rented acres
    a. Number of rented acres
    b. Actual rent compared to market rents in the area
    c. Use of the property by the lessee

This is not an extensive or exhaustive list and is only suggested. The GA Committee stresses that each assessor must have a list of factors to be applied uniformly to every GA application in order to avoid even the appearance of discrimination. As part of its GA County Plan, each county must include a list of factors that will be used for every GA application.

Decision #4

The assessor must look at the ownership of the property. There are four ways to qualify for GA.

1. If the property is the homestead of the owner, or the surviving spouse, child or sibling of the owner or is property that is farmed with property that contains the homestead, the property may qualify for GA. The rules for homesteads in section 273.124 apply. There are no additional homestead rules in the GA law.
2. If the property has been in possession of the applicant, the applicant's spouse, parent or sibling (or any combination) for at least seven years prior to submitting the application or is property that is farmed with property that meets this seven year criteria and the qualifying property is within four townships or cities (or any combination) from the subject property, the property may qualify for GA.
3. If the property is the homestead of a shareholder in a family farm corporation (see section 500.24) even if the title to the property may be in the name of the family farm corporation, the property may qualify for GA.
4. If the property is in the possession of a nursery or greenhouse or an entity owned by a proprietor, partnership or corporation which also owns the nursery or greenhouse operations on the property, the property may qualify for GA.

Generally, to qualify for GA, the owner of the property must be an individual or non-corporate entity except for family farm corporations (section 500.24) or corporations that derive 80% or more of their gross receipts from the wholesale or retail sale of horticultural or nursery stock.

In the case of fractional interests in a property that otherwise qualifies for GA, if any one of the owners qualifies, the whole property qualifies but all owners must acknowledge, in writing, the rights and responsibilities of GA owners. The GA Bulletin #2 will cover the application process and will provide a suggested procedure for GA parcels with multiple owners.

Decision #5

The assessor must now examine the income generated from the agricultural activity on the property. The agricultural activity must generate at least one-third of the total family income OR total production income must be equal to or greater than $300.00 plus $10.00 per tillable acre.

If the owner is required to file a federal income tax return, farm income is reported on Schedule F (for actual farm related income and expenses) or Schedule E (for rental income and expenses). In some cases the owner will not be required to file a federal income tax return because the owner's total income is below the filing threshold.

Scenario 1: The owner of the agricultural property is the person farming the land. The owner will include farm income and expenses on the Schedule F. The filing date for the federal return is April 15 of each year. Before making the final GA decision, the assessor must review the current Schedule F. If the owner does not provide the Schedule F in a timely manner, the assessor must deny GA. The GA Committee recommends August 15 as the absolute deadline for receiving the Schedule F for the preceding year.

Scenario 2: The owner of the property leases the use of the land to others who farm the land. The rental income and expenses are reported on a Schedule E that is attached to the owner's federal income tax return. The filing dates are the same as above. The assessor must review the Schedule E before making the GA decision. The recommendations are the same as above. In the case of rental income, the lessee must be using the property for agricultural purposes and the assessor may require an affidavit from the lessee to confirm the nature and extent of the agricultural activities.

Scenario 3: The owner's income is below the federal filing requirements so no federal income tax return or schedules are prepared. In order to ascertain whether the income limits are met, the assessor must require the necessary evidence to document that the agricultural activity on the property generated the necessary income. Such evidence may include notarized statements from the owner and tenant, if applicable.

Scenario 4: If the applicant has filed a Request for Extension with the Internal Revenue Service, the assessor should ask for a copy of the previous year's federal tax return, a letter of explanation as to why the extension was requested and a date when the assessor will receive the current return. The assessor should hold the GA application until the current tax return is received.

The GA Committee cautions assessors against any practices that may appear to be discriminatory. Assessors should require appropriate evidence from every applicant, whether or not the applicant is personally known to the assessor.

Assessors are reminded that federal tax data is either private data on individuals or protected nonpublic data on entities and must be protected.

The Department of Revenue will prepare language for a proposed law that:

1. clarifies the private or protected nonpublic status of tax data,
2. clarifies that assessors may exchange tax data with the Department, and
3. clarifies that assessors can ask the Commissioner to confirm that the Schedule F or E has actually been filed with the applicant's income tax return.

Green Acres process

The Minnesota map included in the index to this report as Attachment 2 shows the factor for each county. This factor, shown as a percentage, indicates the relationship between the median sales price of tillable agricultural land in the base counties and the median sales price of tillable agricultural land in the specific county as developed by the GA Committee. For example, the factor for Stearns County is 70%. Based on the sales data reviewed by the GA Committee for the agricultural sales in 1990 through 1996, the median price of an acre of tillable agricultural land in Stearns County was 70% of the median sales price of agricultural land in the base counties. This process holds the relationship constant over the years because the GA Committee found no evidence to indicate that the relationship has changed to any significant degree.

By December 15, 2007, the Commissioner shall furnish to each county the "indicated Green Acres value" (indicated GA value) for the base counties. This indicated GA value is based on sales of tillable agricultural land in the base counties for the period of October 1, 2006, through September 30, 2007. This indicated GA value will be used for the January 2008 assessment. The Commissioner will update the indicated GA value by December 15 of each subsequent year to be used for the following assessment year.

Upon receiving the indicated GA value for the base counties, the county assessor will use the specific factor for that assessor's county to calculate the indicated GA values for the tillable, productive non-tillable, and nonproductive non-tillable values in that county for the following assessment year.

With the indicated GA values in hand, the assessor must compare the indicated GA values to the actual countywide information that the assessor has accumulated for determining the estimated market values for tillable, productive non-tillable, and nonproductive non-tillable acres in that county. Based on the sales of deeded acres in that county and any other market-driven data, the assessor must compare the indicated GA values to the market-derived estimated market values of all agricultural land in the county. If the estimated market values of agricultural land in all or any part of the county exceed 110% of the indicated GA values, the assessor must consider using the GA program.

This process would be fairly simple if all the agricultural land in a given county was homogeneous and dozens of the current sales were arm's length transactions that showed consistent sales prices. The GA Committee understands that the assessor's world is never that neat or tidy. In fact, many counties have differing soil conditions either from west to east or from north to south. The influences from lake properties, developing regional centers or recreational uses result in widely divergent sales prices, all reflecting the multiple market conditions in that county. The issue for assessors is how to apply a countywide indicated GA value to the actual conditions that are present in that county. Developing a process to implement GA, if necessary, is the next step.

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County plans

Currently, over half of Minnesota counties have GA in place in all or a portion of their counties. Even these counties may have to change their processes to apply the standards that the GA Committee is providing in this Bulletin. For the counties that have little or no experience with GA, the transition to GA feels like an insurmountable task. While acknowledging the work effort that will be required, the GA Committee and the Department are recommending the following transition process.

Each county now knows its factor. By December 15, the Commissioner will certify the indicated GA value for the base counties to be used as a basis of the January 2, 2008, assessment. Between December 15, 2007, and June 1, 2008, each assessor must develop a plan to implement this bulletin for the January 2, 2009, assessment. It is possible that a county will ultimately conclude that the differences between the indicated GA values for that county and the actual estimated market values are not significant enough to implement GA in any part of that county. An assessor cannot reach this conclusion without an analysis of the sales data in that county and discussions with surrounding counties. If the analysis and discussions convince the assessor that GA is not appropriate for the 2009 assessment, the assessor must provide the county analysis to the Department's field representative for that area by May 1, 2008, for final approval.

For most counties, an analysis of the data will show that GA is appropriate for agricultural land in some areas of the county. It may not be readily obvious how to translate the countywide indicated GA values into specific areas of the county. For example, the eastern portion of the county is predominately agricultural but has fewer nonagricultural influences impacting the values. The estimated market values of the agricultural land in this area are higher because of the higher productivity of the soil, not because of other influences. Meanwhile in another part of the county with poorer soil conditions, nonagricultural influences (lakeshore or water, development, recreational uses) appear to be causing sales prices for agricultural lands that are higher than an agricultural activity could support. GA may be more appropriate in that area of the county having poorer soil conditions while GA may not be appropriate for the better quality agricultural property.

The GA Committee encourages discussions between neighboring counties and among counties within a region along with the field representatives from the Department. The goal of the GA Committee and the Department is to have GA fully implemented consistently statewide as soon as possible but in a thoughtful, defensible manner. The Department and assessors will have fifteen months before the January 2009 assessment to prepare for implementation (or changes in existing GA programs). For some counties that might be the implementation of phase one of GA because it will be physically impossible to complete the process in one year. For every county, the conditions will change over time and the process will need to be reviewed annually and adjusted when necessary. The main goal is to do it right and make sure that property owners know the process and its requirements.

To that end, every county assessor must prepare a GA implementation plan that will be submitted to the Commissioner before June 1, 2008. The GA implementation plan must include the following:

1. An analysis of the differences between the county's indicated GA values and the current estimated market values;
2. A county map showing any areas where the estimated market values are 110% or more of the indicated GA values;
3. A work plan showing the areas that need GA implementation and a proposed schedule for implementation;
4. A communications strategy for advising local officials and property owners of the availability of GA; and
5. A list of resources that the county will need to accomplish implementation of the plan.

Over 50 counties have already implemented GA in all or parts of their counties. But even these counties must review their current GA policies and procedure in light of this Bulletin. The County Plan for these counties will include an analysis of their current policies and procedures and a transition plan, if applicable.

While the assessors are putting their plans together, the GA Committee and the Department will prepare planning kits for counties. Many counties have experience with successful implementation so the GA Committee wants to use the best practices already available and fashion tools that will simplify the processes. The GA Committee recommends that the GA forms be reviewed and revised by the Department before June 1, 2008. The revised forms should be available to assessors at the beginning of the implementation period—beginning June 1, 2008.

The analysis portion of this transition will be difficult for an individual assessor but will also be difficult for assessors as a group—either neighbor to neighbor or by region. GA is a statewide program and it is important that assessors make this work statewide and that will require a great deal of cooperation. The GA Committee encourages every county to give special attention to agricultural areas bordering or adjacent to rivers and lakes or near developing areas of their counties because these areas will tend to have the greatest non-agricultural influences on their market values. There will be public confusion and negative reaction to implementation of GA even though it is not a new program. As assessors, field representatives and the Department all realize, successful implementation will require enormous coordination.

This GA bulletin is the first, to be followed by a bulletin describing the application process and then a communications best practices bulletin. Finally, the Department will prepare and distribute a bulletin describing the tax calculations for a GA property and the payback mechanisms.

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Glossary

Tillable agricultural land means land capable of being cultivated productively for the annual growing of agricultural products.

Productive non-tillable agricultural land means:
1. Non-tillable land where grass or other vegetation eaten as food by grazing animals grows that is set aside for use by domestic grazing animals as part of a farm or ranch. Fencing is usually required to restrict animal movement. This is often called pasture land and may include stands of trees if used for grazing by domestic animals; or
2. Non-tillable land serving as a habitat of rolling or flat terrain where grasses are predominate and typically contain a significant variety of annual, biennial and perennial plants. This is often called meadow land and is grass land from which hay could be cut, distinguished from tillable land where alfalfa has been sown; or
3. Non-tillable land having stands of trees, including integral open space which supports an understory of grasses or vegetation suitable for grazing by domestic animals.

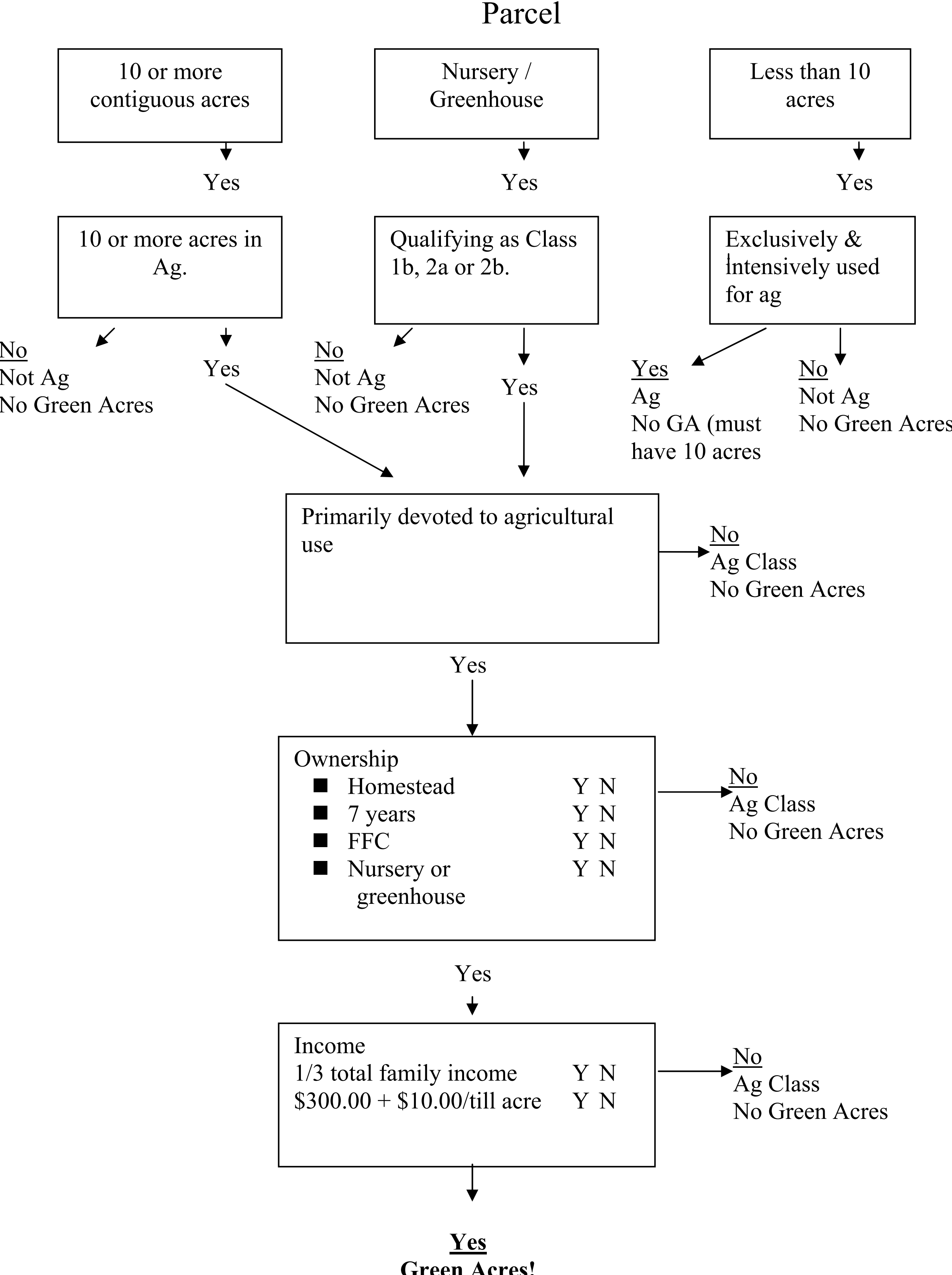
Nonproductive non-tillable agricultural land means:
1. Non-tillable land with stands of trees, including integral open space, and including felled areas that are waiting to be restocked. This is often called woodlands and may support an understory of shrubs but due to the density of trees, shrubs or undergrowth, the steepness of slope, or the lack of access, this land is not suitable for grazing, or
2. Non-tillable land that cannot be used economically and is not potentially suitable for agricultural use or production. This is often called wasteland and is typically too wet, too rocky, too steep or too sandy to be tilled or to produce grazing vegetation, making it unsuitable for growing crops or grazing domestic animals.

"Nursery" means a place where nursery stock is grown, propagated,
collected, or distributed, including, but not limited to, private property or property owned, leased, or managed by any agency of the United States, Minnesota or its political subdivisions, or any other state or its political subdivisions where nursery stock is fumigated, treated, packed, or stored. (Minnesota Statutes, section 18H.02, subdivision 17.)

"Nursery stock" means a plant intended for planting or
propagation, including, but not limited to, trees, shrubs, vines, perennials, biennials, grafts,
cuttings, and buds that may be sold for propagation, whether cultivated or wild, and all viable
parts of these plants. Nursery stock does not include:
(1) field and forage crops;
(2) the seeds of grasses, cereal grains, vegetable crops, and flowers;
(3) vegetable plants, bulbs, or tubers;

(4) cut flowers, unless stems or other portions are intended for propagation;
(5) annuals; or
(6) Christmas trees.
(Minnesota Statutes, section 18H.02, subdivision 20.)

Green Acres Bulletin #1, Attachment 1
Green Acres Decision Tree



MINNESOTA REVENUE

April 7, 2006

POLICIES FOR REGIONAL REP'S RECOMMENDATIONS
2006 BOARD OF EQUALIZATION

1. All classes of property - including timber and resorts - must have sales ratios between 90 - 105 percent.

2. Six (6) sales constitute a valid ratio.

3. The total of local effort and state board ordered changes will be reviewed on a case by case basis.

4. In cases of a complete re-assessment, the regional rep should consider what was done, and the effect of the re-assessment, in making his recommendation. Re-assessments alone will not be reason for a "no change" recommendation.

5. Stratified changes are to be based on clear evidence that they best serve equalization. Do not stratify to avoid making a more comprehensive recommendation. Stratify to promote equalization.

6. Geographic changes are to be based on clear evidence that they best serve equalization. Do not recommend a geographic change to avoid making a more comprehensive recommendation. Recommendations are to promote equalization. Geographic changes should be documented with maps and written narrative. The change recommendation should include the boundaries to be observed, i.e. all residential property south of Highway 2 in Pine Township.

7. Coefficients of dispersion will be reviewed and the reps will consider them in their recommendations.

8. County land values may be equalized in instances where the difference in value between counties exceeds 10 percent.

9. For counties using green acres, recommendations can, and should, consider both the market and ag (green acres) values.

10. Townships and cities having six or more agricultural sales with ratios below 90 percent or above 105 percent are candidates for equalization recommendations even though the county ratio may be within the acceptable range.

11. County land data is to be completed according to the instructions shown in the “ag border” instructions.

12. Timber equalization should follow the process used for equalization of ag land. Recommendations can be made for the entire county, or for selected townships within the county. Any township having six (6) or more sales is a candidate for equalization even though the county ratio may be within the acceptable range.

13. Timberland and ag land change recommendations should consider both countywide ratios and valid township ratios.

14. Commercial change recommendations will be based on verification data as supplied to the regional rep.

15. Recommendations for equalization for residential/SRR and commercial property in small sample jurisdictions will be based on the “three strikes” criteria.

16. Recommendations are to be written up on change order sheets in county, city, township order. If the county or an individual city or township has recommendations for more than one property type, the recommendations should be written in the following order: Residential, non-commercial seasonal recreational residential, agricultural, timber, apartment, commercial, industrial, resort.

17. All recommendations must be reviewed with the county assessor prior to review with the supervisor. The county assessor must sign off on the recommendation sheet indicating that they have seen the recommendations. If this is handled by phone, the sign off may be handled via fax.

18. Any county assessor who disagrees with the rep’s equalization recommendations must submit the reason(s) for this disagreement to the Property Tax Division Director - in writing - at least one week prior to the State Board meetings, with copies to the Regional Representative and the Property Tax Division Assessment Admn. Assistant Director.

19. Reps will review all of their recommendations with the supervisor prior to the State Board date.

Memos

Date: July 9, 2024

To: County and City Assessors, Auditors, and Treasurers

From: Property Tax Division

Processing Homestead Applications and Reporting Homestead Data

To ensure uniformity in administration, reporting of homestead data, and proper administration of the Property Tax Refund, this memo will inform you of changes to the Homestead Data File submissions beginning in 2025 and will clarify the definition and use of "mid-year" homestead status.

The 2025 Homestead Data File

Eligibility for a property tax refund requires ownership and occupancy on January 2 of the tax payable year. To ensure that eligibility for a refund is accurately reported in the 2025 Homestead Data File:

- **Report the name and SSN (or ITIN) of the person(s) homesteading as of January 2, 2025.**
- Include parcel data only for those homesteads that were occupied on January 2, 2025.
- The Homestead Data File should include all homesteads as of January 2, 2025, regardless of eligibility for a refund (i.e., include relative homesteads).
- Mid-year homesteads for assessment 2025 should not be included in the 2025 Homestead Data File.

Since January 2, 2025, is also the date that would be used for the 2025 Duplicate Homestead Data File, **Duplicate Homestead data submissions will no longer be required**. Duplicate Homestead reports will still be produced by the Department of Revenue for each county using the homestead data in the Homestead Data File, formerly referred to as the PTR Homestead Data File.

Please work with your vendors to update programming and make necessary changes.

What is Not Changing?

The Real-Personal Homestead Data File will still be due by April 30, 2025, and the Manufactured Home Homestead Data File will still be due by July 31, 2025.

There are no changes in the actual data composition as compared to the current PTR Homestead Data File. The data structure, data elements, and schema remain the same.

When to Change a Social Security Number (SSN) or Individual Tax Identification Number (ITIN)

To ensure accurate data is being reported on the file, counties should not change the SSN or ITIN associated with a homestead during a given assessment year, regardless of any change in ownership.

Example: A home is owned and occupied by Bob on January 2, 2025, and receives homestead. In June, Sue buys the home, occupies the property, and applies for homestead. Bob's SSN or ITIN should stay associated with the homestead for all of assessment year 2025. Sue's SSN would then be associated with the homestead starting in the 2026 assessment.

What is a Mid-Year Homestead?

A **mid-year** homestead is when:

1. a property is not classified as homestead on January 2 of the assessment year, and
2. an application for homestead is filed by the property owner and approved by the county assessor.

This can occur in one of the following situations:

- a new home is built on a vacant site after January 2, occupied by the new owner, a homestead application is filed by December 31 and homestead has been approved.
- a non-homestead property is purchased and occupied by a new owner (or relative) who meets the qualifications for homestead by December 31.
- a home that receives a fractional homestead on January 2 is purchased by an owner who qualifies for a full homestead by December 31.

Mid-year homesteads do **not** include properties that are classified as homestead on January 2 of an assessment year and transfer ownership to a new owner who applies for homestead in the same assessment year. This is because the property was already receiving homestead on January 2, by the original owner.

Examples:

1. Property is homestead on January 2, 2025, by Phil. Phil sells the property to Bob on January 3, 2025. Bob applies and is approved for homestead by December 31, 2025. This is not a mid-year homestead and should be treated as a full year homestead. Phil's information should remain in the system for Homestead Data File reporting purposes as the qualifier for property tax refund in 2025.

2. A home is rented out to a non-relative and is not receiving homestead on January 2, 2025. Fred purchases and occupies the property in March 2025 and is approved for homestead by December 31, 2025. Fred would receive a mid-year homestead for assessment year 2025 and the homestead should not be included in the 2025 Homestead Data File.

3. A home is owned and occupied by Bob on January 2, 2025, and receives homestead. In June 2025, Sue buys the home, occupies the property, and applies for homestead. This is not considered a mid-year homestead because the property was already homesteaded on January 2, even if it was by another owner. Bob's information should remain in the system for Homestead Data File reporting purposes as the qualifier for property tax refund in 2025.

Who Can I Contact with Questions?

For questions about homestead applications and “mid-year” homesteads, contact proptax.questions@state.mn.us.

For questions about the Homestead Data File and Duplicate Homestead reports, contact homestead.match@state.mn.us.

Memorandum

Date: July 8, 2024

To: County and City Assessors

From: Jon Klockziem, Property Tax Director

Treatment of Exempt Low-Income Residential Rental Property

On March 27, 2024, the Minnesota Supreme Court in *Alliance Housing Inc., et al., v. County of Hennepin* upheld a ruling by the Minnesota Tax Court that certain low-income housing properties owned by qualifying non-profit entities are exempt from ad valorem property tax. The ruling affirmed that low-income residential rental properties owned by entities that meet the requirements of an institution of purely public charity (IPPC) in Minnesota Statute 272.02, subdivision 7 are exempt if the mission of the entity is to provide low-income housing.

Low-Income Rental Housing

Previously, the Minnesota Supreme Court's rulings on residential use contained a "plus" factor. In those cases, the IPPC would use the property for residence "plus" some other use. In the Alliance Housing ruling, the Court stated, "we have never held that residence "plus" some other use is necessary for tax exemption." The Court held that:

> "when the very purpose of an IPPC is to own and operate real property in a charitable manner for private residence, the exclusive residential occupancy of the property by the clients of the IPPC does not defeat the constitutional requirement that property be used to further a charitable purpose."

Data on specific ownership structures of qualifying low-income residential properties is not available. Assessors will need to analyze the ownership structure of potentially qualifying properties on a case-by-case basis. A low-income rental property may qualify for the property tax exemption if owned by a sole member LLC where that sole member is a qualifying IPPC. Minnesota Statute 272.02, subdivision 35 requires assessors to treat property owned by a sole member of the LLC as if owned by the member.

M.S. 272.02, subd. 7 specifically contemplates rental housing as a potentially exempt use for an IPPC and requires consideration of six factors. This section provides guidance when reviewing the funding sources for qualification. Nothing in this ruling changes how the IPPC should be reviewed for meeting this requirement:

> (*c) In determining whether* ***rental housing property qualifies for exemption*** *under this subdivision, the following are* not *gifts or donations to the owner of the rental housing:*
>
> > *(1) rent assistance provided by the government to or on behalf of tenants; and*

(2) financing assistance or tax credits provided by the government to the owner on condition that specific units or a specific quantity of units be set aside for persons or families with certain income characteristics.

Implications for Tenants of Low-Income Rental Housing

With the determination that these properties may qualify for exemption, assessors must consider the implications for tenants of any low-income housing that has applied for, and been granted, exemption. The Court in *Alliance* stated the application of Minnesota Statute 273.19 and whether tenants of tax-exempt property are liable for personal property taxes was not considered because it was not properly before the court. Statute provides specific criteria for the taxation of otherwise exempt properties used by private individuals in M.S. 273.19, subd. 1:

> "tax-*exempt property held under a lease for a term of at least one year, and not taxable under section 272.01, subdivision 2, or under a contract for the purchase thereof,* ***shall be considered, for all purposes of taxation, as the property of the person holding it."***

M.S. 273.19 subd. 1a further clarifies leases that meet this requirement as:

> "A *lease has a "term of at least one year" if the term is for a period of less than one year and* ***the lease permits the parties to renew the lease without requiring that similar terms for leasing the property will be offered to other applicants*** *or bidders through a competitive bidding or other form of offer to potential lessees or users."*

Because of this language, assessors will need to review leases in otherwise exempt low-income housing properties to determine if the lease or rental agreements would require a personal property tax account to be created. Statute is clear that temporary or short-term housing provided by a qualifying IPPC would not put the exemption at risk. However, more permanent, long-term housing will require more diligent review. This includes both leases over a year and those that meet the criteria in M.S. 273.19 subd. 1a where similar terms are not offered to other potential tenants (such as six-month leases with the option to renew before being offered to other tenants). Assessors may request lease information as part of the exemption application review and approval process to determine which tenants meet the requirements of M.S. 273.19.

As this decision came after the 2024 assessment date and after the statutory deadline for new exempt applications, any personal property tax statements that are required should be prepared starting with the assessment year 2025 for taxes payable 2026. Only personal property taxes related to manufactured homes are assessed and payable in the same year.

The requirements of M.S. 273.19 must be considered for all otherwise exempt property that is leased to a non-exempt person or entity. The department will continue to review this topic and provide guidance as necessary.

Classification and Valuation of Units Subject to Personal Property Tax

In situations where a unit has been determined to be subject to personal property tax per M.S. 273.19, the unit must be valued at market value and not the leasehold value pursuant to M.S. 273.11, subd. 1.

As the leasehold interest is personal property subject to general property tax, M.S. 273.13, subd. 1 requires the unit to be classified independently. As with all property, the classification determination is done prior to any consideration for exemption. In the case of units subject to a personal property tax, this will likely be 4a, 4b(1), or 4bb(1). The statutory language of M.S. 273.19, subd. 1 "shall be considered, **for all purposes of taxation**, as the property of the person holding it" does not provide the actual ownership required for homestead consideration. Therefore, the unit would not be eligible for 1a. It would also not qualify as 4d(1) since the tenant is receiving and not providing qualifying low-income rental housing.

Like required personal property tax statements, any changes to the classification of rental units meeting the requirements of M.S. 273.19 following the *Alliance* decision should be completed starting with the 2025 assessment date.

Reapplication Requirements

Currently, the department has determined that the exempt application requirements for IPPCs would also cover low-income rental properties and be on the same three-year cycle as other qualifying properties pursuant to M.S. 272.025. However, due to the potential for frequent changes to rental tenants, assessors may consider annual requests of the necessary information to determine the tax treatment of units within a tax-exempt building.

Renter's Property Tax Refund

This ruling may also impact the qualifications for the Renter's Property Tax Refund for certain renters in properties that now qualify for property tax exemption. Questions related to refunds should be directed to (651) 296-3781 or by visiting Renter's Property Tax Refund | Minnesota Department of Revenue (state.mn.us).

Questions?

If you have questions about this memo contact proptax.questions@state.mn.us.

Memo

Date: **October 23, 2023**

To: **County and City Assessors**

From: **Property Tax Division**

Individual Tax Identification Number and Property Tax Refund

With recent law changes now allowing property owners with Individual Tax Identification Numbers (ITINs) to qualify for homestead, counties are raising some related questions regarding the Property Tax Refund (PTR). The Property Tax Division and the Individual Income Tax and Withholding (ITW) Division within Revenue, want to provide some clarifying information.

What communication is the Department of Revenue having with property owners who have ITINs?

We heard from many counties that they are unable to identify all property owners with ITINs to provide adequate outreach regarding the recent law change and encourage them to submit homestead applications. As a result, taxpayers with an ITIN that filed an Income Tax return in the past two years will receive a letter over the coming weeks from the Department of Revenue notifying them of the recent law changes concerning the PTR as well as the Child and Working Family Tax Credits. See the example of this letter at the end of this memo.

Can property owners with ITINs who qualify for homestead for the 2023 assessment year qualify for the 2022 PTR?

Yes, for the 2022 PTR (also called Homestead Credit Refund), the property must be homesteaded by December 31, 2023. Because the law was effective for homestead applications filed in 2023, if homestead was approved, a property owner may qualify for the 2022 Homestead Credit Refund. In addition to an accepted homestead application for assessment 2023, the property owner requesting PTR must also prove they owned and occupied the property as of January 2, 2023. The assessor does not need to verify this step, the department will work with the property owner.

The Department of Revenue is asking the property owner for more information to verify if they qualify, what am I expected to provide?

The property owner may have received a Homestead Credit Refund letter requiring them to provide documentation to verify they qualify for the PTR. It is not necessary to change your process of accepting and approving homestead applications and notifying the property owners. The property owners may be asking you for a notification of the approved homestead. This could be the notification (via a letter or email) you send telling them the homestead was approved. It is not required of you to update previous issued tax statements, and it is not recommended you do so.

Should a homestead abatement be granted?

No, it would not be appropriate to grant a homestead abatement for assessment 2022 taxes payable 2023. The law was effective for the 2023 homestead applications filed and did not include any provisions to provide an abatement for previous years.

What resources are available?

The department launched a new outreach toolkit website for Minnesota tax credit information. Feel free to use and share the educational and promotional resources in your offices. There are tax credit informational videos, printable materials, newsletter articles and samples of social media messages. Part of this tool kit is a Property Tax Refund Promotional Materials site that has materials you can use to promote the PTR to your customers.

The Property Tax Division sent a memo on July 21, 2023 explaining the law changes as they relate to homestead purposes. This memo can be found in the Assessor Reference Room.

Who can I contact with questions?

For information on the law change that allows ITINs to be used for homestead purposes contact proptax.questions@state.mn.us.

For more information regarding the Homestead Credit Refund and the promotional materials please contact the Income Tax Outreach Coordinators.

Example of letter sent from Department of Revenue's ITW division:

New Minnesota Tax Laws for the Upcoming Filing Season

Minnesota tax law changes this last session expanded many tax benefits for Minnesotans. The Minnesota Department of Revenue wants everyone to be aware of these changes and how to claim these benefits.

Property Tax Refund: Homestead Credit Refund (for Homeowners)

This credit was expanded allowing many more Minnesotans to be eligible for tax years 2022 and later, including those with Individual Taxpayer Identification Numbers (ITINs). This refundable credit provides property tax relief for those that rent or own their homesteads. To see if you qualify, go to www.revenue.state.mn.us and enter **M1PR** into the Search box.

How do I claim this refund?

1. Check your property valuation statement to see if your home has a "homestead classification." This classifies your home as your primary residence for tax purposes. You must have owned and occupied your home on January 2, 2023, to qualify for the 2022 refund.
2. If needed, apply for homestead classification with your county assessor's office by **December 31, 2023**. If they approve, request a signed statement from the office confirming the approval.
    - If you do not apply for homestead classification by **December 31**, you will not qualify to claim the 2022 Homestead Credit Refund.
    - Mobile home owners must have applied by May 29, 2023, to qualify for the 2022 refund.
3. Complete and file 2022 Form M1PR, Homestead Credit Refund (for Homeowners) and Renter's Property Tax Refund, by August 15, 2024. Include your approved homestead application statement. Free electronic filing is available on our website. Go to www.revenue.state.mn.us and enter **homeowner** into the Search box.

Child and Working Family Tax Credits

Beginning with tax year 2023, you may qualify for Minnesota's Working Family Credit and the new Child Tax Credit. These credits are available for Minnesota workers and their families whose income is below a certain level. More information on these credits will be available later this year on the 2023 Schedule M1CWFC, *Minnesota Child and Working Family Credits*.

What if I have questions?

If you have questions about:

- Homestead classification, contact your county assessor's office.
- The Homestead Credit Refund, go to www.revenue.state.mn.us and enter **homeowner refund** into the Search box.
- The Child and Working Family Credits, go to www.revenue.state.mn.us and enter **tax law changes** into the Search box.

Sincerely,

Income Tax and Withholding Division
Phone: 651-296-3781 or 1-800-652-9094
Email: individual.incometax@state.mn.us

Memorandum

Date: September 20, 2023

To: County and City Assessors

From: Jon Klockziem, Property Tax Director

Law Changes to the 4d Low Income Housing Classification for Assessment Year 2024

In the 2023 legislative session, the 4d low income housing classification was expanded to two new classifications:

- 4d(1) *Low Income Rental Housing* (the current 4d)
- 4d(2) *Homestead Community Land Trust Unit* for qualifying owner-occupied units located on land owned by a community land trust

4d(1) Low Income Rental Housing

For 4d(1), the classification rate was reduced to .25% for the entire value of the unit/property. The tiered classification rates under the current 4d class were eliminated.

Though the tiers were eliminated, the requirement to value each qualifying 4d(1) unit individually has **not** changed.

The legislation requires additional reporting to the Minnesota Housing Finance Agency (MHFA) by property owners. MHFA will continue to provide a list of qualifying units to the county by June 1. Additionally, municipal consent may now be required in some jurisdictions for any new 4d(1) property. More information on the new reporting and municipal consent is included below.

4d(2) Homestead Community Land Trust Unit

For 4d(2), the classification rate is .75% for a unit that is owned and used as a homestead by a member in good standing of a community land trust. The community land trust must certify to the assessor by December 31 of each assessment year that it continues to own the real property on which the unit is located, and that the owner is a member in good standing.

The valuation for a 4d(2) unit must be done without regard to any restrictions that apply because the unit is part of a community land trust property. The land upon which the unit is located is assessed proportionate to the classifications of the units in the building.

Does the owner of the unit need to file a homestead application?

Yes, a 4d(2) unit must first meet the requirements for homestead before being classified as 4d(2). Therefore, an initial homestead application should be completed. Additionally, properties classified as 4d(2) are eligible for the Homestead Market Value Exclusion as well as Property Tax Refund.

Can the property be split classified and receive the 1b classification and 4d(2) classification?

No, a homestead community land trust unit that qualifies for the 1b – *blind or disabled homestead* classification cannot be split classified with 4d(2) due to the specific statutory requirements of the 1b classification. In those situations, assessors should continue to classify the remaining value over $50,000 as 1a residential homestead.

Will there be a form the property owner must use to certify to the assessor?

Yes. A certification form will be required to be submitted by the community land trust prior to December 31 of each assessment year. We will let you know when this form will be available in the virtual room for assessment year 2024. It should be provided to community land trusts located in the jurisdiction.

What are the new reporting requirements for property owners of 4d(1) low income housing?

The legislative changes require property owners applying for 4d(1) to meet new guidelines to receive the classification and associated reduced classification rate. MHFA will evaluate each property to ensure it meets these requirements prior to the list of qualifying units being provided to the counties.

Use of Property Tax Savings

A property classified as 4d(1) in the prior year must demonstrate to MHFA that the property tax savings received with the reduced classification rate was used for the following purposes:

- property maintenance
- property security
- improvements to the property
- rent stabilization
- to increase the property's replacement reserve account

The first year property owners will see the tax savings will be for taxes payable in 2025, reporting in 2026. MHFA will be developing a reporting process for property owners to show compliance for this requirement.

Municipal Consent

Owners of new 4d(1) property are required to obtain approval from any city or town where the net tax capacity of 4d(1) property exceeds 2% of the total net tax capacity in the prior assessment year. The department will annually report to MHFA all cities and towns where 4d(1) property exceeded the 2% total net tax capacity threshold. Therefore, this requirement will be administered by MHFA during the certification process and will be reflected in the list of properties qualifying for 4d(1) that is sent to you. This does not pertain to properties that were already classified as 4d property for assessment year 2023, as they do not need to reapply. This is for new properties qualifying for the low income housing classification.

If property owners reach out to your offices regarding the 4d(1) classification advise them to contact MHFA to confirm if they are required to meet this new requirement.

Questions?

If you have questions about this memo, please contact your property tax compliance officer or contact proptax.questions@state.mn.us.

Memorandum

Date: **07/27/2023**

To: **City and County Assessors**

From: **Jon Klockziem, Property Tax Director**

Law Changes to Homestead Market Value Exclusion for Surviving Spouses of Veterans with a Disability

During the 2023 legislative session, two main changes were made to the surviving spouse provisions of the Homestead Market Value Exclusion for Veterans with a Disability.

1. For Surviving Spouses whose Exclusion had Expired

Prior to the 2019 legislative session, qualifying surviving spouses were only eligible to receive the exclusion for a maximum of eight years. In 2019, this was changed to a potential lifetime benefit, but the change did not allow surviving spouses to re-enroll if their exclusion had expired. This provision in the 2023 tax bill allows surviving spouses whose exclusion expired to re-apply for and potentially resume receiving the exclusion.

The following should be considered when reviewing applications for surviving spouses who re-apply under this provision:

- The spouse must still continue to qualify for the exclusion. This means they still live in the homesteaded residence the spouse shared with the veteran, and the surviving spouse must not have remarried, sold, transferred, or otherwise disposed of the original property. The one-time move provision is not applicable to these spouses, because a surviving spouse must currently qualify for the exclusion to use the one-time move.
- The surviving spouse must apply for the exclusion. If they qualify, they are eligible for the exclusion beginning in the assessment year the application was received. Surviving spouses who qualify may apply by December 31, 2023 to receive the exclusion for the 2023 assessment year for taxes payable in 2024.

2. Removal of Restrictions of the Death Date of a Veteran for Surviving Spouse Eligibility

If a veteran did not receive the exclusion prior to their death, surviving spouses may receive the exclusion under Minnesota Statute 273.13 sub. 34, paragraph (k). This allows surviving spouses to receive the exclusion if the

Updated 7/31/2024 - See Disclaimer on Front Cover

veteran would have qualified for the exclusion before they died but never applied or received it, or if the spouse has been awarded dependency and indemnity compensation (DIC).

Prior to the 2023 legislative session, the spouse could only qualify for the exclusion under these conditions if both:

- The veteran had passed away after December 31, 2011.
- The spouse applied for the exclusion within two years of the veteran's death.

Beginning in assessment year 2023, these requirements have been eliminated. If the surviving spouse can produce documentation that the veteran was 100% totally and permanently disabled, they may now be eligible for the exclusion regardless of when the veteran died. Similarly, if the spouse has been awarded dependency and indemnity compensation (DIC), they are eligible to apply regardless of when the veteran died.

Documentation provided by the spouse must be verified by the assessor in the same manner as before the law change.

The surviving spouse **must still meet all other requirements to qualify**. This means they must still live in the original homestead of the veteran, and not have remarried, sold, transferred, or otherwise disposed of the property.

The Legislature **did not** change the application deadline for a veteran who died in active service under paragraph (d). A surviving spouse still must apply within two years to qualify for the exclusion if the veteran died in active service.

Questions?

If you have questions about this memo, please contact your property tax compliance officer or contact proptax.questions@state.mn.us.

Updated 7/31/2024 - See Disclaimer on Front Cover

Memorandum

Date: July 21, 2023

To: All Assessors

From: Jon Klockziem, Property Tax Director

Individual Taxpayer Identification Numbers for Homestead Purposes

In the 2023 legislative session, the requirements for homestead were amended to allow individual taxpayer identification numbers (ITINs) to be used for homestead purposes.

This change was made effective retroactively for all homestead applications filed for assessment year 2023. For any applications already received in 2023 where an ITIN either resulted in a fractionalized homestead or a denial of homestead, counties should reach out to those applicants. If the county verifies it has all the needed information, including signatures, a new application may not be required. However, a new application should be provided if there is any missing information needed to process the application.

For manufactured homes assessed as personal property that had applications submitted this year prior to the May 29 deadline, the assessor should re-review these applications immediately and grant homestead for 2023 if the property owner qualifies under the new law.

Additionally, where practical, any recent applications or classification decisions where homestead was a requirement and therefore the property did not qualify, those situations should be reviewed based on this law change.

If a homestead application was submitted (for any type of property) and denied due to not having a social security number in 2022 or earlier, a new application would need to be submitted for them to qualify for this assessment year.

Updated Applications

The department has updated all applications to reflect this change. Please use these new applications immediately. They can be found in the Assessor Reference Room.

Reporting of ITINs

This change also included ITINs for homestead reporting requirements. Homestead data reporting requirements were amended to include ITINs as well as social security numbers beginning in 2024 and thereafter. More information regarding reporting will be sent at a later date from the Data Analysis Section when the manuals are updated for next year. Please also note that ITINs are labeled as private or nonpublic data.

Questions?

If you have questions about this memo, please contact your property tax compliance officer or contact proptax.questions@state.mn.us.

Memorandum

Date: **November 15, 2022**

To: **County and City Assessors**

From: **Kyle Gustafson, Property Tax Director**

Childcare Centers and Exemption as Seminaries of Learning

Recently, the Minnesota Supreme Court ruled that certain childcare centers may be exempt as seminaries of learning if they meet specified educational standards. In *Under the Rainbow Early Education Center v. County of Goodhue* (Minn. Aug. 24, 2022)(hereinafter "Under the Rainbow") the supreme court found that the Under the Rainbow Center met these standards and was exempt. First, it is important to point out that there are three categories of child care centers in Minnesota:

1. Licensed Childcare Centers (Under the Rainbow Early Education Center is this type)
2. Family Childcare
3. Certified Childcare (unlicensed)

As also described below, the guidance from the court in the Under the Rainbow case directly applies only to "licensed childcare centers" regulated by the Department of Human Services under *Minnesota Regulations* chapter 9503. The decision did not directly address family childcare regulated under *Minnesota Regulations* chapter 9502 or certified childcare. Under the Rainbow Early Education Center also participated in the Department of Human Services Parent Aware program earning a Parent Aware rating of 4. The court decision is most directly applicable to licensed childcare centers regulated under *Minnesota Regulations* chapter 9503 that are *also* Parent Aware rated level 4.

Key Standards

A licensed childcare center, or portions of it, may be exempt as a seminary of learning if three qualifications are met: (1) the organization must be educational in nature, (2) the organization must teach a broad general curriculum, and (3) the organization must be thorough and comprehensive in its educational work. Below are details of the requirements necessary to meet each qualification.

1. **The organization must be educational in nature**. A childcare center may establish that it is educational in nature by demonstrating that it meets state licensure and Parent Aware rating requirements such as:
   - Meet program requirements of Minnesota Rules 9503.0045 subp. 1(F)
     - "have stated goals and objectives to promote the physical, intellectual, social, and emotional development of the children in each age category"
   - Provide student assessments and evaluations. (Minnesota Rules 9503.0090 subp. 2)

    - “Parent conferences and daily reports. The license holder must ensure that the parent of a child is informed of the child's progress. The license holder must ensure that:
        - individual parent conferences are planned and offered by program staff at least twice a year; documentation is made in the child's record that individual parent conferences were planned and offered;
        - the status of the child's intellectual, physical, social, and emotional development is reported to the parent during the conference; and
        - daily written reports are made to the parent of an infant or toddler about the child's food intake, elimination, sleeping patterns, and general behavior.”
- Meet staff training and education requirements. (Minnesota Rules 9503.0032)

2. **The organization must teach a broad, general curriculum**.
    - This element requires that the curriculum should provide daily learning within each of the eight categories:
        - creative arts and crafts;
        - construction;
        - dramatic or practical life activities;
        - science;
        - music;
        - fine motor activities;
        - large muscle activities; or
        - sensory stimulation activities.
    - Implementing the Parent Aware “Creative Curriculum” further demonstrates a daycare center’s broad, general curriculum that adds:
        - emotional, physical, and educational development of the child and
        - required daily lesson plans and child assessments.

3. **The organization’s educational curriculum must be offered in a thorough and comprehensive manner.**
    - This element requires that staff meet licensing requirements and maintain this status through continuing education.
    - Student/teacher ratios must be maintained.
    - Curriculum must meet licensing standards and must meet licensing review requirements.
    - This element does *not* require that there be local school board evidence that the curriculum allows students to assimilate since that standard is more appropriate in school age instructional settings.
    - A daycare center’s Parent Aware rating may be considered as proof for purposes of determining that a daycare meets these requirements.

As stated above this case relates to a licensed childcare center, and does not specifically apply to other care centers, such as home-based/family childcare centers, or centers that are certified but not licensed.

The Minnesota Supreme Court did not consider whether family childcare programs licensed under Minnesota Rules 9502 would qualify as seminaries of learning. However, it is possible that if a family childcare program is also Parent Aware Level 4 rated it may be able to meet this standard. Certified childcare centers are not licensed and not required to meet any of the broad educational standards, so these centers are unlikely to qualify as a seminary of learning based on the ruling.

The case did not take into consideration areas of the building used for purposes not directly related to this educational standard.

The court noted that there may be issues with the standard as it would apply to all of the property or only those areas where childcare that meets the educational standard is being provided. Therefore it would be appropriate when determining if a licensed childcare center would qualify to make a factual determination whether the entire daycare facility would qualify or only those areas providing the qualifying educational opportunities.

The case did not change the ownership and necessity of ownership requirements for exemption.

Nothing in this decision impacts leased spaces, or any other situation beyond a qualifying licensed childcare center which owns and utilizes real property to operate as a seminary of learning.

Questions?

If you have questions about this memo, please contact your property tax compliance officer or contact proptax.questions@state.mn.us.

Memo

Date: **October 10, 2022**

To: **All Minnesota Assessors**

From: **Information and Education Section**

Veterans with a Disability and Homestead Market Value Exclusions

Recently, the department has learned that some counties are applying both the Homestead Market Value Exclusion for Veterans with a Disability and the Homestead Market Value Exclusion to individual parcels. This is typically occuring in situations where there are multiple owners and occupants of a property, or where there are two separate dwelling units that are occupied and located on the same parcel.

The purpose of this memo is to provide clear guidance that individual parcels cannot receive both homestead exclusions.

Why can't a property qualify for both exclusions?

Minnesota Statute 273.13, subdivision 34(g) specifically provides that "[a] property qualifying for [the homestead market value exclusion for veterans with a disability] is not eligible for the [homestead] market value exclusion."

Properties must be correctly classified and taxed, therefore it is important for assessors to work with their software vendors to be sure that properties are not receiving both in these situations.

Example 1

A residential dwelling is owned and occupied by two unrelated owners and is classified as residential homestead. One of the owners qualifies for the Homestead Market Value Exclusion for Veterans with a Disability. The exclusion is prorated based on the percentage of ownership and homestead for which the owner qualifies. The other owner's percentage of ownership and homestead would not qualify for a prorated Homestead Market Value Exclusion on the remaining value not receiving the Homestead Market Value Exclusion for Veterans with a Disability.

Example 2

A parcel has two residential dwellings that are each used as homesteads by the occupants of the respective dwellings. Dwelling A is occupied by the owner of the property, who is a veteran with a disability. Dwelling B is occupied by the owner's son. Dwelling A is classified as a residential homestead and dwelling B is classified as a residential relative homestead. The owner qualifies for the Homestead Market Value Exclusion for Veterans with a Disability. The exclusion applies to the value of the parcel used as the homestead of the qualifying veteran. However, statute precludes the parcel from applying the Homestead Market Value Exclusion on any value

associated with dwelling B. Therefore, the Homestead Market Value Exclusion that dwelling B would otherwise qualify for cannot be used in the calculation of the TMV of the property.

Questions?

If you have questions about this memo, please contact your property tax compliance officer or contact proptax.questions@state.mn.us.

MEMO

Date: September 15, 2022

To: All Assessors

From: Justin Massmann, Supervisor, PTCO section
Property Tax Division

Subject: **Sales Verification, Use of Questionnaires**

Why are sales verifications and the use of questionnaires so important?

Real estate sales form the backbone of the valuations for property tax, and it is critical that assessors examine and confirm the details of sales for assessments to be accurate. The enclosed sale verification questionnaires can be used as a guide when conducting and documenting sale verifications. The questionnaires are in a fillable format for your convenience. The verified sales data can then be used as a basis in forming a sale verification process that ensures sale data is consistent, documented, and reproducible. We encourage you to add additional questions or create your own forms to help you analyze the market values for a property type.

Expectations

Your property tax compliance officers may ask for the sale verification documentation of a particular sale or sales. As discussed in the recent county assessment office reviews, sale verification should be conducted consistent with county policy and include all sales (except obvious rejects) of agricultural land, rural vacant land over 34.5 acres, 2c managed forest land, commercial, industrial, and apartments. Additionally, at a minimum, residential, seasonal residential recreational and rural vacant under 34.5 acre sale outliers need to be verified. Sales should be verified as soon as possible, generally within 30 days after receiving them. This practice typically increases the accuracy of the information provided and will guarantee you can discuss all sales with the regional representatives in a timely manner and speed up any edits on the final sales listing.

The Department of Revenue will continue to focus on sale verification. With the ability to share sales data statewide, it will be critical that the sales data can be relied upon by all assessors utilizing this data. Sale verifications should be kept on file for at least two years.

Questions or Concerns

If you have additional questions please contact your property tax compliance officer, give me a call at 651-556-6309, or email questions to proptax.questions@state.mn.us.

Sales Chasing

What is Sales Chasing?

Sales chasing or spearing is the practice of changing the value of recently sold properties while not also reviewing and applying the same criteria to properties that have not sold. It is unethical because it leads to unequal assessments. Sales chasing shifts the tax burden to properties that have sold and away from properties that have not sold. Additionally, unsold property values will be lower than they should be in an inflating market.

To ensure a fair and equitable assessment, it is imperative that the Department of Revenue and County Assessor's work to identify instances of sales chasing and then take the appropriate action to address when it occurs.

Minnesota Department of Revenue Definition

The Minnesota Department of Revenue defines sales chasing as the practice of making any subjective change in value to a recently sold property, while not also reviewing and applying the same criteria to properties that have not sold.

Within this definition, it's important to keep in mind the following points:

- Allows assessors to make non-subjective changes to value (i.e. missing square footage, construction, fireplace, or bathroom, etc.) to properties that have recently sold. Construction could mean remodeling, which could be reflected in a change in depreciation or effective age, but such a change should be reported as new construction for the year it was picked up, regardless of when the work was completed. Property characteristics can be updated from MLS listings, but any major changes, such a finished basement or a new deck should be verified with an onsite inspection. The listing price of the property should not be a consideration in the value determination.
- Allows assessors to make changes to properties that have recently sold that do not affect value (property characteristics etc.). Property characteristics that might not affect value include, roof and floor coverings, type of siding, casement vs. double hung windows, # of bedrooms, type of heating system, etc.
- Prohibits assessors from making any subjective value changes to properties that have recently sold (i.e. changes to grades, effective ages, etc.) when the same criteria is not also applied to similar properties. Similar properties could be an area as large as the entire county or as small as a neighborhood.
- Allows assessors to make both subjective and non-subjective value changes to recently sold properties, as long as the assessments of similar properties are also reviewed, and the same criteria are applied.

- Boards of appeal are not prevented from changing the values of sold properties. However, they should bear in mind that they are a board that must consider equalization as well as market value. It should be noted that Local Boards cannot make changes to multiple properties with one action, they must act on each parcel individually, while county boards can make changes to classes or groups of properties. Open book meetings should not be construed to have any more authority than a Local Board. Any appearance of impropriety should be avoided. No change may be made at an open book meeting that would be prohibited by the MNDOR sales chasing criteria.

How do we detect sales chasing?

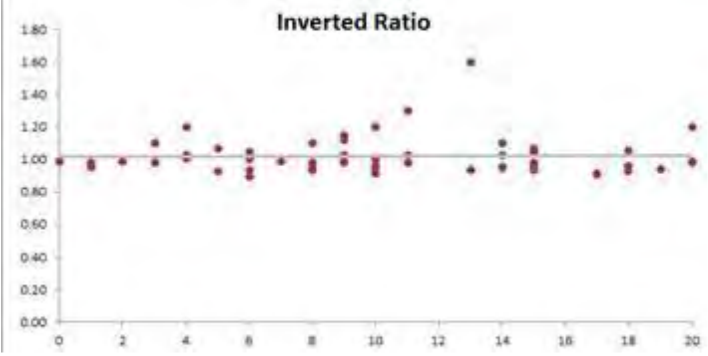
The Data & Analysis Unit is responsible for analyzing the data and reporting any instances of sales chasing. The most common and easiest test is to compare value changes between sold and unsold properties. If the percent change in value is different and there is an adequate sales sample, chasing may be present.

IAAO recommends four methods of testing for sales chasing. We conduct three of the four methods at Revenue.

Appraisal Uniformity (Appraisal Uniformity Using the COD)

This report compares the percentage of sales with ratios within +/- 2 percent of the mean (or median) ratio. If more than 32 percent of the sales are within this band, sales chasing may be occurring and are flagged. In unusually homogenous strata (metro areas), low CODs can be anticipated. In all other cases, CODs less than 5 should be considered suspect. The DOR flags CODs lower than 4. This report is only meaningful in non-metro counties. Counties considered metro include Anoka, Carver, Dakota, Hennepin, Ramsey, Scott & Washington.

So, we'd be looking for something like this:



Comparison of Average Value Changes

The Comparison of Average Value Changes is the most important measure of sales chasing we have available. Jurisdictions flagged in this report are considered high concern.

This report compares the median percentage change in EMV from the prior year to the current year for both sold vs. unsold properties. The premise for this method of detection is that if sold and unsold properties are assessed in the same manner, the percentage of change should be similar. We look for changes in median value greater than 6%. As a PTCO, it can be readily seen when reviewing the value pickup report and the estimated market value for a sale (with a poor ratio) that occurs in October through March has a good ratio for the next assessment.

For this method, Data & Analysis uses the EMVs from PRISM 2 for the current year values, and EMVs from PRISM 1 for the current year assessed values. For this year, we calculate the change from the 2019 EMVs to the 2020 EMVs of sold and unsold parcels. If the sold values for a property type (such as Res/SRR values) increase by 30%, but the unsold parcels increase by only 12%, we might have an issue.

To conduct this analysis, Data & Analysis uses the following formula:

((EMV current-New Construction)-EMV Prior)/ (EMV Prior Year)

So, for example, for a home that sold in October 2019 with the following information:

2020 EMV:	$150,000
2019 New Construction:	$20,000
2019 EMV:	$90,000

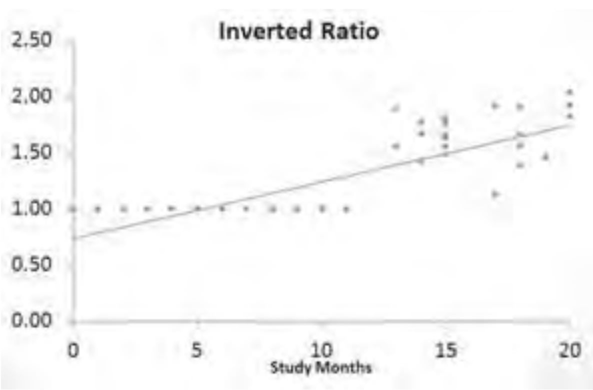
Our equation would be:

(($150,000-$20,000)-$90,000)/$90,000=44%

The value of the home increased by 44% from 2019 to 2020, regardless of new construction.

Split Study Technique (Two Study Technique)

This method compares the ratio calculated prior to the appraisal date and the ratio after the appraisal date. If the two ratios are very different, sales chasing may be occurring. A problem with this method is that while the appraisal date is January 2nd of each year, the assessor may not set values for that year until as late as March. For this comparison, Data & Analysis calculates a ratio for sales that occurred in October through March, and a ratio for sales occurring April through September. Data & Analysis flags differences in median ratios greater than 6. For example, if we look at a region where sold parcels in the first half of the year have good ratios, and sales in the second half are more widely dispersed, the plotted ratios could look like this:



Sales Chasing Comparison

This report shows jurisdictions flagged for sales chasing. PTCOs should review any jurisdictions with two or more flags, particularly if one of the flags comes from the Comparison of Average Value Changes Report.

Violations by County

Data & Analysis produces a summary report showing how many jurisdictions flagged for each of the 3 tests.

See also Property Tax Administrators Manual, Module 7 Sales Ratios, Other Feature of the Sales Ratio Study.

Updated June 30, 2020

Memo

Date: **April 13, 2022**

To: **All Minnesota Assessors**

From: **Kyle Gustafson, Property Tax Division Director**

Homestead and Relative Homestead Qualifications for Minors

In the past there have been inconsistant interpretations and administration of a minor's ability to qualify for owner occupied or relative homestead. This memo is meant to provide more clarification and guidance in order to provide uniform treatment across the state.

Background

Minnesota Statute does not define eligibility for a property owner, or a qualifying relative of a property owner, with regard to age when making a homestead determination. Nor does it offer any indication that the legislature intended only legal adults should qualify a property for homestead. Due to the lack of statutory direction, administering homestead when a minor is the owner or occupying relative has been difficult and inconsistent across the state. Over the years, it has been Revenue's policy to review these situations on a case-by-case basis and provide guidance accordingly. Upon further review of previous guidance and current policy, we are providing more clear interpretation and guidance to promote uniformity with the administration of homestead when a minor is involved. This may result in a change in some of our past guidance to some of you, and also a change in how some assessors currently administer minor homesteads.

What Changed?

Through our review, it has been determined that Minnesota Statute 273.124 does not prohibit minors from qualifying for homestead as the owner or as a qualifying relative. Ultimately, the occupant or owner confers homestead status on the property, but the *property* has homestead status, not the person.

Therefore, there is no need to review these on a case-by-case basis and make a decision based on the unique situation. If the minor meets all of the requirements, the property can qualify for homestead. This approach treats all qualifying minors uniformly and does not deny homestead/relative homestead to some based on the personal choices or statuses of their relatives/guardians.

Cases Where a Minor Homestead Application Typically Occur

Anyone under the age of 18 is considered a minor. Minors are allowed to own property in Minnesota. In most situations, this can be related to an inheritance, or situations where a required social security number is not available to other members of the family. In addition to owning a property, minors may occupy a property with an adult who is **not the owner** or relative of the owner of the property. In those cases, if the minor is the **only**

qualifying relative of the owner that occupies the property, then they may qualify the property for relative homestead as long as the requirements outlined below are met.

Homestead Determination

In cases where a minor is listed on a homestead application as the owner, or qualifying relative of the owner, it is important to verify that the child is using the property as their primary place of residency before granting the homestead. In making this determination an applicant could be asked to provide:

- The location of the school that the child is attending
- A copy of the divorce decree that provides information on where the minor will primarily reside
- If deemed necessary, an affidavit from the parents or legal guardians to be filed attesting to the primary residency of the minor

Keep in mind that a property owner occupying the property cannot have a relative also occupying the property apply for a relative homestead. In that case, the owner-occupant must be the applicant. A qualifying minor cannot qualify for relative homestead in that situation.

We have advised in the past that relative homesteads are subject to frequent changes and therefore we encourage you to verify these homesteads on an annual basis. In the case of minor homesteads, or relative minor homesteads, we would similarly recommend more frequent verification as these situations may also have frequent changes.

Application and Signatures

If a minor applicant signs a homestead or relative homestead application themselves, nothing prohibits a county from accepting that signature for the purposes of processing the homestead application. However, we would advise that due diligence is exercised when reviewing applications with a minor's signature. If the minor applicant is too young to sign the form, or cannot sign for any reason, counties should accept a parent or legal guardian's signature with appropriate confirmation of signing authority.

At this time the department has no plans to update or modify the homestead application due to the limited times this situation will arise. In the case of an adult signing on behalf of a minor, the county will need to communicate with the parties involved how to appropriately complete the application.

Questions?

If you have questions about this memo, please contact your property tax compliance officer or contact proptax.questions@state.mn.us.

Memo

Date: **November 29, 2021**

To: **All County Assessors**

From: **Information and Education Section**

RE: Changes to the Split Classification of 2b Rural Vacant Land when the Parcel is Enrolled in Sustainable Forest Incentive Act

As part of a bill passed during the First Special Session 2021, the legislature added language to align the classification statute and the Sustainable Forest Incentive Act (SFIA) penalty and violation statute. This memo is intended to provide clarification on the law on the 2b Rural Vacant Land classification as it relates to the SFIA program and what assessors must do to implement the law in assessment year 2022, for taxes payable in 2023.

What changed?

Starting with the 2022 assessment year, if a parcel is:

- 20 or more acres in size
- is enrolled in the Sustainable Forest Incentive Act (SFIA) program and
- improved with a structure (that is not a minor, ancillary nonresidential structure)

then the number of acres split classified according to the use of the structure **must equal the number of acres (or 3 acres at a minimum)** excluded from the SFIA covenant due to the structure.

This law change is an exception to the general rule for split classifying property that is 20 or more acres in size and improved with a structure. This change only applies to SFIA enrolled land.

Why was this change proposed?

There was a conflict between the direction under statute for class 2b land and the SFIA statutes when a structure is located on a parcel that is over 20 acres in size. Prior to this change, regardless of whether the parcel was enrolled in SFIA or not, when a parcel is 20 or more acres in size and improved with a structure (that was not a minor, ancillary nonresidential structure) assessors split classify the property according to statute, by classifying the structure and the immediately surrounding 10 acres according to the use of the structure. However, the SFIA statutes allow a minimum of 3 acres be excluded from the SFIA enrolled land for the existence of structures.

This conflict in minimum acreage amounts could result in acres of enrolled SFIA land receiving a classification that violates the SFIA definition of forest land, which excludes land used for residential or agricultural purposes. This violation is caused by the classification of a property which is determined by the assessor. This is not a violation that the property owner intentionally created. Therefore, this exception to the class 2b administration for SFIA enrolled land was enacted.

When does this change go into effect?

This change goes into effect for the 2022 assessment year, for taxes payable in 2023. All 2b rural vacant land enrolled in the SFIA program that is improved with a structure needs to be correctly classified according to the new law on January 2, 2022.

What additionally do you need to know?

- This is an **exception** to the 10-acre split rule for classification purposes when a parcel is over 20 acres in size. This only applies to **SFIA enrolled land**. If land is not enrolled in SFIA, a minimum of 10 acres must be split classified according to the use of the structure on the 2b land.
- Assessors need to review enrolled SFIA parcels that have a structure and update the number of acres that classified according to the structure to match the number of acres that are excluded in the SFIA covenant. The SFIA parcels are included in the report sent to your county by the Department of Revenue SFIA administrator. SFIA covenants are recorded with the county recorder's office. The map of the property which includes any excluded acres are found on Exhibit B. To find an example of what a covenant looks like, go to our SFIA website under How to Enroll.
- You do not need to determine if a parcel qualifies for SFIA. DOR and the Department of Natural Resources (DNR) determine active eligible acres for SFIA. Both departments utilize the information you provide to us in making determination on whether parcels are still eligible.

Questions?

If you have questions about this memo, please email us at proptax.questions@state.mn.us or your Property Tax Compliance Officer.

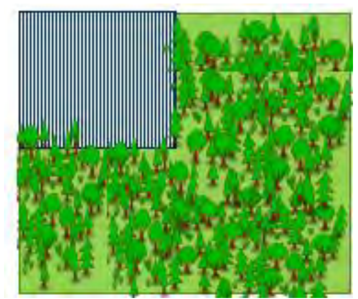
Examples

Example 1

A 60-acre parcel with a residence with 5 acres being used residentially, and 55 acres of woods. Part of this parcel is enrolled in SFIA. 55 acres are enrolled in SFIA and the covenant shows an exclusion of 5 acres. The parcel would be classified as follows:

- Since the parcel is over 20 acres, contains a non-minor structure, and enrolled in SFIA you must refer to the SFIA covenant to determine how many acres surrounding the structure you must classify according to the use of the structure.
- In this example 5 acres were excluded so you must classify the immediately surrounding 5 acres according to the use of the structure. The remaining acres are classified as 2b rural vacant land.

Example 2



A 40-acre unimproved parcel with 8 acres being tilled, and 32 acres of woods. Part of this parcel is enrolled in SFIA. The parcel would be classified as follows:

- Since the parcel is over 20 acres, is **not** improved with any non-minor structures, and does not have at least 10 contiguous acres in used for agricultural purposes, you must classify the entire property as 2b rural vacant land.
- If a structure is built in the future, you will need to review the classification for that assessment year and classify accordingly.

Example 3

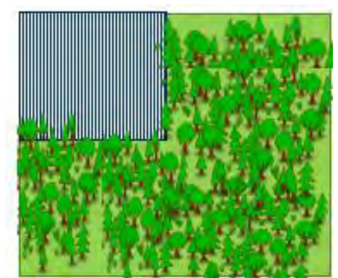
An 80-acre parcel has a hunting cabin on it and is enrolled in SFIA. No acres were excluded on the covenant. The parcel would be classified as follows:

- Since the parcel is over 20 acres, contains a non-minor structure, enrolled in SFIA and does **not have a specified exclusion amount** on the covenant, three acres **must be split classified** according to the use of the structure.
- The remaining acres are classified as 2b rural vacant land.
- This is a potential violation of SFIA and should be reported to proptax.sfia@state.mn.us and we will work with DNR to review the parcel.

Note: if this parcel was **not enrolled in SFIA**, then the split classification would be 10 acres with the use of the structure and the remaining 70 acres as 2b.

Example 4

An 18-acre unimproved parcel with 5 acres being tilled, and 13 acres of woods. This property is **NOT** enrolled in SFIA. This property would be classified as follows:



- Since the parcel is less than 20 acres, is not improved with any non-minor structures, and does not have at least 10 contiguous acres used for agricultural purposes, you must classify the entire property as 2b rural vacant land.

Memo

Date: September 9, 2021

To: County and City Assessors

From: Information and Education Section
Property Tax Division

RE: 2022 Reapplication for Exempt Properties

For most exempt properties, owners or authorized representatives must reapply for exemption **every three years**. No matter what year the owner or authorized entity originally filed for exemption, ***reapplications for property tax exemption must be filed in 2022, 2025, 2028, etc.*** The deadline for 2022 reapplication is February 1. As with an *initial* application, ownership entities should include enough information on a subsequent *reapplication* to help the assessor grant or deny the exemption.

To determine which exempt properties need to reapply every three years, review the Exempt Property Filing Requirements chart located in Module 5 of the Property Tax Administrator's Manual, (starting on page 9).

As a reminder, only properties owned by the state or a political subdivision of the state are not required to file a statement of exemption, but you may ask for information necessary to grant an exemption. Also, if there are exempt properties located in your county that were **not required** to submit an initial application **prior to the 2018 law change**, such as wetlands, then they are not required to submit a reapplication.

The current exempt applications are up to date and must be used for the reapplication process. They can be found in the **Assessor's Reference Virtual Room**. Older versions or edited versions of this application should not be sent to property owners.

What information can you request with an application?

The assessor can request that the taxpayer make available all records relating to ownership and/or use of the property that the assessor believes is needed to verify that the property meets requirements for exemption. If a property owner fails to file an exempt application or reapplication, or knowingly violates any of the filing requirements, the property would not qualify for exemption.

Only the County Assessor may approve applications for exemption, not city assessors (except for cities of the first class that have a City Assessor who operates as the County Assessor in those jurisdictions). The County Assessor must sign all initial and reapplications that are approved for exemption.

How long should you keep the application?

The assessor should retain the most recent application for as long as the exemption is granted, along with its supporting documents and notation of why or why not exemption was granted.

Where can I find what was covered in this memo and additional information?

Information on the exemption application/reapplication filing requirements can also be found in the Property Tax Administrator's Manual, Module 5 – Exemptions as well as Minnesota Statute 272.025.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Date: December 28, 2020

To: All County and City Assessors

From: The Information and Education Section

New Homestead Application and Instructions

The New Application

We have updated the homestead application based on feedback from assessors and assessment staff. The primary objectives were to reduce confusion for property owners and ease the processing of the applications for counties. To accomplish these objectives we:

- Added an optional section for an additional, non-spousal occupant and their spouse
- Removed section 4, which asked if they were applying for residential or agricultural homestead
- Consolidated information where possible and reworded questions that were confusing

Keep in mind that this application is a tool that is designed to help counties collect information from the occupant of the property during the homestead verification process. The assessor should request additional information, if needed, to ensure that the applicant meets the requirements to qualify for homestead.

Application Instructions

To reduce applications from people who do not qualify or do not need to apply for homestead, the new application:

- Directs applicants to read the full instructions before completing the application
- States that the qualifying applicant should complete the application
- Defines "qualifying applicant" as an occupying owner and their spouse or an occupying relative of that owner and their spouse

The rest of this memo describes each section of the application, the information collected, and additional instructions.

Section 1- Homestead Property Information

This section asks the applicant to provide the following information:

- Address of the property where they are applying for homestead.
- Date that the property was purchased and occupied.
- If the property is owned by a trust, documents showing the ownership interests.

    - To qualify, the occupant must be a grantor or – for relative homestead – a qualifying relative of the grantor.
- If there are multiple owners of the property, the number of non-spousal owners.
    - This will tell the assessor if there are multiple owners who are not applying or if other ownership information is needed. If there are owners who do not occupy the property, the applicant must attach their names and addresses separately.

Section 2- Occupant Information

This section asks:

- For the occupant's name, SSN or ITIN, and contact information.
- If the occupant is listed as an owner on the deed.
    - If so, they are applying for an owner-occupied homestead and **should not** fill out the relative homestead section (section 4). If not, they are likely applying for relative homestead.
- If the occupant is a Minnesota resident.
- The marital status of the occupant.
    - This will inform the assessor if the occupant has a spouse whose information needs to be collected.
- The applicant's previous address, when it was vacated, and if they claimed homestead at that address. If so, they are asked to describe what happened to their previous homestead.
    - This makes it easier for counties to update homestead status for the occupant's previous property.

Section 3- Spouse Information

This section asks for the information of the spouse of the occupant listed in section 2. **If the occupant is married, the spousal section must be filled out**. The spouse must fill out their name, SSN or ITIN, and contact information. If the spouse does not occupy the property, their current address should be filled out.

Section 2a and 3a- Additional Occupant and Spouse Information

Sections 2a and 3a are identical to sections 2 and 3, respectively. Section 2a should be completed if there is an additional occupying owner who is **not the spouse of the occupant** listed in section 2. Section 3a should be filled out if the occupant in section 2a is married.

> **Example 1:** An unmarried couple buys a house and both persons are listed on the deed. Person A fills out section 2, and Person B fills out section 2a.
>
> **Example 2:** Person X and their sibling buy a house; they both occupy and they both are listed on the deed. The sibling is married. Person X fills out section 2, the sibling and their spouse fill out section 2a and 3a.

Section 4- Relative Homestead

This section should only be completed if the **occupant is not an owner** of the property and is applying for relative homestead. The occupant (qualifying relative) provides information about the **owner** of the property, including:

- The property owner's name and contact information
- If the property owner is a Minnesota resident
- The **occupant's** relationship to the owner

If there are multiple owners of the property, the applicant should attach the same information for each owner.

Section 5- Signature

This section should be signed and dated by **all occupants** on the application and their spouses, if applicable.

If you have questions about the application or instructions, contact us at proptax.questions@state.mn.us.

Memo

Date: **December 17, 2020**

To: **All County Assessors**

From: **Jon Klockziem, Director**

Changes to the Classification of Short-Term Residential Rental Properties effective 2021 Assessment Year

As part of a bill passed during the fifth special session, the legislature added language classifying certain properties used as short-term residential rentals as 4b(1) (Minnesota Statute, section 273.13, subdivision 25). The new law defines a qualifying short-term rental property as:

- Rented for periods of less than 30 consecutive days
- Containing fewer than four units
- Rented for more than 14 days in the preceding year
- Nonhomesteaded

What changed?

Prior to this law change, a specific number of days were not in statute to determine the primary use of a property, which is used when classifying a property. Starting with assessment 2021, a property is determined to be a short term rental property if it was rented for more than 14 days in the previous year. Properties that meet this number of days requirement as well as the requirements listed above may be reclassified to 4b(1).

When does it go into effect?

This provision does not go into effect until the 2021 assessment. All properties previously identified having a primary use as a short-term rental will have their 2021 taxes payable based on the classification made during the 2020 assessment.

What documentation should the assessor request or research to help determine the classification?

Assessors should review:

- Permits and licensure from the state or local government entity.
- Booking records or information from the owner or third party accommodation intermediaries.
- Income and expense records of the property.
- Occupancy records for the property showing rental days to verify use.

What if a homesteaded property is rented out for more than 14 days per year?

Do not change the classification of homestead property if short-term rental occurs but the property remains the owner's or relative's primary place of residence. However, if it appears short-term rental may be the primary use, the assessor should review the homestead status and request a reapplication.

When the primary use of a property is a cabin, but it was rented for more than 14 days in the previous year can it still be classified 4c(12) based on the primary use?

No, if the property is rented for more than 14 days, the property should be classified as 4b(1).

What if a property with four or more units is used for short-term rental?

Residential properties containing four or more units used exclusively as short-term rental would be classified as commercial, class 3a, properties. If a property with four or more units has some units rented long-term and some short-term, it would be appropriate to split classify the property as class 4a and 3a based on the primary use of the individual units.

Questions?

If you have questions about this memo, please email us at proptax.questions@state.mn.us or your Property Tax Compliance Officer.

