DEPARTMENT OF REVENUE

REVENUE CORRESPONDENCE:

Valuation

Any correspondence posted within this file is deemed to be accurate and a true representation of the answer as of the date the original document was issued. The Department of Revenue will make every attempt to ensure letters that are no longer accurate due to law or policy changes are removed in a timely manner. If you find a document that you believe is no longer accurate due to a change in law or policy, please direct your concerns to us at proptax.questions@state.mn.us and we will attempt to resolve the situation.

Please understand that all answers are based on the specific question asked. If any of the facts of the situation change, our opinion will be subject to change as well.

This document is intended to be used as a supplement to the Property Tax Administrator's Manual, *Module 2: Valuation*.

Updated March 2024

Assessment Practices

June 4, 2007

Ms. Beverly Sullivan, CMA
Crow Wing County Assessor's Office
Courthouse
326 Laurel Street
Brainerd, MN 56401

Dear Ms. Sullivan,

Your May 17 email has been referred to me for response. This letter will confirm our telephone conversation on May 30.

We understand that an error was made in 2005 when entering the estimated market value (EMV) of a commercial property owned by Rohlfing of Brainerd, Inc. The EMV was entered as $69,200 and the correct EMV was $695,000. The error continued in 2006 when the EMV was entered as $72,500 rather than $700,000. You discovered the error this year.

You have asked whether Minnesota Statutes, section 273.02, would allow you to correct the errors, recalculate the taxes payable in 2006 and 2007 and add these additional taxes to the taxes already billed for 2007. In our opinion, section 273.02 is not applicable here, this error cannot be considered omitted property and you should not bill the property owner for the additional taxes.

Section 273.02 allows assessors to make corrections to prior years' assessments under very limited circumstances. If an assessor discovers:

1. a property that had been entirely omitted from a previous assessment;
2. a property that was undervalued because the assessor was unaware of improvements made to the property or new buildings on the property; or
3. a property that had been erroneously classified as homestead property,

the assessor can use section 273.02 to correct the assessment records, recalculate the taxes that should have been billed and add those additional taxes to the current year's tax bill.

As we understand the facts of this case, none of the three circumstances described above fit what happened here. The subject property was not "omitted" nor were buildings or improvements missed. This was an error in data entry and we know of no statutory authority to correct this error for previous assessment years.

We reviewed Minnesota Statutes, section 274.175. This section provides that assessors can make corrections to the assessment rolls after the boards of review only as provided in sections 273.01 and 274.01 which allow assessors to correct clerical errors and change homestead classifications until the tax extension date for the current assessment year. This means that you can correct the 2007 EMV, if you haven't already done so. If the original value notice sent to the property owner this year was still incorrect, we recommend that you immediately send a corrected notice and advise the property owner of their right to appeal the corrected value to the County Board of Appeal and Equalization.

(Continued…)

You asked about the December 1 reference in section 273.02. This does not come into play in this situation since this is not omitted property.

We, of course, recommend that you audit your current assessment as rigorously as possible to avoid these types of errors. We understand that you already do some auditing and we suggest that you review your procedures just to assure yourselves that the assessment is as correct as possible.

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

Sincerely,

DOROTHY A. MCCLUNG
Property Tax Division

September 10, 2007

Martyn S. Schmidt
Crow Wing County Assessor
Crow Wing County Courthouse
Brainerd, MN 56401

Dear Mr. Schmidt,

I am responding to your August 17 inquiry regarding property owned by the Big Whitefish Narrows Association, Inc. (the Association). The Association was incorporated in 1957 with the main purpose of holding title to certain properties that are a part of the land platted in 1930 as the Big Whitefish Narrows. From the documents you submitted, the map shows that 30 platted lots and four government outlots were created. We assume the thirty platted lots are each individually owned with separate tax records for each. The four out lots appear to be owned by the Association. We assume that Crow Wing County has separate tax records for the outlots and the tax statements are sent to the Association.

You have asked if the outlots should be valued under Minnesota Statutes, section 273.124, subdivision 2, clause (a). This provision of the law provides that the value of any common elements in connection with a planned community must be added to the value of the individual units and must not be taxed separately. In our opinion, this section is not applicable to this property.

Section 273.124 provides the list of rules for making homestead determinations. As far as we can tell, most of the 30 units are owned by individuals who have permanent addresses elsewhere in Minnesota so these are not homesteaded residences.