Memo

Date: **December 4, 2020**

To: **All Assessors**

From: **Information and Education Section, Property Tax Division**

Changes to the Surviving Spouse Market Value Exclusion for Veterans with a Disability

The Minnesota Legislature passed a bill on October 15 that included a law change for the surviving spouse provision of the homestead exclusion for veterans with a disability. This change allows a qualifying surviving spouse to sell the homestead where they had initially received the spousal exclusion and continue to receive the exclusion on a new property, provided that:

- The spouse had previously received the benefit on the initial property
- The spouse applies for the exclusion for the new property
- The spouse holds ownership interest in the new property and permanently resides there
- The estimated market value of the new property is equal to or lower than the estimated market value of the initial property at the **date of sale** of the initial property
- The spouse has not previously received the exclusion on a property other than the initial property

The "initial property" refers to the homestead where the surviving spouse had first received the exclusion after the death of the veteran.

Prior to this law change, a surviving spouse could only receive the exclusion on the homestead that the veteran owned and occupied during their lifetime.

When is this change effective?

This provision is effective for assessment year 2020 for taxes payable in 2021. Surviving spouses who have moved may apply by December 15, 2020 to receive the exclusion for this assessment year if all requirements are met.

What changes were made to the application?

We added a question asking if the applicant (surviving spouse) has received this exclusion on a previous property. If the applicant answers that they have, they are directed to provide the address of the previous property.

The assessor should then verify that the previous property was the homestead that the spouse initially received the benefit on and therefore is eligible to receive the exclusion on a new property. The assessor should also use

this information to determine the estimated market value for both properties at the time of sale of the initial property to determine if the new property qualifies for the exclusion.

Frequently Asked Questions

Can a surviving spouse receive the exclusion under this new provision if they never qualified for and received it on the homesteaded property that was occupied by the veteran?
No. They must have previously qualified under Minnesota Statute 273.13 subdivision 34 (c), (d), or (k) before they are eligible to receive the exclusion on a different property.

Can the surviving spouse apply for the exclusion on a new property before selling or otherwise disposing of the initial homestead?
No. The spouse cannot be in possession of the initial property and apply for the exclusion on the new property.

Do the homestead requirements still apply?
Yes. The surviving spouse still must own and occupy the new property by December 1 and apply for homestead and the exclusion by December 15 to qualify for the current assessment year.

Should assessors use the sale price or the January 2 estimated market value when a surviving spouse sells the initial home and buys a new one?
Assessors must use the January 2 estimated market value for both the initial home and the new home when determining if the spouse qualifies for the exclusion. Because statute makes no reference to the sale price, the estimated market value on the assessment date must be used. If there have been changes to the estimated market value by the Local or County Boards of Appeal and Equalization, the updated estimated market value should be used to determine eligibility.

Would a surviving spouse who moved prior to the law change be able to qualify on a new property?
Only surviving spouses who received the exclusion in the 2020 payable year and beyond may apply for the exclusion on a new property. Statute states that the spouse “may continue to receive the exclusion” after moving to a new property. This means that the spouse must have been receiving the exclusion on the initial homestead in the year that they are applying for the exclusion on the new property.

In the future, if a surviving spouse receiving the exclusion sells their property in Year 1 and purchases a new property in Year 2, the spouse would need to establish homestead and apply by December 15 of Year 2 in order to receive the exclusion on a new property.

If a surviving spouse’s benefit was removed because their eight years expired prior to the lifetime benefit expansion in 2019, would they qualify if they moved to a new property?
No. The surviving spouse must continuously qualify for the exclusion. Only surviving spouses who are receiving the exclusion in the 2020 payable year and beyond are eligible to receive the exclusion on a new property.

Can the surviving spouse receive the exclusion on a new property if the estimated market value (EMV) is higher than the initial property, but they paid less for it?

No, actual sales price is not a factor. The new property's EMV must be lower than the initial property's EMV to qualify for the exclusion on the new property. If the initial property had an estimated market value of $300,000 and the new property has an EMV of $350,000 at the time of sale, but was actually purchased by the surviving spouse for $300,000, the new property would not qualify.

If a surviving spouse purchases a new home under a trust, or has another person listed on the title, would they qualify for the exclusion?

If the surviving spouse is the grantor of the trust, the exclusion could be granted if all other requirements are met.

If the surviving spouse has a fractional interest in the home, the exclusion should be fractionalized as well. However, in no case can the estimated market value of the new home be higher than the estimated market value of the initial home regardless of the surviving spouse's fractional share.

Questions?

If you have questions about this memo or other scenarios you encounter that were not covered, please contact us at proptax.questions@state.mn.us.

Memo

Date: 09/18/2020

To: All County Assessors

From: Information and Education Section

RE: Class 4c(5)(iii) – Class 1 Manufactured Home Parks

The Class I Manufactured Home Park classification was effective starting in assessment year 2018 for parks in which an owner or on-site attendant completes 12 hours of qualifying education courses every three years. Upon qualification, the manufactured home park recieves a reduced class rate of 1.00%.

Assessment year 2020 is the third assessment year since this new classification went into effect, therefore properties that qualified for the classification for assessment year 2018 will **need to renew their education and submit a new application to qualify for assessment year 2021**. This memo addresses the renewal process as well as how to verify the courses that are submitted on the application.

What happens when the three-year continuing education cycle expires?

The three-year educational requirement is based on the assessment year in which the application was made and approved by the county assessor. Approved applications qualify a property for the current assessment year and the next two if requirements continue to be met. Park owners/on-site attendants will need to renew their continuing education, provide updated completion certificates and file a new application by December 15 following the third assessment year to qualify for the 4c(5)(iii) classification for the following three assessment years.

> For example, if the park owner applied and qualified for the 4c(5)(iii) classification in assessment year 2018, their continuing education would qualify them for assessment years 2018, 2019, and 2020. The park owner would need to provide a new application, including new completion certificates, by December 15, 2021 to qualify for the classification for the 2021, 2022, and 2023 assessment years.

Note: Park owners are required to notify the assessor by December 15 of the assessment year of **any change in compliance**, including any change of the individual complying with the education requirements, or failure of the qualifying individual to complete the required training for the next three-year cycle.

How do assessors verify the courses meet the requirements in statute?

The continuing education courses in real estate or continuing education for residential contractors and manufactured home installers are approved by the Department of Labor and Industry or the Department of Commerce. If a course is offered, it is considered approved by these departments, therefore assessors can be assured that the course listed on the completion certificate meets the continuing education requirements.

The 12 hours that are required within the continuing education requrements are broken down into the following subject areas:

- 2 hours on fair housing and one hour on the Americans with Disabilities Act, both approved for real estate licensure or residential contractor license.
- 4 hours on legal compliance related to any of the following: landlord/tenant, licensing requirements or home financing.
- 3 hours of general education which must be approved for real estate, residential contractors, or manufacture home installers.
- 2 hours of HUD-specific manufactured home installer courses.

The 4c(5)(iii) application requires the applicant list out the course they took according to each subject area. It is not the assessor's responsibility to verify the correct subject area for each course, that is the responsibility of the applicant. If the specific subject area is not listed on the completion certificate and the applicant isn't sure which subject area the course fits into, they need to contact the course sponsor before they can complete the application. The park owner must maintain the original course completion certificates and provide a copy to the county assessor with the application.

The application and copies of the completion certificates must be submitted by December 15 of the current assessment year for the property to qualify for the 4c(5)(iii) classification for that assessment year and the following two assessment years.

You can find a copy of the application in the assessor resource room library within virtual room. If you have any additional questions regarding the application process for the 4c(5)(iii) classification you can contact us at proptax.questions@state.mn.us.

Memo

Date: **May 1, 2020**

To: **County Assessors**

From: **Justin Massmann, Property Tax Compliance Officer Supervisor**

RE: COVID-19 and Quintile Review

Our top priority is the safety of everyone as we all adjust to the affect COVID-19 is having on our daily personal and work lives. We commend you for your efforts to keep everyone safe during the 2020 Local Board of Appeal and Equalization (LBAE) meetings while dealing with potential logistic issues.

In addition to questions/concerns regarding COVID-19 affecting the 2020 LBAE meetings, we have also recieved questions regarding compliance with Minnesota Statute 273.08 and Minnesota Statute 273.01 (Quintile Review) for the 2021 assessment. Completion of your quintile inspections is still required.

Planning for the 2021 Assessment

Assessors have or in the near future will begin property reviews for the 2021 assessment. The length of time the COVID-19 restrictions influences everyone's daily activities is unknown and compliance with the "quintile review" may or may not become an issue for your county for the 2021 assessment.

We are including some suggested practices you may utilize for the inspection of properties to assist you in your planning. These suggestions will help you remain in compliance with your required duties, while keeping everyone safe.

Following are some suggestions to consider:

- Perform "triage" on the parcels that require inspection this year. Determine which parcels are in the greatest need of inspection. Perhaps delay those as long as possible, onsite inspections may be possible later in the year.
- Prioritize bare land assessments. Use the imaging/mapping resources you normally use, confirming data with physical visits.
- Review your quintile plans. You may have some flexibility in your plans that would allow you to move some inspections deadlines to next year without falling out of compliance.

If you must conduct office reviews or curbside reviews, remember that you are still responsible for the data (or lack of data) on the assessment record and you will have to be able to defend those assessments. If for any reason you feel uncomfortable with an assessment using data derived without an inspection we urge you to add those parcels to next year's inspection schedule. Notify your Property Tax Compliance Officer (PTCO) if you must follow this course of action and identify parcels that were reviewed without a physical inspection as well as those that were postponed for this assessment year. Additionally, keep your PTCO apprised of adjustments you make to your quintile plan going forward.

Below are a few alternative methods assessors can consider using to collect the data in addition to physical inspections and computer assisted reviews. Before implementing these alternative methods ensure the standards included in the *The Quintile Review Process* found in the [Property Tax Administrator's Manual, Module 1] are met.

Alternative Methods of Collecting Data:

- Contact taxpayers directly if possible
    - Some counties have had success by sending a post card to each property owner on their quintile list requesting appointments. This same practice could be done to request information and confirmed at a later physical visit.
    - Email
    - Telephone
    - Social media
- *Utilize the tools in your county to collect information and verify measurements such as;
    - Aerial photography
    - Pictometry
    - Street level images (Google maps is an economical source of information)
    - Drone images
    - Zillow, Redfin and other property sales/management sites provide information on many properties
    - Leverage any information held by other county offices that may be useful

**Information received from third party sources should be verified for its accuracy.*

Communicating Your Plan

Communicate your intentions clearly with taxpayers and local government officials through:

- Direct communication with taxpayers
- Postings on social media and local publications

- Public service announcements on local television programming
- Provide more detailed overviews of your plan to local government officials

Who can I contact if I have questions?

Thank you for your diligence during this unprecedented event. Please continue to keep your Property Tax Compliance Officer informed of the practices you are using to complete this important work, in addition to any questions you have regarding your quintile review.

Memo

Date: March 5, 2020

To: County Assessors

From: Information and Education Section

Sustainable Forest Incentive Act and 2c – Managed Forest Classification

In the last year, the department has received several questions regarding property receiving the 2c Managed Forest Land classification and how it relates when property owners want to enroll that property into the Sustainable Forest Incentive Act (SFIA) program. This memo is intended to provide clarification on the 2c Managed Forest classification and the SFIA application process.

Assessment Year vs Taxes Payable Year

- A property owner must apply by October 31 of an assessment year to qualify for enrollment into the SFIA program. If the application is approved, the first incentive payment is issued in the following taxes payable year. Therefore, at the time of application, the property owner's valuation notice must reflect that the property is not classified as 2c for the following payable year. A property is not permitted to receive both the benefit of the reduced classification rate and the incentive payment provided by the SFIA program in the **same taxes-payable year**.
- The assessment year versus the taxes-payable year can be a confusing issue to property owners who want to enroll land classified as 2c into the SFIA program. Some feel like they are missing out of a year of benefit when they switch. We have found that it helps to explain that the 2c Managed Forest Land classification provides a property the benefit of a lower classification rate of its taxable market value. This reduces the taxes paid on the parcel in the taxes-payable year and then the following year they would receive the SFIA incentive payment.

Removing the 2c Classification

- If a property is classified as 2c Managed Forest Land on January 2 of an assessment year, the assessor cannot change the classification of that property for that current assessment year, with the exception of granting a homestead on the property which would result in a classification change. If a property owner would like to be removed from 2c, the assessor should explain that the classification can be changed for the following assessment year.
- The local and/or county board of appeal and equalization (LBAE/CBAE) have the authority to change a classification of a property in the middle of an assessment year. Therefore, if a property owner wants to apply for SFIA in the **current assessment year**, they must appeal their classification to the local and/or county board of appeal and equalization. If the board changes the classification from 2c to 2b (Rural Vacant Land) for the current assessment year, then the property owner could apply for SFIA in that current assessment year.
- The May 1 application deadline for 2c Managed Forest Land relates **only to granting** the 2c classification and does not relate to removing the classification in order to qualify for SFIA.

Final Thoughts

The SFIA program was created to deal with ad valorem property taxes representing a cost that could discourage long-term forest management investments. The SFIA program and 2c Managed Forest Land classification are designed to encourage these long-term investments through different means: one is reduced property taxes and the other is direct incentive payments. These are options for a landowner to consider while determining what is best for their specific situation. However, they are distinctly separate and cannot be combined or overlap. Below is a visual to help clarify the SFIA application process that assessors can use as a reference when communicating with property owners regarding 2c and SFIA:

If	Then
A property is classified as 2c on January 2	The property would not be approved to be enrolled in SFIA in that assessment year
The LBAE/CBAE removes the 2c classification	The property may qualify for SFIA in that assessment year and potentially receive their first incentive payment in the following taxes payable year
A property is classified as something other than 2c on January 2	The property owner can apply for SFIA in that assessment year and potentially receive their first incentive payment in the following taxes payable year

We encourage counties to take the time to explain these differences to the property owners that contact the county regarding the 2c classification. Your partnership with communicating and educating property owners on this matter is greatly appreciated.

For questions about the SFIA program and 2c Managed Forest Land classification for property tax purposes, contact us proptax.questions@state.mn.us.

Memo

Date: 9/18/2019

To: All County Assessors

From: Joshua Hoogland, Assistant Director, Property Tax Division

Oath Requirements for Local and County Assessors

The department has recently received questions about the requirement for local assessors to take an oath prior to exercising their appointed duties, and which county employees are required to take the assessor's oath of office.

Statutory reference

Minnesota Statute (M.S.) 273.05, subd. 1, requires all town and city assessors to be appointed by the town board and the city council, respectively. Subdivision 2 requires that all town and city assessors, either elected or appointed, must "take and subscribe an oath to be diligent, faithful, and impartial in performance" of the assessor's duties.

County assessors are separately required to take and subscribe to an oath before entering upon their assessment duties in accordance with M.S. 273.061, subd. 3.

When should the local assessor be required to take the oath?

Statute requires the oath to be taken before the local assessor receives the assessment books for the first time after their appointment. However, the Department of Revenue recommends that town and city assessors take the oath of office at the time of their appointment. Please note that any access to the assessment records, either physical or electronic, constitutes "receiving the assessment books."

In the absence of a clear appointment of the local assessor, a city council's or township board's execution of a contract or agreement with an assessor should be considered an appointment for the purposes of the oath requirement. The oath is required each time the city or town approves a new or updated contract or agreement. If the contract has no set duration, the oath should be taken every year.

Which county employees are required to take the assessor's oath of office?

The county assessor is the only county employee required to take an oath of office. The oath should be taken each time the county assessor is appointed by the county board. The county assessor is responsible and accountable to complete the duties identified in M.S. 273.061. The county assessor is given statutory allowance to hire assistants in the form of deputies, clerks, field workers, appraisers, and other employees as they deem necessary for the proper performance of the duties of the office of county assessor. The county assessor is then responsible and accountable for the work of the assistants they hire and should hold them to the same standards required by the oath they themselves have taken.

Memo

Date: 9/6/2019

To: All County Assessors

From: Joshua Hoogland, Assistant Director, Property Tax Division

3a Classification – Preferred Commercial First Tier

Recently, some assessors have inquired about how to administer the first tier of value for class 3a commercial, industrial, and utility property. This memo provides guidance on the "preferred commercial" first tier and how to properly administer it.

Statutory reference

Minnesota Statute 273.13, subdivision 24, defines 3a commercial property and classification rates as follows:

- Unless otherwise noted, each parcel commercial, industrial, and utility real property has a rate of 1.50% for the first tier of market value (up to $150,000), and 2.00% for the remaining market value.
- When contiguous parcels are owned by the same individual or entity:
  - If the property owner operates one business, the reduced 1.50% class rate applies only to the first $150,000 in market value for all the parcels combined.
  - If the property owner operates multiple businesses on different parcels, the reduced 1.50% class rate applies to the first $150,000 in market value for each business that is housed in its own, separate structure.
- When a utility owns real property in fee for transmission line right-of-way, the 2.00% class rate applies to the entire market value; it does not receive a reduced class rate on the first tier of value.

What is the preferred commercial first tier classification?

Each parcel classified as commercial, industrial, or utility real property has a class rate of 1.50% for the first tier of market value (up to $150,000), and 2.00% for the remaining market value. This first tier is known as the "preferred commercial" classification.

Class	Description	Tiers	Class Rate	State General Rate
3a	Commercial/Industrial/Utility (*not including utility machinery*)	First $100,000	1.50%	N/A
		$100,000 - $150,000	1.50%	1.50%
		Over $150,000	2.00%	2.00%

How should the preferred commercial first tier be applied?

If a parcel is classified as commercial, industrial, or utility property, the value of that parcel, up to $150,000, would qualify for the lower class rate of 1.50%. Any value over $150,000 would be taxed at the 2.00% class rate.

If the owner of a property owns **contiguous parcels** and uses those parcels for the **same business operation**, those parcels are only entitled to **one** preferred commercial first tier. No parcel is entitled to receive more than one preferred commercial first tier.

What is considered contiguous?

Most contiguous parcels are adjacent to each other, unimpeded by any gaps or barriers between parcel lines. The statute also states that parcels are considered contiguous even if they are separated from each other by a road, street, waterway, or other similar intervening type of property.

What is meant by "owned by the same individual or entity"?

Parcels are owned by the same individual or legal entity if the same person or persons are the deeded owner of property. When spouses own adjacent parcels in their own names, they are considered to be the same owners for both parcels. When legal entities own property, the same entity must own the adjacent parcels to be considered the same ownership, regardless of the individuals that own the entitiy itself.

How should the preferred commercial first tier be applied with contiguous parcels that operate separate businesses?

Statute allows an exception to the "one preferred commercial tier" rule for property owners who have **contiguous parcels** of property that house **separate** businesses. To be eligible for this exception, a property owner must meet three requirements:

1. The contiguous parcels are owned by the same individidual or entity.
2. The separate businesses are housed in separate structures on separate parcels.
3. The owner is the operator of the businesses.

If all these requirements are met, then each parcel would be eligible for a separate preferred commercial tier.

> **Note:** A seperate structure may consist of two or more owner-operated businesses with shared walls. The structures may be - but do not have to be – separate buildings. The assessor must verify that the separate businesses are being operated by the owner.

Leased parcels

This exception does not apply if an individual or entity owns contiguous parcels and leases the parcels to separate businesses. The owner must also operate the businesses to be eligible (requirement 3, above). In this scenario, the owner's business operating on the properties should be viewed as real estate investment.

Contiguous parcels that are leased to businesses only qualify for one preferred commercial tier. For example, if Owner A owns multiple parcels in a large retail complex, the business operation is the leasing of retail space, not the business occupying the property under the terms of the lease.

How should the preferred commercial first tier be applied with non-contiguous parcels?

Statute allows each non-contiguous class 3a parcel to receive a preferred commercial tier. If an individual or entity owns multiple non-contiguous parcels, each of those parcels qualifies for a separate preferred commercial tier, regardless of the businesses operating on the parcels.

For example, the same individual or entity may own multiple franchise restaurant properties on non-contiguous parcels throughout a jurisdiction. In this instance, each parcel would receive the first-tier preferred rate.

If a property qualifies for the 3a commercial classification in the middle of an assessment year, can the assessor change its classification?

No. All properties must be classified according to use on the assessment date, January 2. The only classification changes allowed after that date are those made by a local or county board of appeal and equalization.

If a property's use or circumstances change after January 2, any classification rate changes should be reflected on the subsequent assessment, not for the current assessment. There are two specific exceptions to this rule.

1. If a property owner of contiguous parcels was already operating separate businesses on the assessment date, they have until July 1 of the assessment year to notify the assessor. In this case, the assessor may change the current assessment to appropriately reflect the correction.
2. If a commercial property is converted to a residential use after the assessment date, and a homestead application is approved, the assessor should change the classification to 1a for the current assessment.

Questions?

If you have questions about this memo, please contact your property tax compliance officer or contact proptax.questions@state.mn.us

Memo

Date: 8/5/2019

To: All County Assessors

From: Jon Klockziem, Director

Law Changes to Agricultural Homestead

The legislature made several law changes to existing agricultural and special agricultural homestead provisions in the 2019 legislative session. These included changes to special agricultural homesteads owned by entities, trusts, and individuals. These changes will require assessors and their staff to complete some additional steps when processing applications. These steps are covered in each of the following sections.

Occupied Agricultural Homestead for Properties Owned by Entities

Minnesota Statutes 273.124, subdivision 8 was changed to allow property owned by an entity to be farmed by a separate entity if it fulfills certain requirements. Previously, if an entity-owned property was to receive agricultural homestead, the same entity needed to both own **and** operate the property. Under the new law, a different entity may operate the property if both of the following are true:

- The occupant is a member of both the operating entity **and** the owning entity.
- More than half of the shareholders, members, or partners of **each** entity are qualifying relatives[1].

This law change only affects an entity establishing homestead. Linking rules have not changed; linking may occur if additional agricultural land is owned and operated in the exact same way as the base parcel.

The newly released agricultural homestead applications provide a space for the applicant to list the owning and operating entity. When the county discovers that the property has different owning and operating entities, the assessor should verify that all requirements for homestead are met, including the requirements above. As a reminder, farming entities must be registered with the MN Department of Agriculture to qualify for homestead. This requirement is true for both an owning entity and an operating entity. If **all** requirements are met for entity-owned and occupied agricultural homestead, the application should be approved and the homestead would be granted to the **owning** entity on behalf of the occupant. This provision is effective for the 2019 assessment year for taxes payable in 2020.

What Did Not Change?

- The application requirements. An initial application must be filed to receive homestead.
- The occupant must be actively engaged in farming.
- The occupant and their spouse cannot claim another agricultural homestead in Minnesota.

[1] For agricultural homestead, a "qualifying relative" is a child, sibling, grandchild, or parent of the owner or the owner's spouse. The relation may be by blood or by marriage.

Scenario 1

- Entity A **owns** agricultural property. Sibling 1, Sibling 2, and Sibling 3 are the only three members of Entity A.
- Sibling 1 occupies the property and is actively engaged in farming.
- Entity B **operates** the property. Sibling 1 and two other qualifying relatives (their children) are members of Entity B.
- Both family farm entities are registered with the MN Department of Agriculture.
- All other requirements for homestead are met.
- Since Sibling 1, the occupant, is a member of both entities and both entities are made up of individuals who are qualifying relatives, this property would qualify for homestead if all other conditions are met.
- In this case, Entity A would receive the homestead and Sibling 1 would be the qualifying person for Entity A.

Scenario 2

- Entity C owns agricultural property.
- There are 4 members of Entity C; Parent A, Parent B, son, & daughter.
- Son occupies the property and is actively engaged in farming.
- Entity D operates the property.
- There are 3 members of Entity D; daughter, cousin 1, & cousin 2.
- Both family farm entities are registered with the Department of Agriculture.
- All other homestead requirements are met.
- Since the occupant, the son, is a member of Entity C but not a member of Entity D this property would not qualify for an occupied entity owned agricultural homestead.

Unoccupied Special Agricultural Homestead for Properties Owned by Entities

Similar to occupied agricultural homestead, Minnesota Statute 273.124, subdivision 14(g) was changed to allow unoccupied property owned by an entity to be operated by a separate entity if certain conditions are met. Previously, if an entity-owned property was to receive special agricultural homestead, the same entity needed to both own **and** operate the property. Under the new law, a different entity may operate the property if both of the following are true:

- The active farmer is a member of both the operating entity and the owning entity.
- More than half of the shareholders, members, or partners of **each** entity are qualifying relatives[2].

This law change only affects an entity establishing homestead. Linking rules have not changed; linking may occur if additional agricultural land is owned and operated in the exact same way as the base parcel.

The newly released special agricultural homestead applications provide a space for the applicant to list the owning and operating entity. When the county discovers that the property has different owning and operating entities, the assessor should verify that all requirements for homestead are met, including the requirements above. As a reminder, farming entities must be registered with the MN Department of Agriculture to qualify for homestead. This requirement is true for both an owning entity and an operating entity.If **all** requirements are met for entity owned and unoccupied special agricultural homestead, the application should be approved and the homestead would be granted to the **operating** entity (active farmer). This provision is effective for the 2019 assessment year for taxes payable in 2020.

What Did Not Change?

- The application requirements. An initial application must be filed and the applicable re-application must be filed annually for the property to continue to receive agricultural homestead.
- The farmer must meet the definition of actively farming.
- The agricultural property must be at least 40 acres.
- The active farmer and their spouse cannot claim another agricultural homestead in Minnesota.
- The active farmer must live within four cities/townships from the ag property.

These requirements, along with the new requirements, must be met to qualify for an entity owned and unoccupied agricultural homestead.

Scenario

- Entity A **owns** agricultural property. Sibling 1, Sibling 2 and Sibling 3 are the only members of Entity A.
- The property is unoccupied.
- Entity B **operates** the property. Sibling 2 and two other qualifying relatives (their children) are the members of Entity B.
- Sibling 2 is the active farmer.
- Both family farm entities are registered with the MN Department of Agriculture.
- All other requirements for homestead are met.

[2] For agricultural homestead, a “qualifying relative” is a child, sibling, grandchild, or parent of the owner or the owner’s spouse. The relation may be by blood or by marriage.

- Since Sibling 2 is the active farmer, a member of both entities, and both entities are made up of individuals who are qualifying relatives, this property would qualify for agricultural homestead if all other conditions are met.
- In this case, Entity B would receive the agricultural homestead and Sibling 2 would be the qualifying person (active farmer) for Entity B.

Agricultural Homestead Owned by a Trust

Minnesota Statutes 273.124, subdivision 21 was changed to allow exceptions for linking trust owned agricultural homestead. While trust-owned agricultural homesteads have always been able to link to agricultural parcels under the same trust ownership or the individual grantor's ownership, the law now allows both noncontiguous and contiguous agricultural parcels to be linked to a base parcel in either of the following scenarios:

- An individual and a trust, so long as that individual, that individual's spouse, or that individual's deceased spouse is the grantor of the trust.
    - **Example**: Parcel A owned by the Spouse A Trust, Spouse A is the sole grantor, can link to parcel B owned by Spouse B as an individual.
- Different trusts of which the grantors of each trust are any combination of an individual, that individual's spouse, or that individual's surviving spouse.
    - **Example**: Parcel A owned by the Spouse A Trust, Spouse A is the sole grantor, can link to parcel B owned by Spouse B's Trust, Spouse B is the sole grantor.

This provision is effective for the 2019 assessment year for taxes payable in 2020.

Agricultural Homestead Owned as Tenants in Common

Minnesota Statutes 273.124 was amended by adding subdivision 23, changing how agricultural homestead is treated when the property is owned by multiple owners as tenants in common (as opposed to joint tenancy). If the agricultural property is owned as tenants in common and the agricultural property qualifies for agricultural homestead, homestead benefits are distributed based on the deeded ownership interest of each owner.

Counties must review each deed to verify the ownership structure of the agricultural property. If agricultural property is owned as tenants in common, the county must find the deeded ownership interest that each owner has in the property. Once the county identifies the deeded ownership interest, it must apply the homestead according to the amount of deeded ownership of each qualifying owner.

It is important to note that this only applies to **agricultural property owned as tenants in common**, and does not apply to residential property or property owned as joint tenancy. This provision should be effective in assessment year 2019, however if a county assessor determines that the county is unable to implement the new law, the county must implement the new law in assessment year 2020.

What Did Not Change?

- Homestead for all **residential property** that is owned by multiple owners must be fractionalized based on number of owners, not deeded ownership interest. This applies to all types of ownership, including tenants in common and joint tenancy.

- Homestead for agricultural property that is owned as joint tenancy by multiple owners must be fractionalized based on number of owners, not deeded ownership interest.

Scenarios

Scenario 1

- Individual 1 and Individual 2 own an agricultural property as tenants in common.
- The two owners are not related.
- Both owners meet all the requirements for agricultural homestead.
- The deed to the agricultural property shows that Individual 1 has 80% deeded ownership interest and Individual 2 has 20% deeded ownership interest.
- Individual 1 is entitled to receive 80% of the homestead benefits and Individual 2 is entitled to 20%.

Scenario 2

- Individual 1, Individual 2, and Individual 3 own an agricultural property as tenants in common.
- The three owners are not related.
- Individual 1 meets the requirements of agricultural homestead, but Individual 2 and Individual 3 do not.
- The deed to the agricultural property shows that Individual 2 has 50% deeded ownership, Individual 1 has 30%, and Individual 3 has 20%.
- The agricultural property would qualify for a 30% agricultural homestead, with Individual 1 receiving the benefits.

Memo

Date: July 31, 2019

To: All County Assessors

From: Jon Klockziem, Director

Changes to Homestead Exclusion for Veterans with a Disability

For the 2019 legislative session, the Minnesota Legislature made multiple changes to the Homestead Exclusion for Veterans with a Disability (Minnesota Statutes, section 273.13, subdivision 34). The changes are also incorporated into the Property Tax Administrator's Manual, Module 2 – Valuation.

The changes impact:

- County veteran service officer (CVSO) data sharing
- Application deadline
- Veteran's exclusion refund
- Surviving spouse and family caregivers of veterans exclusion extension

The following changes are effective for the 2019 assessment for taxes payable in 2020.

What Changed?

Veteran exclusion data sharing

County veteran service officers (CVSO) and assessors may exchange a veteran's private information, including, but not limited to, their disability rating, permanent address, and Social Security number. This data is shared to determining the veteran's continued eligibility each assessment after the initial application process.

Application date

The application deadline for the exclusion is now **December 15**. This applies to applications made by veterans with a disability rating of 70% or higher and surviving spouses or family caregivers of veterans with 100% permanent and total disability rating.

Veterans exclusion refund

Qualifying veterans with a disability rating of 70% or more may receive a refund of taxes **paid in 2017 and 2018, or both** that missed the application deadline. To qualify for the refund, the veteran must:

- Meet all qualifications to receive the exclusion
- Apply to the assessor by December 15, 2019
- Provide proof of a qualifying disability rating for assessment years 2016, 2017, or both
- Have paid all taxes due in 2017 and 2018

The assessor should process these applications in a similar manner to current applications and verify the required information relevant to each assessment date. Upon approval of the application, the refund should be issued by the county auditors office.

Surviving spouse and family caregivers of veterans extension

The time period for qualifying surviving spouses was extended from eight years to a lifetime benefit. Surviving spouses receive the exclusion until such time as the spouse remarries or sells, transfers, or otherwise disposes of the property. The statute provides the same extension for surviving spouses of military personnel who are killed in action, whose surviving spouses receive dependency and indemnity compensation (DIC), or both.

Are qualifying spouses whose benefit would have ended with the 2018 payable year still be eligible for the lifetime benefit in the 2019 assessment year?

Yes. If a surviving spouse's benefit ended with the 2018 payable 2019 assessment date, their lifetime benefit should be extended forward with the 2019 payable 2020 assessment. If benefits ended prior to the 2018 assessment, there is no allowance for extending the benefit forward.

When is the CVSO required to provide information to the assessor?

CVSOs are required to certify a veteran's permanent address and disability rating each year after the initial application process by July 1 for each subsequent assessment year. This certification process eliminated the need for an annual reapplication.

Assessors are responsible for approving or denying an initial application. We recommend working with CVSOs for any information necessary to determine a veteran's initial qualification, though not a requirement by statute.

Questions?

If you have questions about this memo, please email us at proptax.questions@state.mn.us

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July 16, 2019

Dear Assessors:

The Property Tax Division received questions about statutory requirements and division of duties between local and county assessors. To ensure consistency, we're sharing the questions and our responses.

Questions

Minnesota Statute (M.S.) 273.061, subdivision 7, describes the division of duties between a local and county assessor. The statute also notes that book work and assessment cards are the county assessor's responsibility.

- The meaning of book work and assessment cards is unclear. Does this refer to everything that takes place after the value and classification is set?
- Who is responsible to review and process eCRVs, homestead applications, and applications for special programs (such as Rural Preserve and Green Acres)?
- Who is responsible for granting exemptions?

Response

Multiple statutes define the general responsibilities and division of duties between local and county assessors, along with more specific requirements.

General Responsibilities

County assessors provide direction, training, and assistance to local assessors. The term "local assessor" refers to all town or city assessors appointed or contracted to complete local assessor duties for a jurisdiction. (Except when city assessors are granted county assessor powers and duties under M.S. 273.063.)

County assessors are accountable for the results of the entire assessment, including any work done by local assessors whom they oversee. M.S. 273.061, subd. 7 outlines this division of duties and responsibilities:

> *The duty of the duly appointed local assessor shall be to view and appraise the value of all property as provided by law, but all the book work shall be done by the county assessor, or the assessor's assistants, and the value of all property subject to assessment and taxation shall be determined by the county assessor, except as otherwise hereinafter provided. If directed by the county assessor, the local assessor must perform the duties enumerated in subdivision 8, clause (16), and must enter construction and valuation data into the records in the manner prescribed by the county assessor.*

Note: Much of the work that was covered by the term "book work" is now done through electronic means. The term "assessment cards" is replaced by language that allows the county assessor to decide if the information is entered on an assessment/field card or directly into a CAMA system. M.S. 273.061 notes, "the local assessor … must enter construction and valuation data into the records in the manner prescribed by the county assessor."

Local Assessor Duties

The local assessor is responsible for viewing and appraising property. The county assessor is responsible for the remaining aspects of the assessment, including the final determination of value, appropriate classifications rates, applications for deferrals, exclusions, and exemptions.

The statute gives local assessors the authority to view and appraise property. Any remaining authorities and responsibilities are either implied or delegated by the county assessor.

M.S. 273.061, subd. 7, does allow the county assessor to delegate the responsibility for assessment review and the appeals process to the local assessor. These duties are outlined in M.S. 273.061, subd. 8, clause 16:

> *To perform appraisals of property, review the original assessment and determine the accuracy of the original assessment, prepare an appraisal or appraisal report, and testify before any court or other body as an expert or otherwise on behalf of the assessor's jurisdiction with respect to properties in that jurisdiction.*

County Assessor Duties

County assessors are accountable for the assessment itself. Statute states that county assessors are in charge of the final valuations of property. They are also responsible to train, assist and direct local assessors.

M.S. 273.061, subd. 8, spells out these four duties for county assessors:

> *(1) To call upon and confer with the township and city assessors in the county, and advise and give them the necessary instructions and directions as to their duties under the laws of this state, to the end that a uniform assessment of all real property in the county will be attained.*
>
> *(2) To assist and instruct the local assessors in the preparation and proper use of land maps and record cards, in the property classification of real and personal property, and in the determination of proper standards of value.*
>
> *(3) To keep the local assessors in the county advised of all changes in assessment laws and all instructions which the assessor receives from the commissioner of revenue relating to their duties.*
>
> *(4) To have authority to require the attendance of groups of local assessors at sectional meetings called by the assessor for the purpose of giving them further assistance and instruction as to their duties.*

The statutory language in paragraph (2) implies that – through assistance and instruction by the county assessor – the local assessor may classify property. The language in this statute also holds the county assessor accountable for the uniformity of the assessment and the work of local assessors.

Several other statutes require county assessor involvement and accountability for assessments. For example:

- M.S. 273.064 describes the county assessor’s examination and oversight responsibility over the work of local assessors. The language in this statute provides a responsibility on the county assessor’s part to ensure there are no deficiencies in the assessment.
- As another means of indicating authority, M.S. 273.0645, subd. 2 dictates that the county assessor may file complaints against the action or inaction of local assessors.
- M.S. 273.065 requires the county assessor to complete the work of any local assessor that is not completed by the local assessor at a charge to the assessment district.

eCRVs, Homestead and Program Applications, and Exemptions

Statute does not explicitly say who is responsible for processing eCRVs. Because processing and analyzing sales for a jurisdiction is a key element in appraising property, it is a reasonable conclusion that the local assessor is responsible for reviewing and processing sales at the direction of the county assessor. These actions must comply with the Department of Revenue's sales ratio instructions.

The county assessor is responsible for processing – and approving or denying – applications for homestead, special programs, exemptions, exclusions, and deferrals. The department's reasoning is as follows:

- While valuation and classification both involve local assessors through statutory guidance, classification comes before applying homesteads, special programs, exemptions, exclusions, or deferrals.
- Homestead applications are governed by M.S. 273.124, subd. 13, which requires a person to file a homestead application with the county assessor.
- Statutes governing applications for special programs, exemptions, exclusions, and deferrals generally refererence providing applications to the assessor, but fall short of clarifying or granting full approval authority.
- When the law does not clearly define which assessor is responsible for processing or granting applications it must be interpreted to refer to the county assessor because:
    - The county assessor is accountable for the results – and uniformity – of the overall assessment, including any work done by local assessors whom they oversee.
    - The law does not specifically reference any local assessor duties after the determinations of valuation and classification.

The local assessor may securely collect exemption, exclusion, or deferral applications from property owners, but the county assessor is responsible for processing and approving or denying them. The statutes for these applications do not provide the local assessor with the authority to approve or deny them.

Conclusion

Local assessors are required to view and appraise property, including new construction; this requires them to review and verify sales data to support uniform, accurate assessments. It is implied they are required to classify based on instruction and assistance from county assessors. They are required to enter that collected data as prescribed by the county assessor. They are also required to handle appeals within their jurisdiction when the county assessor delegates that responsibility.

County assessors are required to direct, train, and assist local assessors. They are ultimately responsible for final valuations and classifications, and to process and approve or deny applications for homesteads, special programs, exemptions, exclusions, and deferrals.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6091

Memo

Date: **May 2, 2019**

To: **All County Auditors and County Assessors**

From: **Joshua Hoogland, Assistant Director, Property Tax Division**

State Assessed Property Parcel Identification

The department relies on reporting of financial statements and property records from utility and railroad companies regarding their operating property. We apportion the value to each parcel. Counties review, verify and maintain these parcels, which helps the accuracy and uniformity of utility and railroad assessments.

Creating and maintaining parcels is an important part of property valuation. Counties are in the best position to identify corrections to parcels based on authority and availability. At the end of this memo are resources that may assist in verification.

What is the auditor's role?

The auditor is responsible for the creation of parcels. Each parcel must have the following assigned to it:

- A unique taxing area
- A legal description
- A parcel number or code
- Taxpayers, owners, and/or interested parties, along with their addresses
- Acreage, if applicable
- Property classification

The auditor is responsible for legal modifications to parcels. Examples include, combinations, splits, detachments, and annexations.

What is the assessor's role?

The assessor is responsible for verifying the property records for state assessed properties and contacting the State Assessed Property Section regarding corrections. Assessors should include state assessed property in their quintile plans and perform inspections as prescribed by department guidance.

Why do assessors verify state assessed properties?

The department receives minimal information from companies about their operating property. We assign a portion of a company's taxable operating property value to each parcel based on this information. We rely on assessors as a local resource to ensure the assessment is accurately apportioned.

In some instances:

- Companies have forgotten to report retirements of properties (such as substations) to us.
- Companies have reported pipeline, utility, and railroad operating property in the wrong school district or city/township.
- Companies have not reported structures, which has led counties to think the structures were included in the state assessment, resulting in missed assessment.

How can assessors verify railroad operating property?

For each railroad operating parcel, assessors must:

- Measure the length of track
- Measure operating acres
- Note how many buildings are located on each railroad operating parcel

Land is included in the department's assessment of railroad operating property.

What are the types of railroad operating property?

Railroad operating property is used by a railroad company for railroad transportation services. Examples include:

- Transloading facilities
- Mainline and other track
- Structures on right of way
- Storage yards
- Terminals
- Communication towers

The same types of property may be non-operating property if the property is not used by a railroad company for railroad transportation services. For example: a structure on a right of way that is owned or used by a third party that is not a railroad company is non-operating property.

Non-operating property is locally assessed.

How can assesssors verify utility and pipeline operating property?

Assessors can measure the number of operating acres at a substation, pumping station, or town border station location.

It may be difficult to verify the underground property of the distribution and transmission lines. For each special taxing district where you know there is pipeline or utility operating property, you must verify that the department is sending you at least one value in that district.

For example, if a county knows there is a distribution line in Township X and the department is not giving you value for property in Township X, contact us at sa.property@state.mn.us.

What are the types of utility and pipeline operating properties?

Land is always non-operating (locally assessed) for utility and pipeline operating property.

Example types of electric utility operating properties:

- Electric generation facilities
- Distribution lines
- Transmission lines
- Substations (includes machinery and most likely a structure)
- Communication towers

Example types of gas utility operating properties:

- Pipelines
- Town border stations (includes machinery and sometimes a structure)

Example types of liquid and gas pipeline operating properties:

- Pipelines
- Compressor stations (includes machinery and sometimes a structure)
- Pumping stations (includes machinery and sometimes a structure)
- Storage tanks

Resources:

- https://www.eia.gov/maps/layer_info-m.php
- https://gisdata.mn.gov/dataset/trans-rail-lines
- http://www.mngeo.state.mn.us/chouse/data.html
- https://www.revenue.state.mn.us/propertytax/Pages/Reports-and-Data.aspx

If you have questions about this memo, please contact us at sa.property@state.mn.us.

Memo

Date: March 19, 2019

To: County and City Assessors

From: Jon Klockziem, Property Tax Director

Disaster Abatements and Credits

In light of the heavy snowfall and continued precipitation that has affected much of the state over the past months, this memo serves as a reminder of what options are available to counties in the event of extreme flooding or other natural disasters. A detailed guide educating counties about the disaster response, reassessment, and property tax relief can be found on our website.

If your county is declared as a disaster or emergency area by the President of the United States, the secretary of agriculture, the administrator of the Small Business Administration, or locally by your county board, the county assessor must reassess all damaged property as soon as it is safe to do so. The reassessment is extremely important, as the reassessed values are the basis for taxpayers to access property tax relief. There are three types of credits and abatements available to property owners affected by disasters:

Homestead Disaster Credits are granted to damaged homestead properties within a disaster area for the year following the disaster. There is no minimum or maximum threshold for the amount of damage sustained for a property to be eligible for this credit. The taxpayer does not need to apply for this credit and it will reduce his or her taxes the following year.

Local-Option Disaster Credits are granted to properties that do not qualify for a homestead disaster credit, and can be granted in counties outside a disaster area. To qualify for this credit, at least 50% of the property must have been destroyed, and the owner of the property must submit a written application to the county assessor and board **by the end of the year in which the damage occurred**. This credit can be granted at the county board's discretion. The taxpayer will have a reduced tax burden the following year. For more information on qualifying conditions please visit our website.

Local-Option Disaster Abatements can be granted to both homestead and non-homestead properties within and outside of a disaster area. To qualify for this abatement, at least 50% of the property must have been destroyed, and the owner of the property must submit a written application to the county assessor and board **as soon as practical after the damage has occurred**. This abatement can be granted at the county board's discretion. The abatement provides financial relief in the current tax year. For more information on qualifying conditions please visit our website.

If you have any questions about tax relief for properties affected by disasters, please email eben.johnson@state.mn.us or call 651-556-6107.

Memo

Date: 03/18/2019

To: All Assessors

From: Property Tax Division

RE: Clarifying Licensure Requirements

Recently, we have been asked to clarify licensure requirements – specifically, which types of assessment work require licensure within three years. Minnesota Statutes, section 270.48, requires "Every person, except a local or county assessor, regularly employed by the assessor to assist in making decisions regarding valuing and classifying property for assessment purposes must become licensed within three years of the date of employment."

"Classifying Property"

After conferring with the Minnesota State Board of Assessors, it is our interpretation that licensure is required for classifying property based on broad use type for many properties.

That is, if an individual is employed to determine whether the use of a property is residential, agricultural, commercial, etc., that individual must be licensed within three years of undertaking that work.

After an individual has determined the primary use of a property for classification purposes, applying homesteads, exclusions for veterans who are disabled, class 1b homesteads, etc. may be done by an individual in the assessor's office without that individual needing to be licensed within three years.

If your office employs homestead clerks or other office staff who process applications for properties that have already been identified as being residential in use, the office staff applying applications after the use has been identified do not need to be licensed.

Questions?

If you have questions about licensure, licensure requirements, or licensure policy, please contact the Board of Assessors at assessors.board@state.mn.us.

Memo

Date: March 15, 2019

To: County and City Assessors

From: Justin Massmann, Property Tax Compliance Officer Supervisor

Identifying New Construction

Assessors must make a diligent search for their assessment of new construction annually. Not properly including new construction in your property assessment can lower the public's confidence in the assessment.

What types of new construction are required for assessment?

Minnesota Statute states that assessors must assess all real property now subject to tax on January 2 of each year. (See Minnesota Statute 273.17, subdivision 1). These assessments include:

- Property platted since the last assessment
- Buildings or structures more than $1,000 in value, finished or not
- Buildings or structures not previously added to the value of the land they are built on

What are the specifics?

- Any new buildings or structures that add $1,000 or more in value to the property must be assessed for the next assessment
- Buildings or structures that are under construction as of January 2 should be valued according to the extent completed as of that date
- Partial completions need to be reviewed as new construction for the next assessment on an annual basis until completed
- If an improvement is demolished after January 2 and a new building or structure is constructed before the next assessment, the increase in value for the new building or structure should be identified as new construction for the next assessment

How do I report new construction?

All new construction needs to be appropriately reported in PRISM.

What can I do to ensure all new construction is identified?

Suggested practices include:

- Require appraisers to centrally store digital photos of all new construction

- Establish appraiser timelines related to new construction
- Review ongoing progress prior to expected completion
- Annually drive on all roads to look for new buildings or structures
- Use satellite imagery to identify possible new construction for physical inspection
- Communicate with local officials, such as township board members, about any new construction that is "off the beaten path"

What are some suggested practices to ensure new construction is accounted for?

- Have a system for gathering and accounting for all building permits issued in your county from all jurisdictions
- Have a documented process for appraisers to follow in searching and accounting for new construction where permits are not required
- Have an annual follow-up process to ensure appraisers have viewed all properties with:
    - A building permit and all new construction valued at $1,000 or more has been added to the assessment
    - Incomplete new construction
- Run reports annually to compare new construction from one year to the next
    - Can indicate areas where new construction has potentially been missed

Who do I contact if I have questions?

If you have questions, please contact your Property Tax Compliance Officer.

Memo

Date: March 5, 2019

To: County and City Assessors

From: Justin Massmann, Property Tax Compliance Officer Supervisor

Code of Conduct and Assessor Disclosure Form

Assessors must follow the *Code of Conduct and Ethics for Licensed Minnesota Assessors.* The Conflict of Interest section of the code prohibits assessors from accepting assignments in which the assessor has a "financial or other interest" in a property. The same provision specifically prohibits assessors from assessing property owned by a spouse, parent, or child (by blood or marriage).

This provision avoids even the appearance of a conflict of interest. We recommend that all assessors abide by the following guideline for all property in an assessor's jurisdiction: **If there is any doubt as to whether an assessor should or should not assess a property due to his or her actual or perceived interest in the property, the assessor should always err on the side of caution.**

Who is required to complete the Assessor Disclosure Form?

- All licensed assessors, including the county assessor
- Any new or current unlicensed employees who are responsible for valuing and classifying

Who provides the Assessor Disclosure Form?

The county assessor provides this form to all assessors in the county, including local assessors. A completed form for each individual is kept on file in the county assessor's office and is available to the Department of Revenue upon request.

Is a new form required to be completed annually?

No. The disclosure is reviewed yearly by the individual and county assessor for accuracy and must be signed and dated.

When is a new form required?

- When personal or professional circumstances change and the assessor must disclose that change
- Every five years

What if I have questions?

If you have questions, please contact your Property Tax Compliance Officer.

Memo

Date: February 25, 2019

To: County and City Assessors

From: Justin Massmann, Property Tax Compliance Officer Supervisor

Clerical Errors

What is a clerical error?

Clerical errors include math errors, transposition of numbers, keypunch errors, and coding errors.

Clerical errors **do not** include errors of estimation or incorrect data used in making estimations.

Objective and subjective errors

Objective and subjective errors **are not** clerical errors.

Objective

Objective errors result from incorrect data used in the assessment, such as an incorrect record of the actual square footage or the number of front feet of lake shore. For example:

- The field sheet shows a building as 24′ x 40′ but the measurements are actually 32′ x 56′. This is an objective error and cannot be corrected as a clerical error.
- The field sheet shows a building as 24′ x 40′ but the measurements are erroneously entered into CAMA as 42′ x 40′. This is an example of transposition of numbers and can be corrected as a clerical error.

Subjective

Subjective errors result from a change in judgement, such as quality (grade) or condition (depreciation/effective age). For example:

- An error that requires the assessor to make a judgement, either for the land or improvement, is a subjective error or cannot be corrected as a clerical error.

Objective and subjective errors discovered prior to the completion of the current assessment year's LBAE and CBAE meetings may be addressed through the appeal process.

Objective and subjective errors discovered after the completion of the current assessment year's LBAE and CBAE meetings need to be addressed by either:

- Correcting that error for the next year's assessment
- Through abatement

Abatements are statutorily optional and depending on that individual county's abatement policy, a county may or may not grant abatements.

When can clerical errors be corrected?

The county assessor can correct clerical errors for the current assessment year until the tax extension date. For more information, see Minnesota Statute 273.01.

Who is responsible for documenting clerical errors?

The county assessor is responsible for documenting and maintaining a file of clerical errors in their office. A copy of any changes made must be sent to the county board by December 31 of the assessment year. For more information, see Minnesota Statute 273.01.

What if I have questions?

If you have questions, please contact your Property Tax Compliance Officer.

Memo

Date: January 2, 2018

To: County and City Assessors

From: Information and Education Section
Property Tax Division

RE: Application/Reapplication for Property Tax Exemption

It is required that all ownership entities seeking exemption must file an *initial* application with the county assessor, and each entity should include enough information to help the assessor to grant or deny the exemption. Initial applications for exemption are due to the assessor in the district where the property is located on or before **February 1** of the assessment year in which the exemption is first sought.

Only properties owned by the state or a political subdivision of the state are not required to file a statement, but the assessor may ask for information necessary to grant an exemption.

Owners or authorized entities claiming an exemption on **personal property used for pollution control** must reapply for exempt status with the Department of Revenue on or before February 15 of each year for which the taxpayer claims exemption to be eligible for taxes payable the following year.

What has changed?

A law change made during the 2017 session authorized the commissioner of revenue to clarify and determine the types of exempt properties that must file applications and reapplications according to Minnesota Statutes, section 272.025, subdivision 3. Prior to this change, the exempt property list per statute was very specific and did not reflect all the subdivisions in statute. Assessors will now have the statutory authority to collect reapplications on exempt properties listed below.

Please refer to the chart at the end of this document to determine which subdivision of Minnesota Statute 272.02 are required to only make an initial application and those that are required to apply every three years.

When does this go into effect?

These new application requirements are for new claims of exemption applications filed in 2018. The requirement of filing an initial application has not changed so we recommend having an initial application on file for verification of granting the exemption.

What has not changed?

Only properties owned by the state or a political subdivision of the state are not required to file a statement of exemption, but the assessor may ask for information necessary to grant an exemption.

Owners or authorized entities claiming an exemption on **personal property used for pollution control** must reapply for exempt status with the Department of Revenue on or before February 15 of each year for which the taxpayer claims exemption to be eligible for taxes payable the following year.

For some exempt properties, owners or authorized representatives must reapply for exemption **every three years**. No matter what year the owner or authorized represenative originally filed for exemption, **reapplications for property tax exemption must be filed in 2019, 2022, etc.**

If you did not send reapplications in 2016, you must get new applications on file as soon as possible to comply with statutory requirements, and also collect reapplications in 2019!

What information can you request with an application?

The assessor can request (in writing) that the taxpayer make available all records relating to ownership and/or use of the property that the assessor believes is needed to verify that the property meets requirements for exemption. If a property owner fails to file an exempt application or knowingly violates any of the filing requirements, the property may not receive exemption.

Please note that **only the County Assessor may approve applications for exemption**, not city assessors (except for cities of the first class that have a City Assessor who operates as the County Assessor in those jurisdictions). The County Assessor must sign all initial applications that are approved for exemption.

How long should you keep the application?

The assessor should retain the most recent application for as long as the exemption is granted, along with its supporting documents and notation of why or why not exemption was granted.

As stated in our memo, sent in August 2015, on updates to the General Records Retention Schedule made by the Minnesota Historical Society the following retention schedule should be used for exempt applications:

- It is required that the most current application be kept on file in the assessor's office for as long as the current property owner receives exemption, and prior filing year applications (for any owners) are to be held for 10 years.
- If at any time the ownership transfers (via sale or other means), the previous owner's application should be held for 10 years.

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

70	Electric generation facility personal property	**X**
71	Electric generation facility personal property	**X**
84	Electric generation facility personal property	**X**
89	Electric generation facility personal property	**X**
92	Electric generation facility personal property	**X**
93	Electric generation facility personal property	**X**
96	Electric generation facility personal property	**X**
99	Electric generation facility personal property	**X**
100	Electric generation facility personal property	**X**

Where can I find the information covered in this memo?

Information on the application/reapplication requirements can also be found in the Property Tax Administrator's Manual, *Module 5 – Exemptions*, available on the Revenue website at www.revenue.state.mn.us (type **Property Tax Administrators Manual** into the search box),as well as Minnesota Statute 272.025.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Memo

Date: **February 27, 2018**

To: **County and City Assessors**

From: **Emily Anderson**
Information and Education Section

RE: Class 4c(5)(iii) – Class I Manufactured Home Park Application

Class 4c(5)(iii)-Class 1 Manufactured Home Park was added during the 2017 Legislative Session. We have created the attached application for you to use to determine if a manufactured home park meets the requirements for the new classification.

The requirements listed in statute, which are included in the application, are the following:

- 12 hours of qualifying education courses must be completed by either the owner or on-site attendant every three years.
- The park owner must maintain **original** course completion certificates and provide them to the county assessor, within 30 days, upon request.

The application states the applicant must attach copies of the completion certificates at the time of application, however, you may request the original completion certificates.

When can the accumulating of education hours begin?

Park owners or on-site attendants were allowed to start attendingqualifying classes in 2017, so your office may have already begun receiving questions regarding education requirements.

What are the specific education requirements?

We have had a few questions of what type of training or education qualifies and if the assessor can require them to take certain classes. Per statute, the classes must be approved by the Department of Labor and Industry or the Department of Commerce for continuing education in real estate or continuing education for residential contractors and manufactured home installers. The 12 hours that are required are broken down to specific courses in the following:

- 2 hours on fair housing and one hour on the Americans with Disabilities Act, both approved for real estate licensure or residential contractor license.
- 4 hours on legal compliance related to any of the following: landlord/tenant, licensing requirements or home financing.

- 3 hours of general education which again must be approved for real estate, residential contractors, or manufacture home installers.
- 2 hours of HUD-specific manufactured home installer courses.

These different blocks are listed on the application. To verify if the courses completed meet one of the requirements above you must verify the courses are approved by the Department of Labor and Industry or the Department of Commerce when reviewing the certificates.

When is the due date of the application?

The due date is December 15 of the assessment year, so for a park to qualify for the 2018 assessment year, the application must be returned to the county assessor by December 15, 2018.

What other additional information may be useful?

Some statutes you will want to be aware of are the following:

- Minnesota Statute 327C.01 defines a Class I manufactured home park as a park complying with 327C.16.
- 327C.16 is a statute that defines the approved continuing education training the owner or on-site attendant must complete.

What if I have questions?

If you have questions, email your questions to the Information and Education Section at proptax.questions@state.mn.us.

Memo

Date: December 29, 2017

To: All Assessors

From: Information and Education Section
Property Tax Division

RE: Updated Homestead Application

The Property Tax Division is pleased to provide you with an updated homestead application. Similar to most recent homestead applications released by the Property Tax Division, this application may be used for:

- Owner-occupied homesteads (residential and agricultural)
- Relative homesteads (residential and agricultural)
- Trust homesteads (residential and agricultural)

2017 law change 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.

Prior to this amendment, language on the homestead application did not require the SSN of the applicant's spouse if they did not occupy. The homestead application now reflects this law change.

We have also made changes based on feedback provided by a number of counties, as well as feedback from non-property tax experts to ensure the form would be understandable and usable by both county offices and the taxpayers completing it. We appreciate everyone who gave input as part of this collaborative effort.

The changes to the most recent homestead application (issued in 2014) are not significant, they are laid out on page two of this memo. Our goal was to make the application easier to use for property owners and assessment administrators.

Please remember, according to Minnesota Statutes, section 273.124 counties **must** use the application form for homestead benefits that is prescribed by the Commissioner of Revenue. The form provides the layout to capture necessary data for the assessor to determine the type and percentage of homestead to grant.

This form must be used for applications for homestead filed in 2018.

Sections of the Homestead Application and Changes Made

Section	Changes Made
1: Property Information	• Minor grammatical updates to the instructions. • Added a question that asks the owner if the property is owned by a trust.
2: Occupant Information	• Minor grammatical changes to the instructions. • Moved spouse information to a new section. • Added ITIN to the SSN box. • Added a “widow” option under marital status.
3: Spouse Information	• New section for spouses only. • Added the ITIN option to the SSN box.
4: Homestead Application	• Minor grammatical updates to the instructions. • Made minor wording changes to questions 2 and 5 of section 4B (agricultural homestead).
5: Relative Homestead Application	Minor grammatical changes and visual updates.
6: Signatures	Minor grammatical changes to instructions and signature boxes.
Application Instructions	• Grammatical changes. • Added information on trust homesteads. • Made the instructions easier to read and visually appealing.

Retention of Homestead Applications:

Many counties have adopted the General Retention schedule for use of their own retention policies. However, in order to comply with current law, the Department of Revenue recommends further retention guidelines of homestead applications:

- Any time a property is granted homestead, the most current homestead application for that owner is retained as long as homestead is in place. For example, if a property was purchased and homesteaded in 2010 and is still under same ownership and still homesteaded, the initial application should still be kept on file in the assessor’s office. This way, so long as the owners are claiming this property as their primary residence, you will have appropriate paper or electronic documentation attesting to this fact.
- If at any time ownership transfers (via sale or other means) so that the original homestead owner no longer homesteads the property, the previous owner’s application should be held to the ten-year general records retention schedule (or the county’s own schedule).
- If there is a change in marital status or the county assessor requests a new homestead application from a taxpayer, the most current application should be kept on file and the prior applications held to the ten-year general records retention schedule (or the county’s own schedule).
- As most property owners are not required to re-apply for homestead each year, it is assumed that documentation will remain on file so long as homestead is given to a property.

Questions

If you have questions about the new homestead application please contact the Information and Education Section at proptax.questions@state.mn.us

CR-H

OFFICE USE ONLY		
Applicant Name	Type of Applicatio	☐ Owner Occupied ☐ Relati e/Residentia ☐ Relati e/Agricultural
Assessment Year		
Assessor or Representati e's Signature	Determinatio	☐ Approved ☐ Denied
Date		

Homestead Application

Applications are due to your assessor's office by December 15. Please read all instructions before completing this application. NOTE: Each applicant must complete a separate form to apply for homestead (see Section 2 for married couple applicant instructions).

Section 1: P operty Informatio

You MUST complete this section. Please p ovide the following information on the p operty for which you are claiming homestead.

Address of Property			Is the property owned by a trust? ☐ Yes ☐ No
Property ID Number (Found on the Property Tax Statement)			
City	State	ZIP Code	County
Date Purchased	Date Property was Occupied by Applicant(s)		

Section 2: Occupa t Informatio

EACH occupant and/or married couple applying for homestead must complete this section. ou certi y you and your spouse, if married, are a Minnesota resident, and occupy the property described above as your primary place of residence. Married couples must provide both Social Security numbers, even if one of the spouses does not occupy the property. You also certi y that the information ou provide is true and correct to the best of your knowledge.

Occupant First Name and Initia	**Occupant** Last Name		Social Security Number/ITIN
Are you listed as an owner on the deed?	☐ Yes ☐ No		
Occupant's Previous Address			
City	State	ZIP Code	County
Date Vacated	**Check One:** Did you claim homestead at your previous address? ☐ Yes ☐ No		
Occupant's Marital Status:	☐ Single ☐ Married ☐ Divorced ☐ Legally Separated ☐ Widow		
If married, does your spouse occupy the property?	☐ Yes ☐ No		

Section 3: Spouse I formatio

Spouse of Occupant First Name and Initial	**Spouse of Occupant** Last Name		Social Security Number/ITIN
Previous Address			
City	State	ZIP Code	County
Date Vacated	**Check One:** Did you claim homestead at your previous address? ☐ Yes ☐ No		

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Continue

Section 4: Home tead Applicatio

Complete Section 4A to apply for residential homestead OR Section 4B to apply for agricultural homestead. NOTE: If you are not sure whether you qualify for agricultural homestead, please contact the assessor's office.

SECTION 4A: RESIDENTIAL HOMESTEAD APPLICATION			OR	SECTION 4B: AGRICULTURAL HOMESTEAD APPLICATION		
Are you applying for residential home tead?	☐ Yes	☐ No		Are you applying for agricultural homestead?	☐ Yes	☐ No
Is your spouse applying for residentia homestead at this property as well?(If applicable)	☐ Yes	☐ No		If yes, do you or your spouse claim another agricultural homestead?	☐ Yes	☐ No
Are you listed as an owner on the deed?	☐ Yes	☐ No		Is your spouse applying for agricultural homestead at this property as well? (If applicable)	☐ Yes	☐ No
If you are not an owner, are you a qualifying relati e of an owner?[1]	☐ Yes	☐ No		If you are not an owner, are you qualifying relati e of an owner?[2]	☐ Yes	☐ No
				If you are a qualifying relati e, does your family have any other agricultural relati e homesteads in Minnesota for your family?	☐ Yes	☐ No

Section 5: Relative Homestead Application

Complete this section ON Y if you are a qualifying relati e applying for homestead. Otherwise, skip to Section 6

Property Owner First Name and Initia		**Property Owner** Last Name	Relationship o Applicant
Property Owner Mailing Address			
City	State	ZIP Code	County

Is the property owner a Minnesota resident?

☐ Yes ☐ No

Section 6: Sign tures

Sign Here

I certi y that the above information is true and orrect to the best of my knowledge. *Minnesota Statutes, section 609.41, tates that anyone giving false information in order o avoid or reduce their tax obligations is subject o a fine of up o $3,000 and/or up to one year in prison. This application mu t be signed by* ***all owners who occupy the property*** *or* ***by the qualifying relativ*** *and returned to the county assessor to receive homestead on this property.*

Signature of Occupant	Date	Daytime Phon
Evening Phone	Email	
Signature of Occupant's Spouse (If Applicable)	Date	Daytime Phon
Evening Phone	Email	
Signature of Other Owner(s) (If Applicable)	Date	Daytime Phon
Evening Phone	Email	
Signature of Other Owner(s) (If Applicable)	Date	Daytime Phon
Evening Phone	Email	

Complete both sides and mail this completed application and all equired a achments to your assessor.

[1]For **residential home tead,** qualifying relati es include: parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece of the owner, by blood or marriage.

[2]For **agricultural homesteads** qualifying relati es include: grandchild, child, sibling, or parent of the owner of the agricultural property or the spouse of the owner.

Form CR-H Instruction

Who is eligible for Homestead?

If you own and occupy your own property, you may be eligible to receive residential or agricultural homestead treatment. Homestead classification makes your property eligible for a reduced classification rate, and/or a r - duced taxable value, or may make you eligible for a Property Tax Refund or to enroll in other programs.

You must own the property and occupy it as your primary residence by no later than December 1 of the current year to receive homestead for taxes payable next year.

How to Apply

Complete the entire application and submit to the assessor within 30 days of establishing homestead, no later than December 15 to be eligible for homestead in the next tax year.

For manufactured homes, you must mail the application by May 29 to be eligible for homestead in the current tax year.

You do not have to reapply for homestead each year. However, the assessor may ask for an updated application at any time.

Each applicant who occupies the property must provide a Social Security number and sign the form. Spouses of the applicants must also provide their Social Security number, even if they do not occupy the property.

What if my property is held under a trust?

If the property is owned by a trust, the grantor of the trust is considered the owner when completing this application. The assessor may ask for additional information about the trust and for a copy of the page of the trust that has the following information:

- Name and type of trust
- Grantors of the trust
- Signatures of the grantors and date of those signatures

Required A achments

If any owners do not occupy the property, you must provide the names and addresses of the owners to the assessor.

If any owners' spouses do not occupy the property, you must provide their names and addresses to the assessor.

If more than two owners occupy the property, attach another application with the Owner/Occupant Information section completed.

Individual Tax Identi ation Number (ITIN)/Social Security Number (SSN)

An ITIN can only be used in situations where one spouse has a Social Security number and the other spouse does not. ITINs are not an acceptable alternative in any other case.

We will not disclose Social Security number(s) you provide on this form to the public, but we may share among government officials for tax collection and administration purposes.

Use of Informatio

The information on this form is required by Minnesota Statutes, section 273.124 to properly identify you and determine if you qualify for homestead. Your Social Security number is required. If you do not provide the required information, your application will be denied. If you provide your Social Security number thereafter, the effective date of the homestead classification may be delayed. Your Social Security number is considered private data for purposes of establishing homestead.

Penaltie

Making false statements on this application is against the law. Minnesota Statutes, section 609.41, states that anyone giving false information in order to avoid or reduce their tax obligations is subject to a fine of up to $3,000 and/or up to one year in prison.

If you falsely claim homestead, you may be assessed a penalty equal to in the amount of the additional tax that would have applied to your property if it had not been considered homestead.

Questions

If you have questions about homestead or how to complete this form:

- Contact the assessor's office
- Go to our website at www.revenue.state.mn.us and type **Homestead** in the Search box

BULLETIN

Date: September 6, 2017

To: All County Assessors, Auditors, and Treasurers

From: Property Tax Division

Subject: Fractional/Linked Homesteads and the Agricultural Homestead Credit

This bulletin provides in-depth direction on fractional homestead values, the Agricultural Homestead Credit, and how the credit applies to linked homesteads. Use this guidance for assessment year 2018, and to calculate taxes payable in 2019 and later.

We include several examples of how to calculate:

- Market value exclusions for house, garage, and first acre (HGA) sites on agricultural homesteads
- Net tax capacities
- Agricultural homestead credit amounts

We also explain how to:

- Account for fractional homestead amounts and joint ownership scenarios.
- Apply the credit to linked parcels under same ownership.

This bulletin is based on your questions, feedback, and current state law. To ensure fair and consistent administration, please:

1. Review the bulletin carefully
2. Share it with your county's computer consortium.
3. Make any changes needed to have your county in uniformity for taxes payable in 2019, including adjustments to your county's homestead records.

If you have questions about this bulletin, please refer to the contact information below:

For questions about:	Email us at:
Agricultural classification	proptax.questions@state.mn.us
Agricultural homestead determination	proptax.questions@state.mn.us
Agricultural homestead credit determination	proptax.admin@state.mn.us
Agricultural homestead credit application	proptax.admin@state.mn.us
PRISM reporting requirements	PRISM.mdor@state.mn.us

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Agricultural Homesteads

Topic Summary

History

In 2015, the department began researching how counties were applying homesteads in joint ownership scenarios, and how counties were calculating the Agricultural Homestead Market Value Credit. County partners were asked about their practices. Counties were administering joint ownership and the Agricultural Homestead Market Value Credit inconsistently. County partners asked the department to provide guidance on administration of agricultural homesteads and credits in order to support consistency in administration across the state.

In partnership with counties, the department analyzed options to provide clarity and consistency in the administration of the Agricultural Homestead Market Value Credit. In 2017, the department sought legislative clarification on two key areas of agricultural homesteads that were inconsistently applied across the state.

The first legislative change related to the calculation of the agricultural homestead credit.

The second legislative change clarified long-standing department guidance on how to prorate homestead for properties with multiple owners (or grantors of a trust); the amount of homestead is prorated equally between the owners regardless of ownership type (or percentage of granted ownership interest).

The changes were also summarized in the Department's 2017 Property Tax Law Summary and detailed instructions for those changes have been incorporated into this guidance.

What's next?

Counties will need to administer agricultural homesteads and credits in accordance with these laws for assessment year 2018, taxes payable in 2019 and thereafter.

Not all counties will have to make changes – some counties may already be in compliance with this language, others may be in compliance with only part, and some may need to change both homestead and credit calculations.

The department continues to offer its support to counties as we partner to achieve consistent administration. The department's Property Tax Administrator's Manual and Auditor/Treasurer Manual will be updated to reflect this guidance. Additionally, the department will continue to provide training on agricultural homesteads and credits. Please watch for announcements from the department or from professional administrative organizations.

If you have questions about this bulletin, please refer to the contact information below:

For questions about:	Email us at:
Agricultural classification	proptax.questions@state.mn.us
Agricultural homestead determination	proptax.questions@state.mn.us
Agricultural homestead credit determination	proptax.admin@state.mn.us
Agricultural homestead credit application	proptax.admin@state.mn.us
PRISM reporting requirements	PRISM.mdor@state.mn.us

Agricultural Homestead Considerations

Joint ownership interests

For properties with multiple owners, the amount of homestead is prorated equally among the owners (or number of grantors of a trust that own the property), regardless of ownership type (or percentage of granted ownership interest).

- Homestead is based on a property being occupied by an owner, not on ownership type. If there are two owners, and one of the two (1/2) occupies the property, it receives ½ homestead.
- Fractionalization is always in equal shares based on the number of owners (even if they do not own equal shares).

This means ownership as joint tenants or tenants-in-common does not factor into the proration. For example:

- If Bill and Andrea co-own a parcel as non-relatives and unmarried individuals, it is considered 50% Bill's homestead and 50% Andrea's homestead.
- If Bill deeds only 10% ownership interest to Andrea as tenant-in-common, it is still 50% Bill's homestead.

Note: This does not change the application of homestead to spouses, who are still considered "one owner" for homestead purposes. A property owned by a married couple is considered to be under single ownership. The normal and historical rules for applying homestead to spouse-owned property apply.

Applying first-tier value to agricultural parcels

For the 2017 assessment, the first $1,940,000 of 2a land/buildings has a class rate of 0.50%. Any value above $1,940,000 has a class rate of 1.00%. This bulletin will use the 2017 first-tier amount to calculate net tax capacities. The department will share the 2018 first-tier value with all counties in late 2017.

The first-tier value limit applies to the base parcel, then to the next most-contiguous parcel (of the highest value, if multiple parcels are directly contiguous to the base).

For fractional base homesteads, the first-tier amount is also fractionalized.

- If the base parcel or established main parcel is 100% homestead, the first tier is $1,940,000.
- If the base parcel or established main parcel is fractionalized, so is the tier. For example:
    - If the base receives 50% homestead, that property owner's first tier is $970,000.
    - If the base receives 25% homestead, that property owner's first tier is $485,000.

Agricultural Homestead Credit

The Agricultural Homestead Credit applies only to the following:

- Homesteaded class 2a agricultural land (which may sometimes be classified as 1b)
- Homesteaded class 2a agricultural buildings
- Contiguous class 2b rural vacant land that is part of the agricultural homestead, and is under the exact same ownership

Regular and special agricultural homesteads may receive the credit on eligible property.

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The credit **does not** apply to any other classifications – 1a residential homestead, 3a commercial, 4bb non-homestead, etc.

Note: Entity-owned land that is eligible to receive the first-tier agricultural value classification rate is **not** eligible for the Agricultural Homestead Credit. (See Scenario 5 for an example.)

Order of credits

State law provides a variety of different property tax credits that reduce the amount of property taxes paid by qualifying taxpayers. (See Minnesota Statutes, section 273.1393.)

County auditors calculate these credits, which appear on the property tax statements for qualifying properties. Property owners must apply for most of the credits and meet certain requirements to qualify.

The law also specifies the *order* in which the credits are subtracted from the gross tax amount:

1. Disaster Credits (sections 273.1231 to 273.1235)
2. Power Line Credit (section 273.42)
3. Agricultural Preserves Credit (section 473H.10)
4. Enterprise Zone Credit (section 469.171, *now expired*)
5. Disparity Reduction Credit (section 273.1398)
6. Conservation Tax Credit (section 273.119)
7. School Bond Credit (section 273.1387)
8. **Agricultural Homestead Credit (section 273.1384)**
9. Taconite Homestead Credit (section 273.135)
10. Supplemental (Taconite) Homestead Credit (section 273.1391)

Note: The combination of all applicable property tax credits must not exceed the gross tax amount.

Applying the Agricultural Homestead Credit

This credit applies to homesteads rather than to specific units or parcels. Therefore, the credit extends to linked parcels and it is computed on the whole homestead. (Not as separate credits for each parcel.)

Follow these four rules when applying the credit (see Minnesota Statutes, section 273.1384):

1. The credit only applies to reduce taxes based on local net tax capacity ("NTC taxes").
2. If the credit exceeds the first-tier homestead NTC taxes on the base parcel, the excess applies to the NTC taxes on homestead value over the first tier.
3. If the credit exceeds the total NTC taxes on the base parcel, the excess applies to the NTC taxes on the next linked parcel (the closest one, whether it's in the same county or a different county.)
4. If the credit exceeds the NTC taxes on the agricultural land, the excess applies to the taxes on the HGA. (Excess credits only apply to class 2a/2b homestead property.)

Calculating the credit amount

The Agricultural Homestead Credit is equal to 0.3% of the first $115,000 of the taxable market value (TMV) of the agricultural **land** plus 0.1% of the agricultural **land** TMV above $115,000.

(First $115,000 TMV x 0.3%) + ([Total TMV-$115,000] x 0.1%) = Credit Amount

Do not include the value of the HGA when calculating the credit. (The HGA is not used at all in the calculation.)

The maximum credit for each homestead is limited to $490 at a market value of $260,000.

Fractionalization of the credit

Several examples in this bulletin base the Agricultural Homestead Credit on a fractional homestead.

If property is a fractional homestead or has more than one homestead record due to joint ownership, the credit is calculated on a fractional market value. That fractional value is based on the percentage of homestead for each owner who qualifies for the credit. For example:

- For a full homestead with a taxable market value of $300,000, the credit is calculated on the full value ($300,000).
- For a half-homestead on the same $300,000 property, the credit is calculated on half of the taxable market value ($150,000).

Property owners decide for their own purposes whether to own a property in joint tenancy or as tenants in common. For property tax classification purposes, homestead is based on use: a property that is owned and occupied by an owner. It does not take into account unique shares of ownership interest.

Statute directs us to calculate the Agricultural Homestead Credit on the amount of market value corresponding to the percentage of homestead. This percentage is based on the number of owners of a property (or the number of grantors if a trust owns a property).

Example

Two brothers (Eric and Pierre) jointly own a parcel of property; each also individually owns other agricultural property. Pierre does not homestead his property.

Owner: Eric	Owner: Eric & Pierre	Owner: Pierre
Homestead: 100%	Homestead: 50%	Homestead: 0%
Value: $100,000	Value: $100,000	Value: $100,000

In this (simple) example:

- Eric receives a credit based on the $150,000 value in his chain: $100,000 on his established main parcel plus one-half of the value on the jointly owned parcel ($50,000).
- Pierre does not qualify for a credit (no homestead on either his or the jointly owned property).

Scenario 1: Two Related Individuals, Fractional Homestead

Wilbur and Ed are brothers who own agricultural properties.

Parcel A

- Owned by: Wilbur
- Size/Class: 20 acres, 2a agricultural homestead
- Contains Wilbur's homestead residence
- EMV:
  - HGA = $76,000
  - Remaining 19 acres = $115,000

Parcel B

- Owned by: Ed
- Size/Class: 3,010 acres, 2a agricultural homestead
- Contains Ed's homestead residence
- EMV:
  - HGA = $76,000
  - Remaining 3,009 acres =$1,900,000

Parcel C

- Owned by: Wilbur and Ed jointly
- Size/Class: 20 acres, 2a agricultural
- EMV: $110,000

Parcel D

- Owned by: Wilbur and Ed jointly
- Size/Class: 20 acres, 2a agricultural
- EMV: $116,000

None of the parcels are contiguous, but all are within four cities/townships of each other. For this example, we assume Parcel C is most contiguous to Parcels A and B.

Step 1: Determine Net Tax Capacity (NTC)

Multiply the taxable market value (TMV) by the classification rate to determine net tax capacity (NTC).

TMV x Class Rate=NTC

To determine NTC, we must know if the parcels qualify for the first-tier agricultural homestead class rate, and the amount of the homestead market value exclusion that applies to each HGA.

For the 2017 assessment (taxes payable 2018), the first-tier value limit for agricultural homestead is $1,940,000.

Step 1a: Calculate Homestead Market Value Exclusion and NTC - Parcel A

The homestead market value exclusion is calculated **only** for the house, garage, and first acre (HGA)**.** The exclusion is not based on – nor applied to – excess land value.

For a homestead valued at $76,000 or less, the exclusion is 40% of market value – a maximum exclusion of $30,400 at $76,000 of market value.

HGA EMV - Maximum Exclusion = TMV

$76,000 - $30,400 = $45,600

Parcel A also includes land valued at $115,000 (100% homestead to Wilbur). For these examples, we assume the land EMV is the same as the land TMV (with no special value reductions or deferrals that apply to the land).

Parcel A Net Tax Capacity (Wilbur)

Classification	TMV	x Class Rate	= NTC
2a HGA	$45,600	1.00%	$456
2a Land	$115,000*	0.50%	$575
Parcel A Total NTC	–	–	**$1031**

* *Wilbur has $1,825,000 remaining in his first-tier value.*

Step 1b: Calculate Homestead Market Value Exclusion and NTC - Parcel B

The homestead market value exclusion is calculated **only** for the house, garage, and first acre (HGA)**.** It is not calculated based on excess land value, nor applied to excess land value.

For a homestead valued at $76,000 or less, the exclusion is 40 percent of market value, yielding a maximum exclusion of $30,400 at $76,000 of market value.

HGA EMV - Maximum Exclusion = TMV

$76,000 - $30,400 = $45,600

Parcel B also includes land valued at $1,900,000 (100% homestead to Ed).

Parcel B Net Tax Capacity (Ed)

Classification	TMV	x Class Rate	= NTC
2a HGA	$45,600	1.00%	$456
2a Land	$1,900,000*	0.50%	$9,500
Parcel B Total NTC	–	–	**$9,956**

* *Ed has $40,000 remaining in his first-tier value; his base parcel is 100% homestead.*

Step 1c: Calculate NTC - Parcel C

Parcel C

- Does not contain an HGA.
- May qualify for homestead:
  - 50% homestead linked to Wilbur, 50% homestead linked to Ed
- TMV: $110,000
  - $55,000 at 0.50% linked to Wilbur's homestead first tier
  - $40,000 at 0.50% linked to Ed's homestead first tier
  - $15,000 at 1.00% linked to Ed's homestead over his first tier

Parcel C Net Tax Capacity (Wilbur and Ed)

Classification	TMV	x Class Rate	= NTC
2a Land (Wilbur)	$55,000*	0.50%	$275
2a Land (Ed)	$40,000**	0.50%	$200
2a Land (Ed)	$15,000	1.00%	$150
Parcel C Total NTC	–	–	**$625**

* *Wilbur has $1,770,000 remaining in his first tier value.*

** *Ed has no remaining in his first tier value.*

Step 1d: Calculate NTC - Parcel D

Parcel D

- Does not contain an HGA.
- May qualify for homestead:
  - 50% homestead linked to Wilbur, 50% homestead linked to Ed
- TMV: $116,000
  - $58,000 at 0.50% linked to Wilbur's homestead first tier
  - $58,000 at 1.00% linked to Ed's homestead over his first tier

Parcel D Net Tax Capacity (Wilbur and Ed)

Classification	TMV	x Class Rate	= NTC
2a Land (Wilbur)	$58,000*	0.50%	$290
2a Land (Ed)	$58,000	1.00%	$580
Parcel D Total NTC	–	–	**$870**

* *Wilbur has $1,712,000 remaining in his first-tier value.*

NTC for Each Parcel

Parcel A	**$1,031**
Parcel B	**$9,956**
Parcel C	**$625**
Parcel D	**$870**

Step 2: Determine Agricultural Homestead Credit

To determine the total Agricultural Homestead Credit, we must know the total value amounts and homestead amounts.

Remember, if a parcel is fractional homestead or jointly owned, the credit is calculated on the percentage homestead for the qualifying owner.

Note: Parcels C and D are 50% homestead for each Wilbur and Ed. The credit is calculated on 50% of the value for each owner.

Step 2a: Calculate Wilbur's credit amount

To calculate Wilbur's credit, we must first determine how much of the land value in his base and linked parcels to use.

Calculate the Total Land Value Used (Wilbur)

Parcel	Land Value (TMV)	Land Value Used for Wilbur
Parcel A (100% homestead to Wilbur)	$115,000	$115,000
Parcel C (50% homestead to Wilbur)	$110,000	$55,000*
Parcel D (50% homestead to Wilbur)	$116,000	$58,000*
Total Value Used for Wilbur's Credit	**N/A**	**$228,000**

* *Wilbur's homestead is 50% of the TMV, so 50% of the TMV is used to calculate the credit.*

Calculate the Credit (Wilbur)

The credit is equal to 0.3% of the first $115,000 of the property's TMV plus 0.1% of the property's TMV in excess of $115,000.

(First $115,000 x 0.3%) + ([Total TMV-$115,000] x 0.1%) = Credit

($115,000 x 0.003) + ([$228,000- $115,000] x 0.001) = Credit
$345 + ($113,000 x 0.001) = Credit
$345 + $113 = **$458**

Wilbur's total credit for his homestead chain is $458.

Step 2b: Calculate Ed's Credit Amount

To calculate Ed's credit, we must first determine how much of the land value in his base and linked parcels to use.

Calculate the Total Land Value Used (Ed)

Parcel	Land Value (TMV)	Land Value Used for Ed
Parcel B (100% homestead to Ed)	$1,900,000	$1,900,000
Parcel C (50% homestead to Ed)	$110,000	$55,000*
Parcel D (50% homestead to Ed)	$116,000	$58,000*
Total Value Used for Ed's Credit	**N/A**	**$2,013,000**

* *Ed's homestead is 50% of the TMV, so 50% of the TMV is used to calculate the credit.*

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Calculate the Credit (Ed)

The credit is equal to 0.3% of the first $115,000 of the property's TMV plus 0.1% of the property's TMV in excess of $115,000.

(First $115,000 x 0.3%) + ([Total TMV-$115,000] x 0.1%) = Credit

($115,000 x 0.003) + ([$2,013,000- $115,000] x 0.001) = Credit
$345 + ($1,898,000 x 0.001) = Credit
$345 + $1,898 = **$2,243 ***

** Because this amount ($2,243) exceeds the maximum credit, the $490 limit applies.*

Ed's total credit for his homestead chain is $490.

Step 3: Apply the Credit

The Agricultural Homestead Credit applies first to the base parcel. If the credit exceeds taxes on the base parcel, it then applies to the next most-contiguous parcel (in the same order as you apportioned the agricultural first-tier value).

Do **not** fractionalize the credit by value among the parcels in a homestead chain. A taxpayer can benefit from several credits before the Agricultural Homestead Credit is applied. This means a given parcel may not have any further tax to reduce if we fractionalize the credit among the parcels.

This credit can apply to any parcel in the chain of agricultural homestead parcels. However, it always starts with the base parcel so taxpayers receive their maximum tax reduction throughout their chain.

For cross-county agricultural homesteads, if you use the property owner's credit in your county and have remaining credit, you need to share remaining credit amounts with the other county.

The county with the base parcel should apply as much of the Agricultural Homestead Credit as possible within that county. (Because the home county knows the most about a property owner's agricultural homestead chain – fractionalized base homestead, HGA tax remaining, blind/disabled information, etc.)

To apply the credit in this example, we assume a 100% combined local tax rate for all parcels.

Step 3a: Apply the Credit to Base Homestead Parcels

The Agricultural Homestead Credit applies to land first, so we apply it **only to land** (and not to HGA) on Wilbur's and Ed's base parcels.

Parcel A – Wilbur's base parcel (100% homestead)

Tax Calculation	HGA	Land	
Net Tax Capacity	$456	$575	
Local Tax Rate	100%	100%	
Gross Taxes	$456	$575	
Agricultural Homestead Credit	N/A	(-$458)	
Tax Remaining	$456	$117	
Net Tax Parcel A	**$456**	**+ 117**	**= $573**

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There is still a tax on Parcel A after the credit. Since Wilbur's entire credit was used on Parcel A, no credit carries over to Parcels C or D in his chain.

Parcel B – Ed's base parcel (100% homestead)

Tax Calculation	HGA	Land	
Net Tax Capacity	$456	$9,500	
Local Tax Rate	100%	100%	
Gross Taxes	$456	$9,500	
Agricultural Homestead Credit	N/A	(-$490)	
Tax Remaining	$456	$9,010	
Net Tax Parcel B	**$456**	**+ 9,010**	**= $9,466**

There is still a tax on Parcel B after the credit. Since Ed's entire credit was used on Parcel B, no credit carries over to Parcels C or D in his chain.

Step 3b: Apply the Credit to Linked Parcels

In this scenario, there is no agricultural credit left to apply to Parcels C or D. Therefore, we do not need to carry over or fractionalize excess credit to the jointly owned parcels.

Parcel C

Tax Calculation	Land
Net Tax Capacity	$625
Local Tax Rate	100%
Gross Taxes	$625
Agricultural Homestead Credit	N/A
Net Tax Parcel C	**$625**

Parcel D

Tax Calculation	Land
Net Tax Capacity	$870
Local Tax Rate	100%
Gross Taxes	$870
Agricultural Homestead Credit	N/A
Net Tax Parcel D	**$870**

Note: If (and only if) there is excess credit after applying to the base parcels, we apply the remaining credit to the next most-contiguous property (in the same order that you apply the first-tier homestead classification rate).

Scenario 2: Two Unrelated Individuals; Fractional Homestead

Rose Tyler and Donna Noble are unrelated individuals who jointly own four parcels of property. Donna is not a Minnesota resident, and is often away from the property. Rose claims homestead.

Parcel A
- Owned by: Rose and Donna jointly
- Size/Class: 20 acres, 50% 2a agricultural homestead and 50% agricultural non-homestead
- Contains Rose's homestead residence
- EMV:
  - HGA = $76,000
  - Remaining 19 acres = $115,000

Parcel B
- Owned by: Rose and Donna jointly
- Size/Class: 3,010 total acres, 50% 2a agricultural homestead and 50% agricultural non-homestead
- EMV: $1,900,000

Parcel C
- Owned by: Rose and Donna jointly
- Size/Class: 20 acres, 50% 2a agricultural homestead and 50% agricultural non-homestead
- EMV: $110,000

Parcel D
- Owned by: Rose and Donna jointly
- Size/Class: 20 acres, 50% 2a agricultural homestead and 50% agricultural non-homestead
- EMV: $116,000

None of the parcels are contiguous, but all are within four cities/townships of each other. For this example, we assume the order of contiguity from Parcel A is Parcel B, then C, then D.

Step 1: Determine Net Tax Capacity (NTC)

Multiply the taxable market value (TMV) by the classification rate to determine net tax capacity (NTC).

TMV x Class Rate=NTC

To determine NTC, we must know if the parcels qualify for the first-tier agricultural homestead class rate, and the amount of the homestead market value exclusion that applies to each HGA.

For the 2017 assessment, taxes payable 2018, the first-tier value limit for agricultural homestead is $1,940,000. For **fractional homesteads**, the first-tier limit is given the same fraction. So, Rose's 50% base homestead receives 50% of the first tier limit.[1]

[1] "*Why is this homestead first-tier limit fractionalized, when it is not in Scenario 1*?" The tier limit is fractionalized here because homestead is **established** at 50% on the base parcel, so that 50% carries through the entire calculation. In Scenario 1, homestead was **established** at 100%.

First-Tier Limit x 50% = Fractional First-Tier Limit

$1,940,000 x 0.50 = 970,000

Step 1a: Calculate Homestead Market Value Exclusion and NTC – Parcel A

The homestead market value exclusion is calculated **only** for the house, garage, and first acre (HGA)**.** The exclusion is not based on – nor applied to – excess land value.

For a homestead valued at $76,000 or less, the exclusion is 40% of market value – a maximum exclusion of $30,400 at $76,000 of market value.

For a fractional homestead, the exclusion amount is given the same fraction. Since Parcel A is 50% homestead, only 50% of the exclusion is used:

Full Exclusion x 50% = 50% Exclusion

$30,400 x 0.50 = $15,200

HGA EMV - 50% Exclusion = TMV

$76,000 - $15,200 = $60,800

For these examples, we assume the land EMV is the same as the land TMV (with no special value reductions or deferrals that apply to the land).

Parcel A

- Homestead: 50% homestead to Rose, 50% non-homestead to Donna
- TMV (remaining): $115,000
    - $57,500 at 0.50% homestead to Rose
    - $57,500 at 1.00% non-homestead to Donna

Parcel A Net Tax Capacity (Rose and Donna)

Classification	TMV	x Class Rate	= NTC
2a HGA	$60,800	1.00%*	$608.00
2a Land – Rose homestead	$57,500**	0.50%***	$287.50
2a Land – Donna non-homestead	$57,500	1.00%	$575.00
Parcel A Total NTC	–	–	**$1,470.50**

* *The class rate for residential homestead and non-homestead on the 2a HGA is the same – 1.00%.*

** *Because the property is 50% homestead, the first-tier limit is halved at $970,000. Rose has $912,500 left in her first-tier value.*

*** *Because the parcel is half homestead, half of the land value (owned by Rose) receives the homestead class rate. The other half of the land value (owned by Donna) receives the non-homestead class rate.*

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Step 1b: Calculate NTC - Parcel B

Parcel B

- Homestead: 50% homestead linked to Rose, 50% non-homestead to Donna
- TMV: $1,900,000
  - $950,000 linked to Rose's homestead
    - $912,500 at 0.50% (first tier)
    - $37,500 at 1.00% (over first tier)
  - $950,000 at 1.00% non-homestead to Donna

Parcel B Net Tax Capacity (Rose and Donna)

Classification	TMV	x Class Rate	= NTC
2a Land – Rose homestead	$912,500*	0.50%	$4,562.50
2a Land – Rose homestead	$37,500	1.00%	$375.00
2a Land – Donna non-homestead	$950,000**	1.00%	$9,500.00
Parcel B Total NTC	–	–	**$14,437.50**

* *Rose has used the last $912,500 left in her halved first tier.*

** *Because the parcel is half homestead, half of the land value (owned by Rose) receives the homestead class rate. The other half of the land value (owned by Donna) receives the non-homestead class rate.*

Step 1c: Calculate NTC - Parcel C

Parcel C

- Homestead: 50% homestead linked to Rose, 50% non-homestead to Donna
- TMV: $110,000
  - $55,000 at 1.00% linked to Rose's homestead (Rose has exceeded her first tier limit)
  - $55,000 at 1.00% non-homestead to Donna

Parcel C Net Tax Capacity (Rose and Donna)

Classification	TMV	x Class Rate	= NTC
2a Land – Rose homestead, 2nd Tier*	$55,000	1.00%	$550
2a Land – Donna non-homestead	$55,000	1.00%	$550
Parcel C Total NTC	–	–	**$1,100**

** *Because Rose and Donna each own half of this parcel, the $110,000 value is split into two records. Thus, $55,000 receives Rose's homestead class rate, and $55,000 receives Donna's non-homestead class rate.*

Step 1d: Calculating NTC - Parcel D

Parcel D

- Homestead: 50% homestead linked to Rose, 50% non-homestead to Donna
- TMV: $116,000
  - $58,000 at 1.00% linked to Rose's homestead (Rose has exceeded her first-tier limit)
  - $58,000 at 1.00% non-homestead to Donna

Rose has already exceeded her (fractionalized) first-tier limit. The value record remains split for the two ownership chains.

Parcel D Net Tax Capacity (Rose and Donna)

Classification	TMV	x Class Rate	= NTC
2a Land – Rose homestead, 2nd Tier*	$58,500	1.00%	$580
2a Land –Donna non-homestead	$58,000	1.00%	$580
Parcel D Total NTC	**–**	**–**	**$1,160**

NTC for Each Parcel

Parcel A	**$1,470.50**
Parcel B	**$14,437.50**
Parcel C	**$1,100.00**
Parcel D	**$1,160.00**

Step 2: Determine Agricultural Homestead Credit

To determine the total Agricultural Homestead Credit, we must know the total value amounts and homestead amounts.

Remember, if a parcel is fractional homestead or jointly owned, the credit is calculated on the percentage homestead for the qualifying owner.

Note: Parcels C and D are 50% homestead for Rose. The credit is calculated on 50% of the value for her.

Calculate Rose's Credit Amount

To calculate Rose's credit, we must first determine how much of the land value in her base and linked parcels to use.

Calculate the Total Land Value Used (Rose)

Parcel	Land Value (TMV)	Land Value Used for Rose
Parcel A (50% homestead to Rose)	$115,000	*$57,500
Parcel B (50% homestead to Rose)	$1,900,000	$950,000
Parcel C (50% homestead to Rose)	$110,000	$55,000
Parcel D (50% homestead to Rose)	$116,000	$58,000
Total Value Used for Rose's Credit	**N/A**	**$1,120,500**

* *Rose's homestead is 50% of the TMV, so 50% of the TMV is used to calculate the credit.*

Calculate the Credit (Rose)

The credit is equal to 0.3% of the first $115,000 of the property's TMV plus 0.1% of the property's TMV in excess of $115,000.

(First $115,000 x 0.3%) + ([Total TMV-$115,000] x 0.1%) = Credit

($115,000 x 0.003) + ([$1,120,500 - $115,000] x 0.001) = Credit
$345 + ($1,005,500 x 0.001) = Credit
$345 + $1,005.50 = **$1,350.50 ***

** Because this amount ($1350.50) exceeds the maximum credit, the $490 limit applies.*

Rose's total credit for her homestead chain is $490.

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Step 3: Apply the Credit

The Agricultural Homestead Credit applies first to the base parcel. If the credit exceeds taxes on the base parcel, it then applies to the next most-contiguous parcel (in the same order as you apportioned the agricultural first-tier value).

Do **not** fractionalize the credit by value among the parcels in a homestead chain.

For cross-county agricultural homesteads, if you use the property owner's credit in your county and have remaining credit, you need to share remaining credit amounts with the other county.

To apply the credit in this example, we assume a 100% combined local tax rate for all parcels.

Step 3a: Apply the Credit to Base Homestead Parcels

The Agricultural Homestead Credit applies to land first, so we apply it **only to land** (and not to HGA) on Parcel A (the base parcel in this example).

Like the classification rates, the tax amounts are separated by ownership (50% to Rose and 50% to Donna). To simplify this example, we include all of the HGA's taxes as one value record, since the credit applies only to land.

Parcel A – Base homestead parcel (50% homestead)

Tax Calculation	HGA	Land – Rose	Land – Donna	
Net Tax Capacity	$608	$287.50	$575	
Local Tax Rate	100%	100%	100%	
Gross Taxes	$608	$287.50	$575	
Agricultural Homestead Credit	N/A	(-$287.50)*	N/A	
Tax Remaining	$608	$0	$575	
Net Tax Parcel A	**$608**	**+ $0**	**$575**	**= $1,183**

* *Rose has used $287.50 of her $490 credit, leaving $202.50 to carry over to the next parcels.*

There is no tax remaining on Rose's land in Parcel A after the credit. Since Rose's entire credit was not used on Parcel A, the excess carries over to Parcel B in her chain. Donna cannot receive the credit on her non-homestead portion of the land, and pays the full taxes it.

Step 3b: Apply the Credit to Linked Parcels

In this scenario, we have remaining agricultural credit to carry over to linked parcels in Rose's homestead chain.

Parcel B (50% homestead)

Tax Calculation	Land – Rose	Land – Donna	
Net Tax Capacity	$4,937.50	$9,500.00	
Local Tax Rate	100%	100%	
Gross Taxes	$4,937.50	$9,500.00	
Agricultural Homestead Credit	(-$202.50)	N/A	
Net Tax Parcel B	**$4,735.00**	**+** $9,500.00	**=$14,235**

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There is still tax on Rose's land in Parcel B after the credit. Since Rose's remaining credit was exhausted on Parcel B, no credit carries over to Parcels C or D.

Parcel C (50% homestead)

Tax Calculation	Land
Net Tax Capacity	$1,100.00
Local Tax Rate	100%
Gross Taxes	$1,100.00
Agricultural Homestead Credit	(-$0)
Net Tax Parcel C	**$1,100.00**

Parcel D (50% homestead)

Tax Calculation	Land
Net Tax Capacity	$1,160.00
Local Tax Rate	100%
Gross Taxes	$1,160.00
Agricultural Homestead Credit	(-$0)
Net Tax Parcel D	**$1,160.00**

Note: If (and only if) there is excess credit after applying to the base parcels, we apply the remaining credit to the next most-contiguous property (in the same order that you apply the first-tier homestead classification rate).

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Scenario 3: Mixed Homestead in Linked Parcels

Greg owns three parcels. He owns one of the three parcels jointly with Mike, an unrelated individual. Greg claims homestead.

Parcel A

- Owned by: Greg
- Size/Class: 10 acres, 2a agricultural homestead
- Contains Greg's homestead residence
- EMV:
  - HGA = $76,000
  - Remaining 9 acres =$15,000

Parcel B

- Owned by: Greg and Mike jointly
- Size/Class: 20 acres, 50% 2a agricultural homestead, 50% 2a agricultural non-homestead
- EMV: $100,000

Parcel C

- Owned by: Greg
- Size/Class: 20 acres , 2a agricultural homestead
- EMV = $160,000

None of the parcels are contiguous, but all are within four cities/townships of each other. For this example, we assume Parcel B is most contiguous to Parcel A.

Step 1: Determine Net Tax Capacity (NTC)

Multiply the taxable market value (TMV) by the classification rate to determine net tax capacity (NTC).

TMV x Class Rate=NTC

To determine NTC, we must know if the parcels qualify for the first-tier agricultural homestead class rate, and the amount of the homestead market value exclusion that applies to each HGA.

For the 2017 assessment (taxes payable 2018), the first-tier value limit for agricultural homestead is $1,940,000.

Step 1a: Calculate Homestead Market Value Exclusion and NTC - Parcel A

The homestead market value exclusion is calculated **only** for the house, garage, and first acre (HGA)**.** The exclusion is not based on – nor applied to – excess land value.

For a homestead valued at $76,000 or less, the exclusion is 40% of market value – a maximum exclusion of $30,400 at $76,000 of market value.

HGA EMV - Maximum Exclusion = TMV

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$76,000 - $30,400 = $45,600

Parcel A also includes land valued at $15,000 (100% homestead to Greg). For these examples, we assume the land EMV is the same as the land TMV (with no special value reductions or deferrals that apply to the land).

Parcel A Net Tax Capacity (Greg)

Classification	TMV	x Class Rate	= NTC
2a HGA	$45,600	1.00%	$456
2a Land	$15,000*	0.50%	$75
Parcel A Total NTC	–	–	**$531**

* *Greg has $1,925,000 remaining in his first tier value.*

Step 1b: Calculate NTC - Parcel B

Parcel B

- Homestead: 50% homestead linked to Greg, 50% non-homestead to Mike
- TMV: $100,000
  - $50,000 at 0.50% linked to Greg's homestead
  - $50,000 at 1.00% non-homestead to Mike

Parcel B Net Tax Capacity (Greg and Mike)

Classification	TMV	x Class Rate	= NTC
2a Land – Greg homestead	$50,000*	0.50%	$250
2a Land – Mike non-homestead	$50,000	1.00%	$500
Parcel B Total NTC	–	–	**$750**

* *Greg has $1,875,000 remaining in his first-tier value.*

Step 1c: Calculate NTC - Parcel C

Parcel C

- Does not contain an HGA.
- Homestead: 100% homestead linked to Greg
- TMV: $160,000 at 0.50% linked to Greg's homestead

Parcel C Net Tax Capacity (Greg)

Classification	TMV	x Class Rate	= NTC
2a Land	$160,000*	0.50%	$800
Parcel C Total NTC	–	–	**$800**

**Greg has $1,715,000 remaining in his first tier value*

NTC for Each Parcel

Parcel A	**$531**
Parcel B	**$750**
Parcel C	**$800**

Step 2: Determine Agricultural Homestead Credit

To determine the total Agricultural Homestead Credit, we must know the total value amounts and homestead amounts.

Remember, if a parcel is fractional homestead or jointly owned, the credit is calculated on the percentage homestead for the qualifying owner.

Note: Parcel B is 50% homestead for Greg. The credit is calculated on 50% of the value for him.

Calculate Greg's Credit Amount

To calculate Greg's credit, we must first determine how much of the land value in his base and linked parcels to use.

Calculate the Total Land Value Used (Greg)

Parcel	Land Value (TMV)	Land Value Used for Greg
Parcel A (100% homestead to Greg)	$15,000	$15,000
Parcel B (50% homestead to Greg)	$100,000	*$50,000
Parcel C (100% homestead to Greg)	$160,000	$160,000
Total Value Used for Greg's Credit	**N/A**	**$225,000**

* *Greg's homestead is 50% of the TMV, so 50% of the TMV is used to calculate the credit*

Calculate the Credit (Greg)

The credit is equal to 0.3% of the first $115,000 of the property's TMV plus 0.1% of the property's TMV in excess of $115,000.

(First $115,000 x 0.3%) + ([Total TMV-$115,000] x 0.1%) = Credit

($115,000 x 0.003) + ([$225,000 - $115,000] x 0.001) = Credit
$345 + ($110,000 x 0.001) = Credit
$345 + $110 = **$455**

Greg's total credit for his homestead chain is $455.

Step 3: Apply the Credit

The Agricultural Homestead Credit applies first to the base parcel. If the credit exceeds taxes on the base parcel, it then applies to the next most-contiguous parcel (in the same order as you apportioned the agricultural first-tier value).

Do **not** fractionalize the credit by value among the parcels in a homestead chain.

For cross-county agricultural homesteads, if you use the property owner's credit in your county and have remaining credit, you need to share remaining credit amounts with the other county.

To apply the credit in this example, we assume a 100% combined local tax rate for all parcels.

Step 3a: Apply the Credit to Base Homestead Parcels

The Agricultural Homestead Credit applies to land first, so we apply it **only to land** (and not to HGA) on Parcel A (the only base parcel in this example).

Like the classification rates, the tax amounts are separated by ownership. This only affects Parcel B in this example (50% to Greg and 50% to Mike).

Parcel A – Greg's base homestead parcel (100% homestead)

Tax Calculation	HGA	Land	
Net Tax Capacity	$456	$75	
Local Tax Rate	100%	100%	
Gross Taxes	$456	$75	
Agricultural Homestead Credit	N/A	(-$75)*	
Tax Remaining	$456	$0	
Net Tax Parcel A	**$456**	**+ $0**	**= $456**

* *Greg has used $75 of his $455 credit, leaving $380 to carry over to the next parcels.*

There is no tax remaining on the land in Parcel A after the credit. Since Greg's entire credit was not used on Parcel A, the excess carries over to Parcel B in his chain.

Step 3b: Apply the Credit to Linked Parcels

In this scenario, we have remaining agricultural credit to carry over to linked parcels in Greg's homestead chain.

Parcel B (50% homestead)

Tax Calculation	Land – Greg	Land – Mike	
Net Tax Capacity	$250	$500	
Local Tax Rate	100%	100%	
Gross Taxes	$250	$500	
Agricultural Homestead Credit	(-$250)*	N/A	
Net Tax Parcel B	**$0**	**$500**	**= $500**

* *Greg has used $250 of his remaining $380 credit, leaving $130 to carry over to the next parcel.*

There is no tax remaining on Greg's land in Parcel B after the credit. Since Greg's remaining credit was not used on Parcel B, the excess carries over to Parcel C in his chain. Mike cannot receive the credit on his non-homestead portion of the land, and pays the full taxes on it.

Parcel C (100% homestead)

Tax Calculation	Land	
Net Tax Capacity	$800	
Local Tax Rate	100%	
Gross Taxes	$800	
Agricultural Homestead Credit	(-$130)	
Net Tax Parcel C	**$670**	**= $670**

Greg's remaining $130 credit was exhausted on Parcel C.

Note: If (and only if) there is excess credit after applying to the base parcels, we apply the remaining credit to the next most-contiguous property (in the same order that you apply the first-tier homestead classification rate).

Scenario 4: Four Siblings, Joint Ownership

Billy and Sylvia are siblings. They have two other brothers who shall remain nameless since their shares of the parcels do not qualify for homestead.

Parcel A

- Owned by: Billy
- Size/Class: 15 acres, 2a agricultural homestead
- Contains Billy's homestead residence
- EMV:
  - HGA = $76,000
  - Remaining 14 acres = $115,000

Parcel B

- Owned by: Sylvia
- Size/Class: 240 acres, 2a agricultural homestead
- Contains Sylvia's homestead residence
- EMV:
  - HGA = $76,000
  - Remaining 239 acres = $1,900,000

Parcel C

- Owned by: Billy and Sylvia jointly
- Size/Class: 15 acres, 2a agricultural homestead
- EMV: $110,000

Parcel D

- Owned by: Billy and Sylvia jointly
- Size/Class: 20 acres, 2a agricultural homestead
- EMV: $116,000

Parcel E

- Owned by: Billy, Sylvia, and the nameless brothers jointly
- Size/Class: 10 acres, 50% 2a agricultural homestead, 50% 2a agricultural non-homestead (the nameless brothers do not qualify for homestead)
- EMV: $32,000

None of the parcels are contiguous, but all are within four cities/townships of each other. For this example, we assume Parcel C is most contiguous to Parcels A and B.

Step 1: Determine Net Tax Capacity (NTC)

Multiply the taxable market value (TMV) by the classification rate to determine net tax capacity (NTC).

TMV x Class Rate=NTC

To determine NTC, we must know if the parcels qualify for the first-tier agricultural homestead class rate, and the amount of the homestead market value exclusion that applies to each HGA.

For the 2017 assessment (taxes payable 2018), the first-tier value limit for agricultural homestead is $1,940,000.

Step 1a: Calculate Homestead Market Value Exclusion and NTC - Parcel A

The homestead market value exclusion is calculated **only** for the house, garage, and first acre (HGA)**.** The exclusion is not based on – nor applied to – excess land value.

For a homestead valued at $76,000 or less, the exclusion is 40% of market value – a maximum exclusion of $30,400 at $76,000 of market value.

HGA EMV - Maximum Exclusion = TMV

$76,000 - $30,400 = $45,600

Parcel A also includes land valued at $115,000 (100% homestead to Billy). For these examples, we assume the land EMV is the same as the land TMV (with no special value reductions or deferrals that apply to the land).

Parcel A Net Tax Capacity (Billy)

Classification	TMV	x Class Rate	= NTC
2a HGA	$45,600	1.00%	$456
2a Land	$115,000*	0.50%	$575
Parcel A Total NTC	–	–	**$1,031**

* *Billy has $1,825,000 remaining in his first-tier value.*

Step 1b: Calculate Homestead Market Value Exclusion and NTC - Parcel B

The homestead market value exclusion is calculated **only** for the house, garage, and first acre (HGA)**.** The exclusion is not based on – nor applied to – excess land value.

For a homestead valued at $76,000 or less, the exclusion is 40% of market value – a maximum exclusion of $30,400 at $76,000 of market value.

HGA EMV - Maximum Exclusion = TMV

$76,000 - $30,400 = $45,600

Parcel B also includes land valued at $1,900,000 (100% homestead to Sylvia). For these examples, we assume the land EMV is the same as the land TMV (with no special value reductions or deferrals that apply to the land).

Parcel B Net Tax Capacity (Sylvia)

Classification	TMV	x Class Rate	= NTC
2a HGA	$45,600	1.00%	$456
2a Land	$1,900,000*	0.50%	$9,500
Parcel B Total NTC	–	–	**$9,956**

* *Sylvia has $40,000 remaining in her first tier value*

Step 1c: Calculate NTC - Parcel C

Parcel C

- Does not contain an HGA.
- Homestead: 50% homestead linked to Billy, 50% homestead linked to Sylvia
- TMV: $110,000
    - $55,000 at 0.50% linked to Billy's homestead
    - $55,000 at linked to Sylvia's homestead
        - $40,000 at 0.50% at first tier
        - $15,000 at 1.00%over the first tier

Parcel C Net Tax Capacity (Billy and Sylvia)

Classification	TMV	x Class Rate	= NTC
2a Land – Billy homestead	$55,000*	0.50%	$275
2a Land – Billy homestead	$40,000**	0.50%	$200
2a Land – Sylvia homestead	$15,000	1.00%	$150
Parcel C Total NTC	–	–	**$625**

* *Billy has $1,770,000 remaining in his first-tier value.*

** *Sylvia used the last $40,000 in his first tier value, so $15,000 of his $55,000 share is at the 1.00% class rate*

Step 1d: Calculate NTC - Parcel D

Parcel D

- Does not contain an HGA.
- Homestead: 50% homestead linked to Billy, 50% homestead linked to Sylvia
- TMV: $116,000
    - $58,000 at 0.50% linked to Billy's homestead
    - $58,000 at 1.00% linked to Sylvia's homestead

Parcel D Net Tax Capacity (Billy and Sylvia)

Classification	TMV	x Class Rate	= NTC
2a Land – Billy homestead	$58,000*	0.50%	$290
2a Land – Sylvia homestead	$58,000	1.00%	$580
Parcel D Total NTC	–	–	**$870**

* *Billy has $1,712,000 remaining in his first-tier value.*

Step 1e: Calculate NTC - Parcel E

Parcel E

- Does not contain an HGA.
- Homestead: 50% homestead, 50% non-homestead
  - 25% homestead linked to Billy
  - 25% homestead linked to Sylvia
  - 25% non-homestead to Nameless Brother 1
  - 25% non-homestead to Nameless Brother 2
- TMV: $32,000
  - $8,000 at 0.50% linked to Billy's homestead
  - $8,000 at 1.00% linked to Sylvia's homestead
  - $16,000 at 1.00% non-homestead to Nameless Brother 1 and 2 ($8,000 to each)

Parcel E Net Tax Capacity (All Siblings)

Classification	TMV	x Class Rate	= NTC
2a Land – Billy homestead	$8,000*	0.50%	$40
2a Land – Sylvia homestead	$8,000	1.00%	$80
2a Land – Nameless 1 non-homestead	$8,000	1.00%	$80
2a Land – Nameless 2 non-homestead	$8,000	1.00%	$80
Parcel E Total NTC	–	–	**$280**

* *Billy has $1,704,000 remaining in his first tier value*

NTC for Each Parcel

Parcel A	**$1,031**
Parcel B	**$9,956**
Parcel C	**$625**
Parcel D	**$870**
Parcel E	**$280**

Step 2: Determine Agricultural Homestead Credit

In order to determine the total Agricultural Homestead Credit, we will need to know the total value amounts and homestead amounts.

Remember, if a parcel is fractional homestead or jointly owned, the credit is calculated on the percentage homestead for the qualifying owner.

Note: Parcels C and D are only 50% homestead for each Billy and Sylvia. Parcel E is only 25% homestead for Billy and Sylvia. However, the credit is calculated on a percentage of homestead value for each owner.

Step 2a: Calculate Billy's Credit Amount

First we must determine how much of the land value in Billy's base and linked parcels to use.

Calculate the Total Land Value Used (Billy)

Parcel	Land Value (TMV)	Land Value Used for Billy
Parcel A (100% homestead to Billy)	$115,000	$115,000
Parcel C (50% homestead to Billy)	$110,000	$55,000
Parcel D (50% homestead to Billy)	$116,000	$58,000
Parcel E (25% homestead to Billy)	$32,000	$8,000
Total Value Used for Billy's Credit	N/A	**$236,000**

Calculate the Credit (Billy)

The credit is equal to 0.3% of the first $115,000 of the property's TMV plus 0.1% of the property's TMV in excess of $115,000.

(First $115,000 x 0.3%) + ([Total TMV-$115,000] x 0.1%) = Credit

($115,000 x 0.003) + ([$236,000 - $115,000] x 0.001) = Credit
$345 + ($121,000 x 0.001) = Credit
$345 + $121 = **$466**

Billy's total credit for his homestead chain is $466.

Step 2b: Calculating Sylvia credit

First we must determine how much of the land value in Sylvia's base and linked parcels to use.

Calculate the Total Land Value Used (Sylvia)

Parcel	Land Value (TMV)	Land Value Used for Sylvia
Parcel B (100% homestead to Sylvia)	$1,900,000	$1,900,000
Parcel C (50% homestead to Sylvia)	$110,000	$55,000
Parcel D (50% homestead to Sylvia)	$116,000	$58,000
Parcel E (25% homestead to Sylvia)	$32,000	$8,000
Total Value Used for Sylvia's Credit	**N/A**	**$2,021,000**

Calculate the Credit (Sylvia)

The credit is equal to 0.3% of the first $115,000 of the property's TMV plus 0.1% of the property's TMV in excess of $115,000.

(First $115,000 x 0.3%) + ([Total TMV-$115,000] x 0.1%) = Credit

($115,000 x 0.003) + ([$236,000 - $2,021,000] x 0.001) = Credit
$345 + ($1,906,000 x 0.001) = Credit
$345 + $1,906 = **$2,251 ***

** Because this amount ($2,251) exceeds the maximum credit, the $490 limit applies.*

Sylvia's total credit for her homestead chain is $490.

Step 3: Apply the Credit

The Agricultural Homestead Credit applies first to the base parcel. If the credit exceeds taxes on the base parcel, it then applies to the next most-contiguous parcel (in the same order as you apportioned the agricultural first-tier value).

Do **not** fractionalize the credit by value among the parcels in a homestead chain.

For cross-county agricultural homesteads, if you use the property owner's credit in your county and have remaining credit, you need to share remaining credit amounts with the other county.

To apply the credit in this example, we assume a 100% combined local tax rate for all parcels.

Step 3a: Apply the Credit to Base Homestead Parcels

The Agricultural Homestead Credit applies to land first, so we apply it **only to land** (and not to HGA) on Parcels A and B.

Like the classification rates, the tax amounts are separated by ownership. This only affects Parcels C, D, and E in this example.

Parcel A – Billy's base homestead parcel (100% homestead)

Tax Calculation	HGA	Land	
Net Tax Capacity	$456	$575	
Local Tax Rate	100%	100%	
Gross Taxes	$456	$575	
Agricultural Homestead Credit	N/A	(-$466)*	
Tax Remaining	$456	$109	
Net Tax Parcel A	**$456**	**+ $109**	**= $565**

* *Billy has used all of his $466 credit, leaving no excess to carry over to other parcels in his chain.*

There is still tax on the land in Parcel A after the credit. Since Billy's entire $466 credit was exhausted on Parcel A, no credit carries over to Parcels C, D, or E in his chain.

Parcel B – Sylvia's base homestead parcel (100% homestead)

Tax Calculation	HGA	Land	
Net Tax Capacity	$456	$9,500	
Local Tax Rate	100%	100%	
Gross Taxes	$456	$9,500	
Agricultural Homestead Credit	N/A	(-$490)	
Tax Remaining	$456	$9,010	
Net Tax Parcel B	**$456**	**+ 9,010**	**= $9,466**

There is still tax on the land in Parcel B after the credit. Since Sylvia's entire $490 credit was exhausted on Parcel A, no credit carries over to Parcels C, D, or E in her chain.

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Step 3b: Apply the Credit to Linked Parcels

In this scenario, there is no agricultural credit left to apply to Parcels C, D or E. Therefore, we do not need to carry over excess credit to any of the jointly owned parcels.

Parcel C (100% homestead)

Tax Calculation	Land
Net Tax Capacity	$625
Local Tax Rate	100%
Gross Taxes	$625
Agricultural Homestead Credit	(-$0)
Net Tax Parcel C	**$625**

Parcel D (100% homestead)

Tax Calculation	Land
Net Tax Capacity	$870
Local Tax Rate	100%
Gross Taxes	$870
Agricultural Homestead Credit	(-$0)
Net Tax Parcel D	**$870**

Parcel E (50% homestead)

Tax Calculation	Land
Net Tax Capacity	$280
Local Tax Rate	100%
Gross Taxes	$280
Agricultural Homestead Credit	(-$0)
Net Tax Parcel E	**$240**

Note: If (and only if) there is excess credit after applying to the base parcels, we apply the remaining credit to the next most-contiguous property (in the same order that you apply the first-tier homestead classification rate).

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Scenario 5: Complex Homestead Parcel Combination

This scenario combines several of the processes we have discussed earlier and also includes new factors, such as cross-county linkages, LLC farming entities, and trust ownerships.

<table>
<tr><td>Parcel A
Sue
HGA-$150,000
2a-$25,000
2b- $125,000</td><td colspan="2">Parcel D
Sue & Bob
2a-$600,000
2b-$150,000</td><td rowspan="2">Parcel G
SBGM Trust
Res. Relative 1a-$350,000
2a-$1,600,000</td></tr>
<tr><td>Parcel B
Bob & Angie
HGA -$100,000
4bb - $100,000
2a - $100,000</td><td rowspan="2">Parcel E
Sue & Mary
2a-$600,000</td><td rowspan="2">Parcel F
Sue & Bob
2a-$900,000
2b-$100,000</td></tr>
<tr><td>Parcel C
Mary
HGA-$225,000
2a-$200,000
3a-$175,000</td><td>Parcel H
Quinn
HGA-$175,000
2a-$75,000
2b-$150,000</td></tr>
<tr><td colspan="2">Parcel I
Sunnyside Farming LLC
2a-$2,000,000</td><td colspan="2">Parcel J
Sunnyside Farming LLC
2a-$2,000,000
2b-$520,000</td></tr>
</table>

Details

- Mary, Sue, Bob and Gary are siblings.
- Sunnyside Farming LLC members are the four siblings and their friend Quinn.
- The SBGM Trust grantors are Mary, Sue, Bob, and Gary.
- The SBGM Trust property is occupied by the parents of the grantors, and they claim a residential homestead.
- Mary, Sue, Bob, and Quinn each have a homestead that they farm, and Mary has a commercial repair shop business on her base parcel (Parcel C).
- Gary has his own residential homestead three counties away.
- Parcels A, B, D, E, F, G, H, and J are located in Spruce County within the same unique taxing area (UTA) that has a total local NTC rate of 52.233%.
- Parcels C and I are located in in Maple County within the same UTA that has a total NTC Rate of 62.534% and a state NTC rate of 50.840%. No referendum market value (RMV) rates or special assessments exist on these parcels.

Parcel A

- Owned by: Sue
- Size/Class: 11 acres 2a agricultural homestead, 14 acres rural vacant land
- Contains Sue’s residence

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- EMV:
  - HGA= $150,000
  - 2a agricultural = $25,000
  - 2b rural vacant = $125,000

Parcel B

- Owned by: Bob and Angie (not related or married)
- Size/Class: 20 acres, 50% 2a agricultural homestead, 50% 4bb residential non-homestead
- Contains Bob and Angie's residence (only Bob occupies)
- EMV:
  - HGA = $200,000
  - Remaining 19 acres = $100,000

Parcel C

- Owned by: Mary
- Size/Class: 39 acres, 2a agricultural homestead, 3a commercial property
- Contains Mary's residence.
- EMV:
  - HGA = $225,000
  - 3a commercial = $175,000
  - 2a agricultural = $200,000

Parcel D

- Owned by: Sue and Bob jointly
- Size/Class: 80 acres , 2a agricultural (60 acres), 2b rural vacant land (20 acres)
- EMV:
  - 2a agricultural = $600,000
  - 2b rural vacant = $150,000

Parcel E

- Owned by: Sue and Mary jointly
- Size/Class: 60 acres, 2a agricultural
- EMV: $600,000

Parcel F

- Owned by: Sue and Bob jointly
- Size/Class: 100 acres, 2a agricultural (90 acres), 2b rural vacant land (10 acres)
- EMV:
  - 2a agricultural = $900,000
  - 2b rural vacant = $100,000

Parcel G

- Owned by: SBGM Trust
- Size/Classe:141 acres, 2a agricultural (140 acres), residential relative homestead (HGA)
- Contains a residential relative homestead residence (occupied by the grantors' parents).

- Doesn't qualify for relative agricultural homestead on the land, because the grantors already have their own agricultural homesteads
- EMV:
  - HGA = $350,000
  - 2a agricultural = $1,600,000

Parcel H

- Owned by: Quinn
- Size/Class: 22 acres, 2a agricultural homestead (10 acres), 2b rural vacant land (12 acres)
- Contains Quinn's homestead residence
- EMV:
  - HGA = $175,000
  - 2a agricultural land = $75,000
  - 2b rural vacant land = $150,000

Parcel I

- Owned by: Sunnyside Farming LLC
- Size/Class: 240 acres, 2a agricultural
- EMV: $2,000,000

Parcel J

- Owned by: Sunnyside Farming LLC
- Size/Class: 240 acres, 2a agricultural (200 acres), 2b rural vacant land (40 acres)
- EMV:
  - 2a agricultural = $2,000,000
  - 2b rural vacant = $520,000

All 10 of the parcels are considered to be contiguous to one another. The only reductions in estimated market value will be due to the residential homestead market value exclusion.

Step 1: Determine Net Tax Capacity (NTC)

Multiply the taxable market value (TMV) by the classification rate to determine net tax capacity (NTC).

TMV x Class Rate=NTC

To determine NTC, we must know if the parcels qualify for the first-tier agricultural homestead class rate, and the amount of the homestead market value exclusion that applies to each HGA.

For the 2017 assessment (taxes payable 2018), the first-tier value limit for agricultural homestead is $1,940,000.

Parcel G is owned by a trust and reflects a single residential homestead to account for the parents of the trust holders who homestead the parcel, and each grantor is allowed to claim a percentage of the 2a agricultural land as part of their agricultural homestead chain.

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The Sunnyside Farming LLC, on the other hand, is not directly linked to each member's agricultural homestead as it is not part of the agricultural homestead chain.

Step 1a: Calculate Market Value Exclusion and NTC for each HGA and Residential Homestead

The homestead market value exclusion is calculated **only** for the house, garage, and first acre (HGA)**.** The exclusion is not based on – nor applied to – excess land value.

For a homestead valued at $76,000 or less, the exclusion is 40% of market value – a maximum exclusion of $30,400 at $76,000 of market value.

First Tier: HGA EMV x 0.40 = MV Exclusion

Homestead value over $76,000 reduces the exclusion amount. For a homestead valued between $76,000 and $413,800, the exclusion is $30,400 (the first-tier maximum) minus 9% of the market value over $76,000.

Second Tier: [$76,000 x 0.40] - ([EMV Value Over $76,000] X 0.09 = MV Exclusion

For a homestead valued at $413,800 or more, there is no exclusion.

2a HGA Homestead and 1a Residential Homestead Market Value Exclusions

Parcel	EMV	[First Tier] - [Second Tier] = *Initial Exclusion*	x Homestead %	= **MV Exclusion**
Parcel A	$150,000	[$76,000 x 0.40] – [EMV Over $76,000 x 0.09] $30,400 - [$74,000 x 0.09] 30,400-$6,660 = *$23,740*	100%	**$23,740**
Parcel B	$200,000	[$76,000 x 0.40] – [EMV Over $76,000 x 0.09] $30,400 - [$124,000 X 0.09] $30,400 - [$11,160] = *$19,240*	50%*	**$9,620**
Parcel C	$225,000	[$76,000 x 0.40] – [EMV Over $76,000 x 0.09] $30,400 - [$149,000 X 0.09] $30,400 - [$13,410] = *$16,990*	100%	**$16,990**
Parcel G	$350,000	[$76,000 x 0.40] – [EMV Over $76,000 x 0.09] $30,400 - [$274,000 X 0.09] $30,400 - [$24,660] = *$5,740*	100%	**$5,740**
Parcel H	$175,000	[$76,000 x 0.40] – [EMV Over $76,000 x 0.09] $30,400 - [$99,000 X 0.09] $30,400 - [$8,910] = *$21,490*	100%	**$21,490**

* *Bob has a 50% agricultural homestead on the base parcel, so the exclusion must also be reduced by 50%. The initial exclusion calculated is $19,240, before it is halved.*

After we determine taxable market values, we calculate the net tax capacities. For 2a agricultural homestead HGA and 1a residential homestead, the NTC rate is 1.00% for the first $500,000 of value, and 1.25% for any remaining value.

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2a HGA Homestead and 1a Homestead Taxable Market Values and Net Tax Capacities

Parcel	Classification	EMV	- Exclusion	= TMV	X Class Rate	= NTC
Parcel A	2a HGA (Sue)	$150,000	$23,740	$126,260	1.00%	$1,263
Parcel B*	2a HGA (Bob)	$100,000	$9,620	$90,380	1.00%	$904
Parcel B**	4bb Res. Non-homestead (Angie)	$100,000	$0	$100,000	1.00%	$1,000
Parcel C	2a HGA (Mary)	$225,000	$16,990	$208,010	1.00%	$2,080
Parcel G	1a Res. Homestead (parents)	$350,000	$5,740	$344,260	1.00%	$3,443
Parcel H	2a HGA (Quinn)	$175,000	$21,490	$153,510	1.00%	$1,535

* *Bob has a 50% agricultural homestead on the base parcel.*

** *Angie's 50% non-homestead.*

Step 1b: Calculate Net Tax Capacity for Each Agricultural Homestead Chain

Next, we calculate NTCs for Sue, Bob, Mary and Quinn. Within each chain:

- The first-tier value – up to $1,940,000 – has a NTC rate of 0.50% and any remaining value has an NTC rate of 1.00%.
- For each agricultural homestead property, we treat both 2a agricultural and 2b rural vacant land as a single unit for the tier break.
- Within a parcel, we calculate the NTC for 2a agricultural property before 2b rural vacant land.

Note: For this example, our calculations do not include the residential structures!

Sue's Agricultural Homestead Chain

Parcel	Order	Classification	TMV	X Class Rate	= NTC	Chain TMV ^
Parcel A	1	2a Agricultural	$25,000	0.50%	$125	$25,000
Parcel A	2	2b Rural Vacant	$125,000	0.50%	$625	$150,000
Parcel D	3	2a Agricultural	$300,000*	0.50%	$1,500	$450,000
Parcel D	4	2b Rural Vacant	$75,000*	0.50%	$375	$525,000
Parcel E	5	2a Agricultural	$300,000*	0.50%	$1,500	$825,000
Parcel F	6	2a Agricultural	$450,000*	0.50%	$2,250	$1,275,000
Parcel F	7	2b Rural Vacant	$50,000*	0.50%	$250	$1,325,000
Parcel G	8	2a Agricultural	$400,000**	0.50%	$2,000	$1,725,000***

^ *This is a running (cumulative) total starting at Parcel A and continuing through the chain.*

* *50% of the value is attributed to Sue.*

** *25% of the value is attributed to Sue.*

*** *Sue has $215,000 remaining in her first-tier value.*

Bob’s Agricultural Homestead Chain

Parcel	Order	Classification	TMV	X Class Rate	= NTC	Chain TMV^
Parcel B	1	2a Agricultural	$50,000	0.50%	$250	$50,000*
Parcel D	2	2a Agricultural	$300,000**	0.50%	$1,500	$350,000
Parcel D	3	2b Rural Vacant	$75,000**	0.50%	$375	$425,000
Parcel F	4	2a Agricultural	$450,000	0.50%	$2,250	$875,000
Parcel F	5	2b Rural Vacant	$50,000	0.50%	$250	$925,000
Parcel G ^^	6	2a Agricultural	$45,000	0.50%	$225	$970,000***
Parcel G	6	2a Agricultural	$355,000	1.00%	$3,550	$1,325,000

^ *This is a running (cumulative) total starting at Parcel B and continuing through the chain.*

* *Bob has a 50% homestead on the base parcel, so the tier limit is also reduced by 50% ($970,000).*

** 50% of Parcel D is attributed *to Bob.*

*** *Bob has reached the $970,000 tier limit and has $0 remaining of his first-tier value.*

^^ *25% of Parcel G is attributed to Bob ($45,000 + $355,000 = $400,000, or 1/4 of the value of Parcel G.)*

Mary’s Agricultural Homestead Chain

Parcel	Order	Classification	TMV	X Class Rate	= NTC	Chain TMV ^
Parcel C	1	2a Agricultural	$200,000	0.50%	$1,000	$200,000*
Parcel E	2	2a Agricultural	$300,000**	0.50%	$1,500	$500,000
Parcel G	3	2a Agricultural	$400,000***	0.50%	$2,000	$900,000^^

^ *This is a running (cumulative) total starting at Parcel C and continuing through the chain.*

* *Maple County must inform Spruce County that $1,740,000 of Mary’s first-tier value is remaining.*

** *Parcel E is 50% homestead to Mary.*

*** *Parcel G is 25% homestead to Mary.*

^^ *Mary has $1,040,000 remaining in her first-tier value.*

Quinn’s Agricultural Homestead Chain

Parcel	Order	Classification	TMV	X Class Rate	= NTC	Chain TMV ^
Parcel H	1	2a Agricultural	$75,000	0.50%	$375	$75,000
Parcel H	2	2b Rural Vacant	$150,000	0.50%	$750	$225,000*

^ *This is a running (cumulative) total starting for the whole parcel, starting with the class 2a land and continuing to the 2b land.*

* *Quinn has $1,715,000 remaining in her first-tier value.*

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Step 1c: Calculate NTC for the Farming Entity Chain

Next, we calculate the Net Tax Capacity for Sunnyside Farming LLC (Parcels I and J). For this calculation:

- Apply any unused agricultural homestead first-tier value from the entity's members.
- The unused agricultural first-tier value has a NTC rate of 0.50%. The remaining value must be classified as 2a agricultural non-homestead or 2b rural vacant non-homestead property, with an NTC rate of 1.00%.
- For each agricultural homestead property, we treat both 2a agricultural and 2b rural vacant land as a single unit up to the tier break; however, within a parcel, we calculate the NTC for 2a agricultural property before 2b rural vacant land.

Non-homestead agricultural land can use remaining first-tier value **only** if it meets all of the following parameters (see Minnesota Statutes, section 273.124, subdivision 8):

- The land is owned by a family farm corporation, joint farm venture, limited liability company, or partnership.
- The land is not farther than four townships or cities (or a combination) from agricultural land that is owned and occupied as a homestead by a shareholder, member, or partner of the owning entity.
- The owner, or someone acting on the owner's behalf, notifies the county assessor by July 1 that the property is eligible for this treatment for taxes payable in the following year.

Note: Non-homestead land that receives the first-tier homestead class rate under this provision does not qualify for any agricultural credits or special programs. Do not use the first-tier value applied to this land to calculate the Agricultural Homestead Credit.

In this example, the following owners have first-tier value (a total of $2,970,000) to apply to the entity-owned parcel:

- Sue has $215,000 remaining in the first tier.
- Bob has $0 remaining in the first tier.
- Mary has $1,040,000 remaining in the first tier.
- Quinn has $1,715,000 remaining in the first tier.

Sunnyside Farming LLC – Farming Entity Chain

Parcel	Order	Classification	TMV	X Class Rate	= NTC	First-Tier Value Used ^
Parcel J	1	2a Agricultural	$2,000,000	0.50%	$10,000	$2,000,000
Parcel J	2	2b Rural Vacant	$520,000	0.50%	$2,600	$2,520,000*
Parcel I	3	2a Agricultural	$450,000	0.50%	$2,250	$2,970,000**
Parcel I	3	2a Agricultural	$1,550,000	1.00%	$15,500	N/A

* *Spruce County must inform Maple County that $450,000 of the LLC members' first-tier value remains.*

** *Sunnyside Farming LLC has reached the $2,970,000 remaining homestead value from Sue, Mary, and Quinn.*

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Step 1d: Calculate Any Remaining NTC for the Parcels

Next, we calculate the Net Tax Capacity for any remaining taxable market value (TMV) on 2a agricultural non-homestead and 3a commercial property. For this calculation:

- Agricultural non-homestead property has a NTC rate of 1.00% for both 2a agricultural and 2b rural vacant land.
- 3a commercial property has a local NTC rate of 1.50% for the first $150,000; the remainder has a NTC rate of 2.00%. (The NTC rate and structure are the same for the State General Tax.)

Remaining Net Tax Capacity

Parcel	Classification	TMV	X Class Rate	= NTC
Parcel B	2a Agricultural Non-Homestead (Angie)	$50,000	1.00%	$500
Parcel C	3a Commercial	$150,000	1.50%	$2,250*
Parcel C	3a Commercial	$25,000	2.00%	$500*
Parcel G	2a Agricultural Non-Homestead**	$400,000	1.00%	$4,000

* *Parcel C also has a NTC of $2,750 for the State General Tax.*

** *Gary's 25% ownership interest is non-homestead.*

NTC for Each Parcel

Parcel	NTC
Parcel A	$2,013
Parcel B	$2,654
Parcel C	$5,830*
Parcel D	$3,750
Parcel E	$3,000

Parcel	NTC
Parcel F	$5,000
Parcel G	$15,218
Parcel H	$2,660
Parcel I	$17,750
Parcel J	$12,600

* *Does not include the NTC of $2,750 for the State General Tax.*

Step 2: Determine Agricultural Homestead Credit

To determine the total Agricultural Homestead Credit, we must know the total value amounts and homestead amounts.

Remember, if a parcel is fractional homestead or jointly owned, the credit is calculated on the percentage homestead for the qualifying owner.

Note: In this example, our calculations reflect the fact that several of the homestead chains have fractional ownership.

Step 2a: Calculate Sue's Credit

To calculate Sue's credit, we must first determine how much of the land value in her base and linked parcels to use.

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Calculate the Total Land Value Used (Sue)

Parcel	Land Value (TMV)	Land Value Used for Wilbur
Parcel A (100% homestead)	$150,000	$150,000
Parcel D (50% homestead to Sue)	$750,000	$375,000
Parcel E (50% homestead to Sue)	$600,000	$300,000
Parcel F (50% homestead to Sue)	$1,000,000	$500,000
Parcel G (25% homestead to Sue)	$1,600,000	$400,000
Total Value Used for Sue's Credit	**N/A**	**$1,725,000**

Calculate the Credit (Sue)

The credit is equal to 0.3% of the first $115,000 of the property's TMV plus 0.1% of the property's TMV in excess of $115,000.

(First $115,000 x 0.3%) + ([Total TMV-$115,000] x 0.1%) = Credit

($115,000 x 0.003) + ([$1,725,000- $115,000] x 0.001) = Credit
$345 + ($1,610,000x 0.001) = Credit
$345 + $1,610 = **$1,955***

Because this amount ($1,955) exceeds the maximum credit, the $490 limit applies.

Sue's total credit for her homestead chain is $490.

Step 2b: Calculate Bob's Credit

To calculate Bob's credit, we must first determine how much of the land value in his base and linked parcels to use.

Calculate the Total Land Value Used (Bob)

Parcel	Land Value (TMV)	Land Value Used for Wilbur
Parcel B (50% homestead)	$100,000	$50,000
Parcel D (50% homestead)	$750,000	$375,000
Parcel F (50% homestead)	$1,000,000	$500,000
Parcel G (25% homestead)	$1,600,000	$400,000
Total Value Used for Bob's Credit	**N/A**	**$1,325,000**

Calculate the Credit (Bob)

The credit is equal to 0.3% of the first $115,000 of the property's TMV plus 0.1% of the property's TMV in excess of $115,000.

(First $115,000 x 0.3%) + ([Total TMV-$115,000] x 0.1%) = Credit

($115,000 x 0.003) + ([$1,325,000- $115,000] x 0.001) = Credit
$345 + ($1,210,000x 0.001) = Credit
$345 + $113 = **$1,555***

** Because this amount ($1,555) exceeds the maximum credit, the $490 limit applies.*

Bob's total credit for his homestead chain is $490.

Step 2c: Calculate Mary's Credit

To calculate Mary's credit, we must first determine how much of the land value in her base and linked parcels to use.

Calculate the Total Land Value Used (Mary)

Parcel	Land Value (TMV)	Land Value Used for Mary
Parcel C (100% homestead)	$200,000	$200,000
Parcel E (50% homestead)	$600,000	$300,000
Parcel G (25% homestead)	$1,600,000	$400,000
Total Value Used for Mary's Credit	**N/A**	**$900,000**

Calculate the Credit (Mary)

The credit is equal to 0.3% of the first $115,000 of the property's TMV plus 0.1% of the property's TMV in excess of $115,000.

(First $115,000 x 0.3%) + ([Total TMV-$115,000] x 0.1%) = Credit

($115,000 x 0.003) + ([$900,000- $115,000] x 0.001) = Credit
$345 + ($785,000 x 0.001) = Credit
$345 + $785 = **$1,130***

** Because this amount ($1,130) exceeds the maximum credit, the $490 limit applies.*

Mary's total credit for her homestead chain is $490.

Step 2d: Calculate Quinn's Credit

To calculate Quinn's credit, we must first determine how much of the land value in her base and linked parcels to use.

Calculate the Total Land Value Used (Quinn)

Parcel	Land Value (TMV)
Parcel H (100% homestead)	$225,000
Total of Quinn's Homestead	**$225,000**

Calculate the Credit (Quinn)

The credit is equal to 0.3% of the first $115,000 of the property's TMV plus 0.1% of the property's TMV in excess of $115,000.

(First $115,000 x 0.3%) + ([Total TMV-$115,000] x 0.1%) = Credit

($115,000 x 0.003) + ([$225,000- $115,000] x 0.001) = Credit
$345 + ($110,000x 0.001) = Credit
$345 + $110 = **$455**

Note: The entity-owned parcels (I and J) do not receive Agricultural Homestead Credit. They receive agricultural homestead value tiers, but are not homestead. They do not receive the benefits of homestead, including this credit.

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Step 3: Apply the Credit

The Agricultural Homestead Credit applies first to the base parcel. If the credit exceeds taxes on the base parcel, it then applies to the next most-contiguous parcel (in the same order as you apportioned the agricultural first-tier value).

Do **not** fractionalize the credit by value among parcels in a homestead chain.

For cross-county agricultural homesteads, if you use the property owner's credit in your county and have remaining credit, you need to share remaining credit amounts with the other county. In this case:

- Maple County needs to inform Spruce County about Mary's $1,740,000 in unused agricultural homestead first-tier value from Parcel C.
- Spruce County will inform Maple County in return that $700,000 of agricultural homestead value was used so Maple County can calculate the Agricultural Homestead Credit
- Spruce County also needs to inform Maple County that Sunnyside Farming LLC has $450,000 of unused first-tier value from parcel J; Maple County does not need to give reciprocal information, as there is no credit to be calculated.

Note: The Agricultural Homestead Credit can apply to fractionalized homestead value, but not to another owner's homestead. Like the classification rates, the tax amounts are separated by ownership, which affects Parcels B and D in this example.

Step 3a: Apply the Credit to Base Homestead Parcels

The Agricultural Homestead Credit applies to land first, so we apply it **only to land** (and not to HGA) on Parcel A, Parcel B (Bob's share only), and Parcel C.

Parcel A – Sue's base homestead parcel (100% agricultural homestead)

Tax Calculation	HGA	Land	
Net Tax Capacity	$1,263	$750	
Local Tax Rate	52.233%	52.233%	
Gross Taxes	$659.70	$391.75	
Agricultural Homestead Credit	N/A	(-$391.75)*	
Tax Remaining	$659.70	$0.00	
Net Tax Parcel A	**$659.70**	**+ $0.00**	**= $659.70**

* *Sue used $391.75 of her $490 credit, leaving $98.25 to carry over to other parcels.*

There is no tax remaining on the land in Parcel A after the credit. Since Sue's entire credit was not used on Parcel A, the excess carries over to her portion of Parcel D (the next most contiguous in her chain).

Parcel B – Bob and Angie's base homestead parcel (one 50% agricultural homestead; one 50% residential non-homestead)

Tax Calculation	HGA - Bob	4bb - Angie	Land – Bob	Land - Angie	
Net Tax Capacity	$904	$1,000	$250	$500	
Local Tax Rate	52.233%	52.233%	52.233%	52.233%	
Gross Taxes	$472.19	$522.33	$130.58	$261.17	
Agricultural Homestead Credit	N/A	N/A	(-$130.58)*	N/A	
Tax Remaining	$472.19	$522.33	$0.00	$261.17	
Net Tax Parcel B	**$472.19**	**+ $522.33**	**+ $0.00**	**+ $261.17**	**= $1,255.69**

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* Bob used $130.58 of his $490 credit, leaving $359.42 to carry over to other parcels.

There is no tax remaining on Bob's portion of Parcel B after the credit. Since Bob's entire credit was not used on Parcel B, the excess carries over to his portion of Parcel D (the next most contiguous in his chain). Angie cannot receive the credit on her non-homestead portion of the land, and pays the full taxes on it.

Parcel C – Mary's base homestead parcel (one 100% agricultural homestead)

Tax Calculation	HGA	3a – Local	3a - State	Land	
Net Tax Capacity	$2,080	$2,750	$2,750	$1,000	
Local Tax Rate	62.534%	62.534%	50.840%	62.534%	
Gross Taxes	$1,300.71	$1,719.69	$1,398.10	$625.34	
Agricultural Homestead Credit	N/A	N/A	N/A	(-$490.00)	
Tax Remaining	$1,300.71	$1,719.69	$1,398.10	$135.34	
Net Tax Parcel C	**$1,300.71**	**+ $1,719.69**	**+ $1,398.10**	**+ $135.34**	**= $4,553.84**

There is tax remaining on the land in Parcel C after the credit. Mary exhausted her $490 credit on Parcel C, leaving no credit to carry over to other parcels. (If she had any credit remaining, Maple County would have to notify Spruce County about unused credit for Mary to apply to her share of Parcel E.)

Parcel H –Quinn's base homestead parcel (one 100% homestead)

Tax Calculation	Land – Sue	Land – Bob	
Net Tax Capacity	$1,535	$1,125	
Local Tax Rate	52.233%	52.233%	
Gross Taxes	$801.78	$587.62	
Agricultural Homestead Credit	N/A	(-$455.00)	
Net Tax Parcel H	$801.78	$132.62	**= $934.40**

There is still tax on the land in Parcel H after the credit. Quinn's credit was exhausted on Parcel H.

Step 3b: Apply the Credit to Linked Parcels

In this example, Bob and Sue have remaining agricultural credit to carry over to linked parcels in their homestead chains.

Parcel D (two 50% agricultural homesteads)

Tax Calculation	Land – Sue	Land – Bob	
Net Tax Capacity	$1,875	$1,875	
Local Tax Rate	52.233%	52.233%	
Gross Taxes	$979.37	$979.37	
Agricultural Homestead Credit	(-$98.25)	(-$359.42)	
Net Tax Parcel D	$881.12	$619.95	**= $1,501.07**

There is tax remaining on Sue's and Bob's land in Parcel D after the credit. Their remaining credit was exhausted on Parcel D, leaving no credit to apply to other parcels in their homestead chains.

There is no credit left to apply to Parcel E (owned by Mary and Sue) or Parcel F (owned by Bob and Sue). Therefore, we do not need to carry over or fractionalize any to either of these jointly owned parcels.

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Parcel E (50% homestead)

Tax Calculation	Land
Net Tax Capacity	$3,000
Local Tax Rate	52.233%
Gross Taxes	$1,566.99
Agricultural Homestead Credit	(-$0)*
Net Tax Parcel E	**$1,566.99**

* *Mary and Sue had no remaining credit.*

Parcel F (50% homestead)

Tax Calculation	Land
Net Tax Capacity	$5,000
Local Tax Rate	52.233%
Gross Taxes	$2,611.65
Agricultural Homestead Credit	(-$0)*
Net Tax Parcel F	**$2,611.65**

* *Bob and Sue had no remaining credit.*

The Agricultural Homestead Credit does not carry over in this case to the trust-owned Parcel G, so we do not need to split NTC by the grantors' ownership. We do split out the HGA to show the residential homestead, for the grantors' parents who occupy the property.

Parcel G – Trust-Owned (three 25% agricultural homesteads; one 25% agricultural non-homestead; one 100% residential homestead

Tax Calculation	Residential HGA	Land	
Net Tax Capacity	$3,443	$11,775	
Local Tax Rate	52.233%	52.233%	
Gross Taxes	$1,798.38	$6,150.44	
Agricultural Homestead Credit	N/A	(-$0)	
Net Tax Parcel G	**$1,798.38**	**+ $6,150.44**	**= $7,948.82**

The LLC owners cannot apply any remaining credit to Parcels I and J because these entity-owned parcels are not eligible for the Agricultural Homestead Credit.

Parcel I – Farming Entity/Ag. Non-Homestead

Tax Calculation	Land
Net Tax Capacity	$17,750
Local Tax Rate	62.534%
Gross Taxes	$11,099.79
Agricultural Homestead Credit	N/A
Net Tax Parcel I	**$11,099.79**

Parcel J – Farming Entity/Ag. Non-Homestead

Tax Calculation	Land
Net Tax Capacity	$12,600
Local Tax Rate	52.233%
Gross Taxes	$6,581.36
Agricultural Homestead Credit	N/A
Net Tax Parcel J	**$6,581.36**

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Additional Information

Definitions

Assessors and other tax administrators need to know the following terms to accurately link special agricultural homesteads.

Actively Engaged in Farming: Applies when an owner or qualified person lives on the farm. They must live on the farm and participate in the farming activities on a regular and substantial basis. Does not require as much direct involvement and participation as "actively farming."

Actively Farming: Generally applies when no one lives on the farm. Someone who directly participates in day-to-day labor and decision-making, with a financial stake in the farm. They must contribute to the administration and management of the farming operation, assume part or all of the financial risks, and share in any profits or losses of the farm.

Base Parcel: Only used when linking to an occupied agricultural homestead of an owner or qualified person who lives on the farm. The parcel where the home or residence is located and an agricultural homestead has been established.

Establish: Applies to both agricultural homestead and special agricultural homestead. Before linking to other agricultural parcels, you must establish the homestead on a single parcel. The established parcel must qualify for agricultural or special agricultural homestead before you can link to other parcels. For guidance, refer to our flowchart, *Determining if Property Qualifies for Agricultural Homestead.*

Established Main Parcel: Used only when linking to a special agricultural homestead, when no one lives on the farm. The parcel where a special agricultural homestead has been established. **Note:** This is not the residential parcel within four cities or townships.

Farmer: The person or entity that actively farms the property. For a full definition of actively farming, refer to the *Property Tax Administrator's Manual, Module 4*.

Linking: The process of linking an agricultural or special agricultural homestead to other non-contiguous agricultural parcels. This is different from establishing homestead. For guidance, refer to our new *Homestead Linking Checklist*. (When you are ready to link from the base or established parcel, you no longer refer to the *Determining if Property Qualifies for Agricultural Homestead* flowchart.)

Owner: The person, entity, or trust that owns the property.

Residential Residence: Applies only to special agricultural homesteads to describe where the owner lives if they do not live on the farm.

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Linking Homesteads and Special Agricultural Homesteads: The Four Cities/Townships Rule

Non-contiguous agricultural property can link to the base agricultural homestead if the property is within four townships or cities of the homestead. Corner-to-corner, correctional, and congressional townships all count toward the four cities/townships limit. See Minnesota Statutes, section 273.124, subdivision 14, paragraph (c). [2]

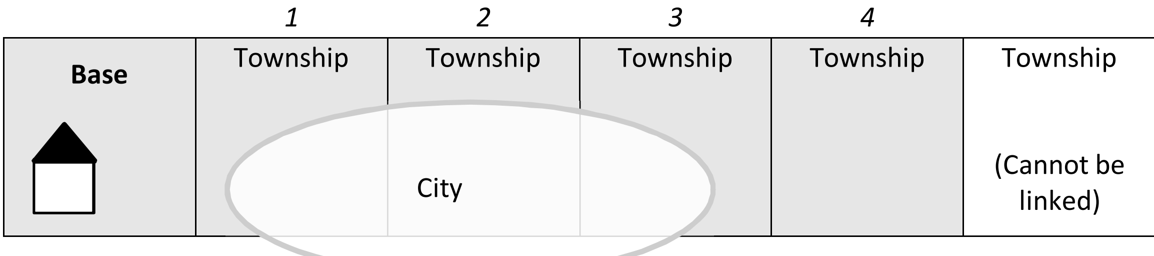
When municipalities or unorganized districts are located within townships, count only the townships for linking purposes (see Examples A and B below). However if a municipality completely covers one or more townships, count it instead of the townships. (See Examples C and D below).

Examples

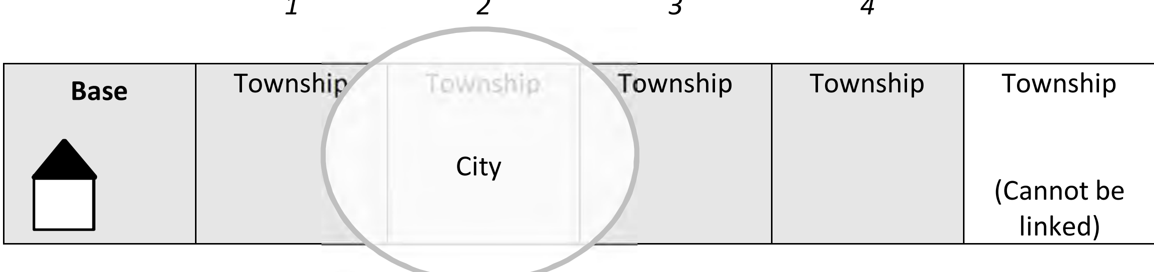
A – Municipality or Unorganized District completely within a township

	1	*2*	*3*	*4*	
Base	Township City	Township	Township	Township District	Township (Cannot be linked)

B – Municipality partly covers townships



C – Municipality completely covers one township, partly covers others



[2] Though not specifically stated, the Department of Revenue has said this statute applies to congressional townships, along with the others mentioned.