From the documents we have reviewed, it does not appear that this is a planned community as that term is used in section 273.124, subdivision 2. We have not reviewed the deeds to the 30 individual lots but since the lots were platted in 1930 and the Association came into existence 27 years later, it is doubtful that the deeds would show an interest in the outlots.

The Association itself is not in favor of changing the current taxing structure. It works well for them and Crow Wing County does not seem to be having any difficulty collecting the property taxes.

We suggest that you continue the current method of assessing the properties and collecting the property taxes.

This opinion is based solely on the information provided. If any of the facts were to change, our opinion would be subject to change as well.

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

Sincerely,

DOROTHY A. MCCLUNG
Property Tax Division

April 21, 2009 *Edited 7/27/2017 based on 2017 Legislative Session*

Stephen Hacken
Winona County Assessor
Courthouse
171 West 3rd Street
Winona, Minnesota 55987

Dear Mr. Hacken,

Thank you for your recent questions to the property tax division. Your three questions are answered in turn below.

1. **What statute gives the assessor the right to value a property if the assessor is not allowed access?**

Answer: It is the assessor's duty to value all property. Minnesota Statutes, section 273.20 states:

> *"Any officer authorized by law to assess property for taxation may, when necessary to the proper performance of duties, enter any dwelling-house, building, or structure, and view the same and the property therein.*
>
> *Any officer authorized by law to assess property for ad valorem tax purposes shall have reasonable access to land and structures as necessary for the proper performance of their duties. A property owner may refuse to allow an assessor to inspect their property. This refusal by the property owner must be either verbal or expressly stated in a letter to the county assessor. If the assessor is denied access to view a property, the assessor is authorized to estimate the property's estimated market value by making assumptions believed appropriate concerning the property's finish and condition."*

Further, local and county boards of appeal and equalization are prohibited from making value adjustments or classification changes if a property owner has refused to allow the assessor access to the property. (Minnesota Statutes, section 274.01, subdivision 1, paragraph (b), and section 274.13, subdivision 1, clause 8.)

2. **Where in statute is 90-105%?**

Answer: We assume that you are asking about the 90-105 percent median sales ratio requirement. The assessor's statutory duty is to value all property at its estimated market value. The 90-105 percent median sales ratio guideline was developed by MAAO and the Department of Revenue, and is based off of IAAO standards. The median ratio standard is intended to measure the overall level of assessment in a given jurisdiction.

(Continued…)

3. Is a tax statement illegal if it does not say it is a bill?
Answer: Minnesota Statutes, section 276.04, subdivision 2 outlines the requirements for property tax statements. It is not a requirement that the statement specifically say "This is a bill." However, by including two payments stubs and supplying an address to remit such payments (one for each half of taxes), and by stating a payment due date, the intent of the statement appears quite clear that it is in fact a bill that requires payment. Furthermore, subdivision 3 of the same section states in part that "The validity of the tax shall not be affected by failure of the treasurer to mail the statement."

If you have any further questions, please do not hesitate to contact us at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

July 16, 2009

Jack C. Renick
Lake County Assessor
601 3rd Avenue
Two Harbors, MN 55616

Dear Mr. Renick:

Thank you for your question concerning the assessment of interval interests in community developments. You have presented us with the following situation:

> Originally, a parcel was created for each unit in the community and described as "Unit 1 and 2.44% of the Common Elements." Now, a unit has been split into eight interval interests each with its own parcel number described as: "Unit 1 and 2.44% of the Common Interests, Interval Interest 1-8."
>
> A whole unit sells for $400,000. An interval interest can sell for $65,000. Therefore, if eight interval interests are sold for $65,000 the value would be $520,000 even though the value as a single unit is $400,000.

You have asked if a sale of an interval interest should be considered a valid sale for sales ratio purposes.

It should be noted that an interval interest should not have its own parcel number. The parcel number should apply to the actual unit (e.g. Unit 1 and 2.44% of the common elements). Each unit should be assessed separately and receive a tax statement, not each interval interest. It is the responsibility of the developer to make certain that the taxes are paid; how the taxes are apportioned to the interval interest/timeshare owners is not the responsibility of the county. This was also outlined in a letter to you dated February 9, 2009.