D – Municipality completely covers two townships, partly covers others

Tax Statement Reminder

Agricultural homesteads can qualify for the Minnesota Property Tax Refund (PTR). Line 1 of the Tax Statement (used for PTR) must show the qualifying tax amount for all parcels – including those that receive an agricultural homestead credit.

As with applying credits, do not prorate qualifying tax amounts between the homestead parcels in the chain.

Questions?

For questions about:	Email us at:
Agricultural classification	Proptax.questions@state.mn.us
Agricultural homestead determination	Proptax.questions@state.mn.us
Agricultural homestead credit determination	proptax.admin@state.mn.us
Agricultural homestead credit application	proptax.admin@state.mn.us
PRISM reporting requirements	PRISM.mdor@state.mn.us

Memo

Date: August 31, 2017
To: County Assessors and First-Class City Assessors
From: Property Tax Compliance Officers

RE: State Assessed Property Review

The purpose of this memo is to provide guidance and clarification on questions counties are asking about the assessment of state assessed property.

Why should assessors verify state assessed properties?

The department receives minimal information from companies about their operating property. We assign a portion of the company's taxable operating property value to each parcel based on that minimal information. In some instances:

- Companies have forgotten to report retirements of properties (such as substations) to us.
- Companies have reported pipeline, utility, and railroad operating property in the wrong school district or city/township.
- Companies have reported structures and you have locally assessed those structures even though they are reported to us as operating property.
- Companies have not reported structures and counties thought that they were included in the state assessment, resulting in missed assessment.

How can assessors verify railroad operating property?

For each parcel value a county receives from the department, the county should have a corresponding parcel ID in their system.

For each railroad operating parcel, assessors can:

- measure the length of railroad track
- measure operating acres; and
- note how many buildings are located on each railroad operating parcel

Land is included in the assessment of railroad operating property.

What are the types of railroad operating property?

Examples of types of railroad operating property if they are used by a railroad company for railroad transportation services:

- Transloading facilities
- Mainline and other track
- Structures on right of way
- Storage yards
- Terminal
- Communication towers

The sames types of property may be non operating property if the property is not used by a railroad company for railroad transportation services. Example: a structure on a right of way that is owned or used by a third party that is not a railroad company is non operating property.

Non operating property is locally assessed.

How can assessors verify utility and pipeline operating property?

Assessors can measure the number of operating acres at a substation or pumping/ town border station location.

It may be difficult to verify the underground property or the distribution and transmission lines. However, for each special taxing district for which you know there is pipeline or utility operating property, you should verify that the department is sending you at least one value in that district.

For example, if a county knows there is a distribution line in township b, but the department is not giving you value for property in township b, contact the department at sa.property@state.mn.us.

What are the types of utilty and pipeline operating property?

Land is always non-operating (locally assessed) for utility and pipeline operating property.

Examples of types of electric utility operating property:

- Electric generation facilities
- Distribution lines
- Transmission lines
- Substations (include machinery and most likely structure)
- Communication towers

Examples of types of gas utility operating property:

- Pipeline
- Town border stations (include machinery and sometimes structure)

Examples of types of liquid and gas pipeline operating property:

- Pipeline
- Compressor station (include machinery and sometimes structure)
- Pumping station (include machinery and sometimes structure)
- Storage tanks

The following pages have examples of utility, pipeline and railroad property.

Resources:

- https://www.eia.gov/maps/layer_info-m.php
- https://gisdata.mn.gov/dataset/trans-rail-lines
- Utility Property Classifications and Class Rates
- State Assessed Property Fall Forum November 2, 2016 Presentation
- http://www.mngeo.state.mn.us/chouse/data.html

Questions?

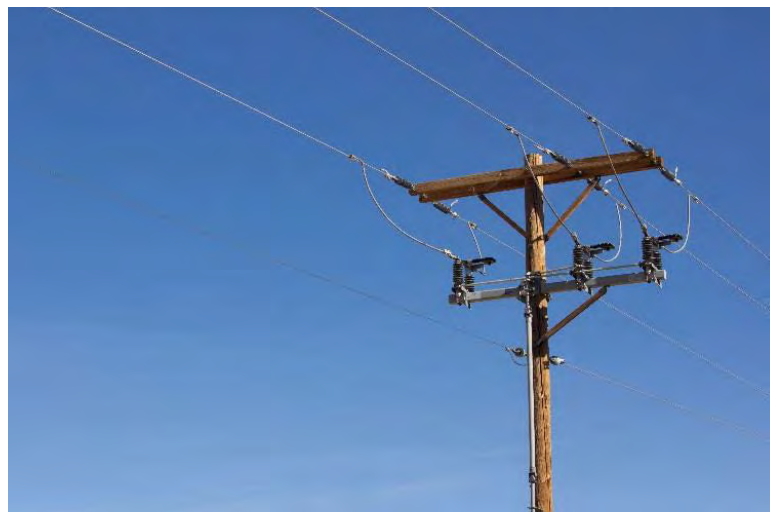
If you have questions, contact your Property Tax Compliance Officer.

Examples Types of Utility Property

Electric:

Transmission Lines

Distribution Lines



Substations

Power Generation Facilities

Gas Utility:

Town Border Stations

Meters and Pipeline

Examples Types of Pipeline Property

Gas Pipeline:

Compressor Station

Natural Gas Terminal

Liquid:

Pipeline

Storage tanks:

Aerial view of tanks from a county's system.

Types of Railroad Property

The department state assesses all railroad operating property used by a railroad company for railroad transportation services. It does not matter if the company owns, leases, or is granted a right of way for their use of the property. The property is assessed as part of the overall unit value of that railroad company.

Track

Terminal

Memo

Date: June 26, 2017

To: All Assessors

From: Information and Education Section, Property Tax Division

Changes to Disabled Veterans' Homestead Market Value Exclusion effective July 1, 2017

A law enacted in 2017 changes some parts of the Disabled Veterans' Homestead Market Value Exclusion (Minnesota Statutes, section 273.13, subdivision 34). The changes impact:

- Qualified veterans who have a service-connected disability rating of either 70% to 100%, or 100% total and permanent
- Spouses of deceased veterans who were 100% totally and permanently disabled
- Spouses who receive dependency and indemnity compensation.

What changed?

Starting with assessment 2017, an annual application is no longer required. The qualified veteran or surviving spouse is still responsible for disclosing any change that may disqualify them from the exclusion. In addition:

- The spouse of a veteran who was 100% totally and permanently disabled may now qualify for the homestead exclusion even if the veteran did not apply or receive the exclusion before their death, as long as the veteran died after December 31, 2011. The spouse must apply within two years of the veteran's death or by June 1, 2019, whichever is later.
- Those receiving the exclusion must notify the assessor if there is a change in ownership of the property or in the use of the property as a homestead.
- County Veteran Service Officers must provide the information about qualifying veterans to the County Assessor by July 1. The CVSO must:
    - Verify the veteran's permanent home address
    - Certify the veteran's service-related disability rating

We have updated the Disabled Veterans' Homestead Property Tax Exclusion Fact Sheet to reflect these changes.

When is the application due?

It depends on when the person applying for the exclusion became eligible or whether they applied or received the exclusion before.

- Qualifying veterans, surviving spouses, or primary caregivers who receive the exclusion for taxes payable in 2017 do not have to reapply unless something has changed.

- Spouses of veterans who were totally and permanently disabled must apply by August 1, 2017, for taxes payable in 2018. In future years, the due date is July 1.
- Veterans or primary family caregivers who are applying for the first time must do so by July 1, 2017.

You must work with your County Veteran Service Officer (CVSO) to verify that applicants and those receiving the homestead exclusion meet the requirements.

If a veteran drops below 70% disability rating and is no longer eligible for the homestead exclusion, do they need to reapply if they become eligible again?

Yes. Veterans whose disability rating changes will need to apply for the exclusion again.

How do these changes affect spouses of veterans who were 100% totally and permanently disabled?

The surviving spouses of veterans who were 100% totally and permanently disabled may now qualify for the homestead exclusion, even if the veteran did not apply or receive the exclusion before death.

How do surviving spouses of veterans who were totally and permanently disabled qualify?

A surviving spouse qualifies if they meet all of the following requirements:

- The veteran died after December 31, 2011
- The spouse holds the legal or beneficial title to the homestead and permanently resides there
- The veteran had an honorable discharge
- The U.S. Department of Veterans Affairs certifies the veteran had a 100% total and permanent disability
- The spouse applied within two years of the veteran's death or by June 1, 2019, whichever is later

Can a surviving spouse qualify if the veteran was not totally and permanently disabled?

Yes. Surviving spouses may qualify if they were awarded Dependency and Indemnity Compensation by the U.S. Department of Veterans Affairs. The veteran's disability rating does not affect the spouse's eligibility.

Can I use information provided by a veteran about their disability rating and address to determine if they qualify for the exclusion?

While you may receive reapplications this year for informational purpose, **you must use information provided by the County Veterans Service Officer (CVSO)** to determine a veteran's disability rating and permanent address. Work with the CVSO to ensure you receive all required information by July 1.

How will my CVSO certify veterans' disability ratings and addresses?

It is important to do what works best for you and your CVSO to ensure you receive the information by July 1. For instance, some county assessors have shared a list of veterans, surviving spouses and primary caregivers that are currently receiving the exclusion with their CVSO. The CVSO has certified that the information is correct.

Questions?

If you have questions about this memo, please contact us at proptax.questions@state.mn.us.

Memo

Date: May 8, 2017

To: All Licensed Assessors

From: Information and Education Section
Property Tax Division

Subject: **Ethics and PACE Offerings**

2016 – 2020 Licensing Cycle

The new licensing cycle started on July 1, 2016 which requires ***all*** licensed assessors to take continuing education courses as well as statutorily required courses by June 30, 2020.

The education requirements are based on the assessors **licensure level on July 1, 2016**. Therefore, if you were a CMA on July 1, 2016 but became an AMA in 2017 you are only required to meet the CMA education requirements by July 1, 2020. In this example, the AMA requirements won't need to be met until the next licensing cycle.

Licensure Level on **July 1, 2016**	**Assessors must obtain the following education requirements by July 1, 2020 to be relicensed:**		
	Continuing Education Hours	Ethics	PACE
CMA or CMA's	40	✓	
AMA	50	✓	✓
SAMA	50	✓	✓

Ethics Training

As stated above, all **licensed MN assessors** must attend one Ethics training before July 1, 2020.

The Minnesota Department of Revenue will be offering this training multiple times throughout 2017, 2018, 2019 and 2020. The training will be offered in each region of the state, at least once, as well as at conferences such as MAAO's (Minnesota Association of Assessing Officers) Summer Seminars and Fall Conferences, and at MAAP's (Minnesota Association of Assessment Personnel) Summer Workshops. We are working closely with region directors to schedule the trainings around region meeting. We encourage you to register for an offering in or near your region.

MAAO will be announcing the training sessions, taking registration and collecting the $75.00 per person fee. Please note, Ethics **will not** be included in the PACE course.

2017 Ethics Schedule

Region	Date	Location
1	July 21	Rochester
7	September 20	Detroit Lakes
6	October 4	Willmar
Fall Conference	September 10 - 13	Duluth

2018, 2019 and 2020 schedules will be posted as they are set.

PACE Course

The Minnesota Department of Revenue develops and instructs the Professional Assessment Certification and Education (PACE) courses. The PACE course is required once every four years for Accredited Minnesota Assessors (AMAs) and Senior Accredited Minnesota Assessors (SAMAs).

Assessors who were licensed at the AMA or SAMA level on **July 1, 2016** are required to take PACE. If an assessor achieved the AMA or SAMA licensure level after July 1, 2016, they would **not be required** to take PACE until the next education cycle starting on July 1, 2020.

What's New

To ensure all AMA's and SAMA's receive the most updated and accurate information related to property tax laws and administration we are introducing a new format for the PACE course. PACE will now be two shorter courses, PACE 1 and PACE 2. Each course will be a 2 day, 15 hour offering with an exam on the afternoon of the second day.

IMPORTANT: To receive full credit for the PACE requirement, both PACE 1 and PACE 2 must be taken.

PACE 1 will be offered in 2018 and PACE 2 will be offered in 2019, counties should budget accordingly so that every AMA and SAMA can attend **one offering in 2018 and one offering in 2019**. The registration fee for PACE 1 is $125.00 and PACE 2 is $125.00.

PACE 1: Offered in 2018

There will be 6 – 7 offerings with the majority of them being held in the metro. Locations and dates have not been finalized however we are currently looking at offering a couple sessions in July, August, September and a possibility of one session in November. Those dates and locations will be announced in early spring of 2018.

Each PACE 1 session will:

- Provide 15 hours of continuing education
- Include a comprehensive exam
- Feature a "spotlight" speaker. At each PACE 1 session, there will be a different spotlight speaker who will instruct on a specific property tax topic. This will allow the learner to attend a PACE 1 session that has a specific topic that they would be interested in. The rest of the agenda will be the same at all PACE 1 offerings.
- Require a $125.00 registration fee which will include morning and afternoon snack breaks, and class materials (lunch and lodging is not included in the fee).

PACE 2: Offered in 2019

There will be 6 – 7 offerings with the majority of them being held in the metro. Locations and dates have not been finalized however we are currently looking at offering a couple sessions in July, August, September and a possibility of one session in November. Those dates and locations will be announced in early spring of 2019.

Each PACE 2 session will:

- Provide 15 hours of continuing education
- Include a comprehensive exam
- The agenda for PACE 2 will be different than PACE 1
- Feature a "spotlight" speaker (TBD)
- Require a $125.00 registration fee which will include morning and afternoon snack breaks, and class materials (lunch and lodging is not included in the fee).

Once the assessor successfully completes both PACE 1 and PACE 2, the assessor will retain 30 continuing education hours and fulfill the PACE requirement for the current licensing cycle.

What's Next?

- Share this information with every licensed assessor in your office.
- Use this to help budget for educational costs for 2018 and 2019.
- Watch for announcements from MAAO and DOR regarding dates, times, locations, and registration information for both PACE and Ethics.

Questions?

Contact Jessi Glancey at jessi.glancey@state.mn.us or 651-556-6104.

Memo

Date: **04/11/2017**

To: **All Assessors, Auditors, and Computer Consortia**

From: **Andrea Fish**

RE: Value Rounding Issue

We were recently notified of value rounding issues that were impacting PRISM submissions and tax calculation. The purpose of this memo is to provide clarification on value rounding.

Round values within the CAMA system by classification.

Assessors must round estimated market values to the nearest $100 (see Minnesota Statutes, section 273.11).

- A property with an estimated value of $24,030 would be rounded down to $24,000.
- A property with an estimated value of $24,060 would be rounded up to $24,100.

This rounding should occur within the CAMA system by classification.

For example, a property split-classified as residential and commercial/industrial may carry a value as follows:

- The 4bb residential value of $24,030 should be rounded to $24,000.
- The C/I value of $24,030 should also be rounded to $24,000,
- The entire value of $48,000 is sent through the taxation system.

Issues with rounding in the tax system.

In some cases, the rounding has been happening in the tax system. The same parcel described above has an aggregated value of $48,060 sent to the tax system, which rounds the value up to $48,100. The problem is that there is no communication between the classifications as to which class is allocated the “extra” $100. This is further complicated when the classifications in question are subject to different benefits (e.g., Property Tax Refund).

Going forward

Going forward, please make sure that your market values are rounded within the CAMA system prior to being sent through the taxation system.

Questions?

If you have questions, please contact us.

For questions regarding…	Contact	Email
Value Rounding	Information & Education	Proptax.questions@state.mn.us
PRISM Reporting	Data & Analysis	Prism.mdor@state.mn.us

Memo

Date: January 13, 2017

To: All Assessors

From: Information and Education Section
Property Tax Division

Subject: Linking Special Agricultural Homestead

The purpose of this memo is to provide guidance and enhance uniformity across the state with linking special agricultural homesteads. We have provided comprehensive guidance and education on regular agricultural homestead linking (when the property is occupied). **Our guidance has not changed regarding those scenarios.**

Definitions

Some important terms are defined below that you will need to accurately link special agricultural homestead:

1. **Establish** –Applies to both agricultural homestead and special agricultural homestead. Before linking homestead to other agricultural parcels, you must establish the homestead on a single parcel. In other words, you must be sure that the established parcel qualifies for agricultural/special agricultural homestead before you can link to other agricultural parcels. When establishing homestead on a single parcel, you would reference the "Determining if Property Qualifies for Agricultural Homestead" Flowchart.
2. **Base Parcel** –Only used when linking occupied agricultural homestead, the base parcel references the parcel that the home/residence is located on and an agricultural homestead has been established. Again, this is used when an owner/qualified person lives on the farm.
3. **Established Main Parcel –**Used when linking special agricultural homestead. This is referencing the parcel that a special agricultural homestead has been established on. This is used only when the farm/parcel is not occupied. Note, this is not the residential parcel within 4 cities/townships. For more information regarding the, main parcel or "MP", see page 5 of this memo.
4. **Linking –**Used for the process of linking either agricultural or special agricultural homestead to other non-contiguous agricultural parcels. This is different than establishing; when you are ready to link the homestead from the base/established parcel you no longer need to reference the "Determining if property qualifies for the agricultural homestead classification" flowchart. You will now need to reference the new Homestead Linking Checklist, which is attached to this memo.
5. **Owner –** The person/entity/trust that owns the property.
6. **Farmer –** The person/entity that actively farms the property. Reference the Property Tax Administrator's Manual, Module 4 for the definition of actively faming.
7. **Residential residence –** This term is used to describe where the owner lives if they do not live on the farm. This will only be used with special agricultural homesteads.

What is the difference between agricultural homesteads and special agricultural homesteads?

- Agricultural homesteads are granted when property owners/qualifying relatives/qualifying persons of an entity/grantors ***live*** on the farm and meet all other requirements.
- For the purpose of this memo, special agricultural homesteads are cases where the property owners/qualifying persons of an entity/grantors/active farmer that ***do not live*** on the farm but live within 4 cities/townships of the agricultural property.
- In most cases, if a property is occupied, it doesn't matter who farms the land to qualify for agricultural homestead; but when the property is unoccupied, the farmer of the land is a very important factor when determining whether that property qualifies for special agricultural homestead.

What is the difference between *linking* agricultural homesteads and *linking* special agricultural homesteads?

There are more requirements that must be met when linking special agricultural homesteads versus linking agricultural homesteads. When the agricultural land is occupied and agricultural homestead has been established on that base parcel, you can link that agricultural homestead to any other non-contiguous 2a agricultural land that is owned by the same owner and is within 4 cities/townships from the base parcel.

When the agricultural parcel is not occupied, then special agricultural homestead may be granted. To grant special agricultural homestead, you cannot use the property where the owner lives as the base parcel, you must establish special agricultural homestead on one of the unoccupied agricultural parcels (established main parcel). Every other agricultural parcel must meet the requirements for special agricultural homestead *prior* to linking that homestead.

How are special agricultural homesteads linked?

The following requirements must be met for ***each parcel*** that you want to link special agricultural homestead to:

- ☐ The parcel is under the same ownership as the established main parcel.
  - Please note, the three exceptions for agricultural homestead linking also apply to special agricultural homestead. Please see the Property Tax Administrators Manual, Module 4 for those exceptions.
- ☐ A qualified person (qualifying relative of owner/grantor/shareholder/member of an entity) must be farming the land on **behalf of the owner.**
- ☐ The agricultural parcel is at least 40 acres.
- ☐ The owner/grantor **and the qualified person actively farming lives** within 4 cities/townships of the agricultural property.
- ☐ If an established main parcel is leased for farming purposes and a qualified person of the entity is farming, then all other non-contiguous parcels must be **farmed by that same entity and farmer**. In this situation, you would use the CR-LAE/CR-TLAE application and the homestead would go to the farmer, not the owner.
  - **NOTE:** If an established main parcel is not leased but the non-contiguous agricultural land is leased, then the special agricultural homestead linking should be denied.

Important Requirements

- When linking special agricultural homestead, you should be linking from the established main parcel, not the owner's residence. Therefore, you will look at the ownership of the established main parcel when linking, not the ownership of the residence.
    - **Note**: This is for linking purposes only. If you currently use the "MP" (typically the residential property) for taxing or CAMA purposes, you may continue that practice for those purposes **only**.
- Use the residence of the owner **and** active farmer when determining whether the agricultural parcels are within 4 cities/townships. Remember, all of the agricultural parcels must be within 4 cities/townships of the residence to qualify. Do not start counting cities/townships from the established main parcel; you must count from the residence.
- Do not use the agricultural homestead flowchart for linking property; it is only used for **establishing** homestead. Use the **new** Homestead Linking Checklist (see next page) after you have established special agricultural homestead and are ready to link to non-contiguous agricultural parcels.
- When determining which parcel to use for the established main parcel, it has always been our recommendation that the parcel that is the most contiguous parcel to the residence should be the established main parcel.
- When a parcel is leased to an authorized entity for farming purposes, special agricultural homestead linking should be denied if the established main parcel is not leased to the same farming entity. If the established main parcel is leased for farming purposes, parcels leased to the same authorized entity and that have the **same qualified person** actively farming as the established main parcel may be linked.
- When a property is owned by an entity and is unoccupied, each qualifying member that is actively farming can receive their own special agricultural homestead, up to 12 homesteads for the entity.
- When a special agricultural homestead is granted to the active farmer (property that is leased for farming purposes and/or property owned by an entity), you must verify whether that farmer is claiming another agricultural homestead in MN prior to establishing and/or linking.
- The same rules for linking agricultural homestead apply to special agricultural homestead around ownership interest. If the established main parcel has multiple owners the degree of homestead the owners are entitled to would determine the amount of homestead that can be linked to additional parcels (see "multiple owners" scenario).

If changes need to be made, when do they need to be made by?

If your county needs to make changes to special agricultural homestead properties to comply with the direction given in this memo, make those changes for applications/reapplications that are due by December 15, 2017.

Questions?

If you have questions, be sure to review the Property Tax Administrators manual. You can also contact us at proptax.questions@state.mn.us.

Homestead Linking Checklist

Agricultural Homestead (Occupied)

Use this checklist for agricultural properties where the owner or other qualified person lives on the farm. You would use this checklist after you have established agricultural homestead on the base parcel using the flowchart.

- ☐ The non-contiguous parcel is located within 4 cities/townships of the base parcel.
- ☐ The non-contiguous parcel is owned by the same owner/entity/trust as the base parcel.
- ☐ The non-contiguous parcel is classified as agricultural.

If these requirements are met, you can link the agricultural homestead from the base parcel to any other agricultural parcels that meet these requirements.

Special Agricultural Homestead (Not occupied)

Use this checklist for special agricultural properties where the established main parcel is not occupied. You would use this checklist after you have established special agricultural homestead on the main parcel using the flowchart. Do not use the residence of the owner as your base parcel; you must establish special agricultural homestead on the established main parcel prior to linking the homestead. Be sure to use this checklist for **each** agricultural parcel that you are linking the homestead to.

- ☐ The non-contiguous parcel is located within 4 cities/townships of the **residence of the owner/grantor and farmer.**
- ☐ The non-contiguous parcel is owned by the same owner/entity/trust as the **established main parcel** or an exception applies.
- ☐ The non-contiguous parcel is classified as agricultural.
- ☐ The non-contiguous parcel is at least 40 acres in size.
- ☐ The non-contiguous parcel is being farmed by the owner, grantor or a qualified person of an authorized entity on behalf of the owning entity.
- ☐ **(ENTITY OWNED PROPERTY ONLY)** Neither the **farmer** nor their spouse can claim another agricultural homestead in MN.
    - This is not a requirement for individually owned or trust owned property since the homestead is being granted to the owner/grantor.

If all of these requirements are met, you can **link** the special agricultural homestead from the **established main parcel** to any other agricultural parcels that meet these requirements.

Example Scenarios for Special Agricultural Homestead Linking

INDIVIDUALLY - OWNED SCENARIO

Scenario:

- John and his wife Mary have a residence in town.
- Their residence is classified as a 1a Residential Homestead.
- John and Mary also individually own 5 non-contiguous agricultural parcels.
- All 5 parcels (A-E) are located within 4 townships of their residence.
- All 5 parcels are at least 40 acres and farmed by John.

Question: Would their non-contiguous agricultural parcels qualify for homestead?

Finding the Answer:
Now that we have all of the information, we can move forward with determining which parcels qualify for homestead.

Step 1: Review where John and Mary's residence is located.

Step 2: Verify that each non-contiguous parcel is located within 4 cities/townships of their residence.

Step 3: Determine which non-contiguous agricultural parcel will be the established main parcel. In our scenario, it appears that parcel A will be the established main parcel. Again, we recommend the established main parcel should be the one located closest to the residential homestead.

Step 4: Using the agricultural homestead flowchart, determine whether parcel A qualifies for special agricultural homestead. Once you have established homestead on parcel A, it is now referred to as the "established main parcel" for linking purposes.

- **Note:** If parcel A would not have qualified for special agricultural homestead, you may use the next contiguous parcel.

Step 5: Now that special agricultural homestead has been established on parcel A, you can begin to link homestead to the other non-contiguous agricultural parcels. Remember, each parcel must meet the same requirements for special agricultural homesteads as the established main parcel before you can link. This is when you want to reference the checklist.

Answer: Upon review of the information, parcels A–E would qualify for special agricultural homestead. Parcel A is the established main parcel and qualifies for special agricultural homestead, parcels B–E are all: owned by John and Mary, within 4 cities/townships of John and Mary's residential residence, are at least 40 acres, and are farmed by John (the owner).

Multiple Owners scenario w/exception

Scenario:

- John and Tom each have a residence in town.
- Their residence is classified as a 1a Residential Homestead.
- John and Tom also own non-contiguous agricultural parcels that are within 4 cities/townships of their residences.
- Parcel 1 is owned by John and Tom, farmed by John & Tom.
- Parcel 2 is owned by John, farmed by John.
- Parcel 3 is owned by Tom, farmed by Tom.
- All three parcels are at least 40 acres in size.

Question: Do the non-contiguous agricultural parcels qualify for homestead?

Answer: First we must establish special agricultural homestead on one of the parcels. For the purpose of this scenario, we will call parcel 1 the established main parcel; this is where we will establish the special agricultural homestead using the flowchart.

- **Who owns:** John and Tom, unrelated.
- **Who occupies:** Property is unoccupied.
- **Who farms:** John and Tom.
- **Is the ag property at least 40 acres:** Yes.
- **Does the owner/owner's spouse claim another ag homestead in MN**: No for both owners.
- **Does the owner and the active farmer live within 4 cities/townships of the property**: Yes for both owners.

Since all requirements have been met, parcel 1 qualifies for special agricultural homestead, 50% special agricultural homestead should be granted to John and 50% special agricultural homestead should be granted to Tom.

Now that special agricultural homestead has been established on the established main parcel (parcel 1), we can now review the other parcels for special agricultural homestead linking. One thing to note, we are linking from the established parcel, not the residence of the owners. Using the checklist, all the requirements must be met.

- ✓ The non-contiguous parcel is located within 4 cities/townships of the residence of the owner **and** the active farmer.
- **?** The non-contiguous parcel is owned by the same owner as the established main parcel.
- ✓ The non-contiguous parcel is classified as agricultural.
- ✓ The non-contiguous parcel is at least 40 acres in size.
- ✓ The non-contiguous parcel is being farmed by a qualified person.

This is a situation where the ownership is different; however, there are exceptions to the rule of linking different ownership properties. One of those exceptions states:

- *The established main parcel which is owned by individuals may be linked to a parcel of property that the owner owns as an individual (and vice versa).*

In this example, John owns parcel 2 as an individual and parcel 1 is owned by John and Tom and individuals. Therefore, John's 50% homestead can be linked to parcel 2 and parcel 2 would receive 50% special agricultural homestead. The same process would apply to parcel 3, Tom's 50% homestead can be linked to parcel 3 and parcel 3 would receive 50% special agricultural homestead.

TRUST SCENARIO

- Mr. and Mrs. A live on a lake and the property is owned by Mr. A Trust, the grantor is Mr. A.
- The property is classified as 1a Residential Homestead.
- They also have 3 non-contiguous parcels, all are owned by Mr. and Mrs. A Trust, Mr. and Mrs. A are the grantors.
- The three agricultural parcels are at least 40 acres in size.
- The three agricultural parcels are located within 4 cities/townships of Mr. and Mrs. A residence on the lake.
- Mr. and Mrs. A's son is farming all three agricultural parcels.
- The farmer has his own agricultural homestead.
- The farmer lives within 4 cities/townships of the trust owned property.

Question: Do the three non-contiguous parcels qualify for special agricultural homestead?

Answer: First we must **establish** special agricultural homestead on one of the three Mr. and Mrs. A Trust owned parcels. For the purpose of this scenario we will call parcel 1 the established main parcel, this is where we will establish the special agricultural homestead using the flowchart.

- **Who owns:** Mr. A and Mrs. A Trust.
- **Who occupies:** Property is unoccupied.
- **Who farms:** The son of the grantors.
- **Is the ag property at least 40 acres:** Yes.
- **Does the grantor or the grantor's spouse claim another ag homestead in MN:** No.
- **Do the grantor and the active farmer live within 4 cities/townships of the property:** Yes.

Since all requirements have been met, parcel 1 qualifies for special agricultural homestead.

Now that special agricultural homestead has been established on the established main parcel (parcel 1), we can review the other two parcels for special agricultural homestead *linking*. One thing to note: we are linking from the established main parcel, not the residence of the owner. Using the checklist, all the requirements must be met for parcel 2 and parcel 3.

- ✓ The non-contiguous parcel is located within 4 cities/townships of the residence of the owner **and** the active farmer.
- ✓ The non-contiguous parcel is owned by the same trust as the established main parcel.
- ✓ The non-contiguous parcel is classified as agricultural.
- ✓ The non-contiguous parcel is at least 40 acres in size.
- ✓ The non-contiguous parcel is being farmed by a qualified person.

These requirements are met for each parcel, therefore the special agricultural homestead may be linked to parcel 2 and parcel 3 from the established main parcel.

Trust Scenario w/ Exception

- John has a residential homestead in town in his individual name.
- John has 2 non-contiguous agricultural parcels that are located within 4 cities/townships from his residence.
- Parcel 1 is owned by John Trust, with John being the grantor.
- Parcel 2 is owned by John as an individual.
- John farms both parcels.
- John does not have an agricultural homestead in MN.

Question: Do the two noncontiguous parcels qualify for special agricultural homestead?

Answer: First we must establish special agricultural homestead on one of the two parcels. For the purpose of this scenario, we will call parcel 1 the established main parcel; this is where we will establish the special agricultural homestead using the flowchart.

- **Who owns:** John Trust.
- **Who occupies:** Property is unoccupied.
- **Who farms:** John, the grantor.
- **Is the ag property at least 40 acres:** Yes.
- **Does the grantor or the grantor's spouse claim another ag homestead in MN:** No.
- **Does the grantor and the active farmer live within 4 cities/townships of the property:** Yes.

Since all requirements have been met, parcel 1 qualifies for special agricultural homestead.

Now that special agricultural homestead has been established on the established main parcel (parcel 1), we can now review the other parcel for special agricultural homestead linking. One thing to note, we are linking from the established parcel, not the residence of the owner. Using the checklist, all the requirements must be met for parcel 2.

- ✓ The non-contiguous parcel is located within 4 cities/townships of the residence of the owner **and** the active farmer.
- ? The non-contiguous parcel is owned by the same owner as the established main parcel.
- ✓ The non-contiguous parcel is classified as agricultural.
- ✓ The non-contiguous parcel is at least 40 acres in size.
- ✓ The non-contiguous parcel is being farmed by a qualified person.

This is a situation where the ownership is different; however, there are exceptions to the rule of linking different ownership properties. One of those exceptions states:

- *The established main parcel may be linked to a parcel of property that is owned by a trust and the individual owners of the established main parcel are the grantors of the trust-held property (and vice versa).*

In this example, John owns parcel 2 as an individual and parcel 1 is owned by John's Trust, of which he is the sole grantor. Therefore the special agricultural homestead may be linked to parcel 2 from the established main parcel.

Individually-Owned/Spouse Exception Scenario

- Nancy and Mark are married and each own agricultural land as individuals.
- Nancy owns 2 non-contiguous parcels, Parcel 1 and Parcel 2.
- Mark owns 2 non-contiguous parcels, Parcel A and Parcel B.
- Nancy and Mark live in town, within 4 townships of the four parcels.
- Nancy's parcels:
  - Parcel 1 is farmed by Nancy's son, Robert.
  - Parcel 2 is farmed by Nancy's son, Tim.
  - Robert and Tim live within 4 cities/townships of Parcels 1 and 2.
- Mark's parcels:
  - Parcel A is farmed by Mark's sons, David and Barry.
  - Parcel B is farmed by Mark's grandson, Casey.
  - David and Barry live within 4 cities/townships of Parcel A.
  - Casey does not live within 4 cities/townships of Parcel B.

Question: Which of these properties qualify for special agricultural homestead?

Answer: Before we begin, it is important to note that this is an example of using another exception to the rule of linking different ownerships. Since Nancy and Mark are married and own land in their individual names, they can link their parcels for homestead. The exception states:

- *In the case of married couples, properties that are held solely in the name of one spouse may be linked to parcels that are held solely by the other spouse and parcels that are titled in both names. This does not apply to any entities of which the husband and/or wife are both members. It only applies to parcels owned by natural people.*

The first step is to establish special agricultural homestead on one of the four non-contiguous parcels. For the purpose of this scenario we will call parcel 1, owned by Nancy, the established main parcel, this is where we will establish the special agricultural homestead using the *flowchart*.

- **Who owns:** Nancy.
- **Who occupies:** Property is unoccupied.
- **Who farms:** Robert, the son of the owner.
- **Is the ag property at least 40 acres:** Yes.
- **Does the owner or the owners spouse claim another ag homestead in MN:** No.
- **Does the owner and the active farmer live within 4 cities/townships of the property:** Yes.

Since all requirements have been met, parcel 1 qualifies for special agricultural homestead.

Now that special agricultural homestead has been established on the established main parcel (parcel 1), we can now review parcels 2, A, & B for special agricultural homestead linking. One thing to note, we are linking from the established main parcel, not the residence of the owner.

Using the checklist, all of the requirements must be met for parcels 2, A, & B.

- ✓ The non-contiguous parcel is located within 4 cities/townships of the residence of the owner **and** the active farmer.
- ✓ The non-contiguous parcel is owned by the same owner as the established parcel or an exception applies.
- ✓ The non-contiguous parcel is classified as agricultural.
- ✓ The non-contiguous parcel is at least 40 acres in size.
- ✓ The non-contiguous parcel is being farmed by a qualified person.

The requirements for special agricultural homestead linking are met for parcel 2 and parcel A. Linking would be denied for parcel B since the farmer (Casey) does not live within 4 cities/townships of parcel B.

Even though parcel A is owned by a different owner, the exception allows the parcels to be linked since the owners are spouses. Also, parcel A is farmed by the son/stepson of the owner and the owners' spouse. A son/stepson is considered a "qualified" relative and therefore the property meets all the requirements for linking.

Entity Owned Scenario

- XYZ LLLP owns five parcels of non-contiguous agricultural property
- All five parcels are unoccupied.
- XYZ is made up of 3 shareholders: Jim, Joe, and Sarah.
- Parcels 1–3 are farmed by Jim, a qualified person of the entity.
- Parcels 4 & 5 are farmed by Joe, a qualified person of the entity.
- Both farmers live in town which is within 4 cities/townships of the five parcels.
- Neither of the farmers or their spouses claim another ag homestead.

Question: Which of these parcels qualify for special agricultural homestead?

Answer: First, we must establish special agricultural homestead. Since this is entity-owned we will need to establish on one of the three parcels Jim farms and then review for linking. Then, we will need to establish on one of the two parcels Joe farms and then review for linking. Remember, entity owned land can receive up to twelve agricultural homesteads, one for each shareholder/member. For the purpose of this scenario, we will call parcel 1 the established main parcel for Jim; this is where we will establish the special agricultural homestead using the flowchart.

- **Who owns:** XYZ LLLP.
- **Who occupies:** Property is unoccupied.
- **Who farms:** Jim, a qualified person of the authorized entity on behalf of XYZ LLLP.
- **Is the ag property at least 40 acres:** Yes.
- **Does the qualified person who is actively farming claim another ag homestead in MN:** No.
- **Does the qualified person who is actively farming live within 4 cities/townships of the property:** Yes.

Since all requirements have been met, parcel 1 qualifies for special agricultural homestead.

Now that special agricultural homestead has been established on the established main parcel (parcel 1), we can now review parcels 2-3 for special agricultural homestead linking. One thing to note: we are linking from the established main parcel, not the residence of the farmer. Using the checklist, all the requirements must be met for parcels 2–3.

- ✓ The non-contiguous parcel is located within 4 cities/townships of the residence of the farmer.
- ✓ The non-contiguous parcel is owned by the same owner as the established parcel.
- ✓ The non-contiguous parcel is classified as agricultural.
- ✓ The non-contiguous parcel is at least 40 acres in size.
- ✓ The non-contiguous parcel is being farmed by a qualified person.
- ✓ Neither the farmer nor their spouse is claiming another agricultural homestead in MN.
    - Note, this requirement is only for entity owned property because the farmer will receive the homestead.

The requirements for special agricultural homestead linking have been met, therefore the homestead can be linked from parcel 1 to parcels 2 and 3. Jim, the active farmer would receive the homestead.

Now that we have reviewed the parcels farmed by Jim, we will review the parcels farmed by Joe. First we must establish special agricultural homestead on one of the two parcels. For the purpose of this scenario we will call parcel 4 the established main parcel.

- **Who owns:** XYZ LLLP.
- **Who occupies:** Property is unoccupied.
- **Who farms:** Joe, a qualified person of the authorized entity on behalf of XYZ LLLP.
- **Is the ag property at least 40 acres:** Yes.
- **Does the qualified person who is actively farming claim another ag homestead in MN:** No.
- **Does the qualified person who is actively farming live within 4 cities/townships of the property:** Yes.

Since all requirements have been met, parcel 4 qualifies for special agricultural homestead.

Now that special agricultural homestead has been established on the established main parcel (parcel 4), we can review parcel 5 for special agricultural homestead linking. One thing to note: we are linking from the established parcel, not the residence of the farmer. Using the checklist, all the requirements must be met for parcel 5.

- ✓ The non-contiguous parcel is located within 4 cities/townships of the residence of the farmer.
- ✓ The non-contiguous parcel is owned by the same owner as the established parcel.
- ✓ The non-contiguous parcel is classified as agricultural.
- ✓ The non-contiguous parcel is at least 40 acres in size.
- ✓ The non-contiguous parcel is being farmed by a qualified person.
- ✓ Neither the farmer nor their spouse is claiming another agricultural homestead in MN.
    - Note, this requirement is only for entity owned property because the farmer will receive the homestead.

The requirements for special agricultural homestead linking have been met, therefore the homestead can be linked from parcel 4 to parcel 5. Joe, the active farmer would receive the homestead.

Two qualified persons of the LLLP receive separate full homesteads.

Trust-Owned/Farming Leased Scenario

- Gary rents an apartment in town.
- Gary has three non-contiguous agricultural parcels that are located within 4 cities/townships of his apartment.
- All three parcels are owned by the Gary K Trust.
- Gary is the grantor of the trust.
- Gary farms parcel 1.
- Gary leases the parcels 2 and 3 to Old McDonald LLC to farm the property.
- Gary is a member of Old McDonald LLC.

Question: Do the non-contiguous parcels qualify for special agricultural homestead?

Answer: First we must establish special agricultural homestead on one of the three Gary K Trust-owned parcels. For the purpose of this scenario, we will call parcel 1 the established main parcel; this is where we will establish the special agricultural homestead using the flowchart.

- **Who owns:** Gary K Trust.
- **Who occupies:** Property is unoccupied.
- **Who farms:** Gary, the grantor.
- **Is the ag property at least 40 acres:** Yes.
- **Does the grantor or the grantor's spouse claim another ag homestead in MN:** No.
- **Does the grantor and the active farmer live within 4 cities/townships of the property:** Yes**.**

Since all requirements have been met, parcel 1 qualifies for special agricultural homestead.

Now that special agricultural homestead has been established on the established main parcel (parcel 1), we can review the other two parcels for special agricultural homestead **linking**. One thing to note: we are linking from the established main parcel, not the residence of the owner. Using the checklist, all the requirements must be met for parcel 2 and parcel 3.

- ✓ The non-contiguous parcel is located within 4 cities/townships of the residence of the owner **and** the active farmer.
- ✓ The non-contiguous parcel is owned by the same trust as the *established* main parcel.
- ✓ The non-contiguous parcel is classified as agricultural.
- ✓ The non-contiguous parcel is at least 40 acres in size.
- ☒ The non-contiguous parcel is being farmed by a qualified person of the owner.

Parcels 2 and 3 are leased to an authorized entity for farming purposes; therefore, special agricultural homestead **linking** should be denied since the established main parcel is not leased to the same farming entity.

Therefore, parcel 1 would be classified as special agricultural homestead, and parcels 2 and 3 would be classified as agricultural non-homestead.

Memo

Date: January 5, 2017

To: All Assessors

From: Kristine Moody, State Program Administrator

Subject: Local Boards of Appeal and Equalization – Published & Posted Notice

Minnesota Statute requires county assessors to notify city and town clerks of the day and times of board of appeal and equalization meetings on or before February 15 (see section 274.01, subdivision 1). The meetings must be held between April 1 and May 31.

Additionally, the town or city clerk must publish and post the notice of the meeting at least ten days before the day of the meeting.

The department understands that "posting" typically occurs in the city or town hall, while "publishing" typically occurs in the local newspaper of the jurisdiction or county.

We recommend using the following text when posting and publishing your notices:

Important Information Regarding Property Assessments

This may affect your 2018 property taxes.

The Board of Appeal and Equalization for [CITY/TOWNSHIP NAME] will meet on [DATE], [TIME], at [LOCATION]. The purpose of this meeting is to determine whether property in the jurisdiction has been properly valued and classified by the assessor.

If you believe the value or classification of your property is incorrect, please contact your assessor's office to discuss your concerns. If you disagree with the valuation or classification after discussing it with your assessor, you may appear before the local board of appeal and equalization. The board will review your assessments and may make corrections as needed. Generally, you must appeal to the local board before appealing to the county board of appeal and equalization.

Memo

Date: October 27, 2016

To: All Assessors

From: Jon Klockziem, Assistant Director
Assessment and Classification

Subject: **Property Tax Disaster Relief**

Disaster Relief Application Required
This is a reminder to all jurisdictions that were part of the September 2016 Governor's Emergency Declarations for flooding and storm damage in Minnesota that an application to obtain reimbursement of property tax relief must be completed in order to be approved by the Executive Council.

Apply by November 10
If you plan to submit a request for reimbursement of property tax relief, the deadline is November 10, 2016. If the Department receives your applications by November 10th, it will ensure that your request will be taken before the Executive Council for approval at their December 1, 2016 meeting. If you miss the November 10th deadline, you will not have another opportunity for approval until March as the Executive Council only meets quarterly.

Submission Instructions
Please see sheet 3C in the Disaster Packet 3 - Disaster Relief and Follow Up of the Assessor's Disaster Response Guide for the necessary documentation you must complete. Completed documentation must be submitted via e-mail to jon.klockziem@state.mn.us.

Questions
If you have any questions, please contact Jon Klockziem at jon.klockziem@state.mn.us. Thank you.

Date: March 22, 2016

To: All County Assessors

From: Lloyd McCormick, Property Tax Compliance Supervisor
Property Tax Division

Re: **2016 County and Township Average Land Values Reporting**

Why am I receiving this memo?

Provide your Property Tax Compliance Officer (PTCO) with a report of your 2016 county and township average land values. Average values at the section level do not need to be reported unless requested by your PTCO. Use the same report format (Excel, Word, PDF, JPEG, etc.) that you have used in the past and submit it via email to your PTCO.

What do I need to report?

Please provide, by county and by township, the following breakdowns for the 2016 assessment:

- Total number of acres of each type of land
  - For 2a land: tilled, meadow, pasture, woods and waste that are impractical to separate, etc.
  - For 2b land: wild lands, uncut meadow, unused pasture, vacant land, woods, waste, land previously in a conservation program, previously tilled now idle, etc.
- Total estimated market value (EMV) for each type of land
- Average value per acre for each type of land

Green Acres
If your county uses Green Acres, your detailed report should include the above information and an additional report showing the following:

- Total estimated market values (the high values) for all agricultural properties
- Total values using only the Green Acres values (the low values) for the parcels receiving the Green Acres deferment
- Total values using only the Rural Preserves values (the low values) for the parcels receiving the Rural Preserves deferment

Agricultural Preserves Excluded
Exclude acres and values in the Agricultural Preserves program from this reporting.

When is this due?
By **April 11, 2016** this information should be submitted to your PTCO.

What if I have Questions?

If you have any questions regarding these reports please contact your PTCO.

Reporting Instructions for Counties Not Using Green Acres or Rural Preserves

1. List Township/Jurisdiction

2. List each type of land and classification
   (tilled, meadow, pastured, woods, waste, “native prairie,” “wetlands,” roads, building sites, and other);
   For example: 2a tilled, 2a meadow, 2a woods, 2b woods, etc.

3. List total number of acres for each type of land

4. List total Estimated Market Value for each type of land

5. Show the average value per acre for each type of land

6. Show the average value of the house and garage per site

Reporting Instructions for Counties Using Rural Preserves and/or Green Acres

1. List Township/Jurisdiction

2. List each type of land and classification
   (tilled, meadow, pastured, woods, waste, “native prairie,” “wetlands,” roads, building sites, and other);
   For example: 2a tilled, 2a meadow, 2a woods, 2b woods, etc.

3. Line (a) – List total number of acres for each type of land
   Line (b) – List the number of acres of each type of land that is receiving Green Acres deferment
   Line (c) – List the number of acres of each type of land that is receiving Rural Preserves deferment

4. Line (a) – List total Estimated Market Value (high value) for each type of land
   Line (b) – List the Green Acres value (low value) for each type of land receiving Green Acres deferment
   Line (c) – List the Rural Preserves value (low value) for each type of land receiving Rural Preserves deferment

5. Line (a) – Show the average value per acre for each type of land (line (3a) divided by line (4a))
   Line (b) – Show the average Green Acre value per acre for each type of land that is receiving Green Acres deferment (line (3b) divided by line (4b))
   Line (c) – Show the average Rural Preserve value per acre for each type of land that is receiving Rural Preserve deferment (line (3c) divided by line (4c))

6. Show the average value of the house and garage per site

Provide above information in an electronic file or in hard copy or map form. You are expected to have the capability to provide the above information on a section-by-section basis if there appears to be a border issue. Please include any additional information that you feel is pertinent and meaningful.

Reporting Detail for Counties Not Using Green Acres or Rural Preserves

1. Average value per acre of tilled land.
   (Total EMV of tilled land) / (Total # of tilled acres) = Average value per acre of tilled land

2. Average value per deeded acre of land.
   - Use the estimated market value and total number of deeded acres of 2a classified land. (See note below.)
   - Exclude values and acres for the following: building sites, exempted wetlands (EWL), and exempted native prairies (ENP).

   Total EMV of land classified as 2a
   -- Total EMV of building sites
   -- Total EMV of EWL
   -- Total EMV of ENP
   = Total value

   Total # of deeded acres classified as 2a
   -- Total # of acres for building sites
   -- Total # of acres for EWL
   -- Total # of acres for ENP
   = Total acres

   Total value / Total acres = Average value per deeded acre of land

   Total EMV of land classified as 2b
   -- Total EMV of building sites
   -- Total EMV of EWL
   -- Total EMV of ENP
   = Total value

   Total # of deeded acres classified as 2b
   -- Total # of acres for building sites
   -- Total # of acres for EWL
   -- Total # of acres for ENP
   = Total acres

   Total value / Total acres = Average value per deeded acre of land

3. Average value per site and total number of sites acres.
   (Total EMV of the building sites) / (Total # of building site acres) = Average value per acre of building sites

Note:

- Deeded acres include roads, ditches, waste, and other 2a and 2b classified lands.
- Wetlands and native prairie values and acres that were exempted under legislation will be subtracted from the total number of deeded acres.
- For this report a building site is the portion of 2a agricultural property that is improved with structures (house, garage, farm buildings, and other structures) and the associated improvements to the land, such as water and sanitation systems where the value per acre is significantly different than other similar land types on the farm. The building site is the one acre site value assigned for the house, garage, and one acre (HGA).
  - Only the one acre building site would be considered the building site and the remaining site acres would be considered the agricultural land if the building site value is assigned to the one acre HGA and the remaining site acres are valued using a tilled or other agricultural land value that is used on the farm.
  - All site acres would be considered a building site if the building site is more than one acre and all site acres are valued significantly different than the agricultural value on the farm.

Reporting Detail for Counties Using Green Acres and/or Rural Preserves
Note: Exclude Agricultural Preserve values and acreage from these calculations.

1. Average value per acre of tilled land.
   - (Total EMV of tilled land) / (Total # of tilled acres) = Average value per acre of tilled land (high values)
   - For parcels that are receiving Green Acres deferment, use only the Green Acres (low value) and actual number of tilled acres for those parcels. (Total GA value of tilled land) / (Total # of tilled acres for those parcels) = Average value per acre of tilled land (low value)

2. Average value per deeded acre of land.
   - For all formulas below, exclude values and/or acres for the following: building sites, exempted wetlands (EWL), and exempted native prairies (ENP).
   - Formula (a) uses the estimated market value (high value) and total number of deeded acres of 2a and 2b classified land. (See note on previous page.)

Tot. EMV (high value) of 2a land	Tot. # of deeded acres classified as 2a	Tot. EMV (high value) of 2b land	Tot. # of deeded acres classified as 2b
-- Total EMV of building sites	-- Total # of acres for building sites	-- Total EMV of building sites	-- Total # of acres for building sites
-- Total EMV of EWL	-- Total # of acres for EWL	-- Total EMV of EWL	-- Total # of acres for EWL
-- Total EMV of ENP	-- Total # of acres for ENP	-- Total EMV of ENP	-- Total # of acres for ENP
= Total value	= Total acres	= Total value	= Total acres

Total value / Total acres = Ave. value (high value) per deeded acre of land

Total value / Total acres = Ave. value (high value) per deeded acre of land

   - Formula (b) is for parcels that are receiving Green Acres deferment. Use only the Green Acres (low value) and the actual number of acres of 2a classified land for those parcels. (See note on previous page.)

Tot. GA (low) value for Green Acres parcels	Tot. # of deeded GA acres classed as 2a	Tot. GA (low) value of land classed as 2b	Tot. # of deeded GA acres classed as 2b
-- Total EMV of building sites	-- Total # of acres for building sites	-- Total EMV of building sites	-- Total # of acres for building sites
(values for EWL and ENP are already	-- Total # of acres for EWL	-- Total EMV of EWL	-- Total # of acres for EWL
exempted so they don't need to be subtracted)	-- Total # of acres for ENP	-- Total EMV of ENP	-- Total # of acres for ENP
= Total value	= Total acres	= Total value	= Total acres

Total value / Total acres = Ave. GA (low) value per deeded acre of land

Total value / Total acres = Ave. GA (low) value per deeded acre of land

   - Formula (c) is for parcels that are receiving Rural Preserves deferment. Use only the Rural Preserves (low value) and the actual number of acres of 2b classified land for those parcels. (See note on previous page.)

Tot. RP (low) value for Rural Preserve parcels	Tot. # of deeded RP acres classified as 2b
-- Total EMV of building sites	-- Total # of acres for building sites
(values for EWL and ENP are already	-- Total # of acres for EWL
exempted so they don't need to be subtracted)	-- Total # of acres for ENP
= Total value	= Total acres

Total value / Total acres = Ave. RP (low) value per deeded acre of land

3. Average value per site and total number of sites acres.
   - (Total EMV of the building sites) / (Total # of building site acres) = Average value per acre of building sites

Memo

Date: March 10, 2016

To: County Assessors and County Auditors

From: State Assessed Property Section

Subject: **How Counties Update the Unique Taxing Area of Utility, Pipeline, and Railroad Operating Property**

What happens when a unique taxing area changes?

When a unique taxing area changes, you need to determine if the change affected utility, pipeline, or railroad operating property parcels.

Notify the parcel owner(s) of any changes to the unique taxing area of their parcel(s). The owner will then update their state assessed property records for the parcel(s). You may need to work with the companies to combine or split parcels as necessary due to changes in unique taxing areas.

Ensure the values you receive from the department include the correct changes in unique taxing areas that occurred during the previous calendar year.

How do I know if a change in taxing area affects utility, pipeline, or railroad operating property?

When parcel IDs are assigned, the owner, physical location (including boundaries), and property type(s) of each parcel is gathered. Use the physical location to identify if a change affects utility, pipeline, or railroad operating property. If you do not know the physical location of the utility, pipeline, or railroad operating property, contact the company for the physical location.

Sharing your geospatial information systems (GIS) data of the taxing boundaries with the company and requesting GIS data of the property from the company may help ensure the property is being taxed at the correct rate. Note: Not all companies or counties have that type of data, but some type of location information should be available from the company.

How do I contact a company for the physical location of their property?

See the enclosed directory for a list of contact information for each company or contact the State Assessed Property Section at 651-556-6091 or sa.property@state.mn.us and we will provide you with the contact information for the company.

Who is responsible for assigning the unique taxing area?

Counties are responsible for maintaining the correct County, City/Township/Unorganized Township, School District, and Special Taxing district(s) for each parcel in order to ensure utilty, pipeline, and railroad operating property is taxed at the correct rate.

In past assessments, the State Assessed Property Section included information regarding school district and special taxing jurisdictions on the valuation notices to counties. This information was often outdated or incorrect and was not needed to identify the property, so we removed that information from the valuation notices.

Questions

Contact the State Assessed Property Section at 651-556-6119 or sa.property@state.mn.us.

Glancey, Jessi (MDOR)

From: *MDOR_PropTax BAE
Sent: Monday, March 07, 2016 1:44 PM
To: *MDOR_PropTax Division
Subject: Local Board of Appeal and Equalization Forms

Importance: High

Greetings!

The Property Tax Division is excited to announce that the new and improved Local Board of Appeal and Equalization (LBAE) Record Form is up and running.

The new form is the exact same form that was used for the 2015 CBAE record form, except it is now in a LBAE format. This new Adobe form is replacing the old Excel version of the record form for the LBAE meetings. The Adobe form collects the same information as the Excel document and it looks/functions very similar as well. **Please note we will not accept any other version of this form.**

Where can I find the information I need?

- Everything is available on our website, we would recommend that anyone who administers LBAE forms should bookmark this webpage.
- It is very important that you **read through the documents** that are posted on the website prior to completing the LBAE record form.
- The documents provide detailed instructions and information that will help you navigate through the form.
- We highly recommend that you review each document in **its entirety** and then proceed with opening and saving the record form. The first few steps are crucial to making sure the form functions correctly.

We ask that you forward this email to the correct person/persons that administer the LBAE Record Form so they are aware of the new process.

Please visit our website to find the 2016 record form, 2016 certification form and instructions.

If you have any questions, please contact us at proptax.bae@state.mn.us

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Information & Education Section
Property Tax Division
Website: www.revenue.state.mn.us

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Memo

Date: March 2, 2016

To: Local and County Board Members

From: Jessi Glancey, State Program Administrator Principal

Subject: Board of Appeal and Equalization Training Update

Online Training Version I

Board of Appeal and Equalization (BAE) online training was launched on July 2, 2015. At that time, all board members had the opportunity to register and take the training prior to the February 1, 2016 compliance date.

In total, 554 board members completed the training statewide, which is the largest group of trained members ever trained in the history of Board of Appeal and Equalization training. Thank you to all of you that took the time to register and take the training. We hope your experience with the training was a positive one.

Online Training Version II

Online training will be available to all board members after July 1, 2016 and will remain available until February 1, 2017. Anyone who completes the training between July 1, 2016 and February 2, 2017 will be certified until July 1, 2020.

There will be an updated version of the online training due to feedback we received. Some things you will notice include:

- There will be one training link instead of seven modules.
- It is also shorter than version one; it will now take a user 30-45 mins to complete.
- We are also working on resolving some of the technical issues that came up this past year for some of our users.

Board members interested in taking the training need to complete the following steps:

1. Register to take the training by accessing the MN Department of Revenue website
    - http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/lbaetraining.aspx
2. Watch for a confirmation email, with login information
3. Login to start the training **within 30 days** of receiving the confirmation email
4. Complete the training
5. Print/save completion certificate

How do I register?
You can register starting **June 27, 2016**. We encourage all board members to use their own email addresses when registering for the training, so that the system can create an accurate user profile for you. More information about the registration process will be posted on the website in June.

Be sure to check the website often for updates and additional information.

What if I have additional questions?
We will be offering a webinar for anyone who would like a live demonstration on how to register, how to access the training, and some other basic technical tips. A webinar is a seminar conducted over the internet. It is very easy to access, and all you would need is an internet connection to view this webinar.

We are hoping to offer this webinar sometime in the fall of this year. We highly encourage that board clerks view this webinar, therefore if a board member is struggling with accessing the training, the clerk could assist them in most situations. More information about this webinar will be announced as we get closer to scheduling the webinar.

Summary

Key points to take away from this memo:

- Online training and registration will be launched on July 1, 2016
- Registration will open on June 27, 2016
- The training will be available until February 1, 2017
- Be sure to check the DOR website throughout the year for updates/announcements/information
  - http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/lbaetraining.aspx
- A live demonstration webinar will be offered this fall, stay tuned for more information

If you have any questions, please contact us via email at proptax.bae@state.mn.us.

Memo

Date: February 19, 2016

To: County Assessors & County Auditors

From: Jessi Glancey, State Program Administrator Principal

Subject: **Board of Appeal and Equalization "Catch-Up" Training**

Board of Appeal and Equalization (BAE) "catch-up" online training is available to jurisdictions/counties that were in compliance with the training requirements on February 1, 2016 but that lost their trained members due to city/township elections, resignations, or other circumstances.

The "catch-up" training will only benefit those boards that were already in compliance with the training requirement but would otherwise lose their rights to hold their BAEs because they would not have a trained member present at the 2016 BAE meeting. **It will not be available to those boards that were not already in compliance on 2/1/2016.**

If…	Then…
a board certified a trained member on 2/1/16, but lost that member on or after 2/2/16	a board member should register for the catch-up training
a board did not have a trained member on 2/1/16 and lost their powers	the board will go to an open book meeting for 2016 and cannot take the catch-up training
a board had a trained member on 2/1/16, but did not certify and lost their powers	that board will go to an open book meeting for 2016 and cannot take the catch-up training
a board certified a trained member but wants to have other board members take the training	the board members will need to take the training after 7/1/16 when the next training is available; they would **not be eligible** to take the catch up training

What's Next?

1. **Spread the word!** Please pass this information on to the jurisdictions that are holding a board of appeal meeting this spring.
2. **Register!** If the board needs to get someone trained before the BAE meeting this spring, they must register first.
    - To register, the board member should email the Department of Revenue at proptax.bae@state.mn.us
    - The email should include the board member's name, jurisdiction, county, and the reason they need to take the "catch-up" training
    - Once the department receives the registration information, we will contact the board member directly to grant access to the training

3. **Deadlines!** Registration is now open for the catch-up training. Catch-up training registration will remain open until **March 25, 2016.**
4. **Take the training!** The catch-up training will be available **March 21-March 31**. The catch-up training will be shut down at 5:00 pm (cst) on March 31.

If you have any questions, please contact us via email at proptax.bae@state.mn.us or by phone at 651-556-6104. You can also visit our website for more information.

Memo

Date: February 9, 2016

To: All eCRV Users

From: Jeff Holtz, eCRV Program Administrator

Subject: **Meaning of "Consideration" for eCRV Filing Requirements**

eCRV Filing Requirement
The requirement to file an eCRV is found within Minnesota Statute 272.115, subdivision 1.

> "*Except as otherwise provided in subdivision 5 or 6, whenever any real estate is sold for a consideration in excess of $1,000, whether by warranty deed, quit claim deed, contract for deed, or any other method of sale, the grantor, grantee or the legal agent of either shall file a certificate of value with the county auditor in the county in which the property is located when the deed or other document is presented for recording."*

Issue
Not all submitters and counties have been treating the filing requirement in the same way. Specifically, some users have applied "consideration" to include only money that is exchanged at the time of sale and/or agreed to in a legal contract. Others have applied "consideration" to also include the value that the buyer(s) gain from an exchange. An example of this could be when a property that is valued at $300,000 goes from two owners to one, $500 in cash is exchanged, and the gained value of $150,000 for the remaining sole owner is justified for requiring that an eCRV be filed.

Guidance & Clarification
For the purpose of eCRV filing, consideration shall mean only money that is exchanged at the time of sale and/or agreed to in a legal contract.

The value of interest gained does not meet the definition of "consideration." In the example above, an eCRV is not required as 1) the $500 in cash is below the $1,000 requirement, and 2) the gained value of $150,000 for the remaining sole owner does not represent "consideration."

Any value that is a part of a gift or inheritance should also not be counted towards the $1,000 "consideration" requirement. For example, if a property owner gifts his $150,000 cabin property to his daughter and there is no cash exchanged and no contract signed promising a future payoff amount of more than $1,000, even though the daughter gained $150,000 in value, an eCRV would not be required as that does not constitute "consideration."

Next Steps
Please discuss this with your colleagues to ensure that all eCRV users are applying the eCRV statutory requirement in the same manner. If you have further questions regarding this issue, please email the eCRV program at ecrv.support@state.mn.us or call 651-556-3278.

Thank you.

Jeff Holtz
eCRV Program Administrator
Minnesota Department of Revenue

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MEMO

Date: January 20, 2016

To: All Assessors

From: Lloyd McCormick, Property Tax Compliance Officer Supervisor
Property Tax Division

Subject: **Green Acres Value for the 2016 Assessment**

2016 Green Acres Values
The attached table shows the average tillable class 2a Green Acres (agricultural) value for each county.

The attached table also shows the average non-tillable class 2a Green Acres (agricultural) value for each county.

2016 Rural Preserve Values
We also recommend using the 2016 Green Acres values for tillable and non-tillable acreage enrolled in Rural Preserve.

2016 Methodology
Minnesota Statutes, section 273.111, subdivision 4, requires the Commissioner of Revenue to assign values. Counties use these values to determine agricultural value of acreage enrolled in Green Acres. Legislation permits the department to consider – and make – reasonable adjustments based on county or regional market data, including agricultural production, commodity prices, production expenses, rent, and investment return.

It became apparent over the last few years that we are currently experiencing a period of high agricultural market influences, while nonagricultural market influences have been relatively low and stable outside the metro area. For a large area of the state, it is now possible to utilize agricultural sales within a region to develop a tillable and non-tillable value to be used for Green Acres in that area. This method replaces relying on the five base counties in Southwestern Minnesota to set the base county value from which all other county values were factored.

The department will continue to analyze farmland sales and work with the University of Minnesota as part of our commitment to continued improvement for valuing tillable and non-tillable agricultural lands.

Questions or Concerns
If you believe the attached tables do not represent agricultural land values based on measurable agricultural data available in your county or region, please contact your Property Tax Compliance Officer (PTCO) by January 29, 2016. The compliance officer will review your data and make adjustments if necessary.

If you have questions regarding how or when to apply Green Acres values for 2016, also contact your PTCO. Your PTCO can assist you in applying the value appropriately across your assessment districts by considering and recognizing agricultural market and soil data.

County	Tillable	Non-Tillable
Aitkin	1300	1300
Anoka	2700	2000
Becker	3000	1500
Beltrami	1200	1000
Benton	3100	1900
Big Stone	6000	1500
Blue Earth	7500	2900
Brown	8700	1800
Carlton	1500	1500
Carver	7100	2900
Cass	1800	1400
Chippewa	7500	1400
Chisago	2700	2000
Clay	4100	800
Clearwater	1300	1100
Cook	1000	1000
Cottonwood	7100	1500
Crow Wing	2000	2000
Dakota	7200	2900
Dodge	7500	2200
Douglas	4000	2000
Faribault	7900	1500
Fillmore	6000	2700
Freeborn	7400	1500
Goodhue	6700	2500
Grant	5500	2000
Hennepin	6700	2900
Houston	6000	3100
Hubbard	2300	1400
Isanti	2700	2100
Itasca	1000	1000
Jackson	7500	1500
Kanabec	2000	1500
Kandiyohi	6500	1500
Kittson	2600	600
Koochiching	700	700
Lac qui Parle	5500	1400
Lake	800	800
Lake of the Woods	600	600

County	Tillable	Non-Tillable
Le Sueur	7000	2900
Lincoln	6200	1300
Lyon	6900	1400
McLeod	7000	2000
Mahnomen	2800	1000
Marshall	2400	600
Martin	7500	1500
Meeker	4500	1800
Mille Lacs	2000	1300
Morrison	3100	1900
Mower	7800	1500
Murray	7000	1400
Nicollet	9500	2000
Nobles	8100	1600
Norman	3100	600
Olmsted	7000	2500
Ottertail	3100	1800
Pennington	2300	600
Pine	1800	1100
Pipestone	7100	1500
Polk	2800	600
Pope	4500	1800
Ramsey	7200	2900
Red Lake	2500	500
Redwood	7800	1600
Renville	8900	1400
Rice	7100	2900
Rock	11100	2300
Roseau	1000	700
St Louis	900	900
Scott	7200	2900
Sherburne	3100	1900
Sibley	7800	2000
Stearns	4800	2400
Steele	7000	1700
Stevens	6500	1600
Swift	5000	1500
Todd	2000	1500
Traverse	6500	1500

County	Tillable	Non-Tillable
Wabasha	6600	2600
Wadena	1600	1300
Waseca	7700	1700
Washington	7200	2900
Watonwan	7300	1500
Wilkin	4500	1300
Winona	7400	2500
Wright	6200	2900
Yellow Medicine	6600	1500

MINNESOTA · REVENUE

MEMO

Date: March 21, 2016

To: All Assessors

From: Lloyd McCormick, Property Tax Compliance Officer Supervisor
Property Tax Division

Subject: **Green Acres Value for the 2016 Assessment (Post Appeals)**

Why are you receiving this?
Following the January 20, 2016 memo on Green Acres values, sixteen counties appealed their Green Acre values. The evidence presented through those appeals warranted changes to some of the Green Acre values. This memo contains the final 2016 Green Acre values after those adjustments were made.

2016 Green Acres Values
The attached table shows the average tillable class 2a Green Acres (agricultural) value for each county.

The attached table also shows the average non-tillable class 2a Green Acres (agricultural) value for each county.

2016 Rural Preserve Values
We also recommend using the 2016 Green Acres values for tillable and non-tillable acreage enrolled in Rural Preserve.

2016 Methodology
Minnesota Statutes, section 273.111, subdivision 4, requires the Commissioner of Revenue to assign values. Counties use these values to determine agricultural value of acreage enrolled in Green Acres. Legislation permits the department to consider – and make – reasonable adjustments based on county or regional market data, including agricultural production, commodity prices, production expenses, rent, and investment return.

It became apparent over the last few years that we are currently experiencing a period of high agricultural market influences, while nonagricultural market influences have been relatively low and stable outside the metro area. For a large area of the state, it is now possible to utilize agricultural sales within a region to develop a tillable and non-tillable value to be used for Green Acres in that area. This method replaces relying on the five base counties in Southwestern Minnesota to set the base county value from which all other county values were factored.

The department will continue to analyze farmland sales and work with the University of Minnesota as part of our commitment to continued improvement for valuing tillable and non-tillable agricultural lands.

Questions or Concerns
If you have questions regarding how or when to apply Green Acres values for 2016, contact your PTCO. Your PTCO can assist you in applying the value appropriately across your assessment districts by considering and recognizing agricultural market and soil data.

County	Tillable	Non-Tillable
Aitkin	1300	1300
Anoka	2700	2000
Becker	3000	1500
Beltrami	1200	1000
Benton	3100	1900
Big Stone	6000	1500
Blue Earth	7500	2900
Brown	8700	1800
Carlton	1500	1500
Carver	7100	2900
Cass	1800	1400
Chippewa	7500	1400
Chisago	2700	2000
Clay	4100	1200
Clearwater	1300	1100
Cook	1000	1000
Cottonwood	7100	1500
Crow Wing	2000	2000
Dakota	7200	2900
Dodge	7500	2200
Douglas	4000	2000
Faribault	7900	1500
Fillmore	6000	2700
Freeborn	7400	1500
Goodhue	6700	2500
Grant	5500	2000
Hennepin	6700	2900
Houston	6000	3100
Hubbard	2300	1400
Isanti	2700	2100
Itasca	1000	1000
Jackson	7500	1500
Kanabec	2000	1500
Kandiyohi	6500	1500
Kittson	2600	600
Koochiching	700	700
Lac qui Parle	5500	1400
Lake	800	800
Lake of the Woods	800	600

County	Tillable	Non-Tillable
Le Sueur	7000	2900
Lincoln	6200	1400
Lyon	6900	1400
McLeod	7000	2000
Mahnomen	2800	1000
Marshall	2400	700
Martin	7500	1500
Meeker	4500	1800
Mille Lacs	2200	1300
Morrison	3100	1900
Mower	7800	1500
Murray	7000	1400
Nicollet	9500	2000
Nobles	8100	1600
Norman	3100	900
Olmsted	7000	2500
Ottertail	3100	1800
Pennington	2300	900
Pine	1800	1100
Pipestone	7100	2500
Polk	2800	900
Pope	4500	1800
Ramsey	7200	2900
Red Lake	2500	900
Redwood	7800	1600
Renville	8900	1400
Rice	7100	2900
Rock	11100	2300
Roseau	1000	700
St Louis	900	900
Scott	7200	2900
Sherburne	3100	1900
Sibley	7800	2000
Stearns	4300	2400
Steele	7000	1700
Stevens	6500	1600
Swift	5000	1500
Todd	2000	1500
Traverse	6500	1500

County	Tillable	Non-Tillable
Wabasha	6600	2600
Wadena	1600	1300
Waseca	7700	1700
Washington	7200	2900
Watonwan	7300	1500
Wilkin	4500	1300
Winona	7400	2500
Wright	5900	2900
Yellow Medicine	6600	1500

MEMO

Date: December 8, 2017

To: All Assessors

From: Justin Massmann, Supervisor, PTCO section
Property Tax Division

Subject: **Green Acres Value for the 2018 Assessment**

2018 Green Acres Values
The attached table shows the average tillable class 2a Green Acres (agricultural) value for each county.

The attached table also shows the average non-tillable class 2a Green Acres (agricultural) value for each county.

2018 Rural Preserve Values
We recommend using the 2018 Green Acres values for tillable and non-tillable acreage enrolled in Rural Preserve.

2018 Methodology
Minnesota Statutes, section 273.111, subdivision 4, requires the Commissioner of Revenue to assign countywide average values. Counties use these values to determine agricultural value of acreage enrolled in Green Acres. In addition to using appropriate sales data, legislation permits the department to consider – and make – reasonable adjustments based on county or regional data, including agricultural production, commodity prices, production expenses, rent, and investment return.

In order to identify purely agricultural sales, the department first removes parcels adjacent to lakes or rivers and split class properties. Next, sales from areas where development pressure may affect the sale price of agricultural land are flagged, based on three criteria: change in the number of households, presence of newly created non-agricultural parcels, and annexations by nearby cities. These three variables are assigned a minimum threshold. Any sale that has been flagged for being in a development area will be reviewed by the Property Tax Compliance Officer and can be included in the analysis; if it is determined that nonagricultural influences did not affect the sale price.

The remaining sales are used to determine Green Acres values for each county. Green Acres values for tillable and non-tillable land are calculated using a basic regression. Using sample data such as sale price, number of tillable acres, and the number of non-tillable acres, the regression estimates an average price per acre for tillable and non-tillable land for each county. The analysis relies primarily on the 12 month study, but also considers data from the 21 month and agricultural region sales study as well.

The department will continue to analyze farmland sales and other data as part of our commitment to continued improvement for valuing tillable and non-tillable agricultural lands.

Questions or Concerns
If you believe the attached tables do not represent agricultural land values based on measurable agricultural data available in your county or region, please contact your Property Tax Compliance Officer (PTCO) via email by December 15, 2017. Please provide the value you believe is correct and a brief summary explaining why you

believe a value appeal is necessary. Any other documentation supporting your appeal is encouraged. The compliance officer and other department staff will review your data and make adjustments if necessary.

If you have questions regarding how or when to apply Green Acres values for 2018, also contact your PTCO. Your PTCO can assist you in applying the value appropriately across your assessment districts by considering and recognizing agricultural market and soil data.

County	Tillable	Non-Tillable
Aitkin	1,400	900
Anoka	3,000	1,800
Becker	3,200	1,300
Beltrami	1,100	1,100
Benton	3,200	1,500
Big Stone	5,400	1,400
Blue Earth	7,700	1,900
Brown	7,300	1,700
Carlton	1,400	900
Carver	6,800	2,600
Cass	1,400	1,400
Chippewa	6,900	1,300
Chisago	3,000	1,800
Clay	3,700	1,100
Clearwater	1,300	1,000
Cook	700	700
Cottonwood	7,900	1,300
Crow Wing	2,100	1,400
Dakota	6,500	2,700
Dodge	7,500	2,100
Douglas	4,100	1,800
Faribault	7,100	1,300
Fillmore	6,500	2,300
Freeborn	6,500	1,300
Goodhue	6,800	2,300
Grant	5,800	1,800
Hennepin	6,500	2,700
Houston	6,000	2,500
Hubbard	2,300	1,400
Isanti	3,000	1,800
Itasca	1,000	800
Jackson	7,700	1,400
Kanabec	2,000	1,100
Kandiyohi	6,400	1,400
Kittson	1,900	700
Koochiching	700	700
Lac qui Parle	5,000	1,300

County	Tillable	Non-Tillable
Lake	800	800
Lake of the Woods	800	700
Le Sueur	7,000	2,700
Lincoln	5,400	1,300
Lyon	6,400	1,300
McLeod	6,000	1,900
Mahnomen	2,600	900
Marshall	2,200	700
Martin	7,900	1,400
Meeker	4,800	1,600
Mille Lacs	2,400	1,100
Morrison	3,000	1,300
Mower	7,000	1,300
Murray	6,400	1,300
Nicollet	8,100	1,900
Nobles	7,800	1,500
Norman	3,400	900
Olmsted	6,500	2,100
Ottertail	3,100	1,400
Pennington	2,100	900
Pine	1,800	1,100
Pipestone	6,900	2,200
Polk	3,600	900
Pope	4,000	1,600
Ramsey	6,500	2,600
Red Lake	2,200	900
Redwood	7,300	1,600
Renville	7,700	1,300
Rice	6,400	2,700
Rock	9,300	2,200
Roseau	1,000	700
St Louis	800	800
Scott	7,000	2,700
Sherburne	3,200	1,800
Sibley	7,400	1,800
Stearns	4,600	2,000
Steele	6,500	1,600

County	Tillable	Non-Tillable
Stevens	5,400	1,500
Swift	5,900	1,400
Todd	2,400	1,500
Traverse	5,600	1,300
Wabasha	6,300	2,300
Wadena	1,600	1,200
Waseca	7,300	1,700
Washington	6,500	2,700
Watonwan	7,900	1,400
Wilkin	3,900	1,100
Winona	6,200	2,300
Wright	6,000	2,400
Yellow Medicine	6,000	1,300

Memo

Date: January 14, 2016

To: All Assessors

From: Jessi Glancey, State Program Administrator

Subject: Local Boards of Appeal and Equalization – Published & Posted Notice

Minnesota Statute requires county assessors to notify city and town clerks of the day and times of board of appeal and equalization meetings on or before February 15 (see section 274.01, subdivision 1). The meetings must be held between April 1 and May 31.