It is our opinion that the sale of an interval interest would be considered a partial interest sale and should be rejected for sales ratio purposes. The sale of the actual unit may be considered a valid sale, but not the sale of interval interests.

Please be aware that this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well.

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

Sincerely,

DREW IMES, State Program Administrator
Information Education Section
Property Tax Division

2009311

August 20, 2009

Debra Davis
Chief Deputy Auditor/Treasurer
Itasca County Auditor/Treasurer's Office
Courthouse
123 NE 4th Street Room 202
Grand Rapids, Minnesota 55744-2600

Dear Ms. Davis,

Thank you for your recent question to the Property Tax Division. You have outlined the following scenario: Grand Rapids Township is in the process of being annexed into Grand Rapids City. The city is annexing the township in multiple phases. The last phase of annexation has an effective date of December 31, 2009. You have asked if you may proceed with annexation of parcels based on the information you have acquired from the City Attorney or if there is another option.

We do not recommend annexing any parcels before the actual action takes place. Any annexation after August 1 is not effective for the current assessment year. The township must levy for any parcels which are still part of the township after August 1. The city may not levy on the area annexed after August 1, 2009 until 2010. Minnesota Statutes, section 414.033 outlines laws concerning annexation, of which subdivision 12 concerns property taxes:

> *"Subd. 12.* ***Property taxes.***
> *When a municipality annexes land under subdivision 2, clause (2), (3), or (4), property taxes payable on the annexed land shall continue to be paid to the affected town or towns for the year in which the annexation becomes effective. If the annexation becomes effective on or before August 1 of a levy year, the municipality may levy on the annexed area beginning with that same levy year. If the annexation becomes effective after August 1 of a levy year, the town may continue to levy on the annexed area for that levy year, and the municipality may not levy on the annexed area until the following levy year."*

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

October 5, 2010

Mike Cebulla
Stearns County Assessor's Office
michael.cebulla@co.stearns.mn.us

Dear Mr. Cebulla,

Thank you for your email regarding notices of valuation and classification, which was forwarded to me for response. Your two questions are answered below.

1. Your value notices only print 3 property classifications. Is there a requirement on how many classifications need to be printed on the form?
Answer: The forms that the Department of Revenue has created allow space for four property classifications. In the event that a single parcel of property has five or more classifications, you may need to provide some sort of written addendum. We do not have additional space on the form due to statutory requirements to increase the size of this space for what we would assume to be a very limited number of properties.

2. Some properties are partially exempted. Do the estimated market values (EMVs) for both the taxable and exempt portions get listed, or is the EMV for the exempt portion not listed?
Answer: The EMV is the property value prior to any exemptions/exclusion. The full EMV should be listed, regardless of whether a portion of the property is taxable or exempt. The taxable market value (TMV) would, of course, reflect value that is exempt from property taxes. For example, a $200,000 property has a portion which is exempt. The exempt portion's EMV is $50,000. The value notice would show a full $200,000 EMV, but only the $150,000 TMV.

If you have any further questions regarding the Notice of Valuation and Classification, please contact the Property Tax Division via email at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

March 10, 2011

Wayne Anderson
Pope County Assessor
wayne.anderson@co.pope.mn.us

Dear Mr. Anderson:

Thank you for your email regarding a property in your county which was under-assessed for the 2010 assessment. It has been assigned to me for research and response. In your email, you indicated that your office recently became aware of "omitted" property in one of your jurisdictions. The property consists of approximately 117.31 total acres of which approximately 71 acres are tilled. The land has always been assessed, but a permit was issued for new construction of a building in 2007. The information was not provided to your office by the township and the building therefore was not taxed for the 2008, 2009, or 2010 assessments. Given the county policy for abatements of current year plus two prior years, you have asked if you should go back to correct the assessment for six years for the omitted property.