Additionally, the town or city clerk must publish and post the notice of the meeting at least ten days before the day of the meeting.

The department understands that "posting" typically occurs in the city or town hall, while "publishing" typically occurs in the local newspaper of the jurisdiction or county.

Our suggested language has changed from last year for plain language purposes and to shorten the language. We recommend using the following text when posting and publishing your notices:

Important Information Regarding Property Assessments

This may affect your 2017 property taxes.

The Board of Appeal and Equalization for [CITY/TOWNSHIP NAME] will meet on [DATE], [TIME], at [LOCATION]. The purpose of this meeting is to determine whether property in the jurisdiction has been properly valued and classified by the assessor.

If you believe the value or classification of your property is incorrect, please contact your assessor's office to discuss your concerns. If you disagree with the valuation or classification after discussing it with your assessor, you may appear before the local board of appeal and equalization. The board will review your assessments and may make corrections as needed. Generally, you must appeal to the local board before appealing to the county board of appeal and equalization.

Memo

Date: November 4, 2015

To: All County Assessors and First Class City Assessors

From: Emily Anderson, State Program Administrator
Information and Education Section

Subject: Homestead Notice

The Department of Revenue has made plain language updates to the homestead notice, and shortened it based on feedback. As you know Minnesota Statute 273.124, subdivision 9 requires you to publish a homestead notice in a newspaper of general circulation within the county no later than December 1.

For those of you who have not completed this requirement yet, we would recommend the following text. There are several changes to the suggested text.

IMPORTANT PROPERTY TAX HOMESTEAD NOTICE

This will affect your 2016 property taxes and eligibility for Property Tax Refund.

Have you purchased or moved into a property in the past year?
Contact your county assessor to file a homestead application if you or a qualifying relative occupy the property as a homestead on or before December 1, 2015.

What is a qualifying relative?
For agricultural property, a qualifying relative includes the child, grandchild, sibling, or parent of the owner or owner's spouse.

For residential property a qualifying relative also includes the owner's uncle, aunt, nephew, or niece.

When do I apply?
You must apply on or before December 15, 2015.

Once homestead is granted, annual applications are not necessary unless they are requested by the county assessor.

Contact the assessor by December 15, 2015 if the use of the property you own or occupy as a qualifying relative has changed during the past year.

If you sell, move, or for any reason no longer qualify for the homestead classification, you are required to notify the county assessor within 30 days of the change in homestead status.

Spruce County Assessor's Office (XXX) 555-1234

Mail Station 3340
St. Paul, MN 55146-3340

Updated 7/31/2024 - See Disclaimer on Front Cover

Fax: (651) 556-3128
E-mail: proptax.questions@state.mn.us

Memo

Date: October 5, 2015

To: All Assessors

From: Jessi Glancey
Information and Education Section

Subject: Boards of Appeal and Equalization: Compliance Date, Certification Forms, and Online Training

Compliance Date

February 1, 2016

All December 1 dates have been changed to February 1 for both local and county boards.

- LBAEs must certify **in writing** to the county assessor by February 1 of the assessment year that:
  - At least **one voting member** at each board meeting has completed the appeals and equalization course within the last four years; and
  - A quorum was present at each board meeting for the previous assessment year.
- CBAEs must certify **in writing** to the Commissioner of Revenue by February 1 of the assessment year that:
  - At least **one voting member** at each board meeting has completed the appeals and equalization course within the last four years; and
  - A quorum was present at each board meeting for the previous assessment year.
- If a board lost its powers due to lack of quorum and/or training requirements, resolutions to reinstate the board and proof of compliance must also be provided to the county assessor/Commissioner of Revenue by February 1 of the assessment year to reinstate the board's powers.
- If a local board wants to transfer its powers to the county, the notification of the decision must be provided by December 1, 2015.

Trained Member Certification Form

Local Boards of Appeal and Equalization

Similar to previous years, the LBAE trained member certification form is required for all jurisdictions that hold a LBAE meeting in the spring. These forms must be completed and returned to the county assessor's office by February 1, 2016.

If the form is not returned by February 1, the local board of appeal powers will be transferred to the county for the current assessment year. The Property Tax Compliance Officer for your county will be reviewing the files annually to verify compliance.

County Board of Appeal and Equalization

Similar to previous years, the CBAE trained member certification form is required for all county boards of appeal and equalization. These forms must be completed and returned to the Commissioner of Revenue by February 1, 2016.

If the form is not returned by February 1, the county board of appeal powers **will be transferred to a special board** for the assessment year.

You can find the certification forms for county and local boards of appeal and equalization on the DOR Board of Appeal and Equalization website.

http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/Manuals-and-Education.aspx

Board of Appeal and Equalization Online Training

The online training was launched on July 2, 2015. The feedback has been positive and board members are utilizing the training. About 200 people registered, and just over 100 have completed the training in its entirety.

The training is available 24/7 until January 31, 2016. At midnight on February 1, 2016 the training will be disabled. At that time counties can begin to verify whether there is a trained member and set their dates and formats for the local board meetings. We will relaunch the training on July 1, 2016, with the exception of catch up training (more information below).

How can users register?

Users can register anytime, but please note that it could take up to 7 business days before the user may access the training.

- The user must have an active email address.
- A confirmation email will be sent to the user with login information.
    - Once an email is received, the user can access the training.
    - Step-by-step instructions are provided in the email.
    - The link to register is located on the DOR website, along with helpful information.

Online Training

The training is designed using a module format; the user will complete one module at a time.

- The learner does not need to complete the entire training in one day. The system will keep track of where the learner left off the next time the learner logs in.
- Each module can take anywhere from 5-15 minutes, depending on the learner's pace.
- The entire training takes about 70-90 minutes, depending on the learner's pace.
- No special software is needed, just a browser (Internet Explorer is **highly** recommended).
- Be sure to check the Minnesota Department of Revenue's website for more information:
    - http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/lbaetraining.aspx

What if a member needs catch-up training?

The online training will **only be available March 21, 2016 through March 31, 2016** to those who have registered.

If the board loses its trained member after February 1, 2016 due to an election, resignation, etc.., the board will need to have a different board member complete the training prior to the board of appeal meeting. The board member will need to register to take the training by sending an email to proptax.bae@state.mn.us by March 21, 2016. They will then be granted login information to take the training. More information regarding catch up training will be sent after the February 1 compliance date.

If you have any questions regarding these changes please contact us at proptax.bae@state.mn.us.

BULLETIN

Date: September 2, 2015

To: All Assessors

From: Information and Education Section, Property Tax Division

Subject: **Hospital and Clinic Properties – Taxation vs. Exemption**

This bulletin is intended to provide information on hospitals and clinics as you prepare for the 2016 exempt property reassessment and exempt abstract reporting.

What is exempt?
In general, public hospitals are exempt under Article X of the Minnesota Constitution, as well as section 272.02, subdivision 4 of Minnesota Statutes.

The Minnesota Supreme Court has defined a "public hospital" to be one that is open to public generally and operated without private profit. However, it is not necessary that the hospital be owned by the public, that it dispenses public charity, or that it renders its services without charging for them. [See *Village of Hibbing v. Commissioner of Taxation*, 1944, 217 Minn. 528, 14 N.W.2d 923.] For purposes of the exemption, public hospitals may be owned by:

- Municipalities
- Hospital Districts
- Insurance Companies
- Non-profits
- Universities

The property tax exemption for public hospitals is not limited to buildings actually used as hospitals; it may be applied to any property devoted to and reasonably necessary for accomplishment of public hospital purposes (see *Chisago Health Services v. Commissioner of Revenue*,1990, 462 N.W.2d 386). Property devoted to and reasonably necessary to the hospital does not need to be adjacent to or in close proximity to central structures of a hospital in order to be exempt (see *State v. Fairview Hospital Ass'n*, 1962, 262 Minn. 184, 114 N.W.2d 568).

What is a hospital?
A hospital is a place or institution that provides medical care to individuals who are ill or injured.

Defining features of a hospital include:

- inpatient services (admittance for overnight stay for surgery and/or observation)
- emergency care
- surgery/inpatient operations and post-operative care
- 24-hour admittance and care
- a physician is always on staff
- special and separated units/departments, e.g. cardiology, neonatal care

- ambulance services, including air transport
- serve individuals who do not have insurance or ability to pay

Hospitals often have special services including:
- specialized treatment, specialized staff
- mortuary services
- sometimes, medical research/university hospitals
- support units, e.g. pharmacy, radiology

Often, a hospital's many types of services are called "departments," "blocks," or "wards" based on the type of care provided to various illnesses and injuries.

What ancillary hospital services may be exempt?
To qualify for property tax exemption as public hospitals, auxiliary facilities must first be devoted to what it is that public hospital does, and secondly be reasonably necessary to accomplish that purpose and be functionally interdependent with the hospital. [See *Chisago Health Services v. Commissioner of Revenue*, 1990, 462 N.W.2d 386.]

a) **Ambulance facilities**
Ambulance facilities that are not integrated with or adjacent to the hospital may be exempt if they are:
   i. essential to and necessary for the continued existence of the hospital
   ii. exclusively devoted to the public hospital's purpose
   iii. the only ambulance service that furnished patients to the hospital

b) **Certain ambulatory care facilities**
Ambulatory care is outpatient care that may include diagnosis, observation, consultation, treatment, intervention, and/or rehabilitation. Ambulatory care may be exempt if owned by the hospital, devoted to what the hospital does, and reasonably necessary to accomplish those purposes.

Ambulatory care facilities are taxable if they are used for the purpose of maximizing geographic localities in order to generate revenue (see Chisago Health Services v. Commissioner of Revenue, 1990, 462 N.W.2d 386).

c) **Certain publicly-owned hospital property leased to nursing homes**
A county, city, or hospital district may lease hospital or nursing home facilities to be run by a nonprofit or public corporation as a community hospital or nursing home. To be exempt, they must be open to all residents of the community on equal terms (see Minnesota Statutes, section 447.47). This may include disabled and elderly care facilities. [Please note that nursing homes may also be exempt under section 272.02, subdivision 90.]

What is taxable?
In general, clinics are taxable. They are not provided exemption in either the Minnesota Constitution or Minnesota Statutes.

What is a clinic?
Clinics are different from hospitals in that they provide outpatient treatment including providing medical advice and/or care from specialists. Clinics may include retail clinics, on-site employer-provided clinics, cosmetic clinics, etc. Clinics may provide primary care services, vaccinations, and urgent care, but are not equipped for the same level of emergency medical care as most hospitals.

Clinics may be associated with a hospital. However, they do not provide the same inpatient care or 24-hour admissions and a physician may not always be present. Clinics also are not usually set up in various departments (unlike a hospital's cancer ward, cardiology department, etc.)

Clinic services may include:

- comprehensive health and wellness care/primary care
- treatment for non-life threating injuries or illnesses
- lab work
- vaccinations
- routine screenings

What about urgent care centers? Are they considered hospitals or clinics?
Because urgent care centers do not provide the same level of care or access as hospitals, urgent care centers are generally considered to be types of clinics. Urgent care centers are likely taxable. Individuals may use urgent care centers in lieu of hospital emergency rooms, but some life-threatening illnesses or injuries would still require the patient to be moved to an actual hospital for further care and treatment.

What clinic operations may be treated as part of the hospital (and then exempted)?
In order to qualify for exemption, clinic property must function as an extension of the hospital and must provide a service that the hospital needs at a capacity that would be similar to the hospital's operations. This is not easy to accomplish as we know that hospitals provide inpatient care, 24 hour admissions and services, and always have a physician present.

Some examples of interdependent care that may make some clinic property exempt as part of the hospital would include:

- shared space (including labs, common areas, etc.)
- admitting privileges at the hospital are only for the associated clinic's doctors
- same pharmacy
- same beds/rooms

For example, if a clinic and hospital shared a building, the portions of the building that were used for shared clinic and hospital services (beds, pharmacy, labs) may be exempt, but the areas utilized only by the clinic (e.g., visiting rooms for routine care) would be taxable.

If clinic properties are only integrated with a hospital for financial purposes (e.g. Medicare payments, operations costs, etc.) then the clinic does not meet the requirements of qualifying for exemption.

Is there any other scenario where clinic property may be exempt?
A non-profit clinic may apply for exemption as an institution of purely public charity if it meets the requirements for such an exemption.

What parts of hospitals are taxable?
Property owned, leased by, or loaned to a hospital and used principally by such hospital as a recreational or rest area for employees, administrators, or medical personnel is not exempt (see M.S. 272.02, subdivision 37).

Other areas that are not used for hospital purposes and are not reasonably necessary for the hospital may also be taxable.

Housing provided by a hospital as an incentive to physicians, but that is not reasonably necessary to the hospital, would also likely be taxable.

Are publicly-owned clinics taxable or exempt?
Publicly-owned clinics may be exempt if they provide public services and do not refuse service to individuals who are uninsured and/or unable to pay for the clinic's services.

Community hospital associations operating without stockholders and without profit to any individual is a "public hospital" for tax exemption purposes. [See *Fairmont Community Hosp. Ass'n v. State*, 1945, 221 Minn. 107, 21 N.W.2d 243.]

Publicly-owned clinics would be taxable if physicians use a clinic to conduct private medical practices for a fee or if the clinic refused to provide service to individuals. [See *City of Springfield v. Commissioner of Revenue*, 1986, 380 N.W.2d802.]

A medical clinic owned and operated by a city may not be exempt as public hospital property (even if the clinic served to generate patients for the hospital) if the clinic is not the only clinic to furnish patients to the hospital and if the clinic was not essential to the continued existence of hospital. [See *City of Springfield v. Commissioner of Revenue*, 1986, 380 N.W.2d 802.]

What kinds of questions can we ask to determine if a publicly-owned clinic should be exempt?
In order to show that the clinic is reasonably necessary to the public hospital, the clinic could provide documentation showing:

- the percentage of hospital patients that come directly from the clinic
- the clinic serves those who are unable to pay for the clinic's services (and not just hospital care and hospital services under these criteria)
- the percentage of the local community for whom the clinic is the primary source of medical care (or a count of individuals which could then be compared to the local population)

Are there any other unique cases involving hospital exemptions?
The Minnesota Supreme Court found a school for nursing to be 1) reasonably necessary for functions of a public hospital and 2) the structure used for recreational facilities for students attending school to be reasonably within normal operations of the school for education of competent nurses for parent hospital. These factors justified its exemption from taxation. [*State v. Fairview Hospital Ass'n*, 1962, 262 Minn. 184, 114 N.W.2d 568.]

A hospital owned by an individual and operated with intent to make private profit was not exempt from taxation as a "public hospital," notwithstanding there was no profit during the year for which taxes were imposed. [*State v. Browning*, 1934, 192 Minn. 25, 255 N.W. 254.]

What has changed? Why are clinics and hospitals becoming increasingly interdependent?
In recent years, there has been a push nationwide to create accountable care organizations (ACOs) that bring together the different levels of patient care to ensure that all of the parts are serving the patient efficiently. This means that primary care, specialized services, hospitals, home care, etc. are becoming increasingly interdependent. In many cases, this has led to shared services between clinics and hospitals that have the same physicians.

ACOs have increasingly interdependent financial management (Medicare payments, operations, etc.) and may have closed (shared) staff, but that does not mean that clinics that function as part of the ACO are exempt. They still need to meet strict requirements for exemption as previously outlined.

Questions?
If you have questions about this bulletin, please contact proptax.questions@state.mn.us.

MINNESOTA · REVENUE

Memo

Date: August 18, 2015

To: County Assessors

From: Ricardo Perez, State Program Administrator
Information and Education Section

Subject: **Updates to the General Records Retention Schedule**

Updates to the General Register Retention Plan

The Minnesota Historical Society has updated the General Records Retention Schedule. All counties that use the general records retention schedule must comply with the changes.

This memo is intended to notify all counties that use the Minnesota Historical Society's retention schedule about the updates and changes that have been implemented. This memo is not intended to supersede your county's current retention schedule or require all counties to follow the Minnesota Historical Society's retention schedule if you have a separate schedule in use.

We have attached a copy of the schedule's updates for your reference.

What is the General Records Retention Schedule?

A record retention schedule is a policy document that defines an organization's legal and compliance recordkeeping requirements. It is the cornerstone of an effective records management program. Many counties use the General Records Retention Schedule developed by the Minnesota Historical Society for decisions related to the appropriate retention for homestead, exemption, and special program applications.

What changed?

The following retention instructions have been updated or have been newly added. All counties who utilize the general register for their retention schedules are expected to comply with the following changes.

1. **Exempt applications**: With the updated schedule, it is required that the most current application be kept on file in the assessor's office for as long as the current property owner receives exemption, and prior filing year applications (for any owners) are to be held for 10 years.

   If at any time the ownership transfers (via sale or other means), the previous owner's application should be for 10 years.

   Note: For exempt property, the taxpayer claiming exemption from property tax who has to *refile* an application for exemption with the assessor every third year (2016, 2019, 2022, etc.).

2. **Special program applications:** With the updated schedule, the most current special program application should be kept as long as the property qualifies under current ownership, and prior year applications kept on file for 10 years.

   If the special program requires annual reapplication (e.g. for disabled veterans' homestead exclusion), then the most current application should be kept on file in the assessor office and prior filing year applications are also held to the 10-year retention schedule.

   If at any time the ownership changes, the previous owner's application(s) should be held to the 10-year retention schedule.

   "Special programs" means any property tax classification, special valuation, deferral program, etc. for which application is required (e.g., 1b blind/disabled homestead, 2c managed forest land, Green Acres, etc.).

3. **Homestead applications:** With the updated schedule, the most current homestead application for that owner is retained as long as homestead is in place and prior year applications are to be held for 10 years.

   In other words, if a property was purchased and homesteaded in 2002, is still under the same ownership, and is still homesteaded, the initial application should still be kept on file in the assessor's office.

   This way, so long as the owners are claiming this property as their primary residence, you will have appropriate paper or electronic documentation attesting to this fact. If at any time the ownership transfers (via sale or other means) so that the original homestead owner no longer homesteads the property, the previous owner's application should be held to the 10-year retention schedule.

   Additionally, if there a change in marital status or the county assessor requests a new homestead application from a taxpayer, the most current application should be kept on file and the prior applications held to the ten-year retention schedule.

4. **NEW Annual homestead applications:** Annual homestead applications are a new addition to the schedule. For property requiring an annual homestead application, such as special agricultural homestead properties, the retention schedule requires the most current application should be kept on file in the assessor's office for as long as the property receives homestead under the current ownership. Prior year applications are be held to the 10-year retention schedule.

   If at any time the ownership transfers (via sale or other means), the previous owner's application should be held to the 10-year retention schedule.

What if a county doesn't use the General Records Retention Schedule?

Even if you don't use the general schedule and have your own retention schedule, the Department of Revenue strongly recommends that you have documentation for all exemptions, special programs, and homesteads you have applied to properties.

Do counties need to keep all paper documents?

Your county may maintain these records in their original paper form, or in electronic form. So long as private data is secured, how you maintain documents per the retention schedule is your choice.

What if I have questions?

If you have any further questions regarding administration of these guidelines for property tax purposes, please do not hesitate to contact our division at proptax.questions@state.mn.us.

If you have questions about the general records retention schedule or other records retention guidelines, you may visit the Minnesota Historical Society Records Services webpage at: http://www.mnhs.org/preserve/records/recser.php.

Memo

Date: June 23, 2015

To: All Assessors

From: Andrea Fish, Supervisor
Information & Education Section, Property Tax Division

Subject: **Property Tax Exemption for leases on Indian Trust land**

Properties owned by the federal government in trust for an Indian Tribe are exempt. This includes properties that are leased to individuals who are not members of the tribe. Neither real nor personal property tax assessments should be extended against these leases.

What has changed?
Historically, we advised counties that leases to individuals who were not tribe members should be assessed as personal property taxes to the lessees.

We reviewed recent regulations promulgated by the Bureau of Indian Affairs (BIA). The BIA revised its regulations of leases on trust lands. The revised regulations make it clear that states and other political subdivisions should not levy taxes on permanent improvements on leased Indian trust land, regardless of ownership. We also reviewed recent court cases (*Confederated Tribes of the Chehalis Reservation v. Thurston County Board of Equalization* and *Seminole Tribe of Florida v. Florida*). Both cases exempted improvements on leased property for non-tribal members on Indian trust land.

As a result, the department is advising counties to exempt residential and recreational leases to non-tribe members from both real and personal property tax assessments.

When do these leases need to be removed from the tax rolls?
If your county is taxing these leases, please remove the property from the tax rolls for the 2015 assessment.

Questions?
If you have questions, please contact proptax.questions@state.mn.us.

MINNESOTA · REVENUE

Memo

Date: June 8, 2015

To: All Assessors

From: Andrea Fish, Supervisor
Information and Education Section, Property Tax Division

Subject: **Property taxation on underground fuel storage tanks**

The purpose of this memo is to address questions about whether underground fuel storage tanks are taxable or exempt, specifically questions related to underground storage tanks at convenience stores/gas stations.

Are underground fuel storage tanks taxable?

Yes; underground fuel storage tanks are taxable, as they provide a shelter function and are not necessary to the production of fuel or the equipment needed to dispense fuel. Both above-ground and below-ground fuel storage tanks are taxable.

How are these tanks to be valued?

Use the common approaches when valuing underground fuel storage tanks:

- cost
- income
- sales comparison

You may have already included the contributory value of fuel storage tanks if you are valuing based on the income approach or on sales of comparable convenience store/gas station properties.

If you have concerns with identifying values for convenience store/gas station properties, please contact your Property Tax Compliance Officer.

When should the tanks become taxable?

If you are not currently taxing these tanks, please comply with this change for the 2016 assessment year.

Questions?

If you have questions regarding this memo, please contact your Property Tax Compliance Officer or proptax.questions@state.mn.us. Thank you.

Memo

Date: March 25, 2015

To: County Assessors

From: Cynthia Rowley, Property Tax Director

Subject: **2015 State Board of Equalization**

What is new this year?
You spoke and we listened. This year we will not be holding June informational meetings to go over assessment orders and discuss other assessment topics. Instead, we will be providing an opportunity for you to appeal your recommended State Board of Equalization (SBE) orders. Separate from the SBE process, we will host regional meetings to cover important assessment information.

> **June 8-12 – State Board Order Appeals**
> Appeal meetings held at the Department of Revenue with county assessors and the Property Tax Division concerning State Board of Equalization (SBE) orders will be held June 8-12. This will be the opportunity for you to appeal the recommended state board order.
>
> **Throughout the year**
> The Property Tax Director and division staff will meet regionally with assessment personnel around the state. The purpose of these meetings will be to build relationships, discuss property tax issues, and cover important information necessary to uniform property tax administration.

Why are these changes happening?
We heard from many of you that the annual meeting was informative but unneeded because the orders had already been decided. We also heard that coming to St. Paul was expensive and/or time-consuming, and that there was little or no opportunity to discuss issues specific to your region or county. This year we will try a more focused format. The format will be evaluated each year and could result in other changes that include holding an annual meeting.

What's next?
Continue working with your PTCO on the ratios for the 2015 assessment. We will be sending out instructions soon for appealing SBE order recommendations. Look for announcements on when and where the Property Tax Division will be in your area; gather topics you would like to discuss when we meet. Consider attending the summer seminar on market condition adjustments and review the sales ratio study criteria when it is posted on the DOR website in May.

Questions?
If you have any questions about these upcoming changes, please contact Jon Klockziem at 651-556-6108 or jon.klockziem@state.mn.us.

Thank you for your feedback on the SBE process. We look forward to continually improving the process.

Memo

Date: March 12, 2015

To: All Assessors, Local and County Boards of Appeal and Equalization

From: Andrea Fish, Supervisor
Information and Education Section, Property Tax Division

Subject: **Changes to Board of Appeal and Equalization Training & Compliance Certification**

There will be many changes for boards of appeal and equalization this year:

- moving to online training
- creating new online reporting forms
- new compliance certification dates

Please share this information with county staff, local board of appeal and equalization (LBAE) board members, and county board of appeal and equalization (CBAE) board members.

Online Registration and Training for Boards of Appeal and Equalization

Online registration is now open. You can register anytime, but please allow up to 7 business days after you register to access the training online.

- To register, visit the Minnesota Department of Revenue's website and access either the local board or county board homepage via the following links.
  - **Local Board** - Search "Local Board Training" at www.revenue.state.mn.us
    or: http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/lbaetraining.aspx
  - **County Board** - Search "County Board Training" at www.revenue.state.mn.us
    or: http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/cbaetraining.aspx
- You must provide an active email address when registering for the training.
- A confirmation email will be sent to you with login. **Note:** If you register prior to July 1, you will not receive login information until July 1 or shortly thereafter.
- Step-by-step instructions regarding how to access the training will be provided in the email.

Online training will be **launched on July 1, 2015.**

- The training will be closed (unavailable) after January 31, 2016
- Remember, the training is designed using a module format; you will complete one module at a time
  - You do not need to complete the entire training in one day.
  - The system will keep track of where you left off
  - Each module may take 5-15 minutes, depending on your pace.
  - The entire training takes about 70-90 minutes.

- The training is easy to access and use.
    - No special software is needed, just a browser (Internet Explorer is recommended).
- Check the Minnesota Department of Revenue's website for more information, as well as updates regarding BAE online training.

County Board of Appeal and Equalization Record Form

You will see changes to the CBAE record forms coming soon.

- The record form is no longer a Microsoft Office Excel document; it is now an Adobe LiveCycle form.
- You no longer have to submit the form through the EDE (electronic data exchange); it can be submitted by a push of a button.
- The form, instructions and an FAQ document will be sent to all counties in May.
- You may also reference the memo we sent on February 13, 2015.
- We will be looking for a **number of counties to test this form** during the month of April.
    - If you are interested in testing the form, please contact Ricky Perez at ricky.perez@state.mn.us **by no later than 3/27/15**

LBAE Compliance Certification Date is now February 1

Local Boards of Appeal and Equalization must prove quorum and training compliance by February 1 of the same assessment year (this used to be December 1 of the year **prior** to the board's assessment year).

LBAEs must certify in writing to the county assessor by February 1st of the current assessment year that:

- At least **one voting member** at each board meeting has completed the appeals and equalization course within the last four years
- A **quorum** was present at each board meeting for the previous assessment year

Other dates affecting LBAEs have also been moved to February 1. For example:

- If a board lost its LBAE powers and moved to open book, resolutions and proof must also be provided to the county assessor by February 1st of the current assessment year to reinstate its powers.
- If a local board wants to transfer their powers to the county and move to open book meetings, the notification of the decision must be provided by February 1st.

We are seeking legislation to have the County Board certification moved to February 1 for the 2016 assessment year.

If you have any questions regarding these changes or about boards of appeal and equalization, please contact the Information and Education section at proptax.questions@state.mn.us.

Date: March 6, 2015

To: All County Assessors

From: Lloyd McCormick, Property Tax Compliance Supervisor
Property Tax Division

Re: **2015 County and Township Average Land Values Reporting**

Why am I receiving this memo?

Provide your Property Tax Compliance Officer (PTCO) with a report of your 2015 county and township average land values. Average values at the section level do not need to be reported unless requested by your PTCO. Use the same report format (Excel, Word, PDF, JPEG, etc.) that you have used in the past and submit it via email to your PTCO.

What do I need to report?

Please provide, by county and by township, the following breakdowns for the 2015 assessment:

- Total number of acres of each type of land
  - For 2a land: tilled, meadow, pasture, woods and waste that are impractical to separate, etc.
  - For 2b land: wild lands, uncut meadow, unused pasture, vacant land, woods, waste, land previously in a conservation program, previously tilled now idle, etc.
- Total estimated market value (EMV) for each type of land
- Average value per acre for each type of land

Green Acres
If your county uses Green Acres, your detailed report should include the above information and an additional report showing the following:

- Total estimated market values (the high values) for all agricultural properties
- Total values using only the Green Acres values (the low values) for the parcels receiving the Green Acres deferment
- Total values using only the Rural Preserves values (the low values) for the parcels receiving the Rural Preserves deferment

Agricultural Preserves Excluded
Exclude acres and values in the Agricultural Preserves program from this reporting.

When is this due?
By **April 10, 2015** this information should be submitted to your PTCO**.**

What if I have Questions?

If you have any questions regarding these reports please contact your PTCO.

Reporting Instructions for Counties Not Using Green Acres or Rural Preserves

1. List Township/Jurisdiction

2. List each type of land and classification
   (tilled, meadow, pastured, woods, waste, "native prairie," "wetlands," roads, building sites, and other);
   For example: 2a tilled, 2a meadow, 2a woods, 2b woods, etc.

3. List total number of acres for each type of land

4. List total Estimated Market Value for each type of land

5. Show the average value per acre for each type of land

6. Show the average value of the house and garage per site

Reporting Instructions for Counties Using Rural Preserves and/or Green Acres

1. List Township/Jurisdiction

2. List each type of land and classification
   (tilled, meadow, pastured, woods, waste, "native prairie," "wetlands," roads, building sites, and other);
   For example: 2a tilled, 2a meadow, 2a woods, 2b woods, etc.

3. Line (a) – List total number of acres for each type of land
   Line (b) – List the number of acres of each type of land that is receiving Green Acres deferment
   Line (c) – List the number of acres of each type of land that is receiving Rural Preserves deferment

4. Line (a) – List total Estimated Market Value (high value) for each type of land
   Line (b) – List the Green Acres value (low value) for each type of land receiving Green Acres deferment
   Line (c) – List the Rural Preserves value (low value) for each type of land receiving Rural Preserves deferment

5. Line (a) – Show the average value per acre for each type of land (line (3a) divided by line (4a))
   Line (b) – Show the average Green Acre value per acre for each type of land that is receiving Green Acres deferment (line (3b) divided by line (4b))
   Line (c) – Show the average Rural Preserve value per acre for each type of land that is receiving Rural Preserve deferment (line (3c) divided by line (4c))

6. Show the average value of the house and garage per site

Provide above information in an electronic file and in a hard copy or map form. You are expected to have the capability to provide the above information on a section-by-section basis in a hard copy format if there appears to be a border issue. Please include any additional information that you feel is pertinent and meaningful.

Reporting Detail for Counties Not Using Green Acres or Rural Preserves

1. Average value per acre of tilled land.
   (Total EMV of tilled land) / (Total # of tilled acres) = Average value per acre of tilled land

2. Average value per deeded acre of land.
   - Use the estimated market value and total number of deeded acres of 2a classified land. (See note below.)
   - Exclude values and acres for the following: building sites, exempted wetlands (EWL), and exempted native prairies (ENP).

Total EMV of land classified as 2a	Total # of deeded acres classified as 2a	Total EMV of land classified as 2b	Total # of deeded acres classified as 2b
-- Total EMV of building sites	-- Total # of acres for building sites	-- Total EMV of building sites	-- Total # of acres for building sites
-- Total EMV of EWL	-- Total # of acres for EWL	-- Total EMV of EWL	-- Total # of acres for EWL
-- Total EMV of ENP	-- Total # of acres for ENP	-- Total EMV of ENP	-- Total # of acres for ENP
= Total value	= Total acres	= Total value	= Total acres

Total value / Total acres = Average value per deeded acre of land

Total value / Total acres = Average value per deeded acre of land

3. Average value per site and total number of sites acres.
   (Total EMV of the building sites) / (Total # of building site acres) = Average value per acre of building sites

Note:

- Deeded acres include roads, ditches, waste, and other 2a and 2b classified lands.
- Wetlands and native prairie values and acres that were exempted under legislation will be subtracted from the total number of deeded acres.
- For this report a building site is the portion of 2a agricultural property that is improved with structures (house, garage, farm buildings, and other structures) and the associated improvements to the land, such as water and sanitation systems where the value per acre is significantly different than other similar land types on the farm. The building site is the one acre site value assigned for the house, garage, and one acre (HGA).
  - Only the one acre building site would be considered the building site and the remaining site acres would be considered the agricultural land if the building site value is assigned to the one acre HGA and the remaining site acres are valued using a tilled or other agricultural land value that is used on the farm.
  - All site acres would be considered a building site if the building site is more than one acre and all site acres are valued significantly different than the agricultural value on the farm.

Reporting Detail for Counties Using Green Acres and/or Rural Preserves
Note: Exclude Agricultural Preserve values and acreage from these calculations.

1. Average value per acre of tilled land.
   - (Total EMV of tilled land) / (Total # of tilled acres) = Average value per acre of tilled land (high values)

   - For parcels that are receiving Green Acres deferment, use only the Green Acres (low value) and actual number of tilled acres for those parcels.
     (Total GA value of tilled land) / (Total # of tilled acres for those parcels) = Average value per acre of tilled land (low value)

2. Average value per deeded acre of land.
   - For all formulas below, exclude values and/or acres for the following: building sites, exempted wetlands (EWL), and exempted native prairies (ENP).
   - Formula (a) uses the estimated market value (high value) and total number of deeded acres of 2a and 2b classified land. (See note on previous page.)

Tot. EMV (high value) of 2a land	Tot. # of deeded acres classified as 2a	Tot. EMV (high value) of 2b land	Tot. # of deeded acres classified as 2b
-- Total EMV of building sites	-- Total # of acres for building sites	-- Total EMV of building sites	-- Total # of acres for building sites
-- Total EMV of EWL	-- Total # of acres for EWL	-- Total EMV of EWL	-- Total # of acres for EWL
-- Total EMV of ENP	-- Total # of acres for ENP	-- Total EMV of ENP	-- Total # of acres for ENP
= Total value	= Total acres	= Total value	= Total acres

Total value / Total acres = Ave. value (high value) per deeded acre of land

Total value / Total acres = Ave. value (high value) per deeded acre of land

   - Formula (b) is for parcels that are receiving Green Acres deferment. Use only the Green Acres (low value) and the actual number of acres of 2a classified land for those parcels. (See note on previous page.)

Tot. GA (low) value for Green Acres parcels	Tot. # of deeded GA acres classed as 2a	Tot. GA (low) value of land classed as 2b	Tot. # of deeded GA acres classed as 2b
-- Total EMV of building sites	-- Total # of acres for building sites	-- Total EMV of building sites	-- Total # of acres for building sites
(values for EWL and ENP are already	-- Total # of acres for EWL	-- Total EMV of EWL	-- Total # of acres for EWL
exempted so they don't need to be subtracted)	-- Total # of acres for ENP	-- Total EMV of ENP	-- Total # of acres for ENP
= Total value	= Total acres	= Total value	= Total acres

Total value / Total acres = Ave. GA (low) value per deeded acre of land

Total value / Total acres = Ave. GA (low) value per deeded acre of land

   - Formula (c) is for parcels that are receiving Rural Preserves deferment. Use only the Rural Preserves (low value) and the actual number of acres of 2b classified land for those parcels. (See note on previous page.)

Tot. RP (low) value for Rural Preserve parcels	Tot. # of deeded RP acres classified as 2b
-- Total EMV of building sites	-- Total # of acres for building sites
(values for EWL and ENP are already	-- Total # of acres for EWL
exempted so they don't need to be subtracted)	-- Total # of acres for ENP
= Total value	= Total acres

Total value / Total acres = Ave. RP (low) value per deeded acre of land

3. Average value per site and total number of sites acres.
   - (Total EMV of the building sites) / (Total # of building site acres) = Average value per acre of building sites

Memo

Date: February 10, 2015

To: All County Assessors

From: Emily Hagen, State Program Administrator
Information and Education Section

Subject: **Use of Electronic Signatures on Property Tax Applications**

Why am I receiving this memo?

The Department of Revenue is pleased to announce an update to the use of electronic signatures on property tax applications.

What changed?

Our attorneys determined that Minnesota Statutes Section 325L.07, paragraph (c) allows state agencies and counties to accept electronic signatures. It provides that if a law requires a record to be in writing, an electronic signature satisfies the law.

Electronic signatures on applications (including homestead applications) are allowed if you follow the requirements of Section 325L and if your system or vendor can process the signatures. When you accept electronic signatures, you are responsible for verifying the submitter's identity. For example, an application with a typed name as a signature would not be sufficient because there is no verification and it does not meet the requirements of the law.

What did not change?

Even though electronic signatures are permitted, you are still required to protect the private information on the electronically signed document. For example, if some information on the document is confidential, it must still be protected. If any of the information is transmitted electronically, it must be done in a secure manner.

How can identities be verified?

Here are some steps you can add to your application process to verify identity:

- Collecting identification number (in order of preference)
  - Minnesota ID (public)
  - Federal ID (not public, private), masked
  - Social Security Number (not public, private), masked
- Using email address of the submitter for third-party authentication

- Cell phone-based authentication
    - Request the applicant’s cell phone number; send a code to the cell and require the code be entered to complete the application
- Self-certify statement such as a checkbox and statement that includes:
    - Assertion of identity and authority to submit
    - Applicable statute for false information or lack of authority to submit
    - Consequence for false information or lack of authority to submit

The verification process is not limited to those listed above. Your system or software may use other acceptable verification processes.

<u>What if I have questions?</u>

If you have any questions, please contact the Information and Education section at proptax.questions@state.mn.us. Thank you.

Memo

Date: December 24, 2014

To: All County Assessors and County Auditors

From: Jessi Glancey
Information and Education Section, Property Tax Division

Subject: **Boards of Appeal and Equalization Online Training**

There must be at least one member at each meeting of a Board of Appeal and Equalization who has attended appeals and equalization training developed or approved by the Commissioner of Revenue.

Historically, this training has been offered in-person, in a classroom setting, by a Department of Revenue employee. However, we are moving forward with offering this training online, as an eLearning opportunity.

The future of BAE training

We will begin computer-based training in the summer of 2015. We are very excited about the progress we have already made with this training opportunity and we are confident that this training will better serve our board members as well as the taxpayers. Catch-up courses will be offered in the classroom setting in March of 2015, but we are moving forward with online training for future offerings.

The content of BAE training has not changed, and the online training is based off the course we have been offering in-person. The material is not new, while the process for getting certified will be.

Timeline

1. **Registration (February – May)**
   We are currently working on a formal process for registering board members that need to take the training. Once the process is final, we will send out instructions on how to get registered. We are hoping to start the process in February.

2. **Testing (March 1 – March 31)**
   Testing this product is very important; this will be offered to thousands of people in the state of Minnesota and we want to be sure that everything works correctly before it is launched to all local and county BAE members. Therefore, we are asking for your participation in testing this system. If you or other BAE administrators within your office have interest in testing this system please email Jessi Glancey to be added to the list of testers by **February 13, 2015.**

3. **Announcements, Adjustments, & Advertising (April 1 – June 30)**
   During this time the DOR will review the feedback from the testing phase and make any final changes/adjustments to the program. We will communicate with our audience (county assessors, auditors, commissioners, board members, etc.) on what to expect once the training is live, where to go, how to navigate through the training, and much more.

4. **Launching the product (July 1, 2015)**
   The training will be available to all registered board members starting on July 1, 2015. The board members that registered to take the training will be the **only** board members with access to the training.

5. **Training**
   The training will run from July 1, 2015 – January 31, 2016. Board members can take the training during that time frame and then the training will be shut off, since the board must prove training compliance by 2/1/2016.

Additional Information

During the first year of online BAE training, the DOR will be looking for ways to enhance the training and registration process. Catch up courses will become available online, and additional resources will be launched.

Attendance lists, Certificates, and Handbook

With the eLearning system, the **attendance lists** will be updated quicker and will be more accurate since the system will monitor who has completed the training and when. The attendance lists will still be kept on the DOR website, but it will be more user-friendly.

When a learner completes the training, a proof of training **certificate** will generate, and the learner will have the option to save, print, or email that certificate. The learner will be instructed to keep a certificate on file, for proof of completion in the event that the system does not have them listed as complete. We recommend that the clerk for that board of appeal ask for a copy to keep on file.

The Board of Appeal and Equalization **handbook** will also be available for download on the DOR website so the board members have something to reference while taking the training and/or to use at their board of appeal meeting. This handbook will be updated with any law changes and will provide the necessary information that the board members need to know.

What is eLearning?

eLearning is education provided through the use of technology. eLearning consists of various components such as computer based training, training videos/presentations, documents or manuals available for download that a student can read through, and virtual classrooms. All of these components of eLearning are effective ways to offer education or training to a large group of learners and it allows those learners to take the training on their own time and at their own pace.

Some eLearning components are less self-paced then others due to the fact that they might be offered by a live person and the learner would have to be present at the time the training is offered.

Computer Based Training (CBT) is the most common approach and the most effective approach when self-paced learning is the goal of the training. CBTs can have multiple media elements such as text, graphics, audio, interactive activities, video, and simulations. When CBTs are used for a training purpose, the learners are allowed to take the training at their own pace and their own direction. While classroom learning requires participants to change their schedules to the training is offered, Computer Based Training eliminates this because the course can be accessed when it is convenient for the learner.

Also, learners control the amount of time they spend on any particular topic. This allows leaners to spend additional time on difficult items before moving on. This "individualized" approach usually allows learners to complete the course faster than in classroom training.

CBT's are an ideal option when:

- There is a significant amount of content to be delivered to a large number of learners
- Learners come from different geographical locations
- Learners have limited mobility
- Learners are limited in time devoted to learning
- Learners have **basic** computer and Internet skills
- Content must be reused for different learner groups in the future
- Training aims to build cognitive skills rather than psychomotor skills
- There is a need to collect and track data

CBTs are clearly a good option for BAE training moving forward.

The Department of Revenue is confident that this is the next best thing for our board of appeal and equalization board members. We are looking forward to launching this eLearning opportunity and working closely with all of you

Questions

If you have any questions or concerns regarding this training opportunity please contact Jessi Glancey by email jessi.glancey@state.mn.us or by phone 651-556-6104. Thank you for your participation and assistance with this new product.

MINNESOTA · REVENUE

MEMO

Date: November 25, 2014

To: All County Assessors

From: Jon Klockziem, Assistant Director
Property Tax Division

Subject: **New 4d Low Income Housing Tier Limit Apportionment**

A change to the 4d classification rate was made for assessment 2014, allowing for a lower tier on the market value of each qualifying housing unit.

- The first tier is subject to a 0.75% classification rate.
  - For the 2014 assessment, the first $100,000
  - For the 2015 assessment, the tier limit is the first $106,000 of unit value
- Any value over the first tier has a classification rate of 0.25%.

The purpose of this memo is to address questions related to apportionment of the value to the units.

First, low income rental housing should not be valued differently than any other rental housing property. While the rents are restricted to a portion or all of the property depending on how many units qualify for 4d in the building, assessors are to base the market value on "normal unrestricted rents." [See M.S. 273.13, subdivision 25, paragraph (e).] This new legislation changes nothing in the way 4d properties are valued. This means that, all things being equal, a property with qualifying 4d units and a property without any 4d units would have the same value. The new distribution of value per unit is for classification purposes only.

When valuing rental housing, the assessor may consider the three approaches to value and give weight to the approach that yields the most reliable estimate of market value. For each approach, a final factor can be used to apportion the value to units. For example, the following are suggestions of applicable factors that can be used to apply a market value to the qualifying units:

- Price per square foot
- Value per bedroom
- Percentage of potential gross income
- Gross income multiplier

For those items which may add to the overall value, but are attributable to the property and are shared by all units such as lobbies, hallways, stairwells, elevators, laundry areas and such, the value is inherent within in each unit. For those items which are individual to a unit and not shared with other units, such as a garage space, the value associated with that should be apportioned to the individual unit.

Because the tier limit is to be applied to an individual housing unit, the value of individual units must be determined. The Minnesota Housing Finance Agency sent two written notifications to all 4d property owners alerting them to the need to provide MHFA with the number and type of units that each property contained along with the number and type of qualifying 4d units.

If you did not receive the breakdown from MHFA, this means that the 4d property owner did not respond; consequently, it will not be possible to apportion the value by unit factors for mixed unit properties with less than 100% 4d qualification.

We encourage you to contact the property owners and notify them that without the breakdown of qualifying units, they likely will not receive any reduced classification rate. You may request that they provide you with the additional information.

We have enclosed a spreadsheet for the income approach which you can use to assist in apportioning the value for 4d. Remember that the sample data is just that; you will need to put the appropriate data for your property into the fields, including cap rate and vacancy.

In the very limited cases where a single family house is used as low income rental house, the number of qualifying occupants should be treated as a qualifying "unit". This will require additional communication with the property owner and/or MHFA to determine the number of qualifying "units" for those properties. For example, if a single family house with a property value of $320,000 has four qualifying occupants and that number has been verified, the value apportionable to each "unit" is $80,000 (and none of the "units" would receive the second-tier class rate).

If you have questions related to this memo, please email me at jon.klockziem@state.mn.us or call me at (651) 556-6108. Also, your Property Tax Compliance Officer is there to help you with valuation questions.

MEMO

Date: August 20, 2014

To: County Assessors, County Staff

From: John Hagen, Director- Property Tax Division, Minnesota Department of Revenue

Subject: Sales Ratio Timeline has been shortened

The Sales Ratio process has undergone a major revision by the Property Tax Division this past year. We have also shortened the timeline to better fit the needs of counties. The biggest change has been to the timing of edits to the sales listings, so that we have completely edited listings to produce market condition adjustments (time trends) in a more effective manner.

In the past, many counties waited until they had received a final sales listing from the Department of Revenue before editing sales. This was often a time-consuming job for the counties and often delayed our ability to issue time trends in a timely manner. To reduce this "year-end" time crunch, we encouraged counties to send sales listing on a monthly basis. We agreed to send periodic sales listings so counties could edit sales along the way, rather than waiting until the very end of the study period.

We sent a sales listing in July that included all sales that had been submitted to us on flat files. Please take the time to edit those sales and review sales for the following: accurate property type; city, county and school district codes; valid sale dates; accurate sales prices; accurate 2013 and 2014 estimated market values; and valid estimated market values for split sales. Similarly, we also ask you to carefully review sales to ensure that only arms-length transactions are included in the sales listing. **Our intention is to not allow counties to reject sales after December 5th.** Please work with your PTCO to make sure that the sales that have been submitted are ready for inclusion in the study.

We will send an updated list in September, with an indicator that shows which sales have been added to the list, so that you can work with your PTCO to edit those.

When **we send the complete sales listing in November**, if the process works as we all hope, ***the only sales left to edit will be those that have been added since September***.

We are committed to meeting the following target dates to make sure you have the information you need to move forward with your assessment:

- December 5th: Edits of all submitted sales complete
- December 12th: Time trends issued
- December 15th: Time trend appeals process begins
- January 15th: Preliminary Ratios and Final Time Trends (after appeals) issued

Your cooperation is crucial to achieving these targets. Please send your monthly submission of sales to real.estate.values.mdor@state.mn.us. Your PTCO and the Data & Analysis Unit will work with you to edit sales in the coming weeks and months. **The Data & Analysis Unit is willing to send out updated sales listings to counties, if it would be helpful to receive one in addition to the periodic listings noted above.**

We have had outstanding cooperation from several counties and hope that all 87 counties will cooperate in this process.

If you have further questions or concerns, please contact me at (651)556-6106 or the Data & Analysis section at (651)556-3097.

Thank you.

BULLETIN

Date: July 21, 2014

To: All County Assessors

From: Information and Education Section, Property Tax Division

Subject: **Redefinition of real and personal property**

New Law Explanation and Background

A 2014 law change amended the definition of real property for property tax purposes to exclude certain business production property. The new definition is effective for the 2015 assessment year.

This change was developed in response to the 2014 Report and Study on Business and Production Property. The study involved participants from the affected industries, as well as the Minnesota Association of Assessing Officers.

The law updates the assessment and taxation of certain real property used in the production of biofuels, wine, beer, distilled beverages and dairy products. Prior to this law change, the definition of real property preceded the first ethanol facility in Minnesota.

References

Laws 2014, Chapter 308, Article 2, section 9 under section 272.03, subdivision 1
Laws 2013, Chapter 143, Article 4, section 46 (Report and Study on Business and Production Property)

Summary

This provision changes the definition of taxable real property to exclude certain business production property. The definition of real property is amended as follows:

- Property that is **primarily used for production is exempt** from property taxes for the following industries, as it is considered personal property equipment:
  - biofuels (ethanol),
  - wine,
  - beer,
  - distilled beverages, or
  - dairy products.

- Property used **primarily for storage** of biofuels, wine, beer, distilled beverages, or dairy products, is still considered real estate and is **taxable**.

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These changes affect only property used to produce biofuels, wine, beer, distilled beverages, or to process dairy products. **No other industries' properties are affected by this law change.**

External tanks or bins used only to temporarily hold materials used in the production process or a finished product are likely taxable if the item leaving storage is the same item that went in. How long the storage lasts would be irrelevant. For example, at a dairy facility where milk is stored in tanks for a short time, those tanks would be considered taxable real property because the same item (milk) goes into the tank as comes out of the tank.

Special purpose, manufacturing, or processing machinery which can only be used in the production process of one of the named industries would be considered exempt personal property equipment. However, components at those facilities that are normally used by other businesses or property owners would still be considered taxable real property. For example, special furnaces used to temper metals and installed in part of a building are considered production equipment (and therefore exempt from property taxes), but heating or refrigerating equipment used to heat or cool a building is part of the real estate (and therefore taxable).

Additionally, this definition only includes *production process equipment*. Other business property (non-production) is still taxable, as is equipment at facilities that are not one of the identified industry production facilities. For example, this language does not affect the tax treatment of grain silos, which would generally remain taxable real estate under the "shelter test."

Ethanol Production Facility Examples

In general, the following items are **used primarily for production** of ethanol and are **exempt as personal property equipment**:

- fermentation tanks
- slurry mixers
- jet cookers
- yeast tanks
- molecular sieve
- hammer mills
- cook slurry tanks
- liquefaction tanks
- heat exchangers
- evaporators

In general, the following items are **primarily used for storage** (and are not necessary for production of ethanol) and are **taxable real estate**:

- corn storage silos
- ethanol storage tanks
- dry distillers' grain storage
- syrup tanks
- water recovery systems

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Component	Primary Use	Exempt or taxable?	Photo
Ethanol Fermentation Tank	Production of ethanol	Exempt	
Ethanol Enzyme Tank and Distillation Tubes	Production of ethanol	Exempt	
Ethanol Enzyme tank and Liquefaction Tank	Production of ethanol	Exempt	

Ethanol Distillation Tanks and Tubes	Production of ethanol	Exempt	
Ethanol Evaporators	Production of Ethanol	Exempt	
Ethanol Drum Dryers	Production of Ethanol	Exempt	
Water Recovery System	Storage	Taxable	

Corn Storage and Ammonia Tanks	Storage	Taxable	
Corn Storage Building	Storage	Taxable	
Ethanol Final Product Storage	Storage	Taxable	

Beer and Wine Production Facilities

In general, the following items are **used primarily for production** of beer/wine and are **exempt as personal property equipment**:

- fermentation tanks
- lauter-tuns/mash lauter-tuns
- hop filters
- experimentation tanks
- grain mills
- brew kettles
- heat exchangers

In general, the following items are **primarily used for storage** (and are not necessary for production of ethanol) and are **taxable real estate**:

- barley storage
- carbon dioxide storage tanks
- final product (finished beer or wine) storage

Component	Primary Use	Exempt or taxable?	Photo
Beer Fermentation Tanks	Production of Beer	Exempt	
Beer Brewery Copper Kettles	Production of Beer	Exempt	

Beer Brewery Experimentation Tanks	Production of Beer	Exempt	
Beer Brewery Yeast Tanks	Production of Beer	Exempt	
Carbon Dioxide Tanks	Storage of Carbon Dioxide	Taxable	

Winery Fermentation Tanks	Production of Wine	Exempt	*Note that these tanks are so small in size that they would have been considered personal property prior to this redefinition.*

The "Shelter Test"

Property that is not part of ethanol production, beer/wine/distilled beverage production, or dairy processing is still subject to the "shelter test." Under the shelter test, the exterior shell of a structure is considered taxable real estate (even if it has special functions distinct from that of a building) if it:

a) constitutes **walls, ceilings, roofs, or floors,** or
b) has **structural, insulation, or temperature control functions,** or
c) **provides protection from elements**.

In other words, a structure that provides a shelter function is taxable real property even if it also performs a special business related function distinct from those of a building.

This comes from the Supreme Court Case *Crown CoCo, Inc. v. Commissioner of Revenue,* 336 N.W.2d 272 (Minn. 1983) where the court found that the canopy over self-service gasoline pumps served a shelter function similar to other buildings. The canopy was found to protect persons and items from forces of nature and was therefore a "structure" and determined to be taxable real property.

Another example may be propane storage tanks. These tanks also provide shelter from the elements, provide walls/ceilings/roofs/floors, and have structural and insulation functions. These were (and are) taxable because of the shelter test.

Contacts

If you have any questions related to the redefinition of real property for property tax purposes, please contact your county's Property Tax Compliance Officer or the Information and Education Section at proptax.questions@state.mn.us. This information will be included in the next release of the Property Tax Administrator's Manual on the Department of Revenue website as well.

MINNESOTA · REVENUE

BULLETIN

Date: July 15, 2014

To: All Assessors

From: Information and Education Section, Property Tax Division

Subject: Monosloped Roofs

On August 20, 2008, the Department of Revenue Property Tax Division issued a memo regarding the tax exemption eligibility for monosloped roofs over feedlots or manure storage areas. A collection of FAQ's regarding the exemption for monosloped roofs over feedlots and manure storage areas that prevent runoff, as well as a certification form, was sent in a memo to all County Assessors on January 14, 2009. This bulletin is intended to add to these previous memos, and provide clarification for Minnesota Statute 272.02, subdivision 87.

Minnesota Statutes, section 272.02, subdivision 87 states, "a monosloped, single-pitched roof installed over a feedlot or manure storage area to prevent runoff is exempt."

Even though the language seems clear regarding what qualifies for exemption, we understand there could be disagreement or confusion over what constitutes a roof versus a wall, what is considered a pitch, and what a feedlot or manure storage area is. Assessors should adhere to a strict and narrow interpretation of the statute.

As noted in the August 2008 memo, in order to qualify for this specific exemption a construction/site/use test must be met:

- Construction- structure must be a monosloped (single-pitched) roof without a ridge or peak
- Site – roof must be over a feedlot or a manure storage area; and
- Use –must actually be in place to prevent runoff.

When using the construction/site/use test, there are some additional guidelines from those listed in previous memos and in the Property Tax Administrator's Manual we feel would be helpful when determining qualification for exemption. The following are additional guidelines assessors should take into consideration:

Construction Characteristics

- A roof with more than one slope goes beyond the restrictions for the statutory exemptions and is thus taxable. A solar panel slope is considered a roof component and therefore making a roof with a sloped solar panel a multi pitched roof and taxable.
- An improvement with walls is considered a *structure* and not a roof, making it along with the roof taxable. Even though a structure may have a single-sloped roof, it is nonetheless a *building* which performs a shelter function and we believe it goes beyond what the legislation had envisioned with this exemption. The exemption is only for roofs, and not full structures or buildings.

Site Requirements
If the area underneath the monosloped roof does not meet one of the following definitions for feedlots or manure storage area, it would be taxable:

- Feedlots are part of livestock operations that confine animals in such a manner that manure accumulates and vegetation cannot be maintained.
- Manure storage areas are where animal manure or process wastewaters are stored or processed.

Use Requirements
The monosloped roof must prevent runoff in order to qualify for exemption. The assessor should verify that runoff is being prevented by the roof.

In order to answer questions regarding the monosloped roof property tax exemption and ensure uniform assessment and exemption throughout the state, the following pages have examples of property meeting the requirements for the exemption and also property which is taxable with explanations of how the determination was made.

Monoslope Roof Exemption Determination Examples:

Example 1

This is a structure, and not a roof. Additionally, this structure contains more than one pitch in the roof which does not meet the "single-pitched" requirements. This property would not qualify for the monoslope roof exemption and would be taxable.

Example 2

This is a structure and not a roof. Even though this example shows a single-pitched roof covering what could be considered a feedlot, this would not qualify for the monoslope roof exemption and would be taxable. With full walls added to the roof, we believe this building, which performs a shelter function, goes beyond what the legislation had envisioned.

Example 3

This example is showing a single-pitched roof which would qualify for the monoslope roof exemption **<u>if</u>** the area underneath the roof is used as a feedlot or manure storage area. It is a single-pitched roof without a ridge or peak. The supporting structure used to elevate the roof may also be exempt.

Example 4

The site requirement is met in this example with the structure covering a feedlot or manure storage area. However, with solid walls supporting the roof, the use would go over and above the prevention of runoff and should be considered a building structure which would be taxable.

Example 5

Another example is shown here of a building structure having a monosloped roof. Again, a structure similar to this which contains walls would not qualify, in our opinion, for the monsloped roof exemption because the use of this building is more than to prevent runoff.

Examples 6 & 7

These examples are showing single-pitched monoslope roofs over manure storage areas or feedlot areas and they prevent runoff. They are not full structures; they are roofs only, and are therefore eligible for exemption.

Example 6 - Exempt

Example 7 - Exempt

Memo

Date: April 22, 2014

To: All County Assessors and Staff

From: Andrea Fish, Supervisor
Information & Education Section

Subject: **Reporting of Green Acres and Rural Preserve Values**

It has come to our attention that some counties are reporting Green Acres/Rural Preserve (GA/RP) values in excess of their market values. This should never be the case. If the Green Acres or Rural Preserve value exceeds the estimated market value (EMV), the default value must be the EMV.

Counties should never report GA/RP values in excess of EMV.

This includes all purposes of reporting, including abstracts, taxpayer notices, website information, etc. For abstracts, in particular, GA/RP values in excess of EMV should never be reported, and negative values should never be reported for deferral.

Please share this directive with your county's computer consortium if your system needs reprogramming to prevent errors.

If we receive problematic data, we will have to have counties resubmit their reports. When we receive incorrect Green Acres/Rural Preserves data, it requires us to delay reports as we attempt to correct those errors.

Thank you for your assistance. Please contact either the Information and Education section (proptax.questions@state.mn.us) or the Data Analysis section (dataanalysis.mdor@state.mn.us) if you have questions.

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MEMO

Date: April 17, 2014 *Edited 7/27/2017*

To: All Assessors

From: Emily Hagen, State Program Administrator
Information and Education Section
Property Tax Division

Subject: **Application/Reapplication for Property Tax Exemption**

It is required that all ownership entities seeking exemption must file an *initial* application with the county assessor, and each entity should include enough information to help the assessor to grant or deny the exemption. Initial applications for exemption are due to the assessor in the district where the property is located on or before **February 1** of the assessment year in which the exemption is first sought.

For most exempt properties, owners or authorized representatives must reapply for exemption **every three years**. No matter what year the owner or authorized entity originally filed for exemption, ***reapplications for property tax exemption must be filed in 2016, 2019, 2022, etc.***

If you did not send reapplications in 2013, you must get new applications on file as soon as possible to comply with statutory requirements, and also collect reapplications in 2016!

Reapplication on a three-year rotating basis does not apply to the following properties only:

- churches or houses of worship
- property used solely for education purposes by academies, colleges, universities, or seminaries of learning
- property owned by the State of Minnesota or any of its political subdivisions
- exempt personal property
- domestic abuse shelters
- hydroelectric or hydromechanical power plant on a site owned by the federal, state, or local government
- state lands leased from the DNR as public campsites
- transitional housing facilities
- wind energy conversion systems
- photovoltaic devices
- exempt ice arenas owned by a nonprofit corporation for use by youth and high school skating programs
- exempt baseball parks owned by a nonprofit corporation for use by amateur baseball players

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Churches, houses of worship, and properties used solely for educational purposes by academies, colleges, universities, or seminaries of learning are required to file for an exemption once but only once (i.e. they are required to initially file a statement by February 1, but not after that approval).

Only properties owned by the state or a political subdivision of the state are not required to file a statement, but the assessor may ask for information necessary to grant an exemption.

Owners or authorized entities claiming an exemption on **personal property used for pollution control** must reapply for exempt status with the Department of Revenue on or before February 15 of each year for which the taxpayer claims exemption to be eligible for taxes payable the following year.

The assessor can request (in writing) that the taxpayer make available all records relating to ownership and/or use of the property that the assessor believes is needed to verify that the property meets requirements for exemption. If a property owner fails to file an exempt application or knowingly violates any of the filing requirements, the property may not receive exemption.

The assessor should retain the most recent application for as long as the exemption is granted, along with its supporting documents and notation of why or why not exemption was granted. Please note that **only the County Assessor may approve applications for exemption**, not city assessors (except for cities of the first class that have a City Assessor who operates as the County Assessor in those jurisdictions). The County Assessor must sign all initial applications that are approved for exemption.

In the case of sickness, absence, or other disability, or for good cause, the assessor or the Commissioner of Revenue may extend the time for filing the exempt application for a period not to exceed 60 days.

The most recent versions of exempt applications were sent to you in November 2013. If you did not save those versions, you must contact proptax.questions@state.mn.us for the forms. Examples of common exemption applications are listed below.

- PT63 “Application for Exemption of Tax on Property Used for Pollution Control”
- Application for Property Tax Exemption
- Institution of Purely Public Charity Application for Property Tax Exemption
- Application for Property Tax Exemption for Nursing Homes and Boarding Care Homes

Information on the application/reapplication requirements can also be found in the Property Tax Administrator’s Manual, *Module 5 – Exemptions*, available on the Department of Revenue website at http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/Manuals-and-Education.aspx, as well as Minnesota Statute 272.025.

If you have any further questions, please contact our division at proptax.questions@state.mn.us.

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Date: February 7, 2014

To: All Assessors

From: John F. Hagen, Director
Property Tax Division

Subject: Valuation of lands subject to conservation easements (new instructions)

On November 15, 2013, the Property Tax Division issued a memo telling assessors how to administer the recent law changes for the valuation of lands subject to conservation easements. Regrettably, that memo contained some incorrect information. Consequently, I am asking you to disregard our previous memo and instead follow the instructions below.

It is important to remember these new provisions apply only when you assess lands that entered into a conservation easement after May 23, 2013.

Current Law

Ordinarily, assessors are expected to consider all things that affect market value when completing their assessment. However, Minnesota Statute 273.117 now specifies that assessors must not reduce the value of property because of a conservation easement, except for:

- Conservation restrictions or easements that cover riparian buffers along lakes, rivers, and streams that are used for water quantity or quality control.
- Easements in a county that has adopted, by referendum, a program to protect farmland and natural areas since 1999. (Dakota County is the only one to do so.)

New Instructions

The first exception, for value reductions in the case of riparian buffers, may cause some confusion that is best addressed on a case-by-case basis. We recommend you use the following guidelines:

- For water quality or quantity control easements along a lake, river, stream, or – in some cases – a ditch, you may reduce the value of the property if the market indicates a reduction. All acres encumbered by the easement may be eligible for a value reduction.
- On rare occasions, an easement may not specifically identify water quality or quantity control as its purpose. If the covered lands are close enough to a body of water that it appears likely the easement was granted for water quality or quantity control, you should contact the entity holding the easement to determine its purpose.

  Review the easement to determine which entity to contact – the Board of Water and Soil Resources (BWSR), Department of Natural Resources (DNR), or a private non-profit organization.

If you have any questions or concerns about this issue please call me at 651-556-6106, email me at john.hagen@state.mn.us , or email proptax.questions@state.mn.us.

MEMO

Date: February 4, 2014

To: All Assessors

From: Jon Klockziem, Property Tax Division

Subject: **Sale Verification Questionnaire**

Enclosed is a sale verification questionnaire that can be used as a guide when conducting and documenting sale verifications each year. Real estate sales form the backbone of the valuations for property tax, and it is critical that assessors examine and confirm the details of sales in order for assessments to be accurate. This guide can be used as a basis in forming a sale verification process that ensures sale data is consistent, documented, and reproducible. We encourage you to add additional questions or create your own form to help you analyze the market values for a property type.

Going forward, your property tax compliance officers may ask for the sale verification documentation of a particular sale or sales. Sale verification should be done on all agricultural, commercial, industrial, and apartment sales. Additionally, at a minimum, residential and seasonal residential recreational sale outliers need to be verified. You should verify sales as soon as possible after receiving them. This will guarantee you can discuss all sales with the regional representatives in a timely manner and speed up any edits on the final sales listing.

The Department of Revenue will continue to focus on sale verification as we transition from paper certificates of real estate value to all electronic certificates. With the ability to share sales data statewide, it will be critical that the sales data can be relied upon by all assessors utilizing this data. We are working towards incorporating sale verification into the electronic certificate of real estate value as a future enhancement. In the interim, sale verifications for those property types listed above should be kept on file for at least two years.

If you have additional questions please contact your property tax compliance officer, give me a call at 651-556-6108, or email questions to proptax.questions@state.mn.us.

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Sales Verification Questionnaire

Parcel Identification Number(s) ____

Auditor ID (CRV) ___________________ eCRV #____________________________

Verified By__________________________________ Date contacted______________________

Verified with: Buyer _____ Seller _____ Name____________________________________

Confirm Purchase Information: Date of Sale ______________ Purchase Price _______________

Terms: Cash CFD New Financing Personal Property Value________

These are additional questions for the county to ask after they have used the information on the CRV's and other sources at their disposal to determine if a sale remains in the study or not.

PLEASE ANSWER THE FOLLOWING QUESTIONS:

1) How was the property marketed (auction, real estate agent, displayed For Sale by Owner sign, internet, etc.) and length of time on the market?

   What was the property's original listing price? _____________ Any price reductions? ___________

   If the property was not listed by a real estate agent use tests 1, 2, & 3

   Test 1: Was the sale exposed to the open market, announced or promoted through realtor listings, auction, newspapers, publications, brochures, craigslist, or for sale by owner?

   Yes or No (if no, go to test 2)

   Test 2: Was an appraisal done prior to the sale to establish the sale price or used as a starting point for negotiations?

   Yes or No If no, how did you arrive at a purchase price? _____________ (if no, go to test 3)

   Test 3: Did the sale involve a willing and informed Buyer and Seller under no duress to buy or sell and is the sale typical of the market?

   Yes or No

   If you answered yes to any of these three tests, the sale is most likely open market.

2) Was there an appraisal made on the property in the last three years? Would you be willing to share the property value indicated in the appraisal and purpose of the appraisal?

3) Was the seller/buyer a friend or relative? Have you had any other prior business relationship with the seller/buyer?

4) How much time elapsed between the date of the purchase agreement and the closing date?

5) Are there circumstances known to you which would have caused the seller to sell (or the buyer to buy) at a price below or above the fair market price? (i.e. short sale, pre-foreclosure, relative sale, cancellation of a previous sale, an estate sale)

6) Any recent changes to the property that affected the sales price?

   Condition of property? ____________________ Improvements Needed ________________________

   Recent Remodel? _____________________ Were funds of repairs (replace flooring, roofing, siding, windows, remodeling, etc.) included in the purchase price? What was the value/cost of these items?

7) Was the property rented or leased at the time of sale? (How long and for how much? Did this impact the sale price? Did this include an option to buy? If so, was the option to buy simply the first right of refusal or was a price established at the beginning of the lease?)

8) Is there a leaseback agreement between buyer/seller? (How long and for how much? Did this impact the sale price?)

9) What influenced you to buy this particular property rather than another? Did you consider any other properties before deciding to purchase this one? Would you be willing to share that information?

10) Have there been any changes in the property since you bought (sold) it? Are you planning any future changes to the property?

11) Would you please confirm the planned use of the property: Residential Seasonal Rec Agricultural

    Commercial/Industrial Other: _________________________________

Note to the person verifying the sale:

Please see additional questions for income producing properties and agricultural sales.

Sale good for study? Yes or No Reject#_____

Comments:

Additional income producing properties and agricultural sales questions:

1) If this was an income producing property was a 1031 exchange involved? If yes, answer the following:
    a. Were there other similar properties for sale at the same time?
    b. Did the 1031 influence the purchase price?
    c. Was there an extension for the 1031?
2) If this was an income producing property were there additional sources of income to the business such as Bar/Restaurant/Billboards etc.?
3) What is the gross potential income at the time of sale?
4) What is the vacancy and credit loss at the time of sale?
5) What are the operating expenses at the time of sale?
6) What is the net operating income at the time of sale?
7) Are there any tenants on long term leases? When are these leases set to renew?

Additional Agricultural Questions:

(If it was an auction sale and the county has a copy of the auction advertising/flyer please attach)

1. Was there a buyer's premium? If so what was the amount? Did the sale price include the buyer's premium?
2. Did the sale price hinge upon leasing or buying other land? If yes – what were the terms?
3. Has there been tiling done on the parcel? ______________________________________
    a. If not, will you be tiling the land and what will the approximate cost be?
4. How many acres are irrigated?
5. Are any acres enrolled in a **conservation easement program**? (common examples CRP, RIM, CREP)
    - If yes, what program and how many acres in each program?
    - Was it new enrollment or re-enrolled?
    - What year does the current enrollment expire?

Additional Questions for Apartments:

1. Did the sale price include an existing business?
   If Yes, What is the value of the business and how was it determined?
2. Was the purchase price based on the properties net operating income?
   Existing Revenue _________________
   Existing Expenses _________________
   NET INCOME ______________
   Cap Rate (mult) ____________
3. Rental Income:

Unit Size (sq. ft.)	Type of unit	# units	Monthly Rent

4. Indicated Vacancy at time of sale:
5. Who are you major competitors:

Additional Questions for Hotel/Motel:

1. Did the sale price include an existing franchise/business?
   a. If Yes, What is the value of the business and how was it determined?
   b. What franchise was purchased?
2. Was the purchase price based on the properties net operating income?
   a. Existing Revenue _________________
   b. Existing Expenses _________________
   c. NET INCOME ______________
   d. Cap Rate (mult) ____________
3. Number of rooms available:
4. Room Types:
   a. Number of Single
   b. Number of Double
   c. Number of Queen
   d. Number of King
   e. Number of Suites
5. Prior Year Average Daily Rate
6. Year to date Average Daily Rate
7. Forecast Year End Average Daily Rate
8. Total number of Occupied Room Nights
9. Who are you major competitors:

August 13, 2013

TO: County Auditors/Treasurers and Assessors

FROM: Minnesota Department of Revenue, Property Tax Division

SUBJECT: Property Tax Delinquency and Forfeiture Clarifications

The Minnesota Department of Revenue presented at the 2013 MCCC and MACATFO summer conferences on property tax delinquency and forfeiture. Many complex questions were asked during these sessions. This memo provides answers to questions that required further research or clarification post-conference.

Does the Sheriff's Affidavit of Service for the Notice of Expiration of Redemption need to go to the recorder?

The proof of service needs to first be given to the county auditor (Minn. Stat. § 281.23, subd. 6). From that point, it is the auditor's responsibility to file the certificate of forfeiture with the county recorder.

When does the sixty-day grace period for the expiration of the time of redemption begin?

The sixty-day grace period begins after proof of all four forms of notice (posting, publishing, mailing, and personal service) have been filed in the county auditor's office. (Minn. Stat. § 281.23, subd. 7).

Notice by personal service causes the most confusion. If personal service is the last of the form of notice completed, the sixty-day grace period begins when proof of service is received by the county auditor, not when notice is personally served on the individual.

How many times can a one-year lease on tax-forfeited property be renewed?

A one-year lease on tax-forfeited property cannot be renewed, with the exception that a county may enter into a management contract for the land when necessary (Minn. Stat. § 282.04, subd. 1a). Upon expiration of the one-year lease, a county may enter into the standard temporary lease with increased county board oversight and lasting up to ten years. The temporary lease can be renewed for another period of up to ten years, as long as the county board still views the use of the land as temporary.

A relative of a county employee buys a tax-forfeited property at a tax-forfeited land sale. The county was unaware that the purchaser was a relative until after the transaction was completed. What actions should the county take in this situation?

There is no prohibition against relatives purchasing land at a tax-forfeited land sale, unless the relative is buying the property for a prohibited person (see Minn. Stat. § 282.016 for information on prohibited purchasers). If a relative is buying land for a prohibited person, the sale would not be authorized, lawful, or valid. The person would not end up as the owner of the property and must be given a refund of the purchase price, barring any unusual circumstances.

The county can treat the property as still in a forfeited status, and as not having been sold at the auction. The county could offer the property again at the next sale with full disclosure. Alternatively, the county

could institute a judicial proceeding to get the title to the property cleared up, and, if necessary, eject this purchaser from occupancy.

Can county employees buy a tax-forfeited property over the counter?
No. The prohibited purchasers listed in Minn. Stat. § 282.016 are prohibited from purchasing tax-forfeited land under any provision in Chapter 282 of the Minnesota Statutes, unless they fit one of two exceptions. The first exception is that a prohibited purchaser can purchase lands owned by him or her at the time the property forfeited. The second exception is that a prohibited purchaser can bid on and purchase nonconforming forfeited property offered at a nonpublic sale that he or she has been invited to bid in (see Minn. Stat. § 282.01, subd. 7a).

How are income tax liens treated on tax-forfeited land?
The treatment of federal income tax liens on tax-forfeited property largely hinges on notice to the Internal Revenue Service of the expiration of the period of redemption.

If the Internal Revenue Service (IRS) received a copy of the Notice of Expiration of Redemption by Registered or Certified mail at least twenty-five days before the expiration of the redemption period and failed to respond within 120 days from the expiration of the redemption period, the federal income tax lien will no longer remain on the property.

If the county did not notify the IRS regarding the Notice of Expiration of Redemption, the income tax lien is not canceled. In this situation, the county has three options:

1. Send the Notice of Expiration of Redemption to the income tax entities. If no responses are received within 120 days, the property can be sold without a lien attached.
2. Set the appraised value of the parcel high enough to cover the amount of the income tax lien. When the property is sold and the lien is paid off, a state deed can be issued clear of the lien.
3. Sell the property subject to the lien and let the buyer be responsible for the lien.

In the case of liens filed by the Minnesota Department of Revenue, the county auditor must notify the Department of Revenue of the notice of expiration of redemption when there is equity in a property with delinquent taxes and the property is not homesteaded. When delinquent property does not meet these conditions, the county may elect to notify the Department of Revenue of the notice of expiration.