The situation you have outlined is not an abatement issue. Value cannot be "abated" onto the tax rolls. Nor is the property "omitted" as it is not escaping all forms of taxation (you indicated the land is being taxed). Rather this property has been undervalued due to the failure to take into account new improvements since you were unaware a building permit was issued on the property. You can, however, correct the 2010 assessment for taxes payable in 2011 under Minnesota Statutes, section 273.02 which states in part that:

> *"…if any real property be undervalued by reason of failure to take into consideration the existence of buildings or improvements thereon, or be erroneously classified as a homestead, when such omission, undervaluation or erroneous classification is discovered the county auditor shall … in the case of property undervalued by reason of failure to take into consideration the existence of buildings or improvements … shall correct the net tax capacity or classification thereof on the assessment and tax books and shall assess the property, and extend against the same on the tax list for the current year all arrearage of taxes properly accruing against it, including therein, in the case of personal property taxes, interest thereon at the rate of seven percent per annum from the time such taxes would have become delinquent, when the omission was caused by the failure of the owner to list the same. If any tax on any property liable to taxation is prevented from being collected for any year or years by reason of any erroneous proceedings, undervaluation by reason of failure to take into consideration the existence of buildings or improvements, erroneous classification as a homestead, or other cause, the amount of such tax which such property should have paid shall be added to the tax on such property for the current year.*
>
> *...Nothing in subdivisions 1 to 3 shall authorize the county auditor to enter omitted property on the assessment and tax books more than six years after the assessment date of the year in which the property was originally assessed or should have been assessed and nothing in subdivisions 1 to 3 shall authorize the county auditor to correct the net tax capacity or classification of real property as herein provided more than one year after December 1 of the year in which the property was assessed or should have been assessed.*

(continued)

The Department of Revenue's Auditor/Treasurer Manual clarifies this provision:

"Real property assessments, which are undervalued by reason of omission of the value of buildings, or real property that was erroneously classified as homestead, should be corrected and taxes computed for addition to the current tax. However, the correction in this case cannot be made after December 1 of the year following the year in which the erroneous assessment was made."

Since you discovered the error in February 2011, you may add the value of the building to the assessment for the 2010 assessment for taxes payable in 2011, and certainly for the 2011 assessment (the current and previous years' assessments). We recommend you send the taxpayers a letter informing them of the situation and of their only appeal option for the 2010 valuation, which is to Minnesota Tax Court.

Please understand this opinion is based solely on the information provided. If any of the facts of the situation were to differ, our opinion would be subject to change as well. If you have any questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,

Stephanie L. Nyhus, SAMA
Principal Appraiser
Information and Education Section

October 3, 2011 *Edited 7/27/2017 based on 2017 Legislative Session*

Peggy Trebil
Goodhue County Assessor Peggy.Trebil@co.goodhue.mn.us

Dear Ms. Trebil:

Thank you for your question concerning the taxation of property with a low value. You have several older, poor quality mobile homes which carry a low value (e.g., $1,000). The tax on these properties is very low (in some cases less than $15). You have asked if there are any alternatives to taxing mobile homes when the tax generated is insufficient to cover the costs incurred.

In our opinion, the taxes on manufactured homes must be collected no matter how minimal. There is a minimum taxable value for improvements made to travel trailers (decks, etc.) of $10,000. However, this is only to be applied to improvements to travel trailers and is not applicable to the value placed on manufactured homes. Furthermore, any value placed on a manufactured home must be substantiated and defensible in case that the owner appeals the value. Therefore, any estimated market value must be achieved using standard assessment practices for purposes of ad valorem taxes. Artificial or minimum values may not be used in lieu of the assessed values used for property tax purposes.

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

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

April 16, 2012

Peggy Trebil
Goodhue County Assessor's Office
Peggy.Trebil@co.goodhue.mn.us

Dear Ms. Trebil:

Thank you for your question concerning omitted property. You have informed us that a property was platted in which part(s) of the platted land were not ever given a legal description and not taxed accordingly. You have asked for guidance on how to add the omitted property to the tax rolls.

According to Minnesota Statute 273.02, subdivision 1:

> *"If any real or personal property be omitted in the assessment of any year or years, and the property thereby escape taxation … when such omission, undervaluation or erroneous classification is discovered the county auditor shall in the case of omitted property enter such property on the assessment and tax books for the year or years omitted … and shall assess the property, and extend against the same on the tax list for the current year all arrearage of taxes properly accruing against it…"*

Therefore you must provide a legal description and property identification number (PID) for each lot that has been omitted from the tax rolls. A value should be determined for each lot and added to the county tax rolls for the years omitted. Property taxes for the omitted property may be collected as far back as six past taxes payable years. The taxes are levied against the taxpayer of record and placed on the current year's tax list.