Notices sent to the Minnesota Department of Revenue are received and reviewed by the Seizure Program. Each case is noted in Department of Revenue records. In most cases, since there are no statutes giving the Department a right of redemption as a junior creditor, the notices are discarded and the property is not redeemed.

A bidder arrives at a tax-forfeited land sale as a "straw buyer" (an individual operating under the guise of purchasing the land for personal use, but is truthfully purchasing the land with the intent to convey the property to a prohibited purchaser or a former owner for less than the delinquent tax amount). How should the county handle this bidder?
The bidder and the individual to whom the land will ultimately be conveyed (hereinafter "the individual") are engaged in a scheme to violate the law, namely, withholding money from the tax-forfeited land sale fund. If an overt act in furtherance of the conspiracy is taken, both the bidder and the individual may be guilty of conspiracy to commit theft. If the bidder and the individual go through with the conspiracy, they both may be guilty of theft. Whether the crime is a misdemeanor, gross misdemeanor, or felony depends on the amount of money wrongfully diverted from the tax sale fund.

The county must not knowingly allow the bidder to purchase the property for an improper price. The only way the county may sell tax-forfeited land is by following the provisions of Chapter 282 of the Minnesota Statutes. This sale would not be a valid sale under statute. If the county completed the sale to the bidder

knowing what was happening, the county and the involved county officials could find themselves guilty of malfeasance--or theft--on account of knowingly accepting inadequate funds.

Who signs the easement on a forfeited property?
The county auditor. The county board determines the price, terms, and period of utility or road easements. The county board may also cancel a utility or road easement by board resolution. Private easements are conveyed by the county board, unless the board has delegated such authority to the county auditor (see Minn. Stat. §§ 282.04, 282.135).

What does a county or city do with tax-forfeited private roads?
If the tax-forfeited private road has not been conveyed or sold to a third party, it is the county's responsibility to maintain the private road. The level of maintenance is up to the discretion of the county board.

A city and county both want to acquire a parcel of tax-forfeited land. The Delinquent Tax and Tax Forfeiture Manual ("Red Book") mentions "first priority" for a city desiring to acquire tax-forfeited land when a county has elected to use the "old" classification process. Does this first priority give the city preference over the county to acquire the land?
No. Minn. Stat. § 282.01, subd. 1, para. (g), (h), and (i) do not give a city or town a right to acquire forfeited property within its boundaries. The only rights or entitlements a city or town has are that (1) it can require the county board to refrain from selling or leasing the property to anyone else for up to six months; and (2) it can submit requests to the county board that the board approve a conveyance of the property to it.

The phrases "first priority" and "first option" in the Red Book refer to an opportunity that the city or town has to request county board approval for conveyance of tax-forfeited land to the city or town, along with a period of time within which the property is withheld from sale or lease, so they (and others) have time to prepare and submit their request.

When a city and county both want to acquire a parcel of tax-forfeited land, the county board decides which application to approve.

All information conveyed in this memo will be reflected in the next round of updates to the Red Book.

If you have any questions on this memo, please contact us at PropTax.Admin@state.mn.us. This e-mail should be used for all future questions on property tax delinquency and forfeiture so we can consolidate the messages for staff availability and training purposes.

Memo

Date: Friday, August 2, 2013

To: County Auditors, Treasurers, and Assessors

From: Kristie Strum, Chelsea Griffin
Auditor/Treasurer Services Unit, Property Tax Division

Subject: Federal Active Service Property Tax Grace Period

The 2013 tax bill included a provision granting a four-month grace period for complying with property tax due dates for **homestead** property owned by a qualifying individual who is on federal active service. No late fees or penalties may be assessed during the grace period. A qualifying taxpayer will not be deemed delinquent if payment is made by the end of the grace period. The taxpayer must provide proof that they were on active federal service on the date the payment was originally due. *(Minn. Stat. § 279.01, as amended by Laws 2013, ch. 143, art. 4, secs. 19 and 20; Minn. Stat. § 279.02, as amended by Laws 2013, ch. 143, art. 4, sec. 21. Effective July 1, 2013.)*

"Federal active service" means military active service or other duty under United States Code, title 10. *(Minn. Stat. § 190.05, subd. 5c.)*

County staff should make it clear this grace period applies only to **homestead** property. It does not apply to, for example, nonhomestead, seasonal recreational residential, or commercial properties an individual on federal active service may own.

A taxpayer making a payment under this provision must accompany the payment with a signed copy of the taxpayer's orders or form DD214 showing the dates of active service. The document must clearly indicate the taxpayer was on active service on the date the payment was due.

Property Tax Due Dates and Penalties

The modified payment due date under the grace period for the first half of property taxes (or full payment if less than $100) for homestead property is September 15. The modified payment due date for the second half is February 15 of the following year.

A modified unpaid taxes penalty schedule that applies to qualifying individuals for taxes payable in 2014 is on page four. The general penalty schedule for homestead property is also included for comparison.

Delinquency

Homestead property owned by a qualifying individual is not to be deemed delinquent and no late fees or penalties can be applied if the taxes are paid by the modified due dates.

The delinquency schedule is pushed back along with the due dates and unpaid taxes penalty schedule. This means that in taxes payable year 2014, property owned by a qualifying individual would not be deemed delinquent until the first business day in January 2016. Interest applied when property becomes delinquent would also not start until this time.

The law does not require advance notification to a county from a qualifying individual. Such an individual need only provide the necessary paperwork described above when making the payment. It is possible a county will commence delinquency proceedings on a property unaware the taxpayer qualifies for the modified due dates. When a qualifying individual makes a payment and provides the proper

documentation, the county must cancel or adjust any penalties according to the modified schedule on page four.

Because a county treasurer will be preparing the delinquent tax list before the second-half taxes are due under the grace period, a county may wish to include a statement when its list is published noting that individuals who may qualify for the modified due dates may be included on the list and assuring any such individual that if payment is made, along with the proper documents, or if the proper documents are submitted without a payment during the grace period, the delinquency proceedings for that year will be cancelled. Full payment after the grace period may include late fees and penalties. If the taxes remain unpaid, they will be included on the delinquent tax list in the next year, and the property will be subject to forfeiture.

Questions and Hypothetical Situations

How does this provision affect the November 15 due date for agricultural homestead second-half taxes?

The grace period for a qualifying individual who owns property that qualifies for the November 15 deadline would have until March 15 of the following year to pay their taxes. This is included in the tables on page four.

Does this provision apply to property owned by an LLC, partnership, trust, family farm corporation, or other similar type of entity where a member of the entity may qualify?

It does not apply.

This provision describes a particular type of individual, not a general "person" as it is used elsewhere in statute to include various types of taxpayers, including entities like an LLC. The law requires the taxpayer to provide certain paperwork, service orders or form DD214, which an LLC or other non-human entity would not be able to provide. A member of one of these entities might qualify individually, but that does not extend to the entity as the taxpayer.

Does property qualifying for homestead under the relative homestead provisions qualify for the modified due dates?

If a qualifying individual is the owner of the relative homestead, yes, the modified due dates would apply. If a service member is the relative living on the property but does not own it, the modified due dates do not apply.

A property is classified as nonhomestead residential for tax payable in 2014. February 1, 2014, a member of the National Guard purchases the property. On March 1, 2014, the new owner moves in and applies for the homestead classification. On April 1, 2014, the new owner reports to active duty. Does this property qualify for the modified due date for taxes payable in 2014 if he/she is still on active duty status on the applicable due dates?

Yes. For the purposes of this provision, as long as homestead application has been made during the calendar year, the modified payment dates apply the same calendar year. The law isn't clear on whether the property needs to be considered homestead for the assessment year or taxes payable year, so as long as there is at least homestead application made during that calendar year, it is considered homestead property for the modified payment due dates.

A property is classified as nonhomestead residential for tax payable in 2014. April 1, 2014, a member of the National Guard who is on active service purchases the property and applies for homestead classification. Does this property qualify for the modified due dates for taxes payable in 2014 if he/she is still on active duty status on the applicable due dates?

Yes. The reasoning is the same as above. As long as homestead application has been made during the calendar year, the modified payments dates apply the same calendar year.

A property is owned by a member of the National Guard and is classified as an actively farming agricultural homestead for taxes payable in 2014. On December 1, 2013, the owner reports for active duty and is on active duty status for the applicable due dates for taxes payable in 2014. For the 2014 assessment, taxes payable in 2015, the property will not qualify as an actively farming agricultural homestead. Does the property qualify for the modified due dates for taxes payable in 2014?

Yes. As long as the property is homestead for the taxes payable or the assessment in that calendar year, the modified payment due dates apply.

If you have any questions on this memo, please contact us at PropTax.Admin@state.mn.us. This e-mail should be used for all future questions on property tax delinquency and forfeiture so we can consolidate the messages for staff availability and training purposes.

General Taxpayer Penalties – Taxes Payable 2014

Property Type	**2014**										**2015**
	May 16	June 1	July 1	Aug 1	Sep 1	Oct 1	Oct 16	Nov 1	Nov 16	Dec 1	Jan 2
Homestead											
1st half	2%	4%	5%	6%	7%	8%	8%	8%	8%	8%	10%
2nd half							2%	6%	6%	8%	10%
Both unpaid							5%	7%	7%	8%	10%
Agricultural homestead (only where 2nd half is due November 15 under Minn. Stat. § 279.01, subd. 3)											
1st half	2%	4%	5%	6%	7%	8%	8%	8%	8%	8%	10%
2nd half									6%	8%	10%
Both unpaid									7%	8%	10%

Active Service Member Taxpayer Penalties if Grace Period Applies – Taxes Payable 2014

Property Type	**2014**								**2015**						
	May 16	June 1	July 1	Aug 1	**Sep 16**	Oct 1	Nov 1	Dec 1	Jan 1	Feb 1	**Feb 16**	Mar 1	Mar 16	Apr 1	May 1
Homestead															
1st half					2%	4%	5%	6%	7%	8%	8%	8%	8%	8%	10%
2nd half											2%	6%	6%	8%	10%
Both unpaid											5%	7%	7%	8%	10%
Agricultural homestead (only where 2nd half is due November 15 under Minn. Stat. § 279.01, subd. 3)															
1st half					2%	4%	5%	6%	7%	8%	8%	8%	8%	8%	10%
2nd half													6%	8%	10%
Both unpaid													7%	8%	10%

MINNESOTA · REVENUE

Memo

Date: July 31, 2013

To: All Assessors

From: Andrea Fish, Supervisor
Information and Education Section

Subject: **Local Boards of Appeal and Equalization Trained Member Clarification**

The purpose of this memo is to clarify our interpretation of Local Board of Appeal and Equalization (LBAE) trained member requirements under Minnesota Statute 274.014, subdivisions 2 and 3. Subdivision 3(a) states in part: "*A city or town that does not comply with these requirements is deemed to have transferred its board of appeal and equalization powers to the county* *beginning with the following year's assessment* *and continuing unless the powers are reinstated under paragraph (c) [emphasis added].*"

In previous year, our understanding of M.S. 274.014, subdivision 3 was that the jurisdiction would lose their board automatically for a minimum of 2 years.

Based on an updated interpretation of the statute, we would like to clarify the provisions of subdivision 3, paragraph (a). When subdivision 3, paragraph (a) refers to "the following year's assessment", the law is referring to the assessment year that follows the December 1 training certification deadline. For example, on December 1, 2012 a board must certify that it has a trained member. If a jurisdiction does not have a trained member on December 1, they lose their board for the 2013 appeal season. The jurisdiction **would be able** to certify a trained member on December 1, 2013 to be able to hold a regular LBAE for the 2014 appeal season. Therefore, the jurisdiction loses its board for a minimum of one year, and may be reinstated as long as the jurisdiction can certify a trained member by December 1 of the same year that they lost their board.

However, if the jurisdiction had certified a trained member by December 1 and the board is scheduled to have a LBAE meeting, but the trained member is not present and/or there is not a quorum, then the meeting will be switched to an open book meeting for 2013 and the jurisdiction will additionally lose their board for the "the following year's assessment". Example: A board proves compliance on December 1, 2012. The LBAE meeting is scheduled for a date in 2013. At the meeting, the trained member and/or a quorum is not present. The meeting must switch to open book for 2013 and the jurisdiction loses their board for the following year (2014) as well. This means the jurisdiction has lost its eligibility for a minimum of two years.

In summary, a board that does not certify a trained member on December 1 loses the LBAE for a minimum of one assessment year. However, for a board that meets but does not have a trained member or quorum, the board is lost for two years (the year that the board switches to open book as well as "the following year").

This clarification goes into effect **immediately**. If a jurisdiction lost the LBAE in 2013 due to not having a trained member and proving compliance on December 1, 2012, the jurisdiction **can** send someone to training this year in order to prove compliance on December 1, 2013 and hold their meeting in 2014.

If you have any questions or concerns regarding this clarification please contact Jessi Glancey by email jessi.glancey@state.mn.us or by phone 651-556-6104.

MINNESOTA · REVENUE

MEMO

Date: April 8, 2013

To: All Assessors

From: Property Tax Division
Information and Education Section

Subject: Class 4c(1) Resort Property - Time period for gathering receipts.

The department has identified a classification issue that needs to be clarified in order to increase the uniformity of application of the 4c(1) seasonal residential recreational-commercial resort classification for the entire state.

At the heart of the matter is whether some seasonal residential recreational-commercial resorts should be treated differently because their peak season occurs during winter months. It has come to our attention that it is extremely difficult for a resort such as a ski resort, to gather 40% of the annual gross lodging receipts over a consecutive 90-day period if the normal and logical period for gathering those receipts is truncated on January 2nd due to strict adherence to a calendar year. Recognizing this, we recommend using a consistent measurement, such as a specific date prior to the assessment date of January 2nd that is in line with the typical business model. In doing so, we would not invalidate the assessment date and would also ensure that the 250-day requirement is satisfied. For example:

Starting measurement Nov 1, 2011
Ending measurement Oct 31, 2012

All income and lodging data used for the 2013 assessment.

We do not believe it was the intent of the legislature, when writing the language for Minnesota Statute 273.13, subdivision 25, to exclude resorts that rely on winter activities or other activities that fall outside of the normal summer recreation timeline. The legislation allows a benefit for a seasonal income stream on any qualifying seasonal property, regardless of the particular "season".

If you have any questions related to this policy, please contact your county's Property Tax Compliance Officer or the Information and Education Section via proptax.questions@state.mn.us.

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www.revenue.state.mn.us

Date: January 3, 2013

To: All County Assessors

From: State Assessed Property Section
Property Tax Division

RE: State Assessed Property Values on Valuation Notices

At the Utility Forum held this past October, a question was asked regarding state-assessed values and whether they should appear on the current year valuation notices. Our answer is no, state-assessed values from the previous year should not appear on the value notices issued by the counties for the current year.

It is our opinion that any state-assessed structure and machinery values for operating property should be zeroed out at the beginning of each assessment for the following reasons:

1. Providing the previous year's state-assessed values on the current year's valuation notice is incorrect and misleading. For example, by providing the current estimated market values located in your computer system for the 2013 assessment, you are providing the 2013 locally-assessed values for land and any other non-operating property and the 2012 state-assessed values for operating property. This is due to the fact that 2013 state-assessed values are not completed until May-June.

   Further, providing the state-assessed values on those notices is confusing for the companies because it comingles the both the state and local assessments. The state notifies each company of its Minnesota apportionable market value each year. When the county also notifies them of a value, a portion of which is state-assessed, the taxpayer is unclear of the value placed on their non-operating property such as their land. This is misleading. If the taxpayer chooses to appeal the value or classification of their non-operating property, it will ultimately make for additional work for assessors if they request these values be separated.

2. Providing incorrect state-assessed values each year causes incorrect numbers to be reported on the Spring Mini abstracts. It also causes over-reporting the growth of C/I values on the Fall Mini.

Updated 7/31/2024 - See Disclaimer on Front Cover

3. Separating such values and classifications is necessary due to preferred commercial and state general tax implications. For example, all property classified as machinery receives a class rate of 2%; however, property which is identified as electric generation machinery is exempt from the state general tax. In addition, all transmission line right-of-way receives a class rate of 2% and is subject to the state general tax. Finally, all state and locally-assessed property receiving class 3a is eligible for one preferred commercial classification rate per owner, per county (unless the property constitutes separate, competing businesses) up to a maximum of $150,000. Below is a summary of the table:

Class Rate Table			Class Rate	State Rate
3a	Commercial/Industrial	First $150,000	1.50%	1.50%
		Over $150,000	2.00%	2.00%
	Electric Generating Public Utility Machinery		2.00%	N/A
	All Other Public Utility Machinery		2.00%	2.00%
	Transmission Line Right-of-Way		2.00%	2.00%

Zeroing out the state-assessed values for each new assessment will:

- Provide taxpayers the opportunity to review and appeal only the locally-assessed values at the local level which is much more transparent;
- Provide taxpayers an opportunity to use the locally-assessed values to estimate their property taxes when paired with the state-assessed values they receive later in the year. This is something they are not able to do right now due to the comingling of the state and locally-assessed property on the valuation notices.
- Remove incorrect figures from abstracts (keeping in mind that all state-assessed figures will be removed from the Spring and Fall Minis altogether).

This should be done if possible for the 2013 assessment and will be required for the 2014 assessment. We also expect that a comment be inserted into the free form area of the valuation notice indicating that the value includes only locally-assessed property.

Companies will not be able to compare valuations between 2012, 2013, or 2014 during this transition. Companies should be contacting the appropriate county assessor for questions regarding locally-assessed property and the state-assessed property section for questions regarding state-assessed property.

If you have any questions or concerns regarding this memo, please direct them to us at sa.property@state.mn.us.

MEMO

DATE: November 13, 2012

TO: All County Assessors

FROM: Andrea Fish, Supervisor
Information and Education Section, Property Tax Division

SUBJECT: **Transfer of 2b properties from Green Acres to Rural Preserve**

The Property Tax Compliance Officers of the Property Tax Division have shared your concerns about withdrawing class 2b lands that had been grandfathered into Green Acres for the 2013 assessment, and when to collect deferred taxes.

Minnesota Statutes, section 273.111, subdivision 3a provides that class 2b lands that had been grandfathered into Green Acres after 2008 law changes must be removed for the 2013 assessment. That same subdivision also provides that "When property assessed under this subdivision is removed from the program and is enrolled in the rural preserve property tax law program under section 273.114, the property is not subject to the additional taxes required under this subdivision or subdivision 9."

As you are all aware, properties may be enrolled in Rural Preserve by May 1 of any given assessment year. This has raised the question of when deferred tax paybacks would be due for class 2b properties that have been grandfathered into Green Acres. After many internal discussions, we have determined that the appropriate action is to **remove** the lands from Green Acres by January 2, 2013 but to **not collect paybacks** until after the May 1 application deadline for Rural Preserve has expired.

This option will serve two purposes. First, property owners will be notified through the Notices of Valuation and Classification that they are no longer receiving deferral under Green Acres, and are not receiving any deferral under Rural Preserve. Second, it will provide property owners with time to file applications for Rural Preserve by the application deadline without being required to pay back those deferred taxes. If a property owner has class 2b lands removed from Green Acres for the 2013 assessment, but does not apply for Rural Preserve by May 1, 2013, deferred taxes should be collected at that time.

If you have any questions related to this policy, please contact your county's Property Tax Compliance Officer or the Information and Education Section via proptax.questions@state.mn.us.

CC: All County Auditors and County Treasurers

MINNESOTA · REVENUE

MEMO

Date: October 3, 2012

To: County Assessors

From: **Drew Imes, State Program Administrator**
Information and Education Section

Subject: **County Assessor Reappointment**

Minnesota Statutes 273.061 declares that the terms of office as County Assessor shall begin on January 1 of every fourth year after 1973.

January 1, 2013 will begin a new term of office for county assessors statewide. Statute also requires the Commissioner of Revenue to approve the appointment and the reappointment of all county assessors. Therefore, the department is distributing the attached form (*Request of Information for County Assessor Reappointment*) to be completed and returned to the Department of Revenue by every county assessor who has been reappointed to the position by the County Board. This form must be completed and returned to the department before December 1, 2012 in order for a county assessor reappointee to be approved by the Commissioner of Revenue and meet the requirements stated in law.

If your appointment is confirmed, the department will send you a certificate approving your appointment and the language for an "Oath of Office" that must, per Minnesota Statute 273.061, be taken before your County Board.

Thank you for your compliance in this matter.

MINNESOTA · REVENUE

Request of Information for County Assessor Reappointment

You must attach to this form a copy of the County Board minutes approving the resolution to appoint you as the County Assessor

Personal Information

Name: Last	First	Middle initial	Date

Address	Social Security Number

City	State	Zip Code	County

Business Phone	E-mail Address

General Information

What is your current level of assessment licensure? ☐ SAMA ☐ AMA

License # __________________

If you are an AMA, please provide the date of first appointment as County Assessor: ______________________

County of Employment

Your Title

Outside Activities: Please check the appropriate boxes. If you are currently performing or have performed any of these outside activities in the past four years, you must inform us. At least one box must be checked. If you have performed Fee Appraiser and/or Real Estate Sales activities, please list all jurisdictions where these activities were performed.

☐ Property Management ☐ Fee Appraiser

☐ Property Tax Consultant ☐ Insurance Sales

☐ Property Tax Representative ☐ Real Estate Sales

☐ I do not perform any of these outside activities

Jurisdiction of Fee Appraisals or Real Estate Sales

____

____

____

____

____

Have you been convicted of a felony in the past 5 years? ☐ No ☐ Yes

If yes, explain:

Have you filed all your required Minnesota Income Tax Returns? ☐ No ☐ Yes

Do you owe any taxes to the State of Minnesota? ☐ No ☐ Yes

You must attach a copy of the County Board minutes approving the resolution to appoint you as the County Assessor.

By signing below, I certify that this form is correct and complete to the best of my knowledge and belief.

Signature of applicant	**Date**

See Reverse for "Use of Information."

Use of information

This information request is not required by law to be filed. However, in order to be considered for appointment or reappointment as a county assessor, you must file this form. M. S. 273.061 requires the Commissioner of Revenue to approve the appointment of all county assessors. The Department of Revenue uses this information in order to determine whether to approve your appointment. All information on this form is necessary to identify you and determine if you qualify for appointment as a county assessor. If you do not provide all the required information, approval of your appointment will be delayed while we investigate whether the omission was intentional. If all the information is not provided, the appointment will not be approved, and if we later receive all of the required information, any delay that occurred might affect the date by which your appointment becomes effective.

Your Social Security Number is private information and cannot be disclosed. Your Social Security Number will be used by the department to verify that you have filed and paid your taxes. The Department of Revenue can use this information for tax administration purposes.

All other information on the form, including your address, is public.

Please return this form and attachments to the Department of Revenue, **Property Tax Division:**

Property Tax Division
Mail Station 3340
Saint Paul, MN 55146-3340
FAX: (651) 556-3128

If you would prefer to scan in a signed copy of the completed form and return it to the department via email, please send it to the following email address: drew.imes@state.mn.us

BULLETIN

Date: July 30, 2012 *edited 11/21/2017*

To: All Assessors

From: Information and Education Section, Property Tax Division

Subject: **Trust properties and homestead determinations**

It has come to our attention that there have been many questions regarding trust homesteads, and because of confusion there may be some inconsistency in assessment practices. We have determined that the time is appropriate to issue a bulletin regarding trust homestead application, with particular emphasis on linking agricultural homesteads. We will cover many frequently asked questions, as well as various scenarios that we have encountered. You may also find information related to trust homesteads in the Property Tax Administrator's Manual, which is available online at www.revenue.state.mn.us.

History and different types of trusts

Trust homesteads granted under Minnesota Statutes, section 273.124, subdivision 21 were established in by Laws 2000, Chapter 490, article 5, section 7. Trust-held properties were eligible for homestead under subdivision 1 prior to that time, however clarifications made in 2000 through the creation of subdivision 21 clarified some items that have become very important for property tax purposes.

The "type" of trust that is created is not of primary concern under current law. The property may be a "testamentary, *inter vivos*, revocable, or irrevocable trust" and no matter what type of trust, the grantor - or individuals of specific relation to the grantor - may be eligible for homestead. We have been asked questions related to revocable and irrevocable trusts for homestead purposes, but the determination is always based on the grantor of the trust and the facts of the homestead situation – not the type of trust that is in question. It is for these reasons that we have stated that trust homesteads also apply to life estates and "transfer upon death" deeds. Prior to the clarifications in homestead statute, determinations were based in part on whether the trust was revocable, irrevocable, or other. However, those determinations no longer need to be made.

"Grantor" is defined as the person creating or establishing a testamentary, *inter vivos*, or revocable or irrevocable trust by written instrument or through the exercise of a power of appointment. The grantor of the trust is treated as "the owner" for homestead purposes.

The property may only receive a property tax refund if it is occupied by the grantor or the grantor's spouse (not qualifying relatives) and for agricultural homesteads, it is only available on the house, garage, and first acre of land. The homestead is granted in the name of the qualifying occupant – the grantor, grantor's surviving spouse, or qualifying relative that occupies the property. While grantors are treated as individual owners for trust property purposes, you must keep in mind that trusts are not individuals- they are entities. This is why different trusts (i.e., different entities) may not be linked in any circumstances.

FAQs

“Can ‘transfer-on-death’ deeds qualify for homestead?”

The legislation allowing for this type of transfer was enacted during the 2008 session and will be found in Minnesota Statutes, section 507.071, subdivision 87. You have asked how this type of deed should be treated concerning ownership (e.g. homestead) and if you should treat them like life estates. It is our opinion that “transfer on death” deeds are to be treated similarly to life estate property. Basically, the grantor would retain enough ownership interest to qualify for homestead treatment, but the grantee would not (unless the grantee is a qualifying relative of the grantor, in which case the property could receive a relative homestead). Please remember that all other homestead requirements (occupancy, Minnesota residency, etc.) must still be satisfied.

Owner-occupied, trust-held homesteads

Real property held by a trustee under a trust is eligible for classification as homestead property if the grantor or surviving spouse of the grantor of the trust occupies and uses the property as a homestead. [See M.S. 273.124, subd. 21, paragraph (a).] This is treated in the same manner as an owner-occupied homestead. Note that for trust-held properties, the property must be occupied by the grantor to receive homestead. If the grantor has passed away but the trust is not dissolved, the surviving spouse of the grantor may occupy the property and continue to receive homestead treatment. (Once the trust is dissolved, ownership changes and homestead determinations are based on the ownership and occupancy facts at that time.)

FAQs

“A property was owned under a trust by a husband and wife. The wife was the grantor of the trust. She passed away, and her husband continues to reside on the farm. The husband has since remarried. Is he still eligible for homestead as the surviving spouse of the grantor?”

Yes. Regardless of having remarried, he is still considered the surviving spouse of the grantor of the trust for homestead purposes. Per Minnesota Statutes, section 273.124, subdivision 21, the property may be homestead.

Relative trust-held homesteads

Trust-held property can receive relative homestead if occupied by a qualifying relative of the *grantor* (creator) of the trust. If a relative *or surviving relative* of the grantor occupies and uses the property as a homestead, the property may be eligible for homestead treatment.

- A qualifying relative for residential property held under a trust is a parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece of the grantor of the trust.
- For agricultural property held by a trust, a qualifying relative is a grandchild, child, sibling, or parent of the grantor of the trust (see M.S. 273.124, subdivision 1, paragraphs c and d for lists of qualifying relatives).

These properties are treated as relative homestead properties. Please note that these may be relatives of the grantor or *surviving relatives* of the grantor in the case where the grantor has passed away but the property is still held under the trust.

If the property is occupied by an individual who is a qualifying relative for residential property but not for agricultural property (e.g. a niece of the grantor of the trust), the relative should be given a residential relative homestead on the HGA, but no homestead on the agricultural land.

FAQs

"A property is owned by a trust. The grantor of the trust is deceased, but the daughter has applied for relative homestead. Can homestead be applied if the grantor/relative is deceased?"

The daughter who is occupying the property would qualify for a relative homestead because she is a qualifying relative of the grantor of the trust, even if that grantor is deceased as stated in Minnesota Statute 273.124, subdivision 21.

"In order to be eligible for the homestead classification, the person occupying a property held by a trust must either be the grantor of the trust or a qualifying relative of the grantor of the trust. Are the rules different if the trust is created by court order? For the case in question the property was in the past been held in trust and occupied by the grantor of that trust. It was receiving the homestead classification. The occupant died. The daughter of the deceased is now occupying the property. The daughter is an adult and has a guardian. The court ordered the creation of a special needs trust for the benefit of the daughter. The trust created by the deceased parent is transferring title of the property to the special needs trust. Is the property eligible for homestead based on the occupancy by the daughter who is also beneficiary of the trust?"

Minnesota Statutes, section 273.124, subdivision 21, outlines the provisions for which property held under a trust may be eligible for homestead treatment:

> *"Real or personal property held by a trustee under a trust is eligible for classification as homestead property if the property satisfies the requirements of paragraph (a), (b), (c), or (d).*
> *(a) The grantor or surviving spouse of the grantor of the trust occupies and uses the property as a homestead.*
> *(b) A relative or surviving relative of the grantor who meets the requirements of subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph (d), in the case of agricultural property, occupies and uses the property as a homestead."*

In the scenario you have outlined, a qualifying surviving relative occupies the property and uses it for purposes of a homestead. The law does not state that trusts created by a court order should be treated differently, therefore, based on the information you have provided, the property is eligible for homestead.

"An agricultural property was put into a trust in 1996, with the grantor retaining life estate. The grantor occupied the property, and it was an agricultural homestead. Additionally, there was a second residence on the property that was occupied by the grantor's son and daughter-in-law. That second residence was receiving a residential relative homestead. Some years ago, the grantor's residence was considered unlivable, and the grantor moved into a nursing home property. Subsequently, the agricultural land was reclassified as an agricultural relative homestead based on the continued occupancy of the grantor's son. The grantor of the trust has passed away. Can homestead continue? The 'owner' of the property is deceased and therefore not technically a Minnesota resident."

You are correct that for agricultural relative homesteads, the owner must be a Minnesota resident. Your concern in this case is that, technically, the owner is not a Minnesota resident, as he is deceased. However, language in Minnesota Statutes, section 273.124, subdivision 21,

paragraph (b) allows for agricultural relative homesteads on trust-held properties if the property is occupied by "A relative or surviving relative of the grantor who meets the requirements of subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph (d), in the case of agricultural property, occupies and uses the property as a homestead [emphasis added]." In other words, although the grantor of the trust has passed away, a qualifying surviving relative occupies the property. Therefore, the property may still qualify for an agricultural relative homestead.

You also asked if the trust is considered "null and void" when the grantor passes away. The answer, of course, depends. When the conditions of the trust are satisfied or if it is dissolved, the estate would be disposed of according to the trust. At that time, the property would transfer ownership depending on the beneficiary or beneficiaries of the estate. However, it appears that the trust currently still owns the property and therefore that ownership governs the applicability of homesteads.

"A farmer put all of his property into a trust. His son and daughter receive an actively farming special agricultural homestead on the agricultural land and the property has a residential relative homestead on the house, garage, and one acre where his grandson lives. The farmer is now deceased. Can we continue to grant both the son/daughter actively farming special agricultural homestead and the residential relative homestead until the property ownership changes?

In our opinion, the death of the grantor of the trust does not change the homesteads on this property. The son/daughter and the grandson remain qualifying relatives of the grantor of the trust. Therefore, the actively farming special agricultural homestead and the residential relative homestead may continue until such time as the property's ownership changes (e.g., when the trust is dissolved).

"A farmer owns two parcels in a revocable living trust. The base parcel is 160 acres with house, garage, and one acre, and 159 acres of agricultural land and the other parcel is 40 acres of agricultural land. He has received homestead on both parcels. The farmer has since died, and his son now farms the property. Can the son get actively farming special agricultural homestead on the agricultural land?"

Yes, the son is a qualifying relative of the grantor of the trust, and can therefore receive an actively farming special agricultural homestead on the land that is being farmed.

"Linking" trust-held properties

We are often asked "Can properties owned by different entities be linked together for homestead purposes because they are "part of the same farm"? The answer is: ABSOLUTELY NOT! It is NOT appropriate to link properties where the ownership entities differ such as in the case of partnership-owned parcels linked to corporate-owned parcels. This includes properties held by trusts that do not have the exact same ownership/grantors.

As you know, there are very limited and specific exceptions to this rule:

1. The homestead of a base parcel owned and occupied by an *individual* may be linked to a parcel of property that the owner owns with other individuals;
2. The homestead of a base parcel owned and occupied by an *individual* may be linked to a parcel of property that is owned by a trust and the individual owners of the base parcel are the grantors of the trust-held property (and vice versa); and

3. In the case of married couples, properties that are held solely in the name of one spouse may be linked to parcels that are held solely by the other spouse and parcels that are titled in both names. This does not apply to any entities of which the husband and/or wife are both members. It only applies to parcels owned by *natural people*.

Trust-held properties may be linked to other properties owned by the same individual grantor if the properties are owned in the individual's name. Mr. A's Trust can be linked to Mr. A's individually-owned property for homestead purposes. Mr. A's Trust **cannot be linked** to properties owned by any other trust-held property that is not the exact same as Mr. A's trust, nor to other individuals' properties.

An individually-owned parcel may be linked to a trust-held parcel if the owners of the individually-owned parcel are the grantors of the trust that holds another parcel. For example, Ole and Lena own and occupy their own farm. They, Ole and Lena as grantors, have placed four other parcels of agricultural property into a revocable trust for their children. In this case, they may extend their homestead on the base parcel to the other four, trust-held parcels since they are the individual (and only) grantors of the trust that holds the other parcels.

One point of regular confusion is that in the case of married couples, properties that are solely held in the name of one spouse may be linked to parcels that are solely held by the other spouse, and/or parcels that are titled in both names. This does not apply to parcels held by an entity – including trusts - of which the husband and/or wife are members. It only applies to parcels owned by natural people. **Properties owned by separate trusts may not be linked to each other, even if the grantors of the separate trusts are married.** Mr. A's Trust cannot be linked to property owned by Mrs. A's trust. If Mr. A and Mrs. A are joint grantors of a single trust, all property under that exact same ownership ("Mr. and Mrs. A Trust") may be linked, but may not be linked to trusts with differing ownership/different grantors.

Minnesota Statutes, section 273.124, subdivision 14, paragraph (c), allows non-contiguous agricultural property to be linked to the base agricultural homestead. It states that:

> *"Noncontiguous land shall be included as part of a[n agricultural]homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than four townships or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county."*

In order for agricultural properties to be linked under this provision, the properties must first be owned by the **exact same ownership entity**. It is not appropriate to link properties where the ownership entities differ such as individually-owned parcels to corporate- or partnership-owned parcels.

FAQs

"A farm property was transferred from individual ownership to a trust. The grantors of the trust are parents and the trustees are their two children. The grantors live in another county (away from the trust property) and the trustees each own individual properties that are contiguous to the trust property. The trust land is farmed by a non-relative. Can the trust property be linked to qualifying relatives for homestead treatment?"

Only the grantors of a trust can link an individually-owned parcel to another parcel held by the trust. The trustees cannot be linked to the trust property and cannot receive homestead on it. In this particular case, because the property is farmed by a non-relative, the property is not eligible for homestead benefits.

"Actively farming" special agricultural homesteads and trust-held property

In most cases, we refer to M.S. 273.124, subdivision 21 when determining trust homesteads. However, actively farming special agricultural homestead determinations are often made under M.S. 273.124, subdivision 14.

Trust-held property was eligible for "actively farming" special agricultural homestead by Laws 2001, First Special Session, Chapter 5, article 3, section 31. This 2001 law change allowed real property held by a trustee under a trust to be eligible for homestead by substituting "grantor" for "owner" in the definitions of agricultural homestead requirements in the case of trusts (in other words, for cases of special agricultural homesteads, the grantor is considered the "owner" when making active farming determinations). Special agricultural homestead determinations for property held by a trust were further clarified in 2005 to include grandchildren as qualifying relatives of the grantor and to clarify who (in relation to the grantor) must be actively farming the property. It was specified that for homesteads of property held under a trust and rented to an authorized entity, the property must be the homestead of, or actively farmed, by the grantor, spouse of the grantor, or child of the grantor who must also be a shareholder, member, or partner of the entity that is leasing the property.

For active farming purposes, it is important to note that trusts are subject to Minnesota Statutes, section 500.24, which requires certain entities that own farm land to register with the Department of Agriculture.

There are a few situations in which "special agricultural homesteads" may be granted to trust-held property.

Situation 1

Agricultural property that is held under a trust that is not occupied but is actively farmed by the grantor of the trust, the spouse of the grantor, or a grandchild, child, sibling or parent of the owner/grantor or spouse/grantor may also qualify for special agricultural homestead under M.S. 273.124, subd. 14, paragraph (b) clause (ii):

- The agricultural property must be at least 40 acres in size.
- The property can be actively farmed on behalf of an authorized entity of which the active farmer is a qualified person.
- Both the grantor of the trust and the active farmer must be Minnesota residents.
- Neither the grantor nor the grantor's spouse can claim another agricultural homestead in Minnesota.
- Neither the grantor nor the active farmer can live farther than 4 cities/townships or a combination thereof from the agricultural property (unless the grantor or the grantor's spouse is required to live in employer-provided housing).

Situation 2

If a grantor or grantor's surviving spouse is a member, shareholder, or partner of a family farm corporation, joint farm venture, limited liability company, or partnership of which the operating a family farm <u>and the property is leased by the trust to that entity</u>, the property may qualify for homestead if a

shareholder, member or partner of the corporation, joint farm venture, limited liability company or partnership occupies and uses the property as a homestead. [M.S. 273.124, subdivision 21, paragraph (c).]

This provision is not technically "active farming" because the property is occupied and used as a homestead, but is similar to those determinations because of the leasing of the property to an authorized entity. Please note that this applies to cases where the grantor is a member of a qualifying entity or cases where the grantor has passed away and the *surviving spouse* is a member of a qualified entity (i.e., the trust is not dissolved and still owns the property but the grantor has passed away).

Situation 3

If a grantor or grantor's surviving spouse is a member, shareholder, or partner of a family farm corporation, joint farm venture, limited liability company, or partnership which is operating a family farm and the property is leased by the trust to that entity, the property may qualify for homestead if the property is at least 40 acres (including undivided government lots and correctional 40's) and a shareholder, member, or partner of the tenant-entity is actively farming the property on behalf of the corporation, joint farm venture, limited liability company, or partnership.

Please note that this applies to cases where the grantor is a member of a qualifying entity or cases where the grantor has passed away and the *surviving spouse* is a member of a qualified entity (i.e., the trust is not dissolved and still owns the property but the grantor has passed away). [M.S. 273.124, subdivision 21, paragraph (c).]

FAQs

"An individual currently receives an agricultural homestead on property that he owns. He is also farming another property on behalf of a trust in which he is one of several beneficiaries. The grantor of the trust property is deceased. Can we link his fractional ownership in the trust property to his primary homestead? If we cannot, could he then qualify for a special agricultural homestead?"

Trusts are considered to be separate entities. As a rule, homesteads cannot be extended between two parcels under different ownership entities. For instance, in this situation, you could not extend homestead between the parcel owned and occupied by an individual and another parcel in the name of a trust. The only exception to this rule is in the case of a trust where the owner of one parcel is the grantor of the trust that owns another parcel. Since the person in question in this situation is not the grantor of the property held in trust, it is our opinion that he cannot qualify for homestead this way. Additionally, this person cannot qualify for a special agricultural homestead since he is already claiming another agricultural homestead in Minnesota.

"A property's title is held by the 'Lillian Doe Trust' and the 'Gerald Doe Trust' (Lillian and Gerald are husband and wife). The property is currently receiving a special agricultural homestead. Gerald Doe has passed away and one half of the property will remain in the Gerald Doe Trust, with Lillian Doe being the beneficiary of the Gerald Doe Trust. Lillian Doe is currently receiving a separate residential homestead. Her son is actively farming the land."

This property may be eligible for a full special agricultural homestead. Using the Department of Revenue's agricultural homestead flow chart, the property may qualify for special agricultural homestead on trust-held property if it is actively farmed by a child of the grantor or grantor's spouse. The child of the grantor of both trusts is currently actively farming the property. It must be at least 40 acres in size, and neither the grantor nor the grantor's spouse (in either case,

Lillian Doe) may receive another agricultural homestead. Based on the information you have provided, she is not receiving another agricultural homestead. Neither the grantor (Lillian Doe) nor the actively farming relative may live further than four cities or townships from the agricultural property.

This case is unique because the property – as a whole – is owned by two different trusts. This is analogous (although imperfectly) to a property owned by two un-related individuals. The individual who actively farming the property is a qualifying relative of both individual owners. This is **not** a situation of "linking" separate properties. This single property – as a whole – is granted homestead treatment.

"A property's title is held by the 'Theodore Doe Trust' and the 'Suzette Doe Trust' (Theodore and Suzette are husband and wife). Theodore has passed away. Suzette Doe records a disclaimer through District Court and renounces, declines, and refuses to accept any and all rights or interests to the Theodore Doe Trust. Suzette Doe lives in another county (County A) and is receiving a cross-county agricultural homestead."

Assuming that Suzette's individually-owned parcel in County A is receiving a 100 percent agricultural homestead, it is our opinion that the parcel owned by both the Theodore Doe Trust and the Suzette Doe Trust may receive a 50 percent agricultural homestead. As the grantor of the Suzette Doe Trust, she is eligible to link her individual-owned homestead to the portion of the property held by the Suzette Doe Trust. However, Suzette is not able to link her individual-owned agricultural homestead to the portion of the property held by the Theodore Doe Trust, as that portion of the property is under different ownership.

Please note: If Suzette has assumed ownership of the portion of the property held by the Theodore Doe Trust, she may be able to receive agricultural homestead on that portion.

In other words, the base parcel, which is individually-owned may only be "linked" to property with the same individual ownership, which may include property for which Suzette Doe is the individual grantor of a trust. She is grantor of the trust that owns one-half of the property, and may only link her homestead to property owned by the "Suzette Doe" trust. Her property is not eligible to be linked to properties owned by the Theodore Doe Trust (a different entity).

"A husband and wife each create their own separate trusts. The base parcel is in the wife's trust and she receives agricultural homestead on this parcel which extends to other agricultural parcels held in her trust. The husband has passed away. If the wife is the beneficiary of the husband's trust, can she continue to receive homestead on the parcels owned by the husband's trust?"

Property owned by different entities (i.e. trusts) cannot be linked together for homestead purposes.

Therefore, the property owned by the husband's trust cannot be linked to the wife's trust for homestead purposes. This is true whether both grantors of the trust are alive or if one of the grantors is deceased. The wife has appropriately received homestead on the property that she occupies and that is owned by the trust for which she is the grantor. This trust homestead property may not be linked to other trusts (i.e. trusts that do not have the same grantor). If the trust is dissolved and ownership of those parcels is granted to either the surviving spouse as an individual, or to the surviving spouse's trust, then she may be eligible to link under that

ownership change. As long as her husband's trust continues to own the property, linking is not appropriate.

Miscellaneous FAQs

"Who signs the application?"

1. The **grantor** of the trust completes the application if the property is held under a trust; AND the property is physically occupied by the grantor or surviving spouse of the grantor; AND neither the grantor nor his/her spouse claims another agricultural homestead in Minnesota. This is an owner (grantor)-occupied agricultural homestead.
2. The **qualifying relative** completes an application if the property is held under a trust; AND the property is occupied by a qualifying relative of the grantor (child, sibling, grandchild, or parent) or of the grantor's spouse (child, sibling, or grandchild); AND neither the owner, owner's spouse, nor qualifying relative or qualifying relative's spouse claims another agricultural homestead in Minnesota; AND there are no other agricultural relative homesteads for this family in Minnesota.

In any case, the individual seeking homestead treatment (the grantor, the relative, the active farmer, etc.) must sign the application and meet all necessary requirements.

"There is a family trust where the mother owns 18 percent of the trust and lives on the farm. The remaining 82 percent of the trust is owned by the four children who are all grantors. One of the children lives with the mother and farms the land. The other three siblings do not live within four townships. Does the entire property owned by the trust qualify for homestead, or is the homestead fractionalized?"

In the scenario outlined above, the property would be fully homesteaded. For homestead purposes, we do not consider percentage of ownership interest beyond considering the number of actual owners. Each grantor of the trust is eligible to receive 1/5 or 20% of a homestead if homestead requirements are met. The mother is eligible to receive homestead on her 20% of the trust held property since she occupies the property as her place of residency. The daughter, who is a grantor and occupies the property, also receives her 20% owner-occupied homestead. The remaining 3/5 or 60% homestead would be considered relative homestead as the occupants (mom and daughter) are qualifying relatives of the other grantors of the trust. The other grantors do not need to live within four cities/townships, however they must be MN residents. If any of them are not MN residents then that portion of the relative homestead should be denied.

Exception: Trust Property Homestead

Homestead may also be granted in the case of a person who has received homestead classification for property taxes payable in 2000 on the basis of an unqualified legal right under the terms of the trust agreement to occupy the property as that person's homestead, and who continues to use the property as a homestead, or a person who received the homestead classification for taxes payable in 2005 but who does not qualify for taxes payable in 2006 or thereafter, but who continues to qualify as it existed for taxes payable in 2005. ***(This has very limited applicability and can no longer be established – it had to have received homestead under this provision for the 2004 assessment for taxes payable in 2005.)***

Going forward

We will continue to work on clarifying our manual, flow chart, and applications to make sure that these trust homestead provisions are easy to implement. If at any time you notice errors or inconsistencies in our guidance or have questions about trust homesteads, please contact us via proptax.questions@state.mn.us. Thank you.

MEMO

Date: June 20, 2012

To: All County Assessors

From: Information and Education Section

Subject: Special Agricultural Homestead Applications

Attached are the Special Ag Homestead Forms to be used for future assessment years. Due to the number of complaints in the past few years, they are only being sent in Word format this year. This will allow counties to enter the county name prior to printing the documents. However, this must not be construed to allow for individual counties to make other changes to the forms. Additionally, all references to the assessment year or crop year have been removed from the forms in an effort to reduce annual administrative costs for the department. Attached are six sets of forms:

1. **CR-SAH** and **CR-RSAH** Application and Re-Application for Special Ag Homestead
2. **CR-LAE** and **CR-RLAE** Application and Re-Application for Special Ag Homestead on Property Leased to an Authorized Entity
3. **CR-OAEO** and **CR-ROAEO** Application and Re-Application for Special Ag Homestead on Property Owned by an Authorized Entity and Occupied by a Qualified Person
4. **CR-OAE** and **CR-ROAE** Application and Re-Application for Special Ag Homestead on Property Owned by an Authorized Entity
5. **CR-SAHT** and **CR-RSAHT** Application and Re-Application for Special Ag Homestead on Property Held Under a Trust
6. **CR-TLAE** and **CR-RTLAE** Application and Re-Application for Special Ag Homestead for Property Held Under a Trust and Leased to an Authorized Entity

Special ag homestead forms must be completed every year and are based on the CURRENT (2012) crop year. Re-applications may only be used when nothing has changed from the original application. All copies of all re-applications must be made back-to-back in order to meet the requirements for a one-page re-application as specified in M.S. 273.124, subdivision 14, paragraph (h). If any part of the homestead has changed such as adding property, subtracting property, change of ownership, or change of active farmer, a new full application must be completed. It is incumbent upon assessors to issue the correct application or re-application to taxpayers and make all necessary verifications before granting a Special Ag Homestead.

The list of qualifying relatives for forms CR-SAH and CR-SAHT were modified to reflect 2011 legislation passed into law. Qualifying relatives include a child, grandchild, sibling, or parent of the owner (or grantor) or spouse of the owner (or grantor).

If you have any questions on these forms, please direct them to us at proptax.questions@state.mn.us.

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BULLETIN

Date: February 9, 2012

To: All City and County Assessors

From: Information and Education Section, Property Tax Division

Subject: **Market Value Exclusion on Homesteads of Disabled Veterans, Surviving Spouses, and Primary Family Caregivers**

Introduction

In 2011, the Minnesota Legislature made changes to a program enacted in 2008 and codified in Minnesota Statutes, section 273.13, subdivision 34 that was designed as a market value exclusion for honorably discharged veterans with service-connected disabilities. As part of the 2011 changes, new qualifying individuals were made eligible for the program, and a previously-existing provision that extended the benefits to surviving spouses of totally and permanently disabled veterans was amended. This bulletin serves to outline many of these changes. This bulletin replaces previous correspondence on the disabled veterans' market value exclusion. The changes will be incorporated in the *Property Tax Administrator's Manual, Module 2 – Valuation*, which is available online at www.taxes.state.mn.us.

This program provides two different levels of market value exclusion:

- the market value exclusion is up to $150,000 on homestead property for veterans with 70 percent to 100 percent service-connected disability (or the homestead of their qualifying primary family caregivers);
- the market value exclusion is up to $300,000 on homestead property of:
    - veterans with total (100 percent or individual unemployability) and <u>permanent</u> service-connected disability (or the homestead of their primary family caregivers),
    - surviving spouses of permanently and totally disabled veterans who qualified for the exclusion but pass away, and
    - surviving spouses of service members who die while serving honorably in active service.

Qualifications

Veterans

To qualify, a veteran must have been honorably discharged from the United States armed forces and must be certified by the United States Department of Veterans Affairs (VA) as having a service-connected disability of 70 percent or more. The Department of Veterans Affairs has also made available to qualifying veterans letters confirming both honorable discharge and disability status. These forms or letters must be supplied with the completed application to county assessors. Veterans may supply the annual federal VA letter denoting service-connected disability

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and honorable discharge status that will meet the requirements for program enrollment. Only if this letter is not available, a United States Government Form DD214 or use other documentation to verify discharge status and service-connected disability will be required. Examples of qualifying letters, as well as notes that may help assessors to read the letters are shown in Appendix A. If one of these qualifying letters is supplied with an application, no further documentation is necessary (including a DD214).

Veterans with 70 percent or More Disability
Veterans with 70 percent or more service-connected disability must reapply annually to the assessor for the $150,000 market value exclusion. Applications are due July 1 of each assessment year to be eligible for taxes payable the following year. For example, if a qualifying veteran applies by July 1, 2012 and is approved for the exclusion, it would affect taxes payable in 2013. Please note that "70 percent or more" includes veterans with 100 percent disability that is **not considered permanent**. Please see additional information below concerning veterans with less than 100 percent disability that are permanently disabled. For veterans with 70 percent or more disability, there is no extension of the exclusion to a surviving spouse upon the death of the veteran.

Veterans with Total (100 percent) and Permanent Disability
Veterans with 100 percent permanent service-connected disability need only apply once to the assessor for the $300,000 market value exclusion. Applications are due July 1 of a given assessment year to be eligible for taxes payable the following year. For example, if a qualifying veteran applies by July 1, 2012 and is approved for the exclusion, it would affect taxes payable in 2013 and thereafter. The property will continue to qualify for the market value exclusion until there is a change in ownership or use of the property. For veterans with total (100 percent or individual unemployability) and permanent disability only, a surviving spouse who holds the legal or beneficial title to the homestead and permanently resides there, may continue to receive this exclusion for five additional taxes payable years after the year of the veteran's death or until the spouse remarries, or sells, transfers or otherwise disposes of the property, whichever comes first.

Individual Unemployability
The VA does certify some veterans with "individual unemployability." These veterans are considered totally (100 percent) disabled by the VA. If a veteran supplies documentation from the V.A. that they are certified with individual unemployability, that veteran is to be treated as 100 percent disabled. **This disability is considered 100 percent, but it may or may not be permanent.**

- *Individual unemployability, not considered permanent*: Veterans with individual unemployability that are not considered permanently disabled will be eligible for the $150,000 market value exclusion (100 percent disabled, not permanent).
- *Individual unemployability, permanent*: Veterans with individual unemployability status who are considered to be permanently disabled will be eligible for the $300,000 market value exclusion (100 percent permanently disabled).

On annual letters that veterans receive from the federal Department of Veterans Affairs, this may be noted as stating that the veteran is "entitled to a higher level of disability due to being unemployable" or that the veteran is "considered to be totally and permanently disabled" even though the "combined service rating" may not be 100 percent.

A note on "individual unemployability" and retirement-age veterans: The United States Code of Federal Regulations (CFR), title 38 states that age may not be considered when making determinations of individual unemployability. Individual unemployability is determined based solely on service-connected disabilities and the potential for the veteran to find gainful employment considering those service-connected disabilities. Age, as well as disabilities which are not service-connected, are not considered when making I/U determinations. [See 38 CFR 3.341, 38 CFR4.16, and 38 CFR 4.19.] A veteran may be younger or older than Social Security retirement age, but may still be eligible for individual unemployability due to the service-connected disabilities which preclude the veteran (regardless of age) from gainful employment.

For more information on Individual Unemployability, see Appendix B.

No Futures
Many veterans with less than 100 percent disability might still be considered permanently disabled. For example, a veteran with 70 percent disability with "no future exams" is considered permanently disabled. Such veterans are not eligible for the $300,000 market value exclusion and do need to reapply annually for the $150,000 exclusion. However, if upon initial application a veteran supplies a letter from the VA verifying disability status with "no futures," or that their disability is considered permanent, that veteran does not need to supply a new letter annually. We recommend that the county assessor retain a copy of the original "no futures" letter for future reference. A veteran who is 70 percent or more disabled with no futures need only supply the application (form CR-DVHE70) annually, and the assessor shall use the original letter for verification of service-connected disability status.

Surviving Spouses of Permanently and Totally Disabled Veterans
If a property qualifies for exclusion based on ownership and occupancy of a permanently and totally (100 percent) disabled veteran and the veteran passes away, a surviving spouse (if any) is eligible to continue the exclusion for the taxes payable year of the veteran's death (based on the prior assessment year under the veteran's exclusion), and five additional taxes payable years *after* the year of the veteran's death. The benefit would end after the five additional taxes payable years, or until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property – whichever comes first.

For example, if a permanently and totally disabled veteran who qualified for the exclusion passes away in 2012, the surviving spouse would continue to receive the exclusion for taxes payable in 2012 (based on the 2011 assessment as the veteran's exclusion), as well as for taxes payable in 2013, 2014, 2015, 2016, and 2017 (based on the 2012 assessment [the year of the veteran's death], and assessment years 2013, 2014, 2015, and 2016). This is assuming that the surviving spouse does not remarry, nor sell, transfer, or otherwise dispose of the property.

There is no carryover to a surviving spouse of a veteran who qualified as 70 percent or more disabled, but not as permanently and totally disabled.

Surviving Spouses of Service Members Who Die in Action

Surviving spouses of service members of any branch of the armed forces who die due to a service-connected cause while serving honorably in active duty as indicated on United States Government Form DD1300 or DD2064 are also eligible for this market value exclusion program. The surviving spouse must be the legal or beneficial title holder to the homestead residence, and must permanently reside there.

The benefit for these surviving spouses is a maximum exclusion of $300,000 for five taxes payable years, or until such time as the surviving spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever comes first.

A first-time application for exclusion under this provision may be made at any time within two years of the death of the service member. For example, if a service member died in action in 2010, the surviving spouse may apply for exclusion by July 1, 2012 to qualify for taxes payable in 2013. Applications for surviving spouses must be submitted annually by July 1 to be eligible for taxes payable in the following year.

To apply, applications must be accompanied by either the DD1300 or DD2064 form. You may also ask applicants to provide Dependent Indemnity Compensation (DIC) or other benefits status letters as part of the annual application. Examples of the DD1300, DD2064, and Dependent Indemnity Compensation (DIC) award letters are shown in Appendix C. While the example of the DD2064 is difficult to read, you may verify authenticity of a DD2064 with your County Veteran's Service Officer in the case of a questionable document.

Primary Family Caregivers

Primary Family Caregivers of qualifying disabled veterans are also eligible for the exclusion. For a Primary Family Caregiver to qualify, the eligible veteran would not own homestead property in Minnesota, but the veteran's primary family caregiver would be eligible for the same benefit as the veteran (i.e., a maximum of $150,000 or $300,000 exclusion, depending on the veteran's disability rating). A primary family caregiver is defined as a person who is approved by the United States Department of Veterans Affairs for assistance as the primary provider of personal care services for an eligible veteran under the Program of Comprehensive Assistance for Family Caregivers (codified as US Code, title 38, section 1720G).

To apply, primary family caregivers must apply annually by July 1 to be eligible for taxes payable in the following year. Applications must include necessary information to verify qualifications for both the veteran and the primary family caregiver. For the veteran, this will include the same documentation that is supplied for veterans with 70 percent or more or permanent and total service-connected disability. In other words, the annual federal VA letters that indicate service-connected disability and honorable discharge will be sufficient. Only if this letter is not available, the DD214 and/or other official military discharge papers and proof of service-connected disability status will be required. The primary family caregiver will need to provide a VA Caregiver Support Approval Letter as part of the annual application. An example of such a letter is shown in Appendix D.

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Basic Provisions of the Disabled Veterans, Surviving Spouses, and Primary Family Caregivers Exclusion

- Assessors will continue to annually estimate the market value of qualifying properties just like other similar properties. This valuation exclusion will be deducted from the estimated market value after other exclusions for Plat Law, Mold Damage, etc. to arrive at the taxable market value. (The homestead market value exclusion is not applied to properties receiving the disabled veterans' market value exclusion.)

- Application for this valuation exclusion is not a substitute for the homestead application. The property must qualify for homestead before being granted valuation exclusion under this program.

- For agricultural property, only the house, garage, and immediately surrounding one acre of land qualify for the valuation exclusion. Excess land and buildings are not eligible for the valuation exclusion.

- Neither residential nor agricultural (HGA) homestead properties are eligible to receive the homestead market value exclusion provided under Minnesota Statutes, section 273.13, subdivision 35. Excess agricultural land and buildings will continue to receive the agricultural homestead credit provided in section 273.1384, subdivision 2.

- Property qualifying for this valuation exclusion is not eligible to be classified as a blind/disabled homestead under section 273.13, subdivision 22, paragraph (b).

- Relative homesteads do not qualify for this program. A property must be both owned and occupied by a qualifying individual before being eligible for the market value exclusion.

- Fractional homesteads will receive a fractional benefit. Please see the examples later in this document.

- Neither the Department of Revenue nor County Assessors are responsible for determining the disability status of veterans. Applicants requiring information concerning their discharge or disability status must work with their County Veterans Service Office or the Department of Veterans Affairs to receive this information from the VA. The Department of Veterans Affairs has provides qualifying veterans with uniform letters confirming both honorable discharge and disability status. These forms or letters must be supplied with the completed application to county assessors. Veterans may supply the annual federal VA letter denoting service-connected disability and honorable discharge status that will meet the requirements for program enrollment. Only if this letter is not available, a United States Government Form DD214 or use other documentation to verify discharge status and service-connected disability will be required.

- Veterans qualifying for the $150,000 exclusion must complete Form CR-DVHE70 (*Market Value Exclusion on Homestead Property of Disabled Veterans with 70 Percent or More Disability*) and provide it to their county assessor. This application is due by July 1 of each

year to be eligible for the exclusion for that assessment year. This application is shown in Appendix E.

- Veterans qualifying for the $300,000 exclusion need to complete form CR-DVHE100 (*Market Value Exclusion on Homestead of Disabled Veterans with Total and Permanent Disability*) and provide it to their county assessor by July 1 to be eligible for that assessment year. Veterans qualifying for the $300,000 exclusion do not need to reapply annually. This application is shown in Appendix F.

- Surviving spouses of veterans who had previously received the exclusion as permanently and totally disabled veterans, and surviving spouses of service members killed in action need to complete form CR-DVHESS and provide it to the county assessor by July 1 to be eligible for that assessment year. These applications are due annually. This application is shown in Appendix G.

- Primary family caregivers must complete form CR-DVPFC and provide it to the county assessor by July 1 to be eligible for that assessment year. These applications are due annually. Applications must be accompanied by documentation from the VA outlining the veteran's discharge and service-connected disability as with the other veterans' applications, as well as verification of status as the veteran's Primary Family Caregiver under the Program of Comprehensive Assistance for Family Caregivers. This application is shown in Appendix H.

- This is not a property tax exemption and it is not a tax forgiveness program. Rather, it lowers property tax liability by subtracting the amount of the exclusion from the assessor's estimated market value to arrive at a lower taxable market value. Special assessments or other taxes that are not *ad valorem* property taxes will not be affected by this value exclusion.

Changes After the Assessment Date

Moving to a New Property

Occasionally, qualifying veterans will move to a new property after the homestead has been granted an exclusion from property tax. In the majority of cases, the exclusion would be removed from the current home that is being sold immediately and the exclusion would "move" with the qualifying veteran to the new property, assuming the new property is homesteaded. The following is a hypothetical timeline of the assessment year which may be of assistance in such cases.

July 1: This is the application deadline for the exclusion. Qualifying veterans who own and occupy a property as a homestead will receive the exclusion if they apply by this date, and the exclusion will be retroactive to the January 2 assessment date.

July 2 - December 1: If a veteran has already qualified for the current assessment year but moves to a new property, the exclusion may also "move" with the veteran for the same assessment year, provided he/she qualifies for a mid-year homestead by owning and occupying the new property by December 1 and makes application by December 15. If the mid-year homestead is granted, the exclusion may be applied to the property for the same assessment year for taxes payable the following year.

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December 2 – December 31: If a qualifying veteran moves from or sells his/her property, the exclusion is removed from the property for the current assessment year for taxes payable in the following year. The veteran may apply for the exclusion at his or her new property by July 1 of the next assessment year.

It is important to note that once taxes have been extended against a property, the exclusion cannot be removed. For example, if a veteran qualified throughout the 2011 assessment but sells the home in February 2012 and the taxes payable in 2012 have already been calculated, the taxes payable for 2012 would still reflect the 2011 assessment with the exclusion, regardless of the fact that the qualifying veteran no longer owns the property. The veteran would be eligible to apply on the new property for the 2012 assessment (for taxes payable in 2013) by July 1; but the taxes on the new property for pay 2012 would not receive the exclusion.

Backdating/Change in Benefits

Once a veteran has applied and qualified for the exclusion, if the veteran's status changes to a higher level, there is no backdating the exclusion. The exclusion is granted based on the veteran's homestead and disability on the application date for the assessment year, and may not be changed until the following assessment year to reflect any changes in disability status. This is also the case for veterans who initially qualify after the application deadline (i.e. if they receive 70 percent or greater disability status after July 1 of the assessment year, whether the VA disability itself is backdated or not).

Market Value Hierarchy

The following chart demonstrates the market value hierarchy for a veteran with a 70% disability rating. A similar process would be followed for a veteran with a 100% and permanent disability rating – except the exclusion amount on line 11 would be $300,000. The chart shows how the taxable market value is arrived at for qualifying properties. Remember that properties receiving the disabled veterans' market value exclusion are not eligible for the homestead market value exclusion described in M.S. 273.13, subdivision 35.

	Hierarchy of Market Value Components - AY 2011
1.	Market Value Irrespective of Contaminants
2.	Contamination Value
3.	**Estimated Market Value (EMV)** [1 – 2]
4.	Green Acres Deferment
5.	Rural Preserves Deferment
6.	Open Space Deferment
7.	Aggregate Resource Preservation Deferment
8.	Platted Vacant Land Exclusion
9.	"This Old House" Exclusion
10.	"This Old Business" Exclusion
11.	Disabled Veterans Exclusion
12.	Mold Damage Reduction
13.	Lead Hazard Reduction
14.	**Referendum Market Value** [3-4-5-6-7-8-9-10-11-12-13]
15.	Homestead Market Value Exclusion [NOT APPLIED TO PROPERTIES RECEIVING VETS' EXCLUSION]
16.	**Taxable Market Value (TMV)** [14 – 15]

Examples of tax calculations for fractional homesteads:

In order to calculate the benefit for fractional homesteads, you must take into account the estimated market value (EMV) and the number of homesteading owners.

1. Determine the percentage of ownership for each homesteading person.
2. Multiply the EMV by the percentage of ownership to determine each owner's share of estimated market value.
3. Determine each qualifying veteran's exclusion eligibility (either $150,000 or $300,000 exclusion levels).
4. Multiply the veteran's exclusion level by their percentage of ownership.
5. Determine the exclusion amount. This will be the lesser of their eligibility limit or their share of EMV. In other words, if a qualifying veteran is eligible for $150,000 exclusion, but step 4 results in a value of $200,000, the exclusion would not exceed $150,000.
6. Calculate the remaining taxable market value (TMV). This is done by subtracting the exclusions of all eligible persons from the EMV.

Example 1 - Two unrelated qualifying veterans at the same exclusion level.

Two unrelated disabled veterans, George and Washington, own a home with an EMV of $400,000. George has a 70% service-connected disability rating, Washington is at 80%. As such, both George and Washington qualify for the $150,000 exclusion level. Each owner's benefits are applied to each owner's share of the homestead (50% for each), where the maximum exclusion is apportioned by each owner's ownership percentage instead of allowing additional benefits per homestead.

1. Determine ownership % *(100% / # of owners)*
   - George 100% / 2= 50%
   - Washington 100% / 2= 50%

2. Determine share of EMV *(Total EMV x owner % from step 1)*
   - George $400,000 x 50%= $200,000
   - Washington $400,000 x 50%= $200,000

3. Determine eligible exclusion *(based on disability rating)*
   - George 70% disability= $150,000
   - Washington 80% disability= $150,000

4. Determine exclusion limit *(eligible exclusion from step 3 x owner % from step 1)*
   - George $150,000 x 50%= $75,000
   - Washington $150,000 x 50%= $75,000

5. Determine exclusion amount *(lesser of EMV from step 2 or exclusion limit per owner from step 4)*
   - George $75,000 < $200,000= $75,000
   - Washington $75,000 < $200,000= $75,000

6. Calculate TMV *(EMV - exclusion amount from step 5)*
   - George $200,000 - $75,000= $125,000
   - Washington $200,000 - $75,000= $125,000

Total Taxable Market Value Remaining **$250,000** (total amount excluded = $150,000)

Example 2 - Four unrelated persons, two veterans at different exclusion levels.
Harry, Ron, Hermione, and Ginny all jointly own and occupy a residential property. The estimated market value of this property is $160,000. Harry is a qualifying veteran with 90% service-connected disability. Hermione has individual unemployability, which is permanent.

1. Determine ownership % *(100% / # of owners)*
   - Harry 100% / 4= 25%
   - Ron 100% / 4= 25%
   - Hermione 100% / 4= 25%
   - Ginny 100% / 4= 25%

2. Determine share of EMV *(total EMV x owner % from step 1)*
   - Harry $160,000 x 25%= $40,000
   - Ron $160,000 x 25%= $40,000
   - Hermione $160,000 x 25%= $40,000
   - Ginny $160,000 x 25%= $40,000

3. Determine eligible exclusion *(based on disability rating)*
   - Harry 90% disability= $150,000
   - Ron n/a $0
   - Hermione I.U. permanent= $300,000
   - Ginny n/a $0

4. Determine exclusion limit *(eligible exclusion from step 3 x owner % from step 1)*
   - Harry $150,000 x 25%= $37,500
   - Ron n/a $0
   - Hermione $300,000 x 25%= $75,000
   - Ginny n/a $0

5. Determine exclusion amount *(lesser of EMV from step 2 or exclusion limit per owner from step 4)*
   - Harry $37,500 < $40,000= $37,500
   - Ron n/a $0
   - Hermione $75,000 > $40,000= $40,000
   - Ginny n/a $0

6. Calculate TMV *(EMV - exclusion amount from step 5)*
   - Harry $40,000 - $37,500= $2,500
   - Ron $40,000 - $0= $40,000
   - Hermione $40,000 - $40,000= $0
   - Ginny $40,000 - $0= $40,000
   -

Total Taxable Market Value Remaining **$82,500 (**total amount excluded = $77,500)

Please note that Minnesota Statutes, section 273.13, subdivision 34, states that "*a **property qualifying for exclusion under this subdivision is not eligible for the market value exclusion under subdivision 35* [emphasis added]*."* This means a property receiving the disabled veterans' valuation exclusion is not eligible for the regular homestead value exclusion. In the cases of fractional ownership, despite only one of the owners being eligible for exclusion, the entire property is ineligible for homestead market value exclusion.**

The Role of the Assessor

- **Receive and process applications from qualifying disabled veterans, surviving spouses, and primary family caregivers.** The applications may include a letter from the U.S. Department of Veterans Affairs attesting to service-connected disability and discharge, or both a DD214 (or other official military discharge papers) and an up-to-date service-connected disability rate sheet. Applications for veterans qualifying for up to $150,000 exclusion are due by July 1 annually to be eligible for that same assessment year. Veterans qualifying for the $300,000 exclusion limit need to apply by July 1 of a given year to be eligible for that assessment year, and they do not need to reapply after approval. Appendices E, F, G, and H are applications.
- **Continue to estimate market value for the properties in question.** This valuation exclusion will be deducted after calculating any other deferred valuations or exclusions to arrive at the taxable market value. Additionally, tax statements, value notices, and Truth in Taxation notices will continue to be sent.
- **Exercise caution when questioning disability ratings.** Although as an assessor you may only be aware of a small disability such as a knee injury, you would not be able to ascertain other circumstances such as post-traumatic stress disorder, Agent Orange contamination, head trauma, back trauma, etc. Moreover, it is not important for you to be able to ascertain these extenuating circumstances. Disability ratings are very personal and private. Discussing these disabilities or questioning them with third parties opens the door for lawsuits and administrative repercussions.

Frequently Asked Questions

1. What is the qualifying eligibility for a surviving spouse of a permanently and totally disabled veteran that passed away before enrolling his/her property?

Surviving spouses are not eligible to apply for initial market value exclusion on their own. Veterans with total (100 percent) and permanent service-connected disability must apply and qualify on their own before surviving spouses are eligible to carry over that benefit. In other words, a *spouse* cannot initially qualify; only a veteran can. There is no retroactive application of this benefit to households where the qualifying disabled veteran has already passed away. [For service members who are killed in action, the surviving spouse is immediately eligible to qualify under the provisions of M.S. 273.13, subd. 34, paragraph (d).]

2. What do we do if application documentation is unclear, or we are unsure of its authenticity?

If you are presented with information that you feel is unclear, you may request additional information. The onus is on the taxpayer to provide additional information if it is reasonable and requested by the assessor to verify the information required for the market value exclusion. Any information pertaining to disability status must come from the Veteran’s Administration and not elsewhere. It is not up to county assessors, the Department of Revenue, or County Veterans Service Officers to determine a veteran’s service-connected disability.

3. Will the qualifying veterans be responsible to pay special assessments?
Yes. This value exclusion reduces or eliminates all or a portion of the value on a veteran's homestead property. The exclusion has no effect on special assessments. Special assessments have no relationship to value, they are a lien against property imposed by a public authority to pay costs of public improvements such as sidewalks, streets, sewer, etc.

4. What if the veteran has transferred ownership in his/her property to a son or daughter but retained a life estate?
If a qualifying veteran is the grantor of the life estate and continues to occupy the property as his/ her homestead and primary place of residence, that veteran would be eligible for this exclusion.

5. How does the exclusion work for manufactured homes assessed as personal property?
The exclusion would apply for the same taxes payable year as the application is made.

6. If a property is owned by the spouse of a qualifying disabled veteran, but does not list that veteran as an owner on the deed, does the property qualify?
In order for a property to qualify for market value exclusion, it must be owned and occupied by a qualifying disabled veteran. That said, the veteran's name must be listed as an owner on the deed of the property before the property is eligible for market value exclusion (except in the cases of property owned by a Primary Family Caregiver).

7. Do relative homesteads qualify?
No. Relative homesteads do not qualify for this program. A property must be both owned and occupied by a qualifying disabled veteran before being eligible for the market value exclusion (except in the cases of properties owned by a Primary Family Caregiver).

8. Does the disabled veterans' exclusion apply to linked parcels on a residential homestead?
The law does not preclude linked residential parcels that are homesteaded from being included in the exclusion; it does not limit the exclusion to the base parcel only. Therefore, in our opinion, linked residential parcels that are part of the homestead may receive the market value exclusion. The law *does* limit the benefit on agricultural homesteads to the house, garage and one acre.

9. How would the exclusion apply to multiple qualifying veterans who own the same property, assuming they are not married?
In a scenario where more than one qualifying disabled veteran owns and occupies a property as a homestead, ownership of the home would be divided among all owner-occupants. For each qualifying disabled veteran, the exclusion amount would also reflect the percentage in ownership. This is illustrated in the calculation example in a previous section.

10. If two qualifying spouses own and occupy a home, how should the exclusion be applied?
Spouses are treated as one entity for property tax purposes. If two 70 percent disabled qualifying spouses owned and occupied a property as homestead, the benefit would be $150,000. If two 100 percent permanently disabled qualifying spouses owned the property, the exclusion would be $300,000. If one spouse is 100 percent permanently disabled, and the other 70 percent disabled, the

exclusion amount would be $300,000 (which is the same as if the permanently and totally disabled veteran were married to someone with no qualifying disability).

11. Do properties qualifying for market value exclusion also qualify for class 1b blind/disabled homestead (under Minnesota Statutes, section 273.13, subdivision 22)?
No. Properties that qualify for the market value exclusion for homesteads of disabled veterans do not additionally qualify for class 1b blind/disabled homestead.

12. How should duplex properties be treated?
Minnesota Statutes, section 273.13, subdivision 22, states in part, "In the case of a duplex or triplex in which one of the units is used for homestead purposes, the entire property is deemed to be used for homestead purposes." Therefore, if the disabled veteran meets all other qualifications for the market value exclusion for homesteads of disabled veterans, the value of the entire duplex property would be excluded.

13. In the case of married veterans who do not occupy a property with the spouse (and receive 50 percent homestead), how is the exclusion applied?
The exclusion is only applicable to the property that the veteran owns and occupies. The benefit is based on the qualifying veteran's percentage of homestead interest in the property he or she occupies. If the veteran is receiving partial (50 percent) homestead on this property, the eligibility would be for 50 percent of the maximum exclusion benefit toward the value of the home that the veteran owns and occupies. For example, a permanently and totally disabled veteran would be eligible for a $150,000 market value exclusion on the property he occupies (50 percent of the maximum $300,000 eligibility, based on 50 percent homestead). Fractional interest scenarios are described in a previous section.

A property owned by the veteran and the veteran's spouse, but only occupied by the spouse, would not qualify for exclusion. The property not occupied by the veteran would not be eligible for any "carry over" provisions, either. A property must be owned, occupied, and used as a homestead by a qualifying veteran to be eligible for exclusion. The spouse is not eligible for benefit on his or her own.

14. A qualifying veteran and his spouse own a home but are living in an assisted living apartment. Can their home qualify?
Traditionally, we have not denied homestead benefits to persons requiring assisted living. If the qualifying veteran is an owner of the home, no one else occupies the home or claims homestead on it, and the property is not rented to anyone else, it may still be eligible for market value exclusion.