Property taxes that were not collected due to property being omitted from the tax rolls are not considered delinquent. The omitted taxes are added to the current year's tax list and only become delinquent if the current taxes (plus omitted taxes) are not paid by the normal taxes payable date.

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

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

May 30, 2012

Franci Gleason
Ottertail County Assessor's Office
FGleason@co.ottertail.mn.us

Dear Ms. Gleason,

Thank you for your recent question to the Property Tax Division regarding new improvements. A property in your area was reassessed and it was noted that a portion of the property listed as a 12' x 12' porch was part of the dwelling, and not actually a porch. Additionally, the size of that part of the building was incorrect, and the correct size was 12' x 24'. You have asked whether this would be considered "omitted" property or "undervalued" property.

Property is considered "omitted" if it has completed escaped taxation. That is not the situation you have outlined here. Rather, the property is undervalued due to the erroneous assessment of improvements.

You can correct the taxes payable in 2012 under Minnesota Statutes, section 273.02, which states in part that:

> *"...if any real property be undervalued by reason of failure to take into consideration the existence of buildings or improvements thereon, or be erroneously classified as a homestead, when such omission, undervaluation or erroneous classification is discovered the county auditor shall in the case of omitted property enter such property on the assessment and tax books for the year or years omitted, and in the case of property undervalued by reason of failure to take into consideration the existence of buildings or improvements thereon, or property erroneously classified as a homestead, shall correct the net tax capacity or classification thereof on the assessment and tax books and shall assess the property, and extend against the same on the tax list for the current year all arrearage of taxes properly accruing against it, including therein, in the case of personal property taxes, interest thereon at the rate of seven percent per annum from the time such taxes would have become delinquent, when the omission was caused by the failure of the owner to list the same. If any tax on any property liable to taxation is prevented from being collected for any year or years by reason of any erroneous proceedings, undervaluation by reason of failure to take into consideration the existence of buildings or improvements, erroneous classification as a homestead, or other cause, the amount of such tax which such property should have paid shall be added to the tax on such property for the current year."*

If you have any additional questions, please contact us via proptax.questions@state.mn.us. Due to the large volume of letters we receive and current staffing shortages, our response time is typically within three weeks of receiving a question.

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

Property Tax Division
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St. Paul, MN 55146

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www.revenue.state.mn.us

MINNESOTA · REVENUE

June 5, 2012

Michael Splonskowski
Ottertail County
msplonsk@co.ottertail.mn.us

Dear Mr. Splonskowski,

Thank you for your recent question to the Property Tax Division. You asked, "What is the proper way to value a parcel of land that has a different acreage than deeded, i.e. in the case of government lots along lakes or wetlands where the deeded acres are significantly less or more than deeded?"

Under the guidelines of the Uniform Standards of Professional Appraisal Practice (USPAP), in cases such as these where it is determined that the actual acreage of a parcel differs from the acres deeded, an "extraordinary assumption" is made and the appraisal is based on the actual acres. Extraordinary assumptions are assumptions related to a specific appraisal, which, if found to be false, could alter the appraiser's opinions or conclusions. An extraordinary assumption may be made related to physical, legal, or economic characteristics of a property; conditions external to the property, such as market conditions; or about the integrity of the data used in the appraisal. In this situation, the extraordinary assumption would be related to the actual number of acres versus those that are on the deed.

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

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

June 13, 2012

Peggy Trebil
Goodhue County Assessor
Peggy.Trebil@co.goodhue.mn.us

Dear Ms. Trebil:

Thank you for your question concerning omitted property. You have asked if the county is required to issue a publication in the newspaper (or other form of public notice) when adding omitted property to the tax rolls.

There is not a requirement in statute which orders the county to issue a publication in the newspaper when adding omitted property to the tax rolls. Although it is not required, some counties do include an announcement in a publication (newspaper, etc.) informing the public that omitted property has been added to the tax rolls. In our opinion, informing the public of such changes is good public policy but the decision to do so ultimately lies with the county.

We do not have an example or sample language of what a public notice should say when adding omitted property back to the tax rolls.