15. If a qualifying veteran is living in a nursing home, and his wife occupies their home alone, would the property qualify?
If the home is still owned by the veteran (or the veteran and the veteran's spouse), we see no reason to disqualify the home from exclusion. Traditionally, we have not denied homestead treatment to persons requiring nursing home care. As stated above, the property may be eligible for homestead treatment (and therefore the market value exclusion) so long as the qualifying veteran is still an owner of the home, no one other than the owner's spouse occupies the home, the home is not rented by anyone else, and no one else except the veteran and his/her spouse claims homestead on

it. If, logically, the qualifying veteran would claim homestead on this property if he/she were not requiring nursing home care, it would follow that market value exclusion also be given.

16. Can a property qualifying for the value exclusion also receive the property tax refund?
While the homestead market value exclusion (M.S. 273.13, subd. 35) is prohibited in statute, there is nothing precluding a qualifying veteran from applying for a property tax refund. Of course, eligibility requirements will vary from situation to situation.

There has been some misunderstanding among qualifying disabled veterans in terms of what this benefit offers. It might be helpful to explain the different terminology of property tax law when assisting qualifying veterans. Here are some specific examples of commonly misused words when explaining this benefit.
Class: This is not a new property tax classification. It applies to residential and agricultural homestead classes. For agricultural homesteads, the value exclusion applies the house, garage, and first acre of the property.
Credit: This program is not a credit or refund. It is a market value exclusion in relation to taxable market value of a homestead property.
Exemption: This is not a property tax exemption. Again, it is an exclusion of market value (up to a certain amount) from property taxes. It is very possible for a qualifying disabled veteran to continue to pay some property taxes. Properties valued at amounts higher than the available exclusion amount may still be subject to taxes on the remaining market value or special assessments.

DATE: MARCH 31, 2009

VETERANS NAME:
JOE E VETERAN

JOE E VETERAN
1 MAIN STREET
BROWNSVILLE, PENNSYLVANIA 11111

This letter is a summary of benefits you currently receive from the Department of Veterans Affairs (VA). We are providing this letter to disabled veterans to use in applying for benefits such as state or local property or vehicle tax relief, civil service preference, to obtain housing entitlements, free or reduced state park annual memberships, or any other program or entitlement in which verification of VA benefits is required. Please safeguard this important document. This letter is considered an official record of your VA entitlement.

Our records contain the following information:

[Starting here, "Are you considered to be totally and permanently disabled due to your service-connected disabilities" if- and ONLY if- this is marked "YES" the veteran qualifies for the $300,000 exclusion.

If this says "NO" or "NOT INDICATED", move to the next question up regarding unemployability.]

Personal Claim Information:
Your VA claim number is: 111-11-1111
You are the veteran

Military Information:
Your character(s) of discharge and service date(s) include:
HONORABLE, 27 APR 71 – 2 MAY 74
(You may have additional periods of service not listed above)
Are you a former prisoner of war: YES

VA Benefits Information:

Are you considered to be totally and permanently disabled due to your service-connected disabilities: YES
Are you service-connected for loss of or loss of use of a limb, or are you totally blind in or missing at least one eye: YES
Have you received a Specially Adapted Housing (SAH) and /or Special Home Adaptation (SHA) grant: YES
Are you in receipt of non-service-connected pension: NO

You should contact your state or local office of veterans' affairs for information on any tax, license, or fee-related benefits for which you may be eligible. State offices of veterans' affairs are available at http://www.va.gov/statedva.htm.

If you have any questions about this letter or need additional verification of VA benefits, please call us at 1-800-827-1000. If you use a Telecommunications Device for the Deaf (TDD), the number is 1-800-829-4833. You may also visit our website at http://www.va.gov/.

Sincerely yours,

Veterans Service Center Manager

DATE: MARCH 31, 2009

VETERANS NAME:
JOE E VETERAN

JOE E VETERAN
1 MAIN STREET
BROWNSVILLE, PENNSYLVANIA 11111

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Our records contain the following information:

Personal Claim Information:
Your VA claim number is: 111-11-1111
You are the veteran

Military Information:
Your character(s) of discharge and service date(s) include:
HONORABLE, 27 APR 71 – 2 MAY 74
(You may have additional periods of service not listed above)
Are you a former prisoner of war: YES

[If "YES" is noted for "Are you entitled to a higher level of disability due to being unemployable" then this veteran is to be treated as 100 percent disabled, regardless of "combined service-connected evaluation".

Only if this says "NOT INDICATED" or "NO" does the disability combined rating need to be 70, 80, 90, or 100.]

VA Benefits Information:

Are you entitled to a higher level of disability due to being unemployable: YES

Are you service-connected for loss of or loss of use of a limb, or are you totally blind in or missing at least one eye: YES
Have you received a Specially Adapted Housing (SAH) and /or Special Home Adaptation (SHA) grant: YES
Are you in receipt of non-service-connected pension: NO

You should contact your state or local office of veterans' affairs for information on any tax, license, or fee-related benefits for which you may be eligible. State offices of veterans' affairs are available at http://www.va.gov/statedva.htm.

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Sincerely yours,

Veterans Service Center Manager

DATE: MARCH 31, 2009

VETERANS NAME:
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Our records contain the following information:

Personal Claim Information:
Your VA claim number is: 111-11-1111
You are the veteran

Military Information:
Your character(s) of discharge and service date(s) include:
HONORABLE, 27 APR 71 – 2 MAY 74
(You may have additional periods of service not listed above)
Are you a former prisoner of war: YES

VA Benefits Information:
Service-connected disability: YES
Your combined service-connected evaluation is: 70

Are you service-connected for loss of or loss of use of a limb, or are you totally blind in or missing at least one eye: YES
Have you received a Specially Adapted Housing (SAH) and /or Special Home Adaptation (SHA) grant: YES
Are you in receipt of non-service-connected pension: NO

You should contact your state or local office of veterans' affairs for information on any tax, license, or fee-related benefits for which you may be eligible. State offices of veterans' affairs are available at http://www.va.gov/statedva.htm.

If you have any questions about this letter or need additional verification of VA benefits, please call us at 1-800-827-1000. If you use a Telecommunications Device for the Deaf (TDD), the number is 1-800-829-4833. You may also visit our website at http://www.va.gov/.

Sincerely yours,

Veterans Service Center Manager

[This veteran is eligible for the $150,000 exclusion. The combined service-connected evaluation is 70 percent, and the veteran does not have "individual unemployability."]***

DATE: MARCH 31, 2009

VETERANS NAME:
JOE E VETERAN

JOE E VETERAN
1 MAIN STREET
BROWNSVILLE, PENNSYLVANIA 11111

This letter is a summary of benefits you currently receive from the Department of Veterans Affairs (VA). We are providing this letter to disabled veterans to use in applying for benefits such as state or local property or vehicle tax relief, civil service preference, to obtain housing entitlements, free or reduced state park annual memberships, or any other program or entitlement in which verification of VA benefits is required. Please safeguard this important document. This letter is considered an official record of your VA entitlement.

Our records contain the following information:

Personal Claim Information:

You are the veteran

Military Information:
Your character(s) of discharge and service date(s) include:
HONORABLE,

VA Benefits Information:
Service-connected disability: YES
Your combined service-connected evaluation is: 60
Are you entitled to a higher level of disability due to being unemployable: YES
Are you considered to be totally and permanently disabled due to your service-connected disabilities: YES

You should contact your state or local office of veterans' affairs for information on any tax, license, or fee-related benefits for which you may be eligible. State offices of veterans' affairs are available at http://www.va.gov/statedva.htm.

If you have any questions about this letter or need additional verification of VA benefits, please call us at 1-800-827-1000. If you use a Telecommunications Device for the Deaf (TDD), the number is 1-800-829-4833. You may also visit our website at http://www.va.gov/.

Sincerely yours,

Veterans Service Center Manager

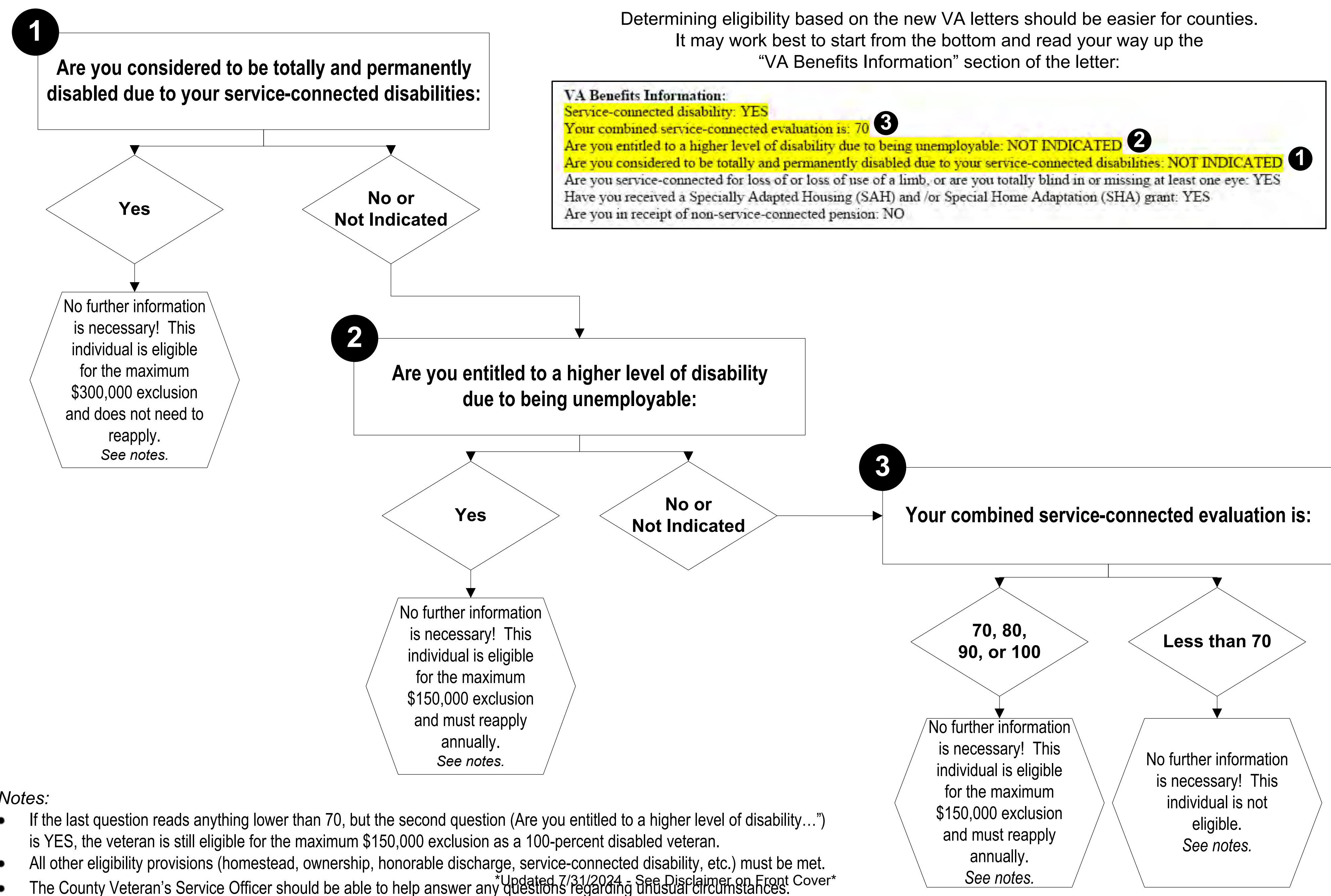
******Even though the combined evaluation is 60, the "first" question we regard ("Are you considered totally and permanently disabled…") says YES, and this veteran is eligible for the maximum exclusion.***

MINNESOTA ▪ REVENUE

Determining Disabled Veteran's Market Value Exclusion

Based on the NEW Veteran's Affairs Letters

Rev. 7/2009



Notes:

- If the last question reads anything lower than 70, but the second question (Are you entitled to a higher level of disability…") is YES, the veteran is still eligible for the maximum $150,000 exclusion as a 100-percent disabled veteran.
- All other eligibility provisions (homestead, ownership, honorable discharge, service-connected disability, etc.) must be met.
- The County Veteran's Service Officer should be able to help answer any questions regarding unusual circumstances.

Updated 7/31/2024 - See Disclaimer on Front Cover

Individual Unemployability Fact Sheet

What Is Individual Unemployability?

Individual Unemployability is a part of VA's disability compensation program that allows VA to pay certain veterans compensation at the 100% rate, even though VA has not rated their service-connected disabilities at the total level.

What Is the Eligibility Criteria for Individual Unemployability?

A veteran must be unable to maintain substantially gainful employment as a result of his/her service-connected disabilities. Additionally, a veteran must have:

- One service-connected disability ratable at ***60*** percent or more, *OR*

- Two or more service-connected disabilities, at least one disability ratable at ***40*** percent or more with a combined rating of ***70*** percent or more.

How Do I Apply?

- Submit VA Form 21-8940, "Veteran's Application for Increased Compensation Based on Unemployability"
- Send application to your nearest VA Regional Office. To find the closest regional office to you, go to http://www1.va.gov/directory/guide/home.asp?isFlash=1 The application can be downloaded at http://www.vba.va.gov/pubs/forms/VBA-21-8940-ARE.pdf or call 1-800-827-1000 and request the form be mailed to you.

Can I Work?

Veterans who are in receipt of Individual Unemployability benefits ***may work*** as long as it is not considered substantially gainful employment. The employment must be considered marginal employment.

- ***Substantially gainful employment*** is defined as employment at which non-disabled individuals earn their livelihood with earnings comparable to the particular occupation in the community where the veteran resides.

- ***Marginal employment*** is generally deemed to exist when a veteran's earned income does not exceed the amount established by the U.S. Census Bureau as the poverty level for the *veteran only*. For more information on the U.S. Census Bureau's poverty thresholds, see http://www.census.gov/hhes/www/poverty/about/overview/measure.html

What If I Don't Meet the Percentage Criteria?

Special consideration will be given for veterans when the following criteria is met:

- The veteran is considered unemployable due to a service-connected disability(ies) but fails to meet the minimum percentage standards, *OR*

- There is evidence of *exceptional* or *unusual* circumstances to impairment of earning capacity due to disabilities (for example, interference with *employment or frequent periods of hospitalization*)

Note: *Veterans may have to complete an employment questionnaire once a year in order for VA to determine continued eligibility to Individual Unemployability.*

For More Information, Call Toll-Free 1-800-827-1000
or Visit Our Web Site at http://www..va.gov.

the termination or reduction for which payments are not otherwise precluded, the rating will contain a notation reading ''Evidence insufficient to evaluate from _________ to ___________.

CROSS REFERENCE: Failure to report for Department of Veterans Affairs examination. See § 3.655.

[29 FR 3623, Mar. 21, 1964]

§§ 3.331–3.339 [Reserved]

§ 3.340 Total and permanent total ratings and unemployability.

(a) *Total disability ratings*—(1) *General.* Total disability will be considered to exist when there is present any impairment of mind or body which is sufficient to render it impossible for the average person to follow a substantially gainful occupation. Total disability may or may not be permanent. Total ratings will not be assigned, generally, for temporary exacerbations or acute infectious diseases except where specifically prescribed by the schedule.

(2) *Schedule for rating disabilities.* Total ratings are authorized for any disability or combination of disabilities for which the Schedule for Rating Disabilities prescribes a 100 percent evaluation or, with less disability, where the requirements of paragraph 16, page 5 of the rating schedule are present or where, in pension cases, the requirements of paragraph 17, page 5 of the schedule are met.

(3) *Ratings of total disability on history.* In the case of disabilities which have undergone some recent improvement, a rating of total disability may be made, provided:

(i) That the disability must in the past have been of sufficient severity to warrant a total disability rating;

(ii) That it must have required extended, continuous, or intermittent hospitalization, or have produced total industrial incapacity for at least 1 year, or be subject to recurring, severe, frequent, or prolonged exacerbations; and

(iii) That it must be the opinion of the rating agency that despite the recent improvement of the physical condition, the veteran will be unable to effect an adjustment into a substantially gainful occupation. Due consideration will be given to the frequency and duration of totally incapacitating exacerbations since incurrence of the original disease or injury, and to periods of hospitalization for treatment in determining whether the average person could have reestablished himself or herself in a substantially gainful occupation.

(b) *Permanent total disability.* Permanence of total disability will be taken to exist when such impairment is reasonably certain to continue throughout the life of the disabled person. The permanent loss or loss of use of both hands, or of both feet, or of one hand and one foot, or of the sight of both eyes, or becoming permanently helpless or bedridden constitutes permanent total disability. Diseases and injuries of long standing which are actually totally incapacitating will be regarded as permanently and totally disabling when the probability of permanent improvement under treatment is remote. Permanent total disability ratings may not be granted as a result of any incapacity from acute infectious disease, accident, or injury, unless there is present one of the recognized combinations or permanent loss of use of extremities or sight, or the person is in the strict sense permanently helpless or bedridden, or when it is reasonably certain that a subsidence of the acute or temporary symptoms will be followed by irreducible totality of disability by way of residuals. The age of the disabled person may be considered in determining permanence.

(c) *Insurance ratings.* A rating of permanent and total disability for insurance purposes will have no effect on ratings for compensation or pension.

[26 FR 1585, Feb. 24, 1961, as amended at 46 FR 47541, Sept. 29, 1981]

§ 3.341 Total disability ratings for compensation purposes.

(a) *General.* Subject to the limitation in paragraph (b) of this section, total-disability compensation ratings may be assigned under the provisions of § 3.340. However, if the total rating is based on a disability or combination of disabilities for which the Schedule for Rating Disabilities provides an evaluation of less than 100 percent, it must be determined that the service-connected disabilities are sufficient to produce

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unemployability without regard to advancing age.

(Authority: 38 U.S.C. 1155)

(b) *Incarcerated veterans.* A total rating for compensation purposes based on individual unemployability which would first become effective while a veteran is incarcerated in a Federal, State or local penal institution for conviction of a felony, shall not be assigned during such period of incarceration. However, where a rating for individual unemployability exists prior to incarceration for a felony and routine review is required, the case will be reconsidered to determine if continued eligibility for such rating exists.

(Authority: 38 U.S.C. 5313(c))

(c) *Program for vocational rehabilitation.* Each time a veteran is rated totally disabled on the basis of individual unemployability during the period beginning after January 31, 1985, the Vocational Rehabilitation and Employment Service will be notified so that an evaluation may be offered to determine whether the achievement of a vocational goal by the veteran is reasonably feasible.

(Authority: 38 U.S.C. 1163)

[46 FR 47541, Sept. 29, 1981, as amended at 50 FR 52774, Dec. 26, 1985; 55 FR 17271, Apr. 24, 19901; 58 FR 32445, June 10, 1993; 68 FR 34542, June 10, 2003]

§ 3.342 Permanent and total disability ratings for pension purposes.

(a) *General.* Permanent total disability ratings for pension purposes are authorized for disabling conditions not the result of the veteran's own willful misconduct whether or not they are service connected.

(Authority: 38 U.S.C. 1502(a))

(b) *Criteria.* In addition to the criteria for determining total disability and permanency of total disability contained in § 3.340, the following special considerations apply in pension cases:

(1) Permanent total disability pension ratings will be authorized for congenital, developmental, hereditary or familial conditions, provided the other requirements for entitlement are met.

(2) The permanence of total disability will be established as of the earliest date consistent with the evidence in the case. Active pulmonary tuberculosis not otherwise established as permanently and totally disabling will be presumed so after 6 months' hospitalization without improvement. The same principle may be applied with other types of disabilities requiring hospitalization for indefinite periods. The need for hospitalization for periods shorter or longer than 6 months may be a proper basis for determining permanence. Where, in application of this principle, it is necessary to employ a waiting period to determine permanence of totality of disability and a report received at the end of such period shows the veteran's condition is unimproved, permanence may be established as of the date of entrance into the hospital. Similarly, when active pulmonary tuberculosis is improved after 6 months' hospitalization but still diagnosed as active after 12 months' hospitalization permanence will also be established as of the date of entrance into the hospital. In other cases the rating will be effective the date the evidence establishes permanence.

(3) Special consideration must be given the question of permanence in the case of veterans under 40 years of age. For such veterans, permanence of total disability requires a finding that the end result of treatment and adjustment to residual handicaps (rehabilitation) will be permanent disability of the required degree precluding more than marginal employment. Severe diseases and injuries, including multiple fractures or the amputation of a single extremity, should not be taken to establish permanent and total disability until it is shown that the veteran after treatment and convalescence, has been unable to secure or follow employment because of the disability and through no fault of the veteran.

(4) The following shall not be considered as evidence of employability:

(i) Employment as a member-employer or similar employment obtained only in competition with disabled persons.

(ii) Participation in, or the receipt of a distribution of funds as a result of

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REPORT OF CASUALTY

REPORT CONTROL SYMBOL DD-P&R(AR)1664

1. REPORT TYPE		2. DATE PREPARED

3. SERVICE IDENTIFICATION

a. NAME *(Last, First, Middle and Suffix)*	b. SOCIAL SECURITY NO.	c. RANK	d. PAY GRADE	e. OCCUPATIONAL CODE/ RATING

f. COMPONENT	g. BRANCH	h. ORGANIZATION

4. CASUALTY INFORMATION

a. TYPE	b. STATUS	c. CATEGORY	d. DATE OF CASUALTY	e. PLACE OF CASUALTY

f. CIRCUMSTANCES

g. DUTY STATUS	h. BODY RECOVERED

5. BACKGROUND INFORMATION

a. DATE OF BIRTH	b. PLACE OF BIRTH	c. COUNTRY OF CITIZENSHIP

d. RACE

e. ETHNICITY	f. SEX

g. RELIGIOUS PREFERENCE

6. ACTIVE DUTY INFORMATION

a. PLACE OF ENTRY	b. DATE OF ENTRY	c. HOME OF RECORD AT TIME OF ENTRY

7. INTERESTED PERSONS/REMARKS *(Name, Address, and Relationship) (Continue on separate sheet, if necessary)*

FOOTNOTES:
1 Primary next-of-kin.
2 Beneficiary(ies) for death gratuity - as designated on record of emergency data.
3 Beneficiary for unpaid pay and allowances - as designated on record of emergency data.

8. REPORTING INFORMATION

a. COMMAND AGENCY	b. DATE RECEIVED

9. DISTRIBUTION	10. SIGNATURE ELEMENT

NOTE: This form may be used to facilitate the cashing of bonds, the payment of commercial insurance, or in the settlement of any other claim in which proof of death is required.

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CERTIFICATE OF DEATH *(OVERSEAS)*
Acte de décès *(D'Outre-Mer)*

NAME OF DECEASED (Last, First, Middle) Nom du décédé (Nom et prénoms)	GRADE Grade	BRANCH OF SERVICE Arme	SOCIAL SECURITY NUMBER Numéro de l'Assurance Sociale
ORGANIZATION Organisation	NATION (e.g., United States) Pays	DATE OF BIRTH Date de naissance	SEX Sexe ☐ MALE Masculin ☐ FEMALE Féminin

RACE Race	MARITAL STATUS Etat Civil		RELIGION Culte	
CAUCASOID Caucasique	SINGLE Célibataire	DIVORCED Divorcé	PROTESTANT Protestant	OTHER (Specify) Autre (Spécifier)
NEGROID Négroïde	MARRIED Marié	SEPARATED Séparé	CATHOLIC Catholique	
OTHER (Specify) Autre (Spécifier)	WIDOWED Veuf		JEWISH Juif	

NAME OF NEXT OF KIN Nom du plus proche parent	RELATIONSHIP TO DECEASED Parenté du décédé avec le susdit
STREET ADDRESS Domicile à (Rue)	CITY OR TOWN AND STATE (Include ZIP Code) Ville (Code postal compris)

MEDICAL STATEMENT Déclaration médicale

CAUSE OF DEATH (Enter only one cause per line) Cause du décès (N'indiquer qu'une cause par ligne)			INTERVAL BETWEEN ONSET AND DEATH Intervalle entre l'attaque et le décès
DISEASE OR CONDITION DIRECTLY LEADING TO DEATH[1] Maladie ou condition directement responsable de la mort[1]			
ANTECEDENT CAUSES Symptômes précurseurs de la mort	MORBID CONDITION, IF ANY, LEADING TO PRIMARY CAUSE Condition morbide, s'il y a lieu, menant à la cause primaire		
	UNDERLYING CAUSE, IF ANY, GIVING RISE TO PRIMARY CAUSE Raison fondamentale, s'il y a lieu, ayant suscité la cause primaire		
OTHER SIGNIFICANT CONDITIONS[2] Autres conditions significatives[2]			

MODE OF DEATH Condition de décès	AUTOPSY PERFORMED Autopsie effectuée ☐ YES Oui ☐ NO Non		CIRCUMSTANCES SURROUNDING DEATH DUE TO EXTERNAL CAUSES Circonstances de la mort suscitées par des causes extérieures
NATURAL Mort naturelle	MAJOR FINDINGS OF AUTOPSY Conclusions principales de l'autopsie		
ACCIDENT Mort accidentelle			
SUICIDE Suicide	NAME OF PATHOLOGIST Nom du pathologiste		
HOMICIDE Homicide	SIGNATURE Signature	DATE Date	AVIATION ACCIDENT Accident d'avion ☐ YES Oui ☐ NO Non

DATE OF DEATH (Hour, day, month, year) Date du décès (l'heure, le jour, le mois, l'année)	PLACE OF DEATH Lieu de décès

I HAVE VIEWED THE REMAINS OF THE DECEASED AND DEATH OCCURRED AT THE TIME INDICATED AND FROM THE CAUSES AS STATED ABOVE.
J'ai examiné les restes mortels du défunt et je conclus que le décès est survenu à l'heure indiquée et à la suite des causes énumérées ci-dessus.

NAME OF MEDICAL OFFICER Nom du médecin militaire ou du médecin sanitaire	TITLE OR DEGREE Titre ou diplôme
GRADE Grade	INSTALLATION OR ADDRESS Installation ou adresse
DATE Date	SIGNATURE Signature

[1] *State disease, injury or complication which caused death, but not mode of dying such as heart failure, etc.*
[2] *State conditions contributing to the death, but not related to the disease or condition causing death.*
[1] *Préciser la nature de la maladie, de la blessure ou de la complication qui a contribué à la mort, mais non la manière de mourir, telle qu'un arrêt du coeur, etc.*
[2] *Préciser la condition qui a contribué à la mort, mais n'ayant aucun rapport avec la maladie ou à la condition qui a provoqué la mort.*

DD FORM 1 APR 77 2064 S/N 0102-LF-002-0640

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DEPARTMENT OF VETERANS AFFAIRS
Medical and Regional Office Center
2101 Elm Street
Fargo ND 58102

In Reply Refer To: 437/211
CSS

NAME
STREET ADDRESS
CITY, STATE ZIP

Dear Sir/Madam:

This letter is a summary of benefits you currently receive from the Department of Veterans Affairs (VA). We are providing this letter to survivors of disabled Veterans to use in applying for benefits such as state or local property or vehicle tax relief, civil service preference, to obtain housing entitlements, free or reduced state park annual memberships, or any other program or entitlement in which verification of VA benefits is required. Please safeguard this important document. This letter is considered an official record of your VA entitlement.

Our records contain the following information:

Personal Claim Information

The claim number shown on our records is: .
You are a survivor of the Veteran.

Military Information

The character(s) of discharge and service date(s) of the veteran include:
(There may be additional periods of service not listed above)

VA Benefits Information

You are in receipt of:
Your current monthly award amount is: $1,111.00
The Veteran died on active duty: NO
The Veteran died as a result of a service-connected disability: YES
Was the Veteran considered permanently and totally disabled at the time of death: YES

You should contact your state or local office of veterans' affairs for information on any tax, license, or fee-related benefits for which you may be eligible. State offices of veterans' affairs are available at http://www.va.gov/statedva.htm.

DEPARTMENT OF VETERANS AFFAIRS
Regional Office
Bishop Henry Whipple Federal Building
1 Federal Drive
St. Paul, MN 55111

Mmddyyyy

In Reply Refer To:
123456
ZZZZ, ZZZ ZZ
335/271

MR ZZZZ Z ZZZZZZ
1234 ZZZZ
ZZZZZ, MN

To Whom It May Concern: D/C –

This is to certify that records of U. S. Department of Veterans Affairs (VA) show that zzzz zzz zzzz is in receipt of ~~disability compensation~~ in the amount of 1234.56 monthly. These payments are made in accordance with the public laws administered by the VA.

Sincerely yours,

K. L. ANDERSON
Veterans Service Center Manager

271/209 zzz/1234 56

APPROVAL LETTER

Date

Dear Caregiver Name (Primary Family Caregiver),

Thank you for participating in the Program of Comprehensive Assistance for Family Caregivers and supporting our Nation's Veterans.

This letter is to inform you that you have been designated and approved as the Primary Family Caregiver for Veteran's name , and as an approved Primary Family Caregiver, you have agreed to or have demonstrated the following eligibility criteria:

- You are at least 18 years of age.
- You are a family member such as a parent, spouse, child, stepfamily member or extended family member, or you are living with the Veteran full time, but are not a family member of the Veteran.
- There are no reports of abuse or neglect of the Veteran that have been documented in the Veteran's electronic health record.
- You have demonstrated the ability to communicate and understand details of the treatment plan and any specific instructions related to the care of the Veteran.
- You have demonstrated the ability to provide personal care services, to include such things as assistance with activities of daily living, (i.e., bathing, eating, dressing, toileting) required by the Veteran and/or providing supervision to prevent the Veteran from harm to self or others.
- You have demonstrated the ability to follow a treatment plan listing the specific care needs of the Veteran without direct supervision.
- You have demonstrated the ability to carry out core competencies as well as additional care requirements as prescribed by the Veteran's care team.

EXAMPLE ONLY

COMPREHENSIVE BENEFITS FOR PRIMARY FAMILY CAREGIVERS

As the approved Primary Family Caregiver, you are eligible for the following services:

- **Stipend Allowance** is nontaxable, as your Caregiver Support Coordinator will review the monthly payment schedule with you and provide a fact sheet for your review. We encourage you to complete the Electronic Transfer Application (Form 3881), as this will expedite your monthly payments.
- **Health Care Coverage** will be provided through the Health Administration Center (HAC) in our Denver Office and additional instructions will be sent by the HAC regarding the health plan and covered benefits.

- **Travel Reimbursement** is 41.5 cents a mile, to include tolls; **Lodging Subsidy** and **Per Diem** will be provided, and reimbursement for the actual cost up to 50 percent of the federal government employee per diem rate for meals and/or lodging will also be provided. All nonemergency travel reimbursement, lodging and subsidy must be preapproved. If you have questions concerning travel reimbursement, lodging subsidy or per diem, please contact our local travel department at 612-467-4290 in Room 1S-119 at the Minneapolis VA Medical Center between the hours of 8:00am and 4:00pm Monday through Friday.
- **Respite** care will be provided of not less than 30 days annually, including 24-hour per-day care, if medically appropriate, and during times when you are required to fulfill mandatory education and training sessions.
- **Mental Health Services**. At your request. These services are to ensure you have adequate support to alleviate stress, burnout and other potential psychological complications resulting from your caregiving responsibilities. The range of approved services includes individual and group therapy and peer support groups. The following services are excluded: medication, other medical procedures related to mental health treatment or inpatient psychiatric care. Your Caregiver Support Coordinator will ensure what you are referred to an appropriate community mental health provider, if you do not have a health plan or CHAMPVA.
- **Education and Training** is continuous, and you will be given the opportunity to complete training in a classroom or by self-study through books, DVD or online. The health care team and the Caregiver Support Coordinator will be available to answer questions and provide additional assistance and training, if needed.
- **Identification Card.** We have provided an identification card (ID) for your use when accessing caregiver's services. Please cut out the ID card that is displayed below and keep it with you at all times. You will be required to show this card upon demand along with a valid picture ID, such as, but not limited to, a driver's license or state ID.

EXAMPLE ONLY

We are excited that you have made this important decision and will be here to support you and Veteran's name so that you can be successful at home. If you have questions regarding the information contained in this letter or about other matters, please feel free to contact your Caregiver Support Coordinator, [Name] [Phone Number], between the hours of 7:30am and 4:00pm Monday through Friday. Your Caregiver Support Coordinator is here to assist you, when needed.

Again, welcome to the Program of Comprehensive Assistance for Family Caregivers and thank you for supporting our Nation's Veterans.

Yours sincerely,

[Name of Support Coordinator], LICSW
Caregiver Support Coordinator

Minneapolis VAMC
Program for Comprehensive Assistance for Family Caregivers
Identification Card

Caregiver's Name

PRIMARY CAREGIVER

Effective Date	Expiration Date	Coordinator: 612-467-2013
05/17/11	05/01712	

FACT SHEET

Caregiver Support Program Interim Rule Implementation of the Program of Comprehensive Assistance for Family Caregivers

Family Caregivers provide crucial support in caring for our Nation's Veterans by allowing them to stay in the homes and communities they defended, surrounded by the loved ones they fought for. Caregivers in a home environment can enhance the health and well-being of Veterans under VA care. Additional VA services are now available to those Family Caregivers who share VA's daily charge to serve those "who have borne the battle." VA will accept applications from seriously injured post 9-11 Veterans and their Family Caregivers for the new Program of Comprehensive Assistance for Family Caregivers, starting May 9th, 2011. For those eligible to enroll in the program, training will begin in early June 2011. Many Veterans and caregivers, members of congress, Veteran Service Organizations and community partners helped make this legislation possible. We at VA appreciate all the support for the Family Caregiver as the regulation that will define this program is implemented.

IMPORTANT ELIGIBILITY NEWS:

- Veterans eligible for this program are those who sustained a serious injury including traumatic brain injury, psychological trauma or other mental disorder incurred or aggravated in the line of duty, on or after September 11, 2001.

- Veterans eligible for this program must also be in need of personal care services because of an inability to perform one or more activities of daily living and/or need supervision or protection based on symptoms or residuals of neurological impairment or injury.

- To be eligible for the Program of Comprehensive Assistance for Family Caregivers, Veterans must first be enrolled for VA health services, if not enrolled previously.

- Starting May 9, 2011, Veterans may download a copy of the Caregiver program application (VA CG 10-10) at www.caregiver.va.gov. The application enables Veterans to designate one primary Family Caregiver and up to two secondary Family Caregivers if desired. Caregiver Support Coordinators are available at every VA medical center to assist Veterans and their Family Caregivers with the application process. Additional application assistance can be found by via phone at 1-877-222 VETS (8387).

- If the Veteran is not currently enrolled, both the VA Form 10-10 EZ for VA health services and the application for the Caregiver Program (VA Form 10-10 CG) will need to be completed.

- The application must be completed and signed by both the Veteran or their legal representative and the primary Family Caregiver. The application can be hand carried to a local VA Medical Center (VAMC) for walk-in processing, or if expedited processing is preferred, it may be mailed to:

  Family Caregivers Program
  Health Eligibility Center
  2957 Clairmont Road NE
  Suite 200
  Atlanta, GA 30329-1647

- Within three business days of receipt of the initial application, the Caregiver Support Coordinator at the Veteran's preferred VA Medical Center will contact the Veteran and primary Family Caregiver to arrange for the Family Caregiver to complete the application and schedule required training.

- A clinical team from VA will coordinate arrangements with the Veteran to complete a clinical eligibility assessment. This will include evaluating what assistance the Veteran needs with activities of daily living such as eating, bathing, grooming, and/or need for supervision or protection.

- Training is completed by the primary Family Caregiver once it is determined the Veteran meets clinical eligibility criteria. Training can be completed in one of three ways: Attending the Family Caregiver classroom training conducted at a local VA medical center or community location; completing the training online on a security protected website; or by self-study using a workbook and DVD that will be mailed to the Family Caregiver.

- Once the Family Caregiver training is completed, a VA clinician will visit the Veteran's home. The purpose of this visit is to make sure that the Family Caregiver and Veteran have everything they need to be safe and successful in the home setting.

- After the home visit is completed, the Family Caregiver will begin receiving a monthly stipend based on the Veteran's level need and required assistance. The Family Caregiver may also receive health insurance benefits through CHAMPVA if the Family Caregiver does not have existing health insurance. The stipend and health insurance benefits will be retroactive to the date of initial application.

- There are over two dozen services specific to Caregivers of Veterans of all eras that are currently being offered by VA. Contact your local VAMC Caregiver Support Coordinator or the Caregiver Support Line at 1-855-260-3274 for information on these and other caregiver resources and services.

CR-DVHE70
Market Value Exclusion on Homestead Property of Disabled Veterans with 70 Percent or More Disability

Provides for market value exclusion for homesteads of disabled veterans.

Applications are due by July 1. Read instructions before completing. Please note that there is a separate application for veterans with total (100 percent) and permanent disability.

Type or Print

First name and middle initial	Last name	Social Security number	
Spouse's first name and middle initial	Last name	Social Security number	
Address (cannot be a P.O. Box number)		Date of birth	
City	State	Zip Code	County
Property ID number (from property tax statement):			

Check one: Is this property your homestead?

☐ Yes ☐ No

Check all that apply

Check all boxes that apply. You must have a U.S. Government Form DD214 or other official military discharge papers, and must be certified by the U.S. Department of Veterans Affairs (VA) as having a service-connected disability of 70 percent or more.

Check if:

☐ I have been certified by the United States VA as having a service-connected disability of 70 percent or more.

Check one:
I have attached the appropriate documentation certifying that I have been honorably discharged and verifying my disability status.

☐ Yes ☐ No

Sign Here

Sign below:
By signing below, I certify that the above information is true and correct to the best of my knowledge.

Making false statements on this application is against the law
Minnesota Statutes, section 609.41, states that anyone giving false information in order to avoid or reduce their tax obligations is subject to a fine of up to $3,000 and/or up to one year in prison.

Signature of applicant	Signature of spouse	Date	Daytime phone

For office use only to be completed by the county assessor.

Name of applicant

Application is ☐ Approved ☐ Denied for assessment year:

Assessor's Signature and Date

Please mail completed application and required attachments to your county assessor.

Applying for the disabled veterans homestead market value exclusion Form CR-DVHE70

Who is eligible?

You may be eligible for a market value exclusion of up to $150,000 on homestead property if you are a United States military veteran with a service-connected disability of 70 percent or more.

You may be eligible for a market value exclusion of up to $300,000 on homestead property if you are a United States military veteran with **total (100 percent) and permanent** service-connected disability. If you are 100 percent and permanently disabled, you must complete form CR-DVHE100 (*Market Value Exclusion on Homestead Property of Veterans with Total and Permanent Disability)*.

You must be able to verify honorable discharge from the United States armed forces as indicated by U.S. Government Form DD214 or other official military discharge papers. You must also be certified by the United States Department of Veterans Affairs (VA) as having service-connected disability.

Homestead Property

This application is **not** a substitute for a homestead application. You must apply for and be granted homestead on a qualifying property prior to applying for this market value exclusion.

How to apply

Complete the entire application fully and legibly. Attach *all* proper documentation. Mail the application and the required documentation to your county assessor by July 1 of the current year to be eligible for exclusion in the next payable tax year.

Any veteran qualifying for the $150,000 exclusion must reapply by July 1 of **each year** to continue to be eligible for the exclusion.

If you are married and you own your home jointly, both you and your spouse must sign the form.

Required attachments

Please attach official military discharge papers (United States Government Form DD214 or other) to verify that you have been honorably discharged from the United States Armed Forces. Please also attach any forms that verify your service-connected disability status as certified by the United States Veterans Affairs department.

It is acceptable to supply one letter provided by the VA containing all of the above information.

Use of information

The information on this form is required by Minnesota Statutes, section 273.13 to properly identify you and determine if you qualify for the market value exclusion. Your Social Security number is required. If you do not provide the required information, your application may be delayed or denied.

Penalties

Making false statements on this application is against the law. Minnesota Statutes, section 609.41, states that anyone giving false information in order to avoid or reduce their tax obligations is subject to a fine of up to $3,000 and/or up to one year in prison.

Additional resources

Your county's Veterans Service Office and Assessor's Office should be able to assist you with properly filling out this form. A fact sheet may be found on the Department of Revenue's website at www.taxes.state.mn.us.

CR-DVHE100
Market Value Exclusion on Homestead of Disabled Veterans with Total and Permanent Disability
Provides for market value exclusion for homesteads of disabled veterans

Applications are due by July 1. Read instructions before completing. Please note that there is a separate application for veterans who are 70 percent or more disabled (but are not totally and permanently disabled).

Type or Print

First name and middle initial	Last name	Social Security number	
Spouse's first name and middle initial	Last name	Social Security number	
Address (cannot be a P.O. Box number)		Date of birth	
City	State	Zip Code	County
Property ID number (from property tax statement):			

Check one: Is this property your homestead?
☐ Yes ☐ No

Check all that apply

Check all boxes that apply. You must have a U.S. Government Form DD214 or other official military discharge papers, and must be certified by the U.S. Department of Veterans Affairs (VA) as having a permanent service-connected disability of 100 percent.

Check if:

☐ I have been certified by the United States VA as having permanent and total service-connected disability.

Check one:
I have attached the appropriate documentation certifying that I have been honorably discharged and verifying my disability status.
☐ Yes ☐ No

Sign Here

Sign below:
By signing below, I certify that the above information is true and correct to the best of my knowledge.

Making false statements on this application is against the law
Minnesota Statutes, section 609.41, states that anyone giving false information in order to avoid or reduce their tax obligations is subject to a fine of up to $3,000 and/or up to one year in prison.

Signature of applicant	Signature of spouse	Date	Daytime phone

For office use only to be completed by the county assessor.

Name of applicant

Application is ☐ Approved ☐ Denied for assessment year:

Assessor's Signature and Date

Please mail completed application and required attachments to your county assessor.

Applying for the disabled veterans homestead market value exclusion Form CR-DVHE100

Who is eligible?

You may be eligible for a market value exclusion of up to $300,000 if you are a United States military veteran with total (100 percent) and permanent service-connected disability.

If you are not totally and permanently disabled but have disability of 70 percent or more, then you may qualify for a $150,000 market value exclusion. If this is the case, please complete form CR-DVHE70 (*Homestead of Disabled Veterans with 70 Percent or More Disability*).

You must be able to verify honorable discharge from the United States armed forces as indicated by U.S. Government Form DD214 or other official military discharge papers. You must also be certified by the United States Department of Veterans Affairs (VA) as having service-connected disability.

Homestead Property

This application is **not** a substitute for a homestead application. You must apply for and be granted homestead on a qualifying property prior to applying for this market value exclusion.

How to apply

Complete the entire application fully and legibly. Attach *all* proper documentation. Mail the application and the required documentation to your county assessor by July 1 of the current year to be eligible for exclusion in the next payable tax year.

For veterans with total (100 percent) and permanent disability, there is no need to reapply after you have been accepted.

If you are married and you own your home jointly, both you and your spouse must sign the form.

Required attachments

Please attach official military discharge papers (United States Government Form DD214 or other) to verify that you have been honorably discharged from the United States Armed Forces. Please also attach any forms that verify your service-connected disability status as certified by the United States Veterans Affairs department.

It is acceptable to supply one letter provided by the VA containing all of the above information.

Use of information

The information on this form is required by Minnesota Statutes, section 273.13 to properly identify you and determine if you qualify for the market value exclusion. Your Social Security number is required. If you do not provide the required information, your application may be delayed or denied.

Penalties

Making false statements on this application is against the law. Minnesota Statutes, section 609.41, states that anyone giving false information in order to avoid or reduce their tax obligations is subject to a fine of up to $3,000 and/or up to one year in prison.

Additional resources

Your county's Veterans Service Office and Assessor's Office should be able to assist you with properly filling out this form. A fact sheet may be found on the Department of Revenue's website at www.taxes.state.mn.us.

Homestead Market Value Exclusion for Surviving Spouses of Totally and Permanently Disabled Veterans or Service Members Who Have Died While Serving Honorably in Active Service

Applications are due annually by July 1. Read instructions before completing.

Property Owner

First name and middle initial | Last name | Social Security number

Deceased Veteran's first name and middle initial | Last name | Social Security number

Address (cannot be a P.O. Box number) | Date of birth

City | State | Zip Code | County

Property ID number (from property tax statement):

Check one: Is this property your homestead?
☐ Yes ☐ No

Check one: Do you hold the legal or beneficial title to the homestead property?
☐ Yes ☐ No

Applicant Information

Check all boxes that apply.

Surviving Spouses of Permanently and Totally Disabled Veterans:
I am the surviving spouse of a veteran who was receiving the Market Value Exclusion for Permanently and Totally Disabled Veterans on this property. I have attached verification of my benefits as a surviving spouse of a totally and permanently disabled veteran.

☐ Yes ☐ No

This homestead property received the exclusion under the veteran's name prior to this application.

☐ Yes ☐ No

Surviving Spouses of Service Members Who Have Died While Serving in Active Duty:
I am the surviving spouse of a service member of a branch of the United States Armed Forces that passed away due to a service-connected cause while serving honorably in active duty. I have attached U.S. Government Form DD1300 or DD2064.

☐ Yes ☐ No

Annual reapplication information:

☐ I certify that, since the property's original exclusion, I have not remarried, nor sold, transferred, or otherwise disposed of this property, and I continue to homestead this property.

Sign Here

Sign below:
By signing below, I certify that the above information is true and correct to the best of my knowledge.

Making false statements on this application is against the law
Minnesota Statutes, section 609.41, states that anyone giving false information in order to avoid or reduce their tax obligations is subject to a fine of up to $3,000 and/or up to one year in prison.

Signature of applicant | **Date** | **Daytime phone**

For office use only to be completed by the county assessor.

Name of applicant

Application is Approved / Denied for assessment year:

Please mail completed application and required attachments to your county assessor.

Applying for the homestead market value exclusion for property of a surviving spouse of a permanently and totally disabled veteran or a service member who died while serving in active duty

Form CR-DVHESS

Who is eligible?

You may be eligible for a market value exclusion of up to $300,000 for up to five taxes payable years if you are the surviving spouse of a United States military veteran with total (100 percent or individual unemployability) and permanent service-connected disability and your property had previously received the disabled veteran market value exclusion under the veteran's qualifications. You may need to verify through the County Assessor that your property previously received this exclusion under the qualifying veteran's name and disability status.

You may also be eligible for a market value exclusion of up to $300,000 if you are the surviving spouse of a member of the United States Armed Forces who died due to a service connected cause while serving honorably in active duty, as indicated on U.S. Government Form DD1300 or DD2064.

You must be able to verify that you are a surviving spouse of a permanently and totally disabled veteran or a service member who died while serving in active duty.

Homestead Property

This application is **not** a substitute for a homestead application. You must apply for and be granted homestead on a qualifying property prior to applying for this market value exclusion.

How to apply

Complete the entire application fully and legibly. Attach *all* proper documentation. Mail the application and the required documentation to your county assessor by July 1 of the current year to be eligible for exclusion in the next payable tax year.

You must reapply annually by July 1 to continue to receive this exclusion for a maximum of five taxes payable years.

You will continue to receive the benefit for five taxes payable years after the year of the veteran's death or until such time as you remarry, or sell, transfer, or otherwise dispose of your property – whichever comes first.

Required attachments

Please attach all required documentation to verify that you qualify for this exclusion.

Use of information

The information on this form is required by Minnesota Statutes, section 273.13 to properly identify you and determine if you qualify for this market value exclusion. Your Social Security number is required. If you do not provide the required information, your application may be delayed or denied. Your County Assessor may also ask for additional verification of qualifications.

Penalties

Making false statements on this application is against the law. Minnesota Statutes, section 609.41, states that anyone giving false information in order to avoid or reduce their tax obligations is subject to a fine of up to $3,000 and/or up to one year in prison.

Additional resources

Your county's Veterans Service Office and Assessor's Office should be able to assist you with properly filling out this form. A fact sheet may be found on the Department of Revenue's website at www.taxes.state.mn.us.

Market Value Exclusion on Homestead of Disabled Veteran's Primary Family Caregiver

Applications are due by July 1. Please read all instructions before completing.

Property Owner

First name and middle initial | Last name | Social Security number

Spouse's first name and middle initial | Last name | Social Security number

Address (cannot be a P.O. Box number) | Date of birth

City | State | Zip Code | County

Property ID number (from property tax statement):

Check one: Is this property your homestead?
☐ Yes ☐ No

Check one: I am approved by the secretary of the United States Department of Veterans Affairs for assistance as the primary provider of personal care services for the veteran listed on this application who is an eligible veteran under the Program of Comprehensive Assistance for Family Caregivers, codified as United States Code, title 38, section 1720G.
☐ Yes ☐ No

Veteran Info

Veteran's First Name | Last name | Social Security Number

Address | Date of Birth

City | State | Zip Code | County

Check all boxes that apply. The veteran must have a U.S. Government Form DD214 or other official military discharge papers, and must be certified by the U.S. Department of Veterans Affairs (VA) as having a service-connected disability of 70 percent or more.
Check if:

☐ The veteran has been certified by the United States VA as having service-connected disability of 70 percent or more. I have attached documentation supporting this statement.

☐ The veteran has been certified by the United States VA as having a permanent service-connected disability of 100 percent. I have attached documentation supporting this statement.

I have attached the appropriate documentation certifying that the veteran has been honorably discharged. ☐ Yes ☐ No

I have attached the VA Caregiver Support Approval Letter verifying that I am the veteran's Primary Family Caregiver.
☐ Yes ☐ No

Sign Here

Sign below:
By signing below, I certify that the above information is true and correct to the best of my knowledge.

Making false statements on this application is against the law
Minnesota Statutes, section 609.41, states that anyone giving false information in order to avoid or reduce their tax obligations is subject to a fine of up to $3,000 and/or up to one year in prison.

Signature of applicant | **Signature of spouse** | **Date** | **Daytime phone**

For office use only to be completed by the county assessor.

Name of applicant

Application is ☐ Approved ☐ Denied for assessment year:

Please mail completed application and required attachments to your county assessor.

Applying for the homestead market value exclusion for primary family caregivers of disabled veterans.

Form CR-DVPFC

Who is eligible?

You may be eligible for a market value exclusion of up to:

- $150,000 if you are the primary family caregiver of a United States military veteran with a service-connected disability of 70 percent or more, or
- $300,000 if you are the primary family caregiver of a United States military veteran with a permanent and total (100 percent) service-connected disability.

You must be able to verify honorable discharge status of the veteran from the United States armed forces as indicated by U.S. Government Form DD214 or other official military discharge papers. You must also be able to verify that the veteran is certified by the United States Department of Veterans Affairs as having service-connected disability.

Homestead Property

This application is **not** a substitute for a homestead application. You must apply for and be granted homestead on a qualifying property prior to applying for this market value exclusion.

How to apply

Complete the entire application fully and legibly. Attach *all* proper documentation. Mail the application and the required documentation to your county assessor by July 1 of the current year to be eligible for exclusion in the next payable tax year.

Applications and documentation must be submitted annually in order to continue receiving the exclusion.

If you are married and you own your home jointly, both you and your spouse must sign the form.

Required attachments

Please attach official military discharge papers (United States Government Form DD214 or other) to verify that the veteran has been honorably discharged from the United States Armed Forces. Please also attach any forms that verify the veteran's service-connected disability status as certified by the United States Department of Veterans Affairs, along with documentation that you are the veteran's primary family caregiver in the form of a letter from the VA Caregiver Support.

Use of information

The information on this form is required by Minnesota Statutes, section 273.13 to properly identify you and determine if you qualify for the market value exclusion. Your Social Security number, as well as the Social Security number of the disabled veteran, is required. If you do not provide the required information, your application may be delayed or denied.

Penalties

Making false statements on this application is against the law. Minnesota Statutes, section 609.41, states that anyone giving false information in order to avoid or reduce their tax obligations is subject to a fine of up to $3,000 and/or up to one year in prison.

Additional resources

Your county's Veterans Service Office and Assessor's Office should be able to assist you with properly filling out this form. A fact sheet may be found on the Department of Revenue's website at www.taxes.state.mn.us.

MINNESOTA ▪ REVENUE

Memo

Date: February 8, 2012

To: All County and City Assessors

From: Andrea Fish, State Program Administrator
Information and Education Section

Subject: **Classification of storage unit properties**

Recently, the Department of Revenue has been asked by many individuals for our opinion on the proper classification of storage units that are sold similarly to condominium property and available for private use. These are condominium-like facilities that are comprised of separate individual storage units. Each unit has its own legal description and is individually-owned. A recent informal survey of assessors has made us aware that there are inconsistent assessment practices related to these properties.

It is our opinion that these units must be classified based on ownership and use – as all property is to be classified by law. For units that are owned by individuals and used for personal storage, we recommended a residential classification. For units that are owned by businesses and used for commercial purposes, the proper classification would be commercial. In some instances, the unit may be used in conjunction with the owner's homestead property and located in the immediate proximity of the homestead. In those cases, if the owner makes application, the homestead may be extended to the unit.

It is our expectation that compliance with Minnesota property tax laws will be achieved, and we will continue to work with all counties via our division's Property Tax Compliance Officers to ensure equal and fair assessment practices.

If you have any questions, please contact the property tax division via email at proptax.questions@state.mn.us.

MEMO

Date: January 9, 2012

To: All Assessors

From: **Drew Imes, Senior State Program Administrator**
Information and Education Section
Property Tax Division

Subject: **Property Tax Abatements Not Subject to Minnesota Statute 375.192**

It has recently come to our attention that some clarification would be helpful regarding the department's policy on abatements that are outside of the county's power to grant. (The county may grant abatements for the current assessment year plus two previous assessment years.) This memo is to inform you that the department does have administrative policies and procedures for granting abatements in very limited circumstances under Minnesota Statute 270C.86 for abatements that exceed the time limit of those granted by counties.

For instance, the Department of Revenue will consider granting abatements in situations involving errors made by government officials or when there is no other method to rectify unjustly or erroneously applied property taxes. If your office believes that there is a situation that warrants the department's involvement concerning an abatement, please contact the Property Tax Division. The department has a written policy and an updated abatement form that we can provide to the county if it is determined that the abatement request is appropriate.

Information concerning the department's abatement policy for abatements granted under Minnesota Statute 270C.86 will be added to the Property Tax Administrator's Manual and the Auditor/Treasurer Manual in future updates.

MINNESOTA ▪ REVENUE

Memo

Date: June 30, 2011

To: All County Assessors

From: Andrea Fish, Information and Education Section
Property Tax Division

Subject: Refund of deferred taxes paid upon withdrawal from Green Acres

Laws 2011, Chapter 13, section 5 added an uncodified provision outlining the treatment of properties which were removed from Green Acres at the owner's request. Property owners who withdrew class 2a land from Green Acres at any time since May 21, 2008 may apply for enrollment in Green Acres until as late as August 1, 2011 to be eligible for enrollment in the 2011 assessment year and going forward. Additionally, property owners who withdrew properly-enrolled class 2b lands from Green Acres at any time since May 21, 2008, may enroll those acres into Rural Preserve as late as August 1, 2011 and be treated as if those acres were enrolled in Green Acres immediately prior to enrollment in Rural Preserve.

If a property owner withdrew class 2a acres after May 21, 2008, or withdrew class 2b acres after August 16, 2010, and paid deferred taxes, those taxes should be repaid to the property owner if they re-enroll in Green Acres or enroll in Rural Preserve as outlined above. Only those acres enrolled in either program are eligible for refund of the deferred taxes paid. Additional taxes paid while the property has been assessed at its highest and best use value (if any) are not refunded to the taxpayer. The Commissioner of Revenue was charged with prescribing the manner in which these deferred taxes should be repaid.

We recommend that County Auditors treat any qualifying refunds in the same manner in which tax court judgments are handled. The Auditor shall draw a warrant upon the County Treasurer for the payment of these refunds. The County Auditor may (with the consent of the property owner) issue a certificate stating the amount of the refund due, which may be used to apply to current or future taxes due for the taxing district(s).

In the event the auditor shall issue a warrant for refund or certificates, the amount is to be charged to all taxing districts in proportion to the amount of their respective taxes included in the levy, and the auditors must deduct the same in the subsequent distribution of any tax proceeds to the taxing districts. Upon receiving any such certificate in payment of other taxes, the amount shall be distributed to the taxing districts in proportion to the amount of their respective taxes included in the levy.

If you have any questions, please contact our division via email at proptax.questions@state.mn.us.

MINNESOTA ▪ REVENUE

Memo

Date: June 2, 2011

To: County Veterans Service Officers

From: Andrea Fish, State Program Administrator
Property Tax Division, Minnesota Department of Revenue

Subject: **Property Taxes – Market Value Exclusion for Homesteads of Disabled Veterans**

It has come to our attention that there has been a delay through the United States Department of Veterans Affairs in issuing the annual "Summary of Benefit" letters. This delay will affect the ability of many Minnesota veterans to provide all necessary documentation for the property tax program which provides a market value exclusion for homesteads of disabled veterans.

Because of this unanticipated delay, we have recommended that County Assessors allow applications for exclusion until as late as September 1, 2011 for the 2011 assessment year (for taxes payable in 2012). This timeline is identical to that granted during the program's initial year. Veterans may choose to apply for the program by the July 1 statutory deadline, provided that the necessary documentation of disability is provided to the assessor by no later than September 1. Assessors may also work with the veterans in your community if applications are received after July 1 to determine if the late application is related to this delay.

While a number of qualifying veterans are permanently disabled and are not required to provide annual documentation of disability, there will be several veterans who depend upon this documentation to prove that the qualifications for market value exclusion are met.

The Department of Revenue appreciates the work that you do on behalf of Minnesota's veterans. Your assistance and helpfulness with implementing this program has been, and continues to be, a great benefit to our state. Thank you.

MEMO

To: All City and County Assessors

From: Drew Imes, State Program Administrator
Property Tax Division

Date: April 18, 2011

Re: Homestead Absence Due to Prison

INTRODUCTION

Minnesota Statute, section 273.124, *Homestead Determination; Special Rules,* governs how homesteads are determined in Minnesota. There has been uncertainty in recent years as to how to determine when to remove a homestead based on the occupancy of the owner when the owner is absent because of incarceration. What follows is the current Minnesota Department of Revenue position on this issue, which is based upon the interaction of court precedent, the mid-year homestead statutory language, and administrative feasibility.[i]

DIRECTIVE

Prison terms of less than two years (less than 24 months):

- If the property owner is sentenced to a term of less than two years, and the assessor has determined the owner intends to return, homestead status will not be affected.

Prison terms of two years or more (24 months or more):

- If the property owner is sentenced to a term of two years or more, or the assessor has determined the owner does not intend to return, remove the homestead on the January 2 that follows incarceration.

"PERSONAL CIRCUMSTANCE" ALLOWANCE

If the spouse, or spouse and minor children that constitute the incarcerated person's family, continue to occupy the property as a homestead, the homestead should continue as a "personal circumstance" allowance under Minnesota Statute, section 273.124, subdivision 1, paragraph (e).

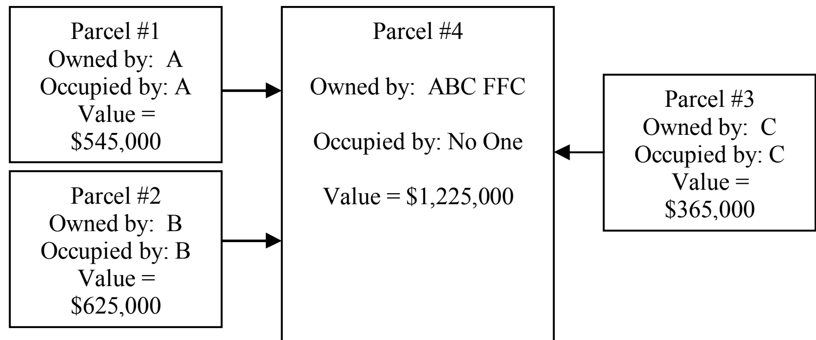
[i] This directive is based on various court cases and the applicable statutes. See the Minnesota Supreme Court case Dill v. Hennepin, Minnesota Tax Court 1985, File No. TC-3431 84-831 (affirmed 381 N.W.2d 443) (holding that an absence for more than nine years due to incarceration justified removal of a homestead); Blaisdell v. County of Hennepin, Minnesota Tax Court 1991, File No. TC-12226, (holding that an absence due to incarceration for less than one year does not justify removal of a homestead). See also, Attorney General Opinion 213, February 9, 1949, (holding that an absence of more than four years may be too long and a homestead should be removed); See also Minnesota Statute §273.124, Homestead Determination; Special Rules.

market value may either expand or contract, property ownership may change, or owners may apply on new or different properties.

One significant issue is the fact that taxpayers must notify you of the properties they wish to link to their individual homesteads by July 1,but special ag homestead applications are not due to be returned until December 15. Taxpayers will not need to notify you annually if there are no changes to their ownership interests, but they will need to notify you by July 1 to link new properties. Another issue is that multiple individuals may link their base homesteads to entity-held land in order to maximize the number of first-tier benefits they receive. We anticipate limited use of the value linkage, so we hope these issues are manageable. Keep in mind property owners must have an individual ag homestead first, then have excess value left in the first tier of market value to extend to the other property.

In an effort to assist you with record-keeping, we have developed a form we recommend you use to help in tracking this homestead linkage. We have also provided a specific example of how the value linkage may work. If you have questions or concerns, please direct them to proptax.questions@state.mn.us.

Ag Homestead Value Linkage Example:
Farmers A, B, and C each own and occupy their own farms. Together they also own land and farm land as ABC Family Farm Corporation which is within 4 cities or townships of all individually owned parcels. ABC Family Farm Corp. is authorized to own and farm land under section 500.24.



1. Start with each individually-owned ag homestead parcel.
2. Link all the individually-owned parcels to the chain first.
3. Calculate the total value of these parcels.
4. If the amount is less than the first tier value maximum ($1,140,000 for the 2010 assessment), then additional entity-owned parcels may receive the remaining value.

Individual Owner	Individually-Owned Homestead Parcel(s) Values	+	Remaining First-tier Homestead Value *(to carry over to entity-owned property)*	=	Maximum First Tier Value Amount (for current assmt)
Owner A (Parcel 1)	$545,000		$595,000		$1,140,000
Owner B (Parcel 2)	$625,000		$515,000		$1,140,000
Owner C (Parcel 3)*	$365,000		$775,000		$1,140,000
Total Value Available to Carry Over to Entity-Owned Property (Parcel #4)			**$1,885,000**		

* Since Parcel 4 is only valued at $1,225,000 and there is $1,885,000 of total value available to carry over, the entire parcel is at the ag homestead class rate. Owner C has an additional $660,000 of value that could potentially be carried over to another qualifying entity-owned property. If the total value available to carry over is less than the value of the entity-owned parcel, the remaining value should be classified as agricultural non-homestead.

CR–LINKAGE-10

For Office Use Only

Notification of Agricultural Homestead Value Tier Linkage

______________ County

Homestead Classification Rate on Agricultural Land Owned by a Farming Entity
Minnesota Statutes 273.124, Subdivision 8, Paragraph (d)

A — Individual Owner-Occupied Property Information

Last Name	First Name	M.I.

Property Address - Street	City	Zip

Parcel Identification Number (PID) of homestead base parcel	Daytime Telephone Number

B — Farming Entity-Owned Parcel Information

In part B, please provide the Parcel Identification Number (you can get this number from your property tax statement) for the parcel or parcels which you wish to link to your individual owner-occupied base parcel(s) for classification rate purposes.

Parcel I.D.	Property Owner	Parcel I.D.	Property Owner

Please attach another form if you need more space.

Please answer the following questions:

		YES	NO
1.	I certify that I am a member, shareholder, or partner of the entity that owns the property listed above.	☐	☐
2.	I certify that I am a Minnesota resident.	☐	☐
3.	I certify that I live within four cities and townships of any property listed above in part B.	☐	☐
4.	I certify that I will notify the assessor when my ownership interest in any of the above parcels change.	☐	☐

Signature

By signing below, I certify that the above information is correct.

Signature of Owner	Date

MAKING FALSE STATEMENTS ON THIS APPLICATION IS AGAINST THE LAW

Anyone giving false information in order to avoid or reduce their tax obligations is subject to a fine of up to $3,000 and/or up to one year in prison. (Minnesota Statutes 609.41) The property owner may be required to pay all tax that is due on the property based on its correct property class, plus a penalty equal to the same amount. (Minnesota Statutes 273.124, subdivision 13)

For Optional County Office Use Only					
Assessment Year		Total Value of Individual-Owned Ag Homestead Parcel (s):		Unused First Tier Homestead Value to be linked:	
Assessment Year		Total Value of Individual-Owned Ag Homestead Parcel (s):		Unused First Tier Homestead Value to be linked:	
Assessment Year		Total Value of Individual-Owned Ag Homestead Parcel (s):		Unused First Tier Homestead Value to be linked:	
Assessment Year		Total Value of Individual-Owned Ag Homestead Parcel (s):		Unused First Tier Homestead Value to be linked:	

MINNESOTA · REVENUE

Date: July 29, 2010

To: All Assessors

From: Stephanie L. Nyhus, Principal Appraiser
Information and Education Section

Re: Clarifications Regarding Ag Homestead Value "Linkage"

We have received several questions regarding our recently-released Agricultural Homestead Value Linkage memo as well as the Assessment Abstract instructions. Hopefully, this memo will help clarify some of the confusion surrounding those issues as well as allow you to understand our rationale behind our decisions.

1. **This "linkage" represents a linkage for classification rate purposes only. It does not refer to the more commonly understood "linkages" that convey the other homestead benefits such as agricultural homestead market value credits or allow the property to qualify for any subsequent Green Acres benefits.**
   Rationale: This provision only conveys class rate benefits. It does not confer any other homestead benefits. Therefore, in programming terms, the new law does NOT address multi-parcel homestead linkages. Instead, it has effectively created a new classification that is tied to the first tier homestead value limit (please see the 2010 Assessment Abstract Instructions for additional explanation). Because programming for this situation may be impossible or ill-advised, it may best be addressed via manual maintenance, at least until the provision has matured in practice.

2. **The agricultural homestead value linkage does not extend to agricultural relative homesteads or to special agricultural homestead situations.**
   Rationale: Minnesota Statutes, section 273.124, subdivision 8, paragraph (d) specifies "*Agricultural property that (1) is owned by a family farm corporation, joint farm venture, limited liability company, or partnership and (2) is contiguous to a class 2a homestead under section 273.13, subdivision 23, or if noncontiguous, is located in the same township or city, or not farther than four townships or cities, or combination thereof from a class 2a homestead, and the class 2a homestead is owned by one of the shareholders, members, or partners* (emphasis added)*; is entitled to receive the first tier homestead class rate up to the first tier maximum market value on any remaining market value not received on the shareholder's, member's, or partner's homestead class 2a property. The owner must notify the county assessor by July 1 that a portion of the market value under this subdivision may be eligible for homestead classification for the current assessment year, for taxes payable in the following year.*"

   Agricultural relative homesteads are granted in the name of the relative who is occupying the property, they are not granted in the name of the owner of the property. In addition, since special agricultural homesteads are based on farming activity during the current crop year, they are not finalized until the December 15 application deadline, which is after the deadline by which taxpayers must notify assessors that they qualify under this provision.

If you have any questions, please direct them to proptax.questions@state.mn.us.

Property Tax Division
Mail Station 3340
600 North Robert Street
Saint Paul, Minnesota 55146-3340

Tel: (651) 556-6091
Fax: (651) 556-3128

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MEMO

Date: April 19, 2010

To: All Assessors

From: **Information and Education Section**
Property Tax Division, Minnesota Department of Revenue

Subject: **Can Local/County Boards of Appeal and Equalization grant Green Acres?**

Some counties have asked if Local/County Boards of Appeal and Equalization can hear appeals concerning Green Acres. The department's opinion is that local/county boards cannot make decisions that would grant eligibility for the Green Acres program or any other special programs or classifications that necessitate a property owner to file an application and meet specific requirements (e.g. Market Value Exclusion for Homesteads of Disabled Veterans, 2c Managed Forest Land, Special Homestead for the Blind/Disabled, etc.).

A property must meet specific statutory requirements in order to qualify for the Green Acres program. Application must be made so that the assessor is able to use his or her professional training and experience to determine if a property meets these requirements. Assessors are well trained on how to determine if a property is primarily devoted to agricultural purposes, which is a requirement that must be met to qualify for Green Acres. Determining the primary use of a property is a judgment best made by the assessor because they have been educated and trained on how to make such decisions.

In addition, Minnesota Statutes specifically states that local/county boards only have the authority to make changes to the valuation and classification of a property. Statute does not say that local/county boards are able to grant special programs to properties which have specific requirements that are required to be met.

In sum, it is our opinion that local/county boards cannot grant special programs for the following reasons:

a) Special programs require specific applications and paperwork requirements;
b) There are specific deadlines for application for special programs;
c) Special programs cannot be granted by boards, only valuation and classification can be appealed; Green Acres is not a classification;
d) If the land qualifies and application is made on time, the county assessor will grant the program;
e) If one taxpayer is given Green Acres at a board appeal but all other taxpayers statewide must adhere to application deadline and other requirements, that is unfair; and
f) Assessor's professional judgment, training, and experience determining the primary use of properties is necessary to make these determinations and boards are not trained to make those decisions.

This opinion is stated in our assessors manual, our Board of Appeal and Equalization instructions, numerous letters, training, and the "primarily devoted to" bulletin.

If you have any questions concerning this memo please contact the Property Tax Division at proptax.questions@state.mn.us.

Memo

Date: January 29, 2010

To: All Assessors

From: John F. Hagen, Assistant Director
Property Tax Division

Subject: Code of Conduct and Disclosure Form

It has been nearly 5 years since legislation was passed in 2005 requiring the Commissioner of Revenue in conjunction with the MAAO and the State Board of Assessors to develop a "…code of conduct and ethics for Minnesota assessors to ensure public confidence in property assessment." The legislation also required that:

> "The code must include language that promotes fairness and uniformity and recommends assessment practices that do not promote the perception of a conflict of interest."

Judging by the number of questions we have received concerning conflicts of interest, it appears that a brief reminder on this portion of the Code of Conduct might be appropriate.

The Code of Conduct that was adopted by the State Board of Assessors, effective March 1, 2006, is binding on all licensed Minnesota assessors. It contains 6 canons; the second canon deals with conflicts of interest:

2. Conflicts of Interest

a. **Appearance of impropriety** –Avoid the appearance of impropriety even if no impropriety exists or is intended.
b. **Prohibited assignments** – Accept no assignment in which you are related to the owner as spouse, parent, son or daughter by blood or marriage or in which you have a financial or other interest in the property.
c. **Unwarranted privileges** – Do not use your official position to secure privileges for yourself, your family, business associates, or any other person wherein you benefit directly or indirectly.

Disclosure Forms – As a result of the 2005 legislation and the creation of the State Board of Assessors Code of Conduct, a disclosure form was developed to identify and prevent potential conflicts of interest situations from occurring. All licensed assessors must complete a disclosure form when they first begin their employment. The form must be updated whenever personal or professional circumstances necessitate a change in what the assessor is required to disclose. The form does not need to be completed annually. However, it is vital that the form be completed by any new employees who are responsible for valuing and classifying property. In addition, a new form is required to be completed if an assessor begins to assess a new jurisdiction or changes jurisdictions. The following is text copied from the original 2006 letter (which was sent with the original disclosure form) and remains applicable today:

> *All assessors, including the county assessor, are required to complete the attached Assessor Disclosure Form. The county assessor is to provide this form to all assessors in the county, including all local assessors. The form is to be returned to the county assessor and kept on file in the county assessor's office. This form also must be made available to the Department of Revenue upon request.*
>
> *This form need not be filed annually, but it is incumbent upon every assessor to keep this form current. If an assessor, their spouse, parent or child acquires a financial or other interest in additional property or no longer has a financial or other interest in a property, a new form is to be completed and filed in the county assessor's office.*

Please find the *Assessor's Disclosure Form* attached to this email message.

MINNESOTA • REVENUE

Assessor Disclosure Form

Disclosure

The Code of Conduct and Ethics for Licensed Minnesota Assessors prohibits assessors from accepting appraisal assignments in which the assessor is related to the owner as a spouse, parent, or child, by blood or by marriage, or in which the assessor has a financial or other interest in the property.

Please complete the information below for all property you cannot assess due to the prohibited assignments provision in the Code of Conduct and Ethics. This form must be completed by all assessors (including all new employees responsible for valuing or classifying property) and must be kept on file in the office of the County Assessor for each county in which you assess property. In addition, if an assessor begins to assess a new jurisdiction or changes jurisdictions a new form must be completed. Upon request, this form must be made available to the Department of Revenue.

Assessor Disclosure Information

Local Assessor/Appraiser Name ______________________ **Date Form Completed:** __________

Name of Jurisdiction You Assess ______________________

(Please complete a SEPARATE form for each JURISDICTION where you assess property)

Please list all properties you are prohibited from assessing in this jurisdiction:

			For County Assessor Use Only	
PID	**City or Township**	**Reason for prohibition**	**Person Assigned to Complete Assessment**	**Comments**

Signature

By signing below, I hereby certify that the above list is an accurate representation of the properties that I am prohibited from assessing under the Code of Conduct and Ethics in this county and I have made arrangements with the county assessor to ensure that all properties are properly assessed.		By signing below, I acknowledge I am in receipt of the list of properties that the above-mentioned assessor/appraiser cannot appraise under the Code of Conduct and Ethics and that I have made arrangements to have these properties properly assessed.	
Signature of assessor/appraiser	**Date**	**Signature of County Assessor**	**Date**

Updated 7/31/2024 - See Disclaimer on Front Cover

MEMORANDUM

Date: January 21, 2010

To: County Assessors

From: Information & Education and Sales Ratio Sections,
Property Tax Division

Subject: **Proper Use of Sales Study Rejection Codes 15 and 21**

As counties are underway in the next sales ratio study period, the Information and Education Section and the Sales Ratio Section would like to provide some additional clarifying information on the proper use of two commonly confused rejection codes on the Certificate of Real Estate Value (CRV):

- R15 – Forced Sale; Legal Action; Foreclosure; Short Sale, and
- R21 – Bank Sale (including HUD sales), and Lending institution sales not exposed to the market

Proper Use of Reject Code 15
If a sale is an actual foreclosure sale (a Sheriff's Sale), a documented short sale (between individuals but subject to bank approval or to prevent a pending foreclosure process), or a transfer of the property back to the mortgagor (the bank will be listed as the buyer) to prevent a foreclosure, the sale should be excluded from the study with the reject code 15. This reject code is also used for any sale resulting from other legal proceedings (divorce settlement required sale of the property, bankruptcy-forced sale, etc.).

Proper Use of Reject Code 21
If a sale actually lists the bank or a lending institution (or mortgage company) as the seller, the sale should be excluded from the study with the reject code 21. There are several other entities that function as banks. When the following are listed as the seller, the sale should be excluded from the study with reject code 21:
US Department of Housing and Urban Development (HUD or Secretary of HUD, etc.),
Veteran's Affairs Administration (VA or Secretary of VA, etc.)
Fannie Mae (FNMA, etc.)