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

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

October 18, 2012

Gloria Pinke
Dakota County
Gloria.Pinke@co.dakota.mn.us

Dear Ms. Pinke:

Thank you for your question submitted to the Property Tax Division in regard to the 2013 Notices of Valuation and Classification instructions. You have asked for clarification on the following which are answered in turn below:

1. *"Does the Minnesota Department of Revenue expect any 'data/numbers' to appear in either Step 2 or Step 3 on the revised form? Steps 2 and 3 seem to imply there should be actual tax amounts on those lines but I don't see anything in the instructions."*
   For section 1 of the 2013 Notice of Valuation and Classification, steps 2 and 3 of the title section should not include the actual tax amounts. This title section is serving as a tool for taxpayers to see where they are in the property tax process. The Valuation and Classification Notice is considered the first step in the process, therefore only step 1 of section 1 should be filled out with numerical data for the Estimated Market Value of the property and the amount of the homestead market value exclusion. As you will see from the example, step 2 is noted with *"Coming November 2013"* and step 3 is noted with *"Coming November 2014"*, this indicates to taxpayers that they should look for these additional documents and tax information in the future.

2. *"In Step 2: Should I be asking our vendor to enter the '2013 Tax'?"*
   No, the amount of tax due in 2013 should not be entered on the Valuation and Classification Notice.

3. *"In Step 3: Should I be asking our vendor to enter 'Taxes Due May 15'?"*
   No, the amount of tax due on May 15 should not be entered on the Valuation and Classification Notice. Tax due dates, amounts, etc. will be shown on the actual tax statement for taxes payable in 2014.

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

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

DEPARTMENT OF REVENUE

Contaminated Property/ Contamination Tax

March 19, 2007

Teresa Mitchell
Residential Manager
Dakota County Assessor's Office
Dakota County Government Center
1590 Highway 55
Hastings, Minnesota 55033

Dear Teresa:

Thank you for your e-mail regarding the appropriate use of the contamination tax. You outlined the following situation. The soil of a residential property in Dakota County tested positive for asbestos and other contaminants. The land was valued at $72,600 and the building was valued at 228,600 for 2006. The contamination was confined to the soil and the cost to cure the contamination was approximately $140,000. The owners of the property were not the party that was responsible for the contamination. They had an approved abatement plan to clean up the site and notified you of the contamination in a timely manner. The cleanup has now been completed per plan specifications. You have asked if the contamination tax applies in this situation.

Since one of the contaminants was asbestos, it is our opinion that the exemption from contamination tax provided in Minnesota Statute 270.94 is appropriate in this case. As such, this property is not subject to contamination tax.

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

Sincerely,

Stephanie L. Nyhus, SAMA
Principal Appraiser
Information and Education Section

February 21, 2008

Kathy Hillmer
Redwood County Assessor
Courthouse
P.O. Box 130
Redwood Falls, Minnesota 56283

Dear Kathy:

Thank you for your inquiry regarding the contamination tax. You asked for general direction and guidance in applying the contamination tax to property located in Redwood County. You shared specific information for two parcels in attachments provided with your question.

Due to the delay of our response and the general nature of your question, I returned a phone call to you on February 14, 2008. From our conversation, it appears I was able to provide you with enough information to enable you to begin administering the contamination tax. Your main concern was determining when the tax was applicable. As you now know, the tax is generally applicable when the market value of a property is reduced by at least $10,000 due to contamination.

There are many sources that may be consulted to identify and locate contaminated parcels that may potentially require payment of the contamination tax. The Minnesota Pollution Control Agency (PCA) website is helpful in most cases. The Department of Agriculture and any local offices, such as your county's Environmental Services Department, may also be of assistance.

The contamination tax is not a simple tax to administer, and the Department is acknowledging this with information sharing and administrative changes. First, there was an introductory letter advising assessors to prepare to spend additional time reviewing property to ensure the contamination tax is properly collected. Next, a bulletin will be released providing assessors with additional information in administering the tax. Finally, new reporting forms will be distributed to allow for more complete and informative reporting of contamination tax application and collection throughout the state.

If you have any additional questions prior to these releases or that are not answered by them, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

MICHAEL STALBERGER, State Program Administrator
Information and Education Section
Property Tax Division

2009328

September 24, 2009

Kristie Olson
Anoka County Courthouse
325 E Main St
Anoka, MN 55303

Dear Ms. Olson:

Thank you for your question concerning property that has been contaminated due to methamphetamine production. You have asked the following questions:

1. **Question:** A house was uninhabitable due to the production of meth as of 02/01/2007. You were not made aware of this until August 2009, when the new owner asked if there was a way to decrease his taxes. He bought the property in June of 2009. You have asked how to handle the prior years. Does the contamination tax qualify for an abatement?

   Answer: In our opinion, an abatement is inappropriate. The contamination tax can only be applied if there is a reduction in value on the property due to the presence of contamination. If you have reduced the value of the property due to contamination, the property may be eligible for the contamination tax going forward, but not backwards.

2. **Question:** On some properties you are notified by a document filed by the Community Health and Environmental Services Department but are not supplied with a clean-up plan. People who are not the responsible party have purchased the property and occupy the property. Which contamination tax rate should be used?

   Answer: If a clean-up plan is not supplied and the property is owned by a non-responsible party, the rate is 25%.

3. **Question:** If a property is now owned by a bank or other non-responsible party and you have not been given a clean-up plan, which contamination tax rate should be used?

   Answer: If a clean-up plan is not supplied and the property is owned by a non-responsible party, the rate is 25%.

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

Sincerely,

DREW IMES, State Program Administrator
Information Education Section
Property Tax Division

May 18, 2020

Corey Erickson
Ramsey County Assessor's Office
Corey.erickson@ramseycounty.us

Dear Mr. Erickson,

Thank you for submitting your question to the Property Tax Division regarding the contamination tax. You have provided the following scenario and question:

Scenario:

- A property has an uncontaminated estimated market value (EMV) of $1,000,000
- The seller had a Phase 1 environmental assessment completed which described the contamination as heavy metals, dry cleaning solvents and/or similar chemicals
- A separate report from a remediation company estimated clean-up costs at $950,000
- The property was listed, openly marketed, and sold for $50,000
- The new owner also hired a company to do a Phase 1 assessment and estimate clean-up costs
- The new owner's estimates are the same as those provided by the seller
- There is no approved response action or clean-up plan by the new owner or the seller
- New owner requests value reduction due to contamination. They state they do not want contamination tax treatment, but state that a reduction to the open market sale price is warranted.

Question 1: If the assessor found that the EMV as not contaminated was $1,000,000 and felt it was proper to consider the full estimated clean-up costs as the loss in value due to contamination, would it be correct to do the following?

EMV as not contaminated:	$1,000,000
Loss of value due to contamination:	$ 950,000
EMV for regular property tax purposes:	$ 50,000

Since there is no approved response action or clean-up plan, and the owner is not the responsible party, the rate would be 25%.

Answer: Yes, this is the correct way to determine the EMV for regular property tax purposes. One acceptable method to use when determining the contamination value of taxable real property is the actual cleanup costs. Typically, these would be detailed in a contamination cleanup grant from the Minnesota Department of Employment and Economic Development (DEED). The contamination value may not exceed the estimated costs of implementing a reasonable response action plan. In this case, if the assessor has determined that the two clean-up estimates meet that standard, it would be appropriate to use that value to determine the value subject to the contamination tax.

The actual contamination tax rate is determined by several factors: the responsible party, the presence of an approved plan, and the clean-up itself. A property owner or operator is considered a responsible party unless the Minnesota Pollution Control Agency (PCA) or the Department of Agriculture (DOA) have determined otherwise. If such a determination has been made by the PCA or the DOA, the property owner has until July 1 of the assessment year to provide the assessor with a copy of the determination. A copy of this determination is needed in order to receive the lower contamination tax rate of 25%.

Question 2: Would it also be correct to give the property an EMV of $50,000 like any other non-contaminated $50,000 property and not apply any contamination tax treatment as the property owner prefers?

Answer: No. It would not be appropriate to reduce the uncontaminated EMV of $1,000,000 to $50,000 due to contamination and not apply the contamination tax. The contamination tax is statutorily mandated in Minnesota Statutes 270.91 through 270.98. The contamination tax was enacted in 1994 as a response to property owner appeals for reduced valuations due to contamination, and therefore goes hand in hand with any reduction in EMV due to contamination.

In your question you mention that the property owner *"feels a reduction to the open market **sale price** is warranted."* We can see no reason in law or in practice to further reduce the valuation when the parcel has already been discounted by the presence of the contamination.