The use of reject code 21 for these sales should supersede using any other reject code that may be apparent based on how the CRV is completed. For example, frequently CRVs listing HUD as the seller will have the "Property condemned or foreclosed upon" and "Buyer or seller is unit of government" boxes checked on the CRV. Even though these are indicated on the CRV, the sale should be excluded from the study with reject code 21.

Rationale for Use of Reject Codes
In normal markets, limited numbers of bank sales and foreclosure sales made for any analysis of those types of sales unnecessary. Without a need to specifically study them, the proper use of reject code 15 versus reject code 21 was somewhat irrelevant. In the current market with ever-increasing bank sales and properties in the foreclosure process, the department has a need to study these specific types of sales, so the proper use of reject codes for these sales has become necessary. By correctly utilizing these codes throughout the state, the department is able to fully

analyze the prevalence of only the bank sales, for example, as opposed to all other sales involving legal proceedings.

Other Considerations
It cannot be emphasized enough that these are general guidelines regarding the proper use of the sales study rejection codes 15 and 21. There may be other circumstances to be considered. For example, if you are in a jurisdiction where a large percentage of all sales are bank or foreclosure sales, they may need to be considered for inclusion in the sales ratio study. Additionally, sales may need additional verification to ensure there was no physical change to the property that may necessitate exclusion of the sale as reject code 07, or any other possible reasons to exclude the sale.

For More Information
For more detailed information on the sales ratio study process, criteria for including or excluding sales, and for a listing of the sales ratio reject codes, please visit the department's website at:
http://www.taxes.state.mn.us/taxes/property_tax_administrators/assessors/content/crv2010_main.shtml

To review additional information regarding the foreclosure process and how it impacts the inclusion or exclusion of sales, please review "Joint Advisory: The current residential real estate foreclosure situation and how it relates to sales verification, sales ratio studies, and the assessment process." This advisory, a collaborative effort between the department and MAAO, is available on the MAAO website.

For questions regarding specific sale inclusion or exclusion in the sales ratio study, please consult your Regional Representative.

Memo

Date: December 9, 2009

To: All Assessors

From: Drew Imes, Information and Education Section
Property Tax Division

Subject: **Supplemental Security Income (SSI) and the 1b Classification**

Many assessors have recently asked if people receiving Supplemental Security Income (SSI) from the Social Security Administration (SSA) can receive the class 1b homestead.

In our opinion, people receiving Supplemental Security Income may be eligible for the class 1b homestead. The SSA administers two programs designed to provide benefits to disabled individuals. These programs are (1) Social Security Disability Insurance and (2) Supplemental Security Income. To qualify for Supplemental Security Income an individual must be age 65 years or older, blind, **or** have a disability that meets Social Security's definition of a disability. The SSA's definition of a disability is strict and in our opinion meets the statutory requirements of being "totally and permanently" disabled. The SSA's definition of being blind also meets the requirements for class 1b, although an eye doctor's report or letter giving detail of the person's sight must be included in the application for class 1b.

It is important that the documentation that you receive clearly states that a person is receiving SSI due to a disability or blindness. If you cannot determine if a person is receiving SSI due to a disability or blindness, it is appropriate to request that the applicant to provide you with further documentation until you are satisfied that the person meets the statutory requirements of class 1b. The onus is on the applicant to prove that they meet the necessary requirements. If the applicant cannot do so, denial of the classification is appropriate.

If you have any questions or concerns please direct them to proptax.questions@state.mn.us.

MINNESOTA · REVENUE

Memo

Date: October 22, 2009

To: All County Assessors

From: Andrea Fish, State Program Administrator
Information and Education Section

Subject: "Administrative plats" and the 2b rural vacant land classification

Minnesota Statutes, section 273.13, subdivision 23, paragraph (c) reads:

> *"Class 2b rural vacant land consists of parcels of property, or portions thereof, that are unplatted real estate, rural in character and not used for agricultural purposes, including land used for growing trees for timber, lumber, and wood and wood products, that is not improved with a structure...."*

Several counties have asked if administrative plats, required by some counties when any portion of the land is sold/transferred/split, would preclude land that would otherwise qualify for class 2b property, from receiving class 2b because it has been "platted" into an outlot, etc. These "plats" do not result in typical subdivisions. Rather, they are simply the county's administrative requirement.

We have concluded that simply being required by the local governmental unit to plat a property (see example) would not automatically preclude the property from being class 2b property so long as the remaining lot is 20 acres in size or more. The assessor would continue to look at the other factors (e.g. rural in character, use of the surrounding land, etc.) to determine the best classification for the property. If the remaining lot is less than 20 acres, the property should be classified according to its most probable highest and best use. We are confident that it was not the legislative intent to penalize those property owners in counties where property owners are required to administratively plat their properties upon splits. However, if a property owner plats the property into a subdivision, the property could no longer qualify as class 2b.

Parcel A – 80 Acres

Parcel C – 70 Acres
Lot 1

Lot 2 – 10 acres

Example: Parcel A consists of 80 acres of wooded property. The assessor has classified all 80 acres of the property as class 2b rural vacant land. The owner of parcel A has decided to give 10 acres to his son to build a new house. The owner retains the remaining 70 acres. However, as a condition of the split, the county requires the owner to "plat the remaining 70 acres". The legal description for the 70 acres will now read "Lot 1." In this case, because the property is still rural in character, continues to be used in the same manner, and the remaining property is not being platted into a subdivision, we would recommend that the property be classified as class 2b. Lot 2, of course, would be classified as residential property.

If you have any questions, please do not hesitate to contact our division at proptax.questions@state.mn.us.

MEMO

Date: September 24, 2009

To: All Assessors

From: **Property Tax Division, Minnesota Department of Revenue**
Information and Education Section

Subject: Class 1b Blind/Disabled Homestead Classification – How does the age of an applicant affect eligibility?

This memo is meant to address a number of questions we have been receiving concerning the age of applicants applying for class 1b blind/disabled homesteads. The question that has been brought forward the most is whether or not a retired person can receive the classification. The answer to this question depends on a number of factors.

1. A person who is legally blind can qualify for class 1b no matter their age. *(The person **must** be an adult and the person's name must be on the title to the property, or the person must be receiving a relative homestead.)*

2. It is important to remember that statute clearly states that a qualifying disability is one that "totally incapacitates the person from working at an occupation which brings the person an income." Therefore, disabled persons of any age who are employed in any manner do not qualify for class 1b.

3. For applicants with documentation from the Social Security Administration (SSA):
   It is our understanding that only people that were designated by the SSA as disabled before they were eligible to retire can qualify for class 1b. This is due to the fact that the SSA will not designate persons of retirement age or older as disabled. If a person is able to provide you with documentation proving that they are considered permanently and totally disabled and had previously received disability payments from the SSA, the person would likely be eligible for the 1b class.

   Persons who have become disabled after retirement age, and therefore never received "disability payments" from the SSA, are not eligible to receive the 1b classification.

4. For applicants with documentation from another qualifying agency (e.g. police pension, Railroad Retirement Board, etc.):
   Other agencies that provide disability benefits to disabled persons may have different standards and requirements than the Social Security Administration. For example, one of these agencies may provide disability benefits to disabled individuals after retirement or retirement age. If this is the case, the person may be eligible to apply for class 1b.

MINNESOTA · REVENUE

Memo

Date: May 19, 2009

To: All County Assessors

From: Andrea Fish, State Program Administrator
Information and Education Section

Subject: Disabled Veterans' Homestead Market Value Exclusion

The United States Department of Veterans Affairs is in the process of mailing all disabled veterans formatted letters pertaining to their disability. These letters can be used for applications for the disabled veterans' homestead market value exclusion. If a veteran presents you with an application and one of these letters, no further information is necessary. These letters provide all applicable information for program eligibility.

If a veteran would like to apply but has not received this letter in a timely manner prior to the July 1 application deadline, the veteran may still proceed with other necessary information (a V.A. disability rating sheet and official military discharge papers such as form DD214). Again, this information is only required if the formatted letter is not received prior to the application deadline. We strongly recommend that veterans work with their County Veterans' Service Officer if assistance in obtaining this paperwork is needed.

The following pages contain examples of these formatted letters. Applicable information is highlighted. The highlighted information is:

- The date that the letter was issued (to verify that information is up-to-date)
- The veteran's name and address
- The status of discharge (should be "Honorable")
- Benefits information
    - combined rating percentage
    - whether the veteran has individual unemployability (treated as 100 percent disabled for purposes of this program)
    - whether the veteran is permanently and totally disabled (the maximum $300,000 exclusion benefit would apply)

The veteran may also choose to supply a letter with all unnecessary information blacked out for purposes of privacy. This is acceptable, provided that all required information is still readable. We have also included an example of such a letter with this memo.

You may also work with your County Veterans' Service Officer if needed. However, please be very clear that no further information is necessary if you receive one of the following formatted letters with

an application. To reiterate, the application may be processed with **either** of the following additional documentation types (**if you receive one, you DO NOT need to ask for the other**):

1. A letter similar to one of the examples in this memo; or
2. Official discharge paper (may be U.S. Government form DD214 or other official military discharge papers) and an official United States of Veterans Affairs rating determination sheet.

If you have any questions, please do not hesitate to contact our division at proptax.questions@state.mn.us.

DATE: MARCH 31, 2009

VETERANS NAME:
JOE E VETERAN

JOE E VETERAN
1 MAIN STREET
BROWNSVILLE, PENNSYLVANIA 11111

This letter is a summary of benefits you currently receive from the Department of Veterans Affairs (VA). We are providing this letter to disabled veterans to use in applying for benefits such as state or local property or vehicle tax relief, civil service preference, to obtain housing entitlements, free or reduced state park annual memberships, or any other program or entitlement in which verification of VA benefits is required. Please safeguard this important document. This letter is considered an official record of your VA entitlement.

Our records contain the following information:

Personal Claim Information:
Your VA claim number is: 111-11-1111
You are the veteran

Military Information:
Your character(s) of discharge and service date(s) include:
HONORABLE, 27 APR 71 – 2 MAY 74
(You may have additional periods of service not listed above)
Are you a former prisoner of war: YES

[If "YES" is noted for "Are you entitled to a higher level of disability due to being unemployable" then this veteran is to be treated as 100 percent disabled, regardless of "combined service-connected evaluation". If the disability is permanent, they are eligible for the $300,000 exclusion.]

VA Benefits Information:
Service-connected disability: YES
Your combined service-connected evaluation is: 100
Are you entitled to a higher level of disability due to being unemployable: YES
Are you considered to be totally and permanently disabled due to your service-connected disabilities: YES
Are you service-connected for loss of or loss of use of a limb, or are you totally blind in or missing at least one eye: YES
Have you received a Specially Adapted Housing (SAH) and /or Special Home Adaptation (SHA) grant: YES
Are you in receipt of non-service-connected pension: NO

You should contact your state or local office of veterans' affairs for information on any tax, license, or fee-related benefits for which you may be eligible. State offices of veterans' affairs are available at http://www.va.gov/statedva.htm.

If you have any questions about this letter or need additional verification of VA benefits, please call us at 1-800-827-1000. If you use a Telecommunications Device for the Deaf (TDD), the number is 1-800-829-4833. You may also visit our website at http://www.va.gov/.

Sincerely yours,

Veterans Service Center Manager

DATE: MARCH 31, 2009

VETERANS NAME:
JOE E VETERAN

JOE E VETERAN
1 MAIN STREET
BROWNSVILLE, PENNSYLVANIA 11111

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Our records contain the following information:

Personal Claim Information:
Your VA claim number is: 111-11-1111
You are the veteran

Military Information:
Your character(s) of discharge and service date(s) include:
HONORABLE, 27 APR 71 – 2 MAY 74
(You may have additional periods of service not listed above)
Are you a former prisoner of war: YES

["Are you considered to be totally and permanently disabled due to your service-conencted disabilities" - if this is marked "YES" the veteran qualifies for the $300,000 exclusion.]

VA Benefits Information:
Service-connected disability: YES
Your combined service-connected evaluation is: 100
Are you entitled to a higher level of disability due to being unemployable: NOT INDICATED
Are you considered to be totally and permanently disabled due to your service-connected disabilities: YES
Are you service-connected for loss of or loss of use of a limb, or are you totally blind in or missing at least one eye: YES
Have you received a Specially Adapted Housing (SAH) and /or Special Home Adaptation (SHA) grant: YES
Are you in receipt of non-service-connected pension: NO

You should contact your state or local office of veterans' affairs for information on any tax, license, or fee-related benefits for which you may be eligible. State offices of veterans' affairs are available at http://www.va.gov/statedva.htm.

If you have any questions about this letter or need additional verification of VA benefits, please call us at 1-800-827-1000. If you use a Telecommunications Device for the Deaf (TDD), the number is 1-800-829-4833. You may also visit our website at http://www.va.gov/.

Sincerely yours,

Veterans Service Center Manager

DATE: MARCH 31, 2009

VETERANS NAME:
JOE E VETERAN

JOE E VETERAN
1 MAIN STREET
BROWNSVILLE, PENNSYLVANIA 11111

This letter is a summary of benefits you currently receive from the Department of Veterans Affairs (VA). We are providing this letter to disabled veterans to use in applying for benefits such as state or local property or vehicle tax relief, civil service preference, to obtain housing entitlements, free or reduced state park annual memberships, or any other program or entitlement in which verification of VA benefits is required. Please safeguard this important document. This letter is considered an official record of your VA entitlement.

Our records contain the following information:

Personal Claim Information:
Your VA claim number is: 111-11-1111
You are the veteran

Military Information:
Your character(s) of discharge and service date(s) include:
HONORABLE, 27 APR 71 – 2 MAY 74
(You may have additional periods of service not listed above)
Are you a former prisoner of war: YES

This may also say "general," "under honorable conditions", or "general under honorable conditions." Each of those are also interpreted to mean "honorable."

VA Benefits Information:
Service-connected disability: YES
Your combined service-connected evaluation is: 70
Are you entitled to a higher level of disability due to being unemployable: NOT INDICATED
Are you considered to be totally and permanently disabled due to your service-connected disabilities: NOT INDICATED
Are you service-connected for loss of or loss of use of a limb, or are you totally blind in or missing at least one eye: YES
Have you received a Specially Adapted Housing (SAH) and /or Special Home Adaptation (SHA) grant: YES
Are you in receipt of non-service-connected pension: NO

You should contact your state or local office of veterans' affairs for information on any tax, license, or fee-related benefits for which you may be eligible. State offices of veterans' affairs are available at http://www.va.gov/statedva.htm.

If you have any questions about this letter or need additional verification of VA benefits, please call us at 1-800-827-1000. If you use a Telecommunications Device for the Deaf (TDD), the number is 1-800-829-4833. You may also visit our website at http://www.va.gov/.

Sincerely yours,

Veterans Service Center Manager

[This veteran is eligible for the $150,000 exclusion. The combined service-connected evaluation is 70 percent, and the veteran does not have "individual unemployability."]***

DATE: MARCH 31, 2009

VETERANS NAME:
JOE E VETERAN

JOE E VETERAN
1 MAIN STREET
BROWNSVILLE, PENNSYLVANIA 11111

This letter is a summary of benefits you currently receive from the Department of Veterans Affairs (VA). We are providing this letter to disabled veterans to use in applying for benefits such as state or local property or vehicle tax relief, civil service preference, to obtain housing entitlements, free or reduced state park annual memberships, or any other program or entitlement in which verification of VA benefits is required. Please safeguard this important document. This letter is considered an official record of your VA entitlement.

Our records contain the following information:

Personal Claim Information:

You are the veteran

Military Information:
Your character(s) of discharge and service date(s) include:
HONORABLE

VA Benefits Information:
Service-connected disability: YES
Your combined service-connected evaluation is: 80
Are you entitled to a higher level of disability due to being unemployable: NOT INDICATED
Are you considered to be totally and permanently disabled due to your service-connected disabilities: NOT INDICATED

You should contact your state or local office of veterans' affairs for information on any tax, license, or fee-related benefits for which you may be eligible. State offices of veterans' affairs are available at http://www.va.gov/statedva.htm.

If you have any questions about this letter or need additional verification of VA benefits, please call us at 1-800-827-1000. If you use a Telecommunications Device for the Deaf (TDD), the number is 1-800-829-4833. You may also visit our website at http://www.va.gov/.

Sincerely yours,

Veterans Service Center Manager

[This veteran is eligible for the $150,000 exclusion. The combined service-connected evaluation is 80 percent, and the veteran does not have "individual unemployability."]***

MINNESOTA · REVENUE

Memo

Date: July 10, 2009

To: All County Assessors

From: Andrea Fish, State Program Administrator
Information and Education Section

Subject: Disabled Veterans' Homestead Market Value Exclusion

Recently, we became aware of some difficulty with the new letters the Veteran's Affairs office were supplying. It was (and still is) our understanding at Revenue that those letters should be making it easier for assessors to administer the program. The letters from the VA should provide all the information necessary for you to determine eligibility for either the $150,000 or $300,000 exclusions.

After receiving multiple requests for clarification, we present this memo with the intent of providing a new way of reading these VA letters to determine exclusion eligibility. Surprisingly, the easiest way to read the letters is to read them "bottom-up" starting with the last rating question.

If the answer to the question "Are you considered to be totally and permanently…" is YES, the person is eligible for the $300,000 exclusion and does not need to annually reapply. No further information is necessary concerning the level of disability. You do not need to cross-check with the combined service evaluation. Veterans are eligible for the $300,000 exclusion if and **only** if this says "YES." If the answer is "NOT INDICATED", go to the next question.

If the answer to the question, "Are you entitled to a higher level of disability…" is "YES", the person is eligible for the $150,000 exclusion and needs to reapply annually. You do not need to cross-reference the combined evaluation percentage, as this veteran is considered 100 percent disabled for our purposes. If the answer is "NOT INDICATED", go to the next question.

If the line "Your combined service-connected evaluation is:" shows a number between 70 and 100, the person is eligible for the $150,000 exclusion and needs to annually reapply. If the number is less than 70 and the other two questions are "NOT INDICATED", the person is not eligible for any exclusion.

In other words, reading from the bottom up, if the first two questions (totally and permanently disabled or higher level of disability) are "NOT INDICATED" or "NO," this final question **must** say at least 70 for the veteran to qualify.

The following pages are examples of this “bottom-up” technique. The final example shows a veteran with a 60 percent combined rating who is totally and permanently disabled and eligible for the maximum exclusion. There is also a flow chart outlining these steps.

As always, if you have questions please do not hesitate to contact our division at proptax.questions@state.mn.us.

DATE: MARCH 31, 2009

VETERANS NAME:
JOE E VETERAN

JOE E VETERAN
1 MAIN STREET
BROWNSVILLE, PENNSYLVANIA 11111

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Our records contain the following information:

Personal Claim Information:
Your VA claim number is: 111-11-1111
You are the veteran

Military Information:
Your character(s) of discharge and service date(s) include:
HONORABLE, 27 APR 71 – 2 MAY 74
(You may have additional periods of service not listed above)
Are you a former prisoner of war: YES

[Starting here, "Are you considered to be totally and permanently disabled due to your service-connected disabilities" if- and ONLY if- this is marked "YES" the veteran qualifies for the $300,000 exclusion.

If this says "NO" or "NOT INDICATED", move to the next question up regarding unemployability.]

VA Benefits Information:

Are you considered to be totally and permanently disabled due to your service-connected disabilities: YES
Are you service-connected for loss of or loss of use of a limb, or are you totally blind in or missing at least one eye: YES
Have you received a Specially Adapted Housing (SAH) and /or Special Home Adaptation (SHA) grant: YES
Are you in receipt of non-service-connected pension: NO

You should contact your state or local office of veterans' affairs for information on any tax, license, or fee-related benefits for which you may be eligible. State offices of veterans' affairs are available at http://www.va.gov/statedva.htm.

If you have any questions about this letter or need additional verification of VA benefits, please call us at 1-800-827-1000. If you use a Telecommunications Device for the Deaf (TDD), the number is 1-800-829-4833. You may also visit our website at http://www.va.gov/.

Sincerely yours,

Veterans Service Center Manager

DATE: MARCH 31, 2009

VETERANS NAME:
JOE E VETERAN

JOE E VETERAN
1 MAIN STREET
BROWNSVILLE, PENNSYLVANIA 11111

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Our records contain the following information:

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Your VA claim number is: 111-11-1111
You are the veteran

Military Information:
Your character(s) of discharge and service date(s) include:
HONORABLE, 27 APR 71 – 2 MAY 74
(You may have additional periods of service not listed above)
Are you a former prisoner of war: YES

[If "YES" is noted for "Are you entitled to a higher level of disability due to being unemployable" then this veteran is to be treated as 100 percent disabled, regardless of "combined service-connected evaluation".

Only if this says "NOT INDICATED" or "NO" does the disability combined rating need to be 70, 80, 90, or 100.]

VA Benefits Information:
Are you entitled to a higher level of disability due to being unemployable: YES
Are you service-connected for loss of or loss of use of a limb, or are you totally blind in or missing at least one eye: YES
Have you received a Specially Adapted Housing (SAH) and /or Special Home Adaptation (SHA) grant: YES
Are you in receipt of non-service-connected pension: NO

You should contact your state or local office of veterans' affairs for information on any tax, license, or fee-related benefits for which you may be eligible. State offices of veterans' affairs are available at http://www.va.gov/statedva.htm.

If you have any questions about this letter or need additional verification of VA benefits, please call us at 1-800-827-1000. If you use a Telecommunications Device for the Deaf (TDD), the number is 1-800-829-4833. You may also visit our website at http://www.va.gov/.

Sincerely yours,

Veterans Service Center Manager

DATE: MARCH 31, 2009

VETERANS NAME:
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Our records contain the following information:

Personal Claim Information:
Your VA claim number is: 111-11-1111
You are the veteran

Military Information:
Your character(s) of discharge and service date(s) include:
HONORABLE, 27 APR 71 – 2 MAY 74
(You may have additional periods of service not listed above)
Are you a former prisoner of war: YES

VA Benefits Information:
Service-connected disability: YES
Your combined service-connected evaluation is: 70

Are you service-connected for loss of or loss of use of a limb, or are you totally blind in or missing at least one eye: YES
Have you received a Specially Adapted Housing (SAH) and /or Special Home Adaptation (SHA) grant: YES
Are you in receipt of non-service-connected pension: NO

You should contact your state or local office of veterans' affairs for information on any tax, license, or fee-related benefits for which you may be eligible. State offices of veterans' affairs are available at http://www.va.gov/statedva.htm.

If you have any questions about this letter or need additional verification of VA benefits, please call us at 1-800-827-1000. If you use a Telecommunications Device for the Deaf (TDD), the number is 1-800-829-4833. You may also visit our website at http://www.va.gov/.

Sincerely yours,

Veterans Service Center Manager

[This veteran is eligible for the $150,000 exclusion. The combined service-connected evaluation is 70 percent, and the veteran does not have "individual unemployability."]***

DATE: MARCH 31, 2009

VETERANS NAME:
JOE E VETERAN

JOE E VETERAN
1 MAIN STREET
BROWNSVILLE, PENNSYLVANIA 11111

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Our records contain the following information:

Personal Claim Information:

You are the veteran

Military Information:
Your character(s) of discharge and service date(s) include:
HONORABLE,

VA Benefits Information:
Service-connected disability: YES
Your combined service-connected evaluation is: 60
Are you entitled to a higher level of disability due to being unemployable: YES
Are you considered to be totally and permanently disabled due to your service-connected disabilities: YES

You should contact your state or local office of veterans' affairs for information on any tax, license, or fee-related benefits for which you may be eligible. State offices of veterans' affairs are available at http://www.va.gov/statedva.htm.

If you have any questions about this letter or need additional verification of VA benefits, please call us at 1-800-827-1000. If you use a Telecommunications Device for the Deaf (TDD), the number is 1-800-829-4833. You may also visit our website at http://www.va.gov/.

Sincerely yours,

Veterans Service Center Manager

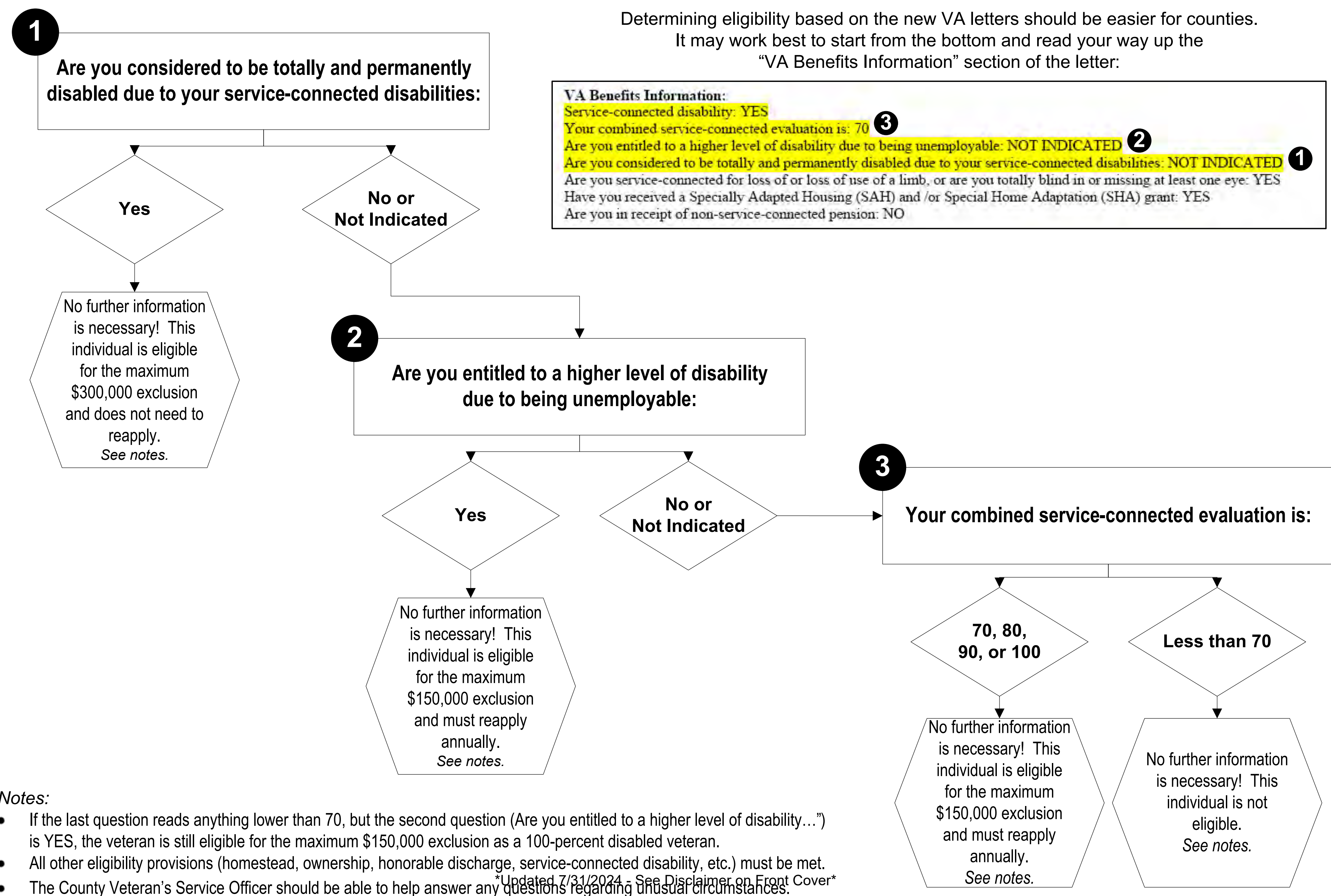
******Even though the combined evaluation is 60, the "first" question we regard ("Are you considered totally and permanently disabled…") says YES, and this veteran is eligible for the maximum exclusion.***

MINNESOTA ▪ REVENUE

Determining Disabled Veteran's Market Value Exclusion

Based on the NEW Veteran's Affairs Letters

Rev. 7/2009



Notes:

- If the last question reads anything lower than 70, but the second question (Are you entitled to a higher level of disability…") is YES, the veteran is still eligible for the maximum $150,000 exclusion as a 100-percent disabled veteran.
- All other eligibility provisions (homestead, ownership, honorable discharge, service-connected disability, etc.) must be met.
- The County Veteran's Service Officer should be able to help answer any questions regarding unusual circumstances.

A	B	C	D	E	F	G	H	I
County Data Entry Instructions:			**Local Board of Appeal and Equalization**			Offering Date:		County Contact:
1 - Fill in the Info in the first four rows			**Registration and Attendance Sheet**			Offering Time:		Position/Title:
2 - To Register a Participant:			*By signing below, you are certifying that you have attended the course*			Offering Location:		County Email:
Fill in Columns A through I.			*and have met the requirements for certification.*			Instructor:		County Phone:
Registration Date	**Phone Number (555) 555-5555**	**Enroll #**	**Print First Name**	**Print Last Name**	**Jurisdiction Name**	**City or Township?**	**Title / Position**	**County Name**
		1						

The other logistical responsibilities that the host county will assume include reserving the room and making sure it is ready for the training offering, communicating registration information to the regional rep conducting the training, emailing the final registration spreadsheet to the department prior to the training, and having a staff member available during the training offering, as well as other tasks.

The following guidelines and expectations have been established to further explain the LBAE training process for counties and regions:

- By May of each year, each MAAO region, working in conjunction with their regional rep, will have set a tentative schedule for that year's LBAE offerings within their region (up to a maximum of five training offerings).
  - This schedule will provide for dates and locations for each course.
  - The training offerings will be scheduled between June 1 and November 30 at times that are compatible for the county, facilities, regional rep, and LBAE members.
  - This schedule will list the "host county" (the county sponsoring the course) and a contact person (name, number, email) for attendees to contact for registration.
  - This information will be shared with LBAEs within that region so they are aware of the opportunities and whether or not they need certification.
  - This information will be shared with the department so that the dates can be consolidated into one comprehensive training list.

- The host county will finalize arrangements for the facility (reservations, etc.) and will provide administrative support (answer questions and handle registrations) as the training date nears.
  - The registration will be recorded on the spreadsheet created by the department.
  - All course offerings will require registration. Attendees who do not register will not receive training certification.
  - The facility will have adequate room for the intended audience (meaning the host county can establish a course maximum in conjunction with the regional rep), as well as power source, projector screen or wall, etc.
  - The county contact will be available and able to answer questions regarding the training that LBAE members may have.

- The host county will provide (by email) a current list of registrants to the department seven business days prior to the course.
  - This current list will be a filled-in copy of the registration spreadsheet that the department created listing all who have registered to date.
  - The department (appraisal supervisor and regional rep) will determine if the course should be held (based on offering timing, location, number of registrations, etc.) and will respond within one business day to the host county. If the course is cancelled, the county will notify all registrants and make an effort to generally publicize the cancellation of the course. It is not likely that a course will be cancelled, but it may be necessary in rare circumstances.

Continued…

- The host county will have at least one representative available at the start and end of the course, to help with questions, set up issues, and other logistic/administrative issues.

- The department will provide the instructor, course materials, and projector for the course.
    - The instructor will provide a printed sign-in sheet of all registered participants for final certification purposes and will take possession of this sheet at the close of the training.
    - The instructor will provide certificates for registered persons at the close of the training.
    - The instructor will provide evaluation sheets and will take possession of these sheets at the close of the training.

Additionally, the department will coordinate additional "catch up" courses in March (a total of two additional courses in even years and four additional courses in odd years – or as necessary) at various locations throughout the state. Tentatively, Mankato, Maple Grove, St. Cloud, and Bemidji have been selected as locations for these trainings due to the facilities available and their geographic locations. The purpose of the "catch up" courses has not changed; they are solely provided to allow an already-certified LBAE to retain certification due to the loss of its trained LBAE member due to loss of election, resignation, etc. These offerings will be arranged and sponsored by the department. The department may ask for volunteer host counties for these meetings to help make room reservations and handle some logistics for the meeting.

These new procedures have been implemented starting with the "catch up" courses offered by the department during the Spring of 2009. Each MAAO region will be expected to implement this process by having their region's dates for the 2009 offerings established by May 2009.

If you have any questions or concerns, please share them with your regional rep. They will help answer them or consolidate them and bring them to the attention of the rest of the department.

MINNESOTA · REVENUE

Memo

Date: February 6, 2009

To: All County Assessors

From: Andrea Fish, State Program Administrator
Information and Education Section

Subject: Wind tower valuation and classification

It has come to our attention that some clarification might be needed on the classification and valuation of wind tower sites pursuant to Minnesota Statutes, section 272.02, subdivision 22. This subdivision states the following:

> *"All real and personal property of a wind energy conversion system as defined in section 272.029, subdivision 2, is exempt from property tax except that the land on which the property is located remains taxable. If approved by the county where the property is located, the value of the land on which the wind energy conversion system is located shall be valued in the same manner as similar land that has not been improved with a wind energy conversion system. The land shall be classified based on the most probable use of the property if it were not improved with a wind energy conversion system."*

The full stop before the last sentence provides that only the valuation methodology is up to county discretion. The classification must be based on the most probable use of the property if it were not improved with the wind energy conversion system. For example, a wind tower site in the middle of a field of corn would properly be classified as agricultural, but it may be valued as commercial or other type of property at the county's discretion. Only the valuation methodology is allowed some discretion by the county.

If you have any questions or concerns, please contact our division at proptax.questions@state.mn.us.

MEMO

Date: July 31, 2007

To: All County Assessors

From: JOHN HAGEN, Assistant Director
Property Tax Division

Subject: Partial-Interest Sales

Apparently, some confusion has arisen over the inclusion of agricultural land sales that are subject to permanent conservation easements for sales ratio study purposes.

Typically, these sales containing conservation easements occur in one of two ways:

1. The buyer of the land receives the remainder of the annual payments for the easement. These sales are typically reflective of arms-length transactions and barring some other legitimate reason for rejection, should be included in the sales ratio study.

2. The seller retains the remainder of the annual payments and the buyer only receives the land subject to the permanent easement. These sales only reflect a partial transfer of interest, i.e. the seller retained the income stream generated from conservation easement payments. Since these sales do not satisfy the definition of an "arms-length sale" they should be discarded based upon the sales ratio criteria as a code 4, partial-interest sale.

These properties will sell for very different prices depending on whether the buyer or seller retains the payments from the conservation program. For example, in County A, when property that is enrolled in the Conservation Reserve Enhancement Program (CREP) sells, the seller typically retains the payments. These properties will sell for approximately $700 per acre. In County B, which borders, County A, the payments will typically go to the new buyer. These properties will sell for approximately $1,400 per acre. County A contends that the seller keeping the payments is the market; and County B contends that County A is not valuing the entire bundle of rights.

If County A and County B both value their properties as they are selling, there will be serious border issues in that if a property owner owns property in both of the neighboring counties, they will be valued very differently and will raise significant questions of uniformity and equalization of assessments. However, it is our opinion that the sale in County A, where the seller retains the payment is not an arms-length transaction. It is a partial-interest sale and the sale price should be adjusted upwards to account for the interest that was not transferred to the buyer, in this case the payments for the easement. As such, the sales prices of such sales are considered to be below their actual market value and assessors should value these properties at what their actual market values would be if the payments transferred to the buyers. The value of such payments can be estimated using a paired sales analysis and comparing the sale prices of properties (on a per acre

basis) of similar land that sold where the buyer retained the payments and those where the seller retained the payments. In the example on the previous page, assuming that the only difference in the property was who retained the payments for the conservation program, the value of the payments can be estimated at $700 per acre.

The first step in accurately valuing properties subject to conservation easements is to collect as much data as possible on these sales. Assessors who have not been screening sales for this potential should check through their agricultural land sales that are subject to a permanent conservation easement to ascertain whether the seller retained the remainder of the annual payments for the easement. We will also be investigating some of these transactions. Any sales where the seller retained future payments must be removed from sales ratio study. Contact your regional representative with any corrections that you identify so that they may be removed from the current sales ratio study.

If you have any additional questions, contact your regional representative.

MINNESOTA ▪ REVENUE

MEMO

Date: June 27, 2007

To: All County and City Assessors

From: JOAN SEELEN, Appraiser
Information and Education Section

Subject: Sample resolution to restore powers to local board

Two assessment years have now passed since it became law that there must be at least one member at each meeting of a local board of appeal and equalization who has attended an approved appeals and equalization course.

After the **2006** Local Board of Appeal and Equalization (LBAE) meetings, it was determined that approximately 200 jurisdictions lost their local board either because a quorum was not present and/or a trained member was not present. At a minimum, the transfer of duties to the county will be in effect for the 2006 and 2007 assessments and continuing unless the powers are reinstated. **The earliest possible opportunity to have a local board restored would be for the 2008 assessment year.**

It was also determined that after the **2007** Local Board of Appeal and Equalization (LBAE) meetings, approximately 280 additional jurisdictions lost their local board either because a quorum was not present and/or a trained member was not present. At a minimum, the transfer of duties to the county will be in effect for the 2007 and 2008 assessments and continuing unless the powers are reinstated. **The earliest possible opportunity to have a local board restored would be for the 2009 assessment year.**

Consequently, we have been asked to prepare a sample resolution that local governments can use to restore their LBAE duties. Please provide the attached "sample resolution" to any local government wanting to reinstate their local board for their convenience.

Once there is proof of compliance that at least one member has attended an approved appeals and equalization course, a jurisdiction's appeal and equalization powers may be reinstated by resolution of the governing body. The resolution must be provided to the county assessor by December 1 in order to be effective for the following year's assessment (i.e. for jurisdictions that lost their boards in 2007, by December 1, 2008 to be effective for the 2009 assessment). **If a jurisdiction lost their local board last year (2006), the resolution must be provided to the county assessor by December 1, 2007 in order to be effective for the 2008 assessment.**

Enclosure: Sample Resolution (Word document)

SAMPLE

Resolution
Local Board Powers to be Reinstated

Resolution No. _______

A RESOLUTION OF THE CITY OF SPRUCE, MINNESOTA, TO ESTABLISH A LOCAL BOARD OF APPEAL AND EQUALIZATION PURSUANT TO MINNESOTA STATUTE 274.014, SUBD. 3, PARAGRAPH C.

Whereas, the city of Spruce is authorized to serve as the local board of appeal and equalization pursuant to Minnesota Statute 274.01; and

Whereas, the city of Spruce's powers to act as the local board of appeal and equalization were transferred to the county of Spruce pursuant to Minnesota Statute 274.014, Subd. 3, paragraph a; and

Whereas, said statute provides for the reinstatement of the governing body of the city or town to serve as the local board of appeal and equalization by resolution of said city council/town board and upon proof of compliance with Minnesota Statute 274.014, Subd. 2:

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and City Council of the city of Spruce, Minnesota, to establish the City Council/Town Board as the local board of appeal and equalization pursuant to the above-referenced statutes.

Passed and adopted by the City Council/Town Board of the city of Spruce this ____ day of __________, 20___.

____
Mayor

____
Clerk

MEMO

Date: June 28, 2007

To: All County Assessors

From: JOHN HAGEN, Assistant Director
Property Tax Division

Subject: Perpetual Easements for Communications Tower Sites

The Department of Transportation (DOT) has been acquiring sites for communications towers to be used in conjunction with a mandated public safety radio system. Initially, these communications tower sites were purchased outright from property owners. However, the purchases created some capital gains issues for the individuals selling the sites with the result being that the DOT was encountering a great deal of reluctance from property owners to sell the land for tower sites. To alleviate the capital gains problem, the DOT has begun entering into perpetual easements for communications tower sites instead of an actual deeded taking.

As a result of this "technical" change in property acquisition, the question is - what effect does this have on the assessment of these sites? When the property was acquired by a deeded taking of the property, there was no question that property owned by the State of Minnesota and used for a public purpose was exempt. In our opinion, the same would be true in the case of a perpetual easement. This issue is very analogous to the way roads are treated for assessment purposes. Typically, state highway right-of-way is acquired through a deeded taking. Once the property is acquired, the purchased acreage is subtracted from the original property and only the remaining acreage is assessed. County and township roads are typically acquired through an easement. There is not deeded taking of land. The land used for purposes of a road is not subtracted from the deeded acreage. Instead, it is accounted for on the field card, treated as exempt public property, and not valued.

In either instance, whether a deeded taking or a perpetual easement, the property acquired by the State of Minnesota for communications tower sites should not be valued for property tax purposes.

MEMO

Date: June 26, 2007

To: All City and County Assessors

From: Stephanie Nyhus, Principal Appraiser
Information and Education Section

Subject: Classification of Property Used for Breeding Dogs or Cats

Over the past few weeks, the Property Tax Division has received several inquiries regarding the proper classification of property that is used for dog breeding operations.

In the past, some taxpayers, who are commercial dog or cat breeders, brokers or dealers, have argued that their property should be classified as agricultural property because they are regulated by the Minnesota Department of Agriculture. This contention has been supported by some Local and County Boards of Appeal and Equalization. The confusion may have arisen from the fact that in 1995, the Minnesota Department of Agriculture in consultation with the Board of Animal Health, the Minnesota Purebred Dog Breeders Association, and the United States Department of Agriculture among other stakeholder groups, developed best management standards of care for dogs and cats by dealers, commercial breeders, and brokers.

Assessors must classify property for the purposes of taxation based on the classifications of property contained in Minnesota Statute 273.13. The Department of Revenue has always maintained that because dogs are not listed as an agricultural product, property used for the breeding, dealing, or brokering of dogs cannot be considered to be agricultural property, no matter how many acres are used for this purpose. Minnesota Statute 273.13, subdivision 23, paragraph (e) states that:

> *"The term "agricultural products" as used in this subdivision includes production for sale of:*
> *(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;*
> *(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;*
> *(3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1);*
> *(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing;*
> *(5) game birds and waterfowl bred and raised for use on a shooting preserve licensed under section 97A.115;*
> *(6) insects primarily bred to be used as food for animals;*
> *(7) trees, grown for sale as a crop, and not sold for timber, lumber, wood, or wood products; and*

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

Since the property is used for the commercial production of animals, the Department is of the opinion that properties used for such purposes should be classified as Class 3a commercial property under Minnesota Statute 273.13.

If you have questions or concerns regarding this issue, please direct them to us at proptax.questions@state.mn.us.

MINNESOTA ▪ REVENUE

MEMO

Date: October 25, 2006

To: All County Assessors

From: John Hagen, Assistant Director
Property Tax Division

Subject: Clarification on the Prohibited Assignments Provision of the *Code of Conduct and Ethics for Licensed Minnesota Assessors*

The Minnesota State Board of Assessors requires that assessors follow the *Code of Conduct and Ethics for Licensed Minnesota Assessors.* The code contains a provision which prohibits assessors from accepting assignments in which the assessor has a "financial or other interest" in a property. The same provision specifically prohibits assessors from assessing property owned by a spouse, parent, or child (by blood or marriage).

This memo will define financial and other interests, explain who should do the assessment for a disqualified assessor, and provide instructions for documenting compliance with this provision.

General guideline

The reason for this provision is to avoid even the appearance of a conflict of interest. We realize that this directive cannot address every possible scenario. Therefore, we recommend that all assessors abide by the following guideline for all property in an assessor's jurisdiction: **If there is any doubt as to whether an assessor should or should not assess a property due to his or her interest in the property, the assessor should always err on the side of caution.**

Defining "financial" interests

Any interest that provides financial gain for the assessor or the spouse, parent, or child of an assessor is a financial interest. This includes property ownership of any type including a partner in a partnership, a member of a limited liability company, or a shareholder in a corporation. This also includes property leased to the assessor or the spouse, parent, or child of the assessor.

Initially, it appeared that defining a financial interest would be relatively straightforward. However, there are some gray areas. For example, Bob is a commercial appraiser who is responsible for assessing a Target store in his jurisdiction. He holds $1,000 worth of Target Corporation stock. Does it seem reasonable that he should be prohibited from assessing the

property? We have determined that such a minor share of a major corporation should not prohibit him from assessing the property. His holding in Target is so insignificant that no reasonable person would see this as a conflict of interest.

The following list contains examples of financial interests that would disqualify an assessor from assessing a property:

- An assessor is a shareholder in a family farm corporation that owns a property.
- An assessor's spouse is the sole owner of a property.
- An assessor's spouse is a member of a limited liability company that owns a property.
- An assessor is a partner in a partnership that owns a property.
- A property is leased by a family farm corporation of which the assessor is a member.

Defining "other" interests

Defining "other" interests is even more difficult. In fact, the department is unable to develop a concrete definition. We see this as more of a catch-all provision for situations in which a (non-financial) conflict of interest potentially exists, but the assessor would not otherwise be prohibited from assessing the property under the code. We do not see this as a provision intended to prohibit an assessor from assessing all property in which he or she has even the most remote connection. In practice, we anticipate that this likely will have limited application.

We cannot provide a definitive list of other interests that would or would not prohibit the assessor from assessing a property. However, the following are examples of scenarios that may cause a taxpayer to question your objectivity. Therefore, it may be appropriate for another assessor to assess the property due to a real or perceived conflict of interest:

- Property owned by your ex-husband or the property of your ex-husband's new girlfriend.
- Property of a person who is filing a lawsuit against you.
- Property of a former office employee who had a longstanding feud with you that ultimately ended in the dismissal of the office employee.

In addition, we have determined that simply being a member of an organization such as a health club or VFW would not prohibit an assessor from assessing the health club or VFW.

We recommend that you follow the general guideline provided above to determine if your (non-financial) interest or your spouse's, parent's, or child's other (non-financial) interest in a property would cause taxpayers to question your objectivity. A taxpayer who claims "the assessor does not like me" is not enough to prohibit the assessor from assessing the property. Any claims must be based on facts. If there is some basis for questioning the assessor's objectivity, it would be best to honor the taxpayer's wishes and have someone else assess the property.

What to do when a conflict of interest exists

If an assessor is disqualified from doing an assessment because he or she has a financial or other interest in the property to be assessed or has a spouse, parent, or child who has a financial or

other interest in the property to be assessed, the county assessor must assign the property to another assessor in the office.

Instructions for proving compliance

All assessors, including the county assessor, are required to complete the attached Assessor Disclosure Form. The county assessor is to provide this form to all assessors in the county, including all local assessors. The form is to be returned to the county assessor and kept on file in the county assessor's office. This form also must be made available to the Department of Revenue upon request.

This form need not be filed annually, but it is incumbent upon every assessor to keep this form current. If an assessor, their spouse, parent or child acquires a financial or other interest in additional property or no longer has a financial or other interest in a property, a new form is to be completed and filed in the county assessor's office.

MINNESOTA · REVENUE

Assessor Disclosure Form

The Code of Conduct and Ethics for Licensed Minnesota Assessors prohibits assessors from accepting appraisal assignments in which the assessor is related to the owner as a spouse, parent, or child, by blood or by marriage, or in which the assessor has a financial or other interest in the property.

Please complete the information below for all property you cannot assess due to the prohibited assignments provision in the Code of Conduct and Ethics. This form must be completed ANNUALLY by all assessors and must be kept on file in the office of the County Assessor for each county in which you assess property. Upon request, this form must also be made available to the Department.

Local Assessor/Appraiser Name ______________________ **Date Form Completed:** __________

Name of Jurisdiction You Assess ______________________ **Assessment:** __________

(please complete a SEPARATE form for each JURISDICTION where you assess property)

Please list all properties you are prohibited from assessing in this jurisdiction:			For County Assessor Use Only	
PID	**City or Township**	**Reason for prohibition**	**Person Assigned to Complete Assessment**	**Comments**

By signing below, I hereby certify that the above list is an accurate representation of the properties that I am prohibited from assessing under the Code of Conduct and Ethics in this county and I have made arrangements with the county assessor to ensure that all properties are properly assessed.		By signing below, I acknowledge I am in receipt of the list of properties that the above-mentioned assessor/appraiser cannot appraise under the Code of Conduct and Ethics and that I have made arrangements to have these properties properly assessed.	
Signature of assessor/appraiser	**Date**	**Signature of County Assessor**	**Date**

MINNESOTA ▪ REVENUE

MEMO

Date: March 17, 2006

To: All County Assessors

From: John Hagen, Manager
Information and Education Section

Subject: Recommended talking points for presentations at Local Boards of Appeal and Equalization.

We are all aware of the importance of public relations. In recent years, the assessment process has been under a great deal of scrutiny. Many of the issues that have received attention would not have been issues if better public relations practices were in place. Another focus has been on increased standardization of the assessment process.

In an effort to improve public relations practices and standardize LBAE meetings, we have developed some talking points for your presentation to each LBAE. While we strongly recommend that you address the items in this memo, you are certainly able to include additional information.

At the beginning of each local board meeting, take a few minutes for introductory comments and to complete Section 1 of the Local Board of Appeal and Equalization (LBAE) Certification Form. You should address the following:

- Reiterate the quorum and training requirements, and let them know that you must certify that these requirements have been met or it will become an open book meeting. Inform them that additional training sessions will be offered on an ongoing basis but not until after local boards are finished.
- Let the local board know that the Department of Revenue will be monitoring changes to *"parcels owned by a member of the board, the spouse, parent, son or daughter of a board member, or property in which a board member has a financial or other interest in the property."* Please reiterate the LBAE training recommendation that the board vote "no change" to avoid the appearance of having a conflict of interest. The appeal should be recorded, so it can be brought before the County Board of Appeal and Equalization. While making changes to such parcels is not prohibited, please let them know that these changes will be monitored and must be noted on the form.
- Finally, the department will be conducting random surveys of persons who attended local boards to monitor the public's perception of the board's performance.

We hope that sharing this information with all LBAE members will help to alleviate some of the past issues regarding local board practices. Thank you for your cooperation on this matter.

MINNESOTA ▪ REVENUE

MEMO

Date: August 31, 2005

To: All County Assessors

From: **JOHN F. HAGEN**, Manager
Information and Education Section
Property Tax Division

Subject: Mold Application

As you know, during this year's Special Session, a law amended Minnesota Statute 273.11 by adding subdivision 21 that provides for a one-year market value reduction for property damaged by mold. This new provision is effective for applications filed on or after September 1, 2005.

The legislation provides that the owner of a homestead property may apply for a valuation reduction to reflect extensive damage caused by mold. The application must be accompanied by an estimate from a licensed contractor of the cost to remove the mold and restore the property to its pre-mold condition. Any additional repairs, renovations or additions would not be eligible. Once the repairs have been completed by the licensed contractor, the property is eligible for a reduction in assessment equal to the value of the estimate. Only properties requiring repairs of $20,000 or more are eligible for this reduction.

We envision that in most instances it will take more than one year from the time the mold problem is identified, the determination is made of who will pay for the damage and the work is completed. Consequently, your assessment may already partially reflect loss in value due to the presence of mold. If this is the case, it is important to remember that the value of the affected structure should be returned to the "pre-mold" value before subtracting the amount of the estimate.

Attached is the *Application for Valuation Reduction for Homestead Property Damaged by Mold*. This application must be turned into the county assessor's office by June 30 to be granted the valuation reduction for the current assessment year for taxes payable in the following year. If application is made between July 1 and December 31 of any year, the reduction should be granted for the following assessment year.

Please keep copies of all approved applications, along with the copy of the contractor's estimated cost to cure the mold damage, on file for future reference. At this time, the DOR will not be asking for values or numbers on the assessor's abstract, but the legislature may request this information at some point in the future.

Also, any market value added by the assessor resulting from curing the mold condition must be considered an increase in market value due to new construction and is not eligible for limited market value.

If you have any questions, please direct them to proptax.questions@state.mn.us.

CR-MA-05

For office use only	Date: ____________
Value reduction granted: $______________ for _______ assessment year	

Application for Valuation Reduction for Homestead Property Damaged by Mold

Please read the back of this form before completing. To qualify for this valuation reduction, the property must be homestead, the estimated cost to cure the mold condition must be at least $20,000, and the work must have been completed by a licensed contractor.

Section 1 – Property Information

This section to be completed by the owner of the homestead property. *Please provide your name and the following information pertaining to the property you own and on which you are claiming a valuation reduction.*

Owner(s) of the property	Last name	First name	Middle initial
Property address			
City	State	Zip	County
Parcel ID or legal description of property on which a valuation reduction is being claimed (from tax statement or valuation notice):			

Is this property homestead? ☐ Yes ☐ No

Section 2 – Estimated Cost to Cure

This section is to be completed by a licensed contractor. *Please provide your name, license number, and the following information regarding the repairs completed. A copy of the estimate of the cost to cure the mold must be attached. A detailed description of the work must be included with the estimate. The estimated cost must include the cost to cure the mold condition only and restore the property to its original condition. The estimate cannot include the cost of additional renovations, repairs or additions.*

Licensed contractor's name	Contractor license #	
Estimated cost to cure mold damage $	Date of estimate / /	Date construction completed / /

By signing below, I certify that all work has been completed as of the date listed above.

Signature of licensed contractor **X**	Daytime phone number	Date

Section 3 -- Signature

Signature of owner*. By signing below, I certify that the information on this form is true and correct to the best of my knowledge and that I own the property described in Section 1.*

Making false statements on this application is against the law. Minnesota Statutes, section 609.41 states that anyone giving false information in order to avoid or reduce their tax obligations is subject to a fine of up to $3,000 and/or up to one year in prison.

Signature of owner **X**	Daytime phone number	Date

Updated 7/31/2024 - See Disclaimer on Front Cover

Applying for the valuation reduction for homestead property damaged by mold

Minnesota Statute 273.11, subd. 21, provides for a **one-year** market value reduction in the estimated market value of a homestead property equal to the estimated cost to cure the mold condition.

How to apply

To apply for the valuation reduction for homestead property damaged by mold, you must fill out this application. To qualify for the valuation reduction you must:

1. Be one of the owners of the homestead property listed on this application.
2. Obtain an estimate of the cost to cure the mold damage from a licensed contractor and include a copy with this application. The estimated cost to cure the mold damage must be at least $20,000.
3. Have a licensed contractor complete the mold damage repairs prior to application.

The county board must grant a reduction equal to the cost to cure the mold damage if all above conditions are met. A denial of this reduction may be appealed to Tax Court. If the county board does not take action on the application within 90 days of receipt, it is considered an approval.

Application deadline

The mold application must be turned into the county assessor's office by June 30 to be granted the valuation reduction for the current assessment year for taxes payable in the following year. If application is made between July 1 and December 31 of any year, the reduction should be granted for the following assessment year.

How we use information

Some of the information contained on this form may be shared with the county assessor, the county attorney, the Commissioner of Revenue or other federal, state or local taxing authorities to verify your eligibility for the valuation reduction of your homestead property damaged by mold.

You can refuse to provide the information requested on this form. However, such refusal may cause you to be disqualified from this exclusion.

Penalties

Making false statements on this application is against the law. Minnesota Statutes, section 609.41 states that anyone giving false information in order to avoid or reduce their tax obligations is subject to a fine of up to $3,000 and/or up to one year in prison.

Important

The cost estimate must be for the cost to cure the damage due to mold only and to restore the property to its original condition. It cannot include the cost of additional items such as a new addition, new landscaping, adding a new basement finish, etc.

Note: Any market value added by the assessor resulting from curing the mold condition must be considered an increase in market value due to new construction and is not eligible for limited market value.

Please return this application to:

MINNESOTA ▪ REVENUE

MEMO

Date: August 17, 2005

To: All County Assessors

From: Jacquelyn J. Betz, Appraiser
Information and Education Section

Subject: Copy Fees

We have received several questions regarding the law change in the Data Practices Act (M.S. Chapter 13) affecting copy fees. We contacted the Information Policy Analysis Division (IPAD) for more information. IPAD is part of the Department of Administration, and is responsible for answering questions and educating individuals, government entities, businesses, and associations about Minnesota's Data Practices Act (M.S. Chapter 13) and other information policy laws.

Due to budget cuts, their main venue for informing government agencies about law changes affecting the Data Practices Act is through their website http://www.ipad.state.mn.us/index.html. You can find a link to information regarding the law change affecting copy fees on the home page of their website. You can also find information about the law change in their electronic newsletter (July issue) at http://www.ipad.state.mn.us/newsletters.html. In addition, a notice was sent to their electronic mailing list – you can subscribe to this list via their website.

If you have questions pertaining to charges for copies or other information relating to the Data Practices Act, please call IPAD at (651) 296-6733.

MINNESOTA ▪ REVENUE

E-MEMO

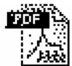
Date: March 31, 2005

To: County Assessors

From: Information and Education Section

Subject: FAQs on open book meetings and LBAE

We understand that there have been a number of changes concerning Local Boards of Appeal and Equalization (LBAE). These changes have resulted in a number of questions, and the answers to these questions along with the rationale can sometimes get lengthy. Although we believe it is important for you to understand the detailed questions and answers, we also understand that during the Local Board of Appeal and Equalization season in April and May you may not have time to research the question and the answer thoroughly. Consequently, we have developed a quick answer reference guide to assist you during this very busy season.



FAQs short answers.pdf

Please see the companion document "Detailed Answers Detailed Answers to Frequently Asked Questions Concerning Open Book Meetings and Local Boards of Appeal and Equalization" for more information.

FAQs detailed answers.pdf

If you have any further questions, please contact Jacque Betz by phone at 651-556-6099 or email at jacquelyn.betz@state.mn.us.

MINNESOTA · REVENUE

Quick Reference Guide to Frequently Asked Questions Concerning Open Book Meetings and Local Boards of Appeal and Equalization

We understand that there have been a number of changes concerning Local Boards of Appeal and Equalization (LBAE). These changes have resulted in a number of questions, and the answers to these questions, along with the rationale, can sometimes get lengthy. Although we believe it is important for you to understand the detailed questions and answers, we also understand that during the Local Board of Appeal and Equalization season in April and May you may not have time to research the question and the answer thoroughly. Consequently, we have developed this quick answer reference guide to assist you during this very busy season.

Please see the companion document *"Detailed Answers Detailed Answers to Frequently Asked Questions Concerning Open Book Meetings and Local Boards of Appeal and Equalization"* for more information.

1

Q: Do changes made at the open book meeting need to be reported to the DOR on the LBAE Record Form?

A: No, but we do recommend that you keep records of these changes. *(See #1 in the "Detailed Answers to Frequently Asked Questions" document for more information).*

2

Q: Do open book changes need to be brought to the County Board of Appeal and Equalization (CBAE) for action?

A: No – provided the taxpayer is notified of the outcome in writing at least 10 days prior to the meeting of the county board. *(See #2 in the "Detailed Answers to Frequently Asked Questions" document for more information).*

3

Q: The valuation notices "advertised" the LBAE meeting, and the local board members do not show up. What should be done?

A: As with other instances when a quorum isn't present for a LBAE meeting, the county assessor should change the format to an open book meeting. *(See #3 in the "Detailed Answers to Frequently Asked Questions" document for more information).*

4

Q: If the LBAE, as a group, views a property, could they be in violation of the open meeting law?

A: The safest approach would be to post the meeting. *(See #4 in the "Detailed Answers to Frequently Asked Questions" document for more information).*

5

Q: Is the local assessor required to attend an open book meeting?

A: If the county holds a single open book meeting for the jurisdiction, it is expected that the local assessor will attend the meeting (unless there are extenuating circumstances which prevent the local assessor from attending the meeting). If the county holds open book meetings over the course of multiple days, while it is still recommended that the local assessor attend if possible, it does not seem reasonable that the local assessor be required to attend. *(See #5 in the "Detailed Answers to Frequently Asked Questions" document for more information).*

6

Q: Is the clerk a voting member of the board?

A: Township clerks are not voting members of the board. Generally, if a city clerk is elected, he/she is a voting member of the board. Standard Plan Cities have (elected) clerks who are voting members of the board (see list of Standard Plan Cities). For Charter Cities, it depends on the charter. *(See #6 in the "Detailed Answers to Frequently Asked Questions" document for more information).*

7

Q: If the local board does not have a quorum in 2005, will they be able to hold their local board meeting in 2006?

Maybe. Current law requires a quorum in the "prior year," (i.e. 2005). The legislature is proposing to change it to "current year." Instead of relying on a law change and risking the loss of the board, they should be sure to have a quorum in 2005. (See #7 *in the "Detailed Answers to Frequently Asked Questions" document for more information)*

Detailed Answers to Frequently Asked Questions Concerning Open Book Meetings and Local Boards of Appeal and Equalization

1

Q: Do changes made at the open book meeting need to be reported to the DOR on the LBAE Record Form?

A: We have reviewed the issue and determined that we have no statutory authority to require such information be reported to us. For consistency purposes, we ask that jurisdictions do not report changes made as a result of open book meetings on the Local Board of Appeal and Equalization Record that is submitted to the Department of Revenue.

However, we believe that keeping your own record of this information would be a good practice because assessments have been under increased scrutiny in recent years. It also may be a good habit to form as we don't know if or when a requirement to report such information may be enacted by the legislature.

2

Q: Do open book changes need to be brought to the County Board of Appeal and Equalization (CBAE) for action?

A: We found no statutory requirement for such changes to be brought before the CBAE. However, we believe certain actions should be taken to minimize the potential for problems or misunderstandings. Therefore, we have developed the following policy pertaining to changes made in the open book process:

> Property owners should be clearly advised, in writing, of the outcome of the open book meeting and their right to appeal to the CBAE if they aren't satisfied with the outcome. This written notification must be mailed at least 10 days prior to the county board meeting. Since local boards must conduct their business in April and May, there is sufficient time to notify all property owners of the outcome at least 10 days prior to the CBAE meeting. Sending a notice or a letter specifying the outcome of the review would be sufficient written notification.
>
> We feel strongly that the property owner should be notified of the outcome of the open book meeting in writing so as not to deprive him/her of any appeal rights. Failing to notify the property owner in writing at least 10 days prior to the county board meeting may circumvent the appeal process by preventing the property owner from appealing to the county board.

We are aware that some jurisdictions bring all changes made during the open book meeting process to the county board and request that the CBAE act – generally en masse – on these changes. If this is the current practice, we see no reason to change that practice.

3

Q: The valuation notices "advertised" the LBAE meeting, and the local board members do not show up. What should be done?

A: Rather than simply sending home angry and frustrated property owners, it is recommended that the format change to an "open book" meeting with the assessor. Property owners can discuss their issues one-on-one with the assessor or the assessor's staff. The assessor should notify the property owner of the outcome of the open book meeting at least 10 days prior to the CBAE. If a property owner is not satisfied with the outcome of the open book meeting, they can appeal to the CBAE. This assures that the time property owners set aside to appeal to the local board is not wasted. However, if a property owner would prefer to simply present his/her appeal to the CBAE and not participate in the open book process, the assessor should make note of his/her presence by taking the property owner's information so he/she may appeal to the CBAE.

4 **Q: If the LBAE, as a group, views a property, could they be in violation of the open meeting law?**

A: The League of Minnesota Cities (LMC) provides a "Handbook for Minnesota Cities" on its website. It contains the following information pertaining to the open meeting law:

> *"The open meeting law does not define the term "meeting." The Minnesota Supreme Court, however, has ruled that under the open meeting law, meetings are gatherings where a quorum or more of the council or other governing body or of a committee, board, department or commission of the council or other governing body, are present, and at which the members intentionally discuss, decide or receive information as a group on issues relating to the official business of that body."*

We consulted with a staff attorney from the LMC which receives several questions about this issue. What constitutes a "meeting" and what does not is not always clear. According to the staff attorney, anytime a quorum of a government body will be assembled, the safest approach would be to post the meeting. She used an example of the city council viewing a property to determine if a variance should be granted. In this instance, it is recommended that the "meeting" be posted. Even if they do not discuss or decide the issue while viewing the property, they would "receive information on an issue relating to the official business of that body."

Viewing a property for the purpose of granting a variance is very similar to a situation in which the city council views a property for appeal and equalization purposes. Since the LMC recommends posting meetings of such a similar nature, local boards should exercise caution in such instances and post the meeting. The open meeting law applies to townships, cities, counties, and other governing bodies.

5 **Q: Is the local assessor required to attend an open book meeting?**

There is no statutory authority for the county to require local assessors to attend open book meetings. However, one of the duties of a local assessor is to attend the Local Board of Appeal and Equalization meeting. In instances when an open book meeting is held in place of a local board meeting, the expectation of the county, local jurisdiction, and the local assessor should be that it is the duty of the local assessor to attend the meeting.

Although it is highly recommended that the local assessor be present at the open book meeting, attendance does depend on the situation, and it may not always be a reasonable requirement. For example, a county may have open book meetings for several jurisdictions in one or more locations over the course of a week or longer. It does not seem reasonable to require that the local assessors from all of those jurisdictions be present the entire time, just in case a property owner in that jurisdiction appeals his or her value.

Therefore, if the county holds a single open book meeting for the jurisdiction, it is expected that the local assessor will attend the meeting (unless there are extenuating circumstances which prevent the local assessor from attending the meeting). In fact, if a local assessor does not attend in this situation, we recommend that the county notify the local jurisdiction to the fact that the assessor did not fulfill what we perceive as his/her duty.

However, if the county holds open book meetings over the course of multiple days, while it is still recommended that the local assessor attend if possible, it does not seem reasonable that the local assessor be required to attend. In such situations, it is appropriate for the county assessor to meet with the local assessor following the open book meetings to discuss the appeals, and outline the local assessor's participation in the process of reviewing the property and determining if an adjustment is warranted.

6 **Q: Is the clerk a voting member of the board?**

A: If the city council or town board of a jurisdiction serves as the Local Board of Appeal and Equalization, the voting members of the board are the same as any other meeting of the governing body. Township clerks are not voting members of the board. Some city clerks are voting members of the board and some city clerks are not. The form of governing determines whether or not the city clerk is a voting member of the board.

The following outlines the different forms of governing for cities:

- Statutory City – Governed by Minnesota Statutes Chapter 412. There are three forms of organization for cities: Standard Plan, Optional Plan A, and Optional Plan B.
- Charter City – Governed by its own home rule charter which, in effect, is like a local constitution. The charter may provide for any form of municipal government, as long as it is consistent with state laws that apply uniformly to all cities in Minnesota. As the charter must be voter approved, voters in home rule cities have more control over their city's powers than voters in statutory cities.

The following chart may help in determining if the clerk is a voting member of the board:

Form of City Government	Is the clerk elected or appointed?	Is the clerk a voting member?	Number of cities with this form of governing[3]
Statutory City			
Standard Plan	Elected	Yes	117
Optional Plan A	Appointed	No	613
Optional Plan B	Appointed	No	16
Charter City	Maybe[1]	Maybe[2]	107

[1] This would be stated in the charter.
[2] Per the League of Minnesota Cities (LMC), they are not currently aware of any home rule charters that provide for a voting clerk. If it does exist, it would not be very prevalent.
[3] There are 853 cities in Minnesota. Source: *"Handbook for Minnesota Cities,"* a publication of the LMC, last updated Dec. 14, 2004.

The following is a list of Standard Plan Cities:

Akeley
Aldrich
Barry
Bellingham
Bluffton
Borup
Bowlus
Boy River
Brookston
Bruno
Buckman
Calumet
Cedar Mills
Chandler
Clontarf
Cobden
Comstock
Correll
Delavan
Delhi
Elba
Elmdale
Elrosa
Evan
Farwell
Federal Dam
Felton
Flensburg
Floodwood
Forada
Foxhome
Funkley
Garrison
Genola
Georgetown
Gilman
Graceville
Greenwald
Halma
Halstad
Hammond
Harding
Hazel Run
Heidelberg
Hibbing
Hillman
Holland
Holloway
Holt
Humboldt
Ihlen
Iron Junction
Johnson
Keewatin
Kerrick
Kinbrae
Kinney
Lastrup
Leonard
Leonidas
Long Beach
Louisburg
Lowry
Manhattan Beach
Marble
McGregor
McKinley
Meire Gover
Millville
Mizpah
Nassau
Nimrod
Ogema
Ottertail
Pease
Pierz
Porter
Randall
Randolph
Richville
Rockville
Ronneby
Rushford Village
Rutledge
Sabin
Sedan
Shevlin
Sobieski
Solway
St. Leo
St. Rosa
St. Vincent
Strandquist
Strathcona
Taconite
Taopi
Tenney
Tenstrike
Trosky
Viking
Villard
Vining
Warba
Watson
Waubun
Wendell
West Union
West Port
Whalan
Wilton
Winton
Woodstock
Wright
Zemple
Zumbro Falls

7 **Q: If the local board does not have a quorum in 2005, will they be able to hold their local board meeting in 2006?**

A: If the local board does not have a quorum in 2005, the assessor should take over the meeting and change it to an open book format. As the law is currently written (M.S. 274.014), beginning in 2006, the local board must have a quorum in the "prior year" (i.e. 2005). We are proposing to change the language to "current year." If changed, a local board that fails to have a quorum in 2005 would not lose their board in 2006. However, to ensure that local boards do not lose their boards in subsequent years if the language is not changed, the local board should be sure to have a quorum in 2005.

STATE OF MINNESOTA

DEPARTMENT OF REVENUE

Mail Station 3340
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August 27, 1991

To: All County Assessors

Re: Assessment of General and Routine Repairs

AUTHORITY

The 1991 legislature passed legislation requiring the Commissioner of Revenue to prepare an administrative directive dealing with how routine repair and maintenance should be handled in an assessment. The legislation requires that the directive must advise assessors of the proper assessment practice with respect to general and routine repairs as well as containing a listing of various types of repairs that do not increase market values.

BACKGROUND

Why is this directive necessary? A growing number of taxpayers have been voicing concern over their understanding that routine maintenance or repairs to a structure cause the valuation to increase. This belief is apparently creating problems in other areas as well. We have heard the complaint that homeowner's are growing increasingly reluctant to take out a building permit for certain types of maintenance. Their concern is that every time a building permit is taken out, the assessor comes out and reassesses the entire property.

As property tax administrators, we have all heard taxpayers complain that the "system" penalizes persons who take pride in their homes and keep them well maintained. Even if this problem exists only in perception, it is still a problem and it must be addressed.

AN EQUAL OPPORTUNITY EMPLOYER

Taxpayers today are demanding more and better information about why they pay taxes, what the tax is based upon and where the taxes go. Increased boards of review and equalization activity and truth in taxation meetings are all examples of taxpayers growing desire to understand the system.

How do we eliminate the misconception that routine maintenance results in valuation increases? Quite simply, we believe the answer is education; education of taxpayers and in many cases assessors. It is essential for assessors to be able to effectively explain what constitutes value and what changes in a property will and will not affect value. Taxpayer education should take the form of making taxpayers aware of what types of changes in their property will result in a reassessment. It also should make them aware of the statutory requirement of reassessing one quarter of all properties each year so that all properties are assessed at maximum intervals of once every four years. It is important that taxpayers understand that taking out a building permit to reshingle a roof will not cause their property to be reassessed. Education can also make property owners aware that a building permit for a new structure such as a garage will result in the assessment of that structure but not the reassessment of their entire property unless it happens to fall into that year's quartile or the assessor observes other improvements which have not been previously assessed.

We are recommending that county assessors spend some time with their local assessors when they meet with them before the next assessment, reviewing what types of repairs should and should not result in valuation increases. We encourage assessors to spend a little extra time explaining what constitutes value and what causes values to increase the next time they hear a taxpayer say, "every time we paint our house our value increases."

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ADMINISTRATIVE DIRECTIVE

The American Heritage Dictionary defines routine as "not special, ordinary". The types of repairs that should not result in increases in market value can typically be thought of as falling within the dictionary's definition of routine. In other words, ordinary repairs that do not change the effective life of a property should, under most circumstances, do nothing to affect its value.

As a general statement, it may be said that routine, general repair does not, for the purposes of mass appraisal, increase a property's market value.

Most types of repair are necessitated as a result of wear and tear caused by natural aging, the forces of nature, use, misuse or neglect of a structure. In other words, the necessity for repairs usually is the result of ordinary physical depreciation. Physical depreciation is a function of time that is slowed through maintenance but eventually results in the inevitable replacement of a structure.

The Minnesota Property Tax Administrators Manual Section 3130, page 1 explains the valuation of repairs as follows:

> *Most repairs are regarded as merely maintaining structural values, but there are instances of extensive additions and improvements that actually result in a substantial increase in the value of the property. Repairs are changes or expenditures to restore to a new or usable condition those items of construction which are worn out because of deterioration. For example, repairing a roof or furnace or painting the interior or an exterior is necessary maintenance and should not be considered as value added to a property.*

An edition of the Marshall & Swift Residential Cost Manual broke down physical depreciation into three categories, deferred maintenance, physical reconstruction and structural deterioration.

These three categories can be explained in greater detail as follows:

DEFERRED MAINTENANCE:
Typical examples of deferred maintenance would include, roofing repair or replacement, interior decorating and floor covering replacement. Repair of deferred maintenance would not ordinarily be cause for a valuation increase. The only exception to this would occur when deferred maintenance of a property resulted in the property deteriorating to such an extent that the assessor accelerated the depreciation to reflect the atypical loss in value. In a situation such

as this, general routine maintenance would result in a legitimate reason to increase the value. The value increase would restore the level of depreciation and value of the property to where it would have been if it had received normal maintenance.

PHYSICAL RECONSTRUCTION:
Typical examples of physical reconstruction would involve the replacement of such items as roof sheathing, hardwood flooring and plaster. Of the three categories of physical depreciation, physical reconstruction is typically the most difficult to determine if a repair or renovation would result in an increase in value. The reason for this is because physical reconstruction can take the form of repair or replacement of a structural item that is necessary for the existence of the structure and as such, performance of this repair would not cause the value to increase. For example, if it were discovered that years of undetected water leakage resulted in such extensive damage to an exterior wall that it had to be replaced, a valuation increase reflecting the replacement would not be in order. However, if the physical reconstruction took the form of a total kitchen renovation, replacing all of the kitchen cupboards with excellent quality cupboards, installing a dishwasher and a garbage disposal, upgrading the flooring and rewiring the kitchen..... the renovation would be extensive enough and identifiable enough, that it would be reflected in a probable increase in value. The value increase would once again be primarily attributable to an increase in the grade of the structure or a decrease in the amount depreciation or a combination of both.

STRUCTURAL DETERIORATION:
Typical examples of structural deterioration would include cracked exterior walls, sagging floors and a settling foundation. Repair of structural deterioration would, in almost all instances, result in a valuation increase. Repairs of this magnitude, affecting the structure of the building, would almost certainly result in a change in the effective age of the structure and a reduction in the amount of depreciation, thus increasing the structures value.

When determining whether or not a repair should be assessed as a valuation increase, it may be helpful to distinguish, if the item being repaired is **short lived or long lived.**

Short Lived items have a shorter life than the basic structure. Heating systems, floor coverings, plumbing fixtures, roof coverings, interior finishing are all examples of short lived items. Repairs made to short lived items would typically fall into the routine repair or general maintenance category. As a general rule, repairs to short lived items do not result in a value increase.

Long Lived items are found within the basic structure and are not typically replaced during the life of the structure. The foundation, frame, electrical wiring and insulation are **long lived** items.

Repairs to **long lived** items will quite likely result in a valuation increase. This is because repair of **long lived** items typically involve major structural repair that would reduce the effective age and the amount of depreciation on the structure.

The following discussion provides examples of several different types of repairs and when they would and would not affect the assessors market valuation of the property. Although this is not a comprehensive listing, it does serve to identify when and what kinds of repairs result in valuation increases and which kinds do not.