Question 3: If the answer is a contamination value and tax must be carried in this situation, if nothing changes with the property, no clean-up, no plans to clean up, at what point does the contamination tax treatment end?

Answer: There does not appear to be any termination of the contamination tax if a parcel has no approved response action plan and no action is taken to remediate the contamination.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

DEPARTMENT OF REVENUE

Disabled Veterans' Market Value Exclusion

May 13, 2008

Jerry Lehman
Waseca County Assessor
Courthouse
307 North State Street
Waseca, Minnesota 56093

Dear Mr. Lehman:

Thank you for your recent question regarding the disabled veterans' market value exclusion. You asked whether a disabled veteran with delinquent taxes would need to have their taxes current before being eligible the exclusion.

Since this law references a market value exclusion as opposed to a credit or refund, in our opinion, the taxes do not need to be current in order to qualify for the exclusion. If a disabled veteran meets the qualifications required by statute, the exclusion should be granted. However, if the taxes remain unpaid, the property is subject to forfeiture.

If you have any further questions or needs, please do not hesitate to contact our division.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

May 13, 2008

Cheryl Grover
Clearwater County Assessor
213 Main Ave N - Dept. 203
Bagley MN 56621

Dear Ms. Grover,

Thank you for your recent question concerning the disabled veterans homestead market value exclusion. You outlined the following situation: A 100 percent totally and permanently disabled veteran will be applying for market value exclusion on a duplex in which he owns a part and rents out the other. You have asked if this veteran would qualify for market value exclusion on the entire parcel.

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, the answer is yes. If the disabled veteran meets all other qualifications for homestead market value exclusion, the value of the entire duplex property would be excluded.

If you have any further questions or needs, please do not hesitate to contact our division.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

May 14, 2008

Connie Erickson
Yellow Medicine County Assessor
Courthouse
415 9th Avenue
Granite Falls, Minnesota 56241

Dear Ms. Erickson,

Thank you for your recent question concerning the market value exclusion on homesteads of disabled veterans. You have asked if a parcel qualifies if it is held only under the name of the spouse of a qualifying disabled veteran. 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 title of the property before the property is eligible for market value exclusion.

If you have further needs or questions concerning this exclusion, please do not hesitate to contact our division.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

May 15, 2008

Dave Barrett
Swift County Veterans Service Office
Courthouse
301 14th St N
Benson, MN 56215

Dear Mr. Barrett,

Thank you for your recent question concerning the disabled veterans homestead market value exclusion. You are wondering about eligibility of a property occupied by a qualifying disabled veteran that is held under his life estate. You are wondering if this property would be eligible for the exclusion.

After conferring with legal staff, we have come to the conclusion that this property would qualify for the exclusion. Our decision is based on the fact that the owner of the life estate owns the home, and also occupies it. This meets the homestead criteria for eligibility for market value exclusion.

If you have further questions or needs, please do not hesitate to contact your county assessors office, or our division.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

May 15, 2008

Dave Armstrong
LeSueur County Assessor
Courthouse
88 So. Park Avenue
LeCenter, MN 56057

Dear Mr. Armstrong,

Thank you for the letter that you have forwarded to the property tax division concerning the disabled veterans homestead market value exclusion. You have asked whether a co-op property owned by a qualifying disabled veteran is eligible for the exclusion benefit. After conferring with legal staff, we have come to the following conclusion.

If a co-op property occupied by a qualifying disabled veteran is identifiable as one that is individually owned, it may be eligible for exclusion. In other words, if a co-op property unit has individual tax statements sent to the occupying disabled veteran, the veteran may be eligible for exclusion on the value listed on the specific unit identified on the property tax statement. If a qualifying disabled veteran has exclusive access to rights on an individual unit, the individual unit may be eligible.

If, however, a co-op property is owned by a qualifying disabled veteran on a membership or shares basis, and there is no exclusively identifiable unit attributable to the veteran, the co-op property would not be eligible for exclusion. If an assessor is unable to determine individual ownership by the veteran, the property would not qualify.

I hope that this answers your question. Please feel free to contact our division if you have further needs or concerns.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

C: Jim Golgart
Veterans Service Officer
Le Sueur County
88 S. Park Ave.
Le Center, MN 56057

May 20, 2008

Joy Lindquist, Assessment Specialist
Lake of the Woods County Assessor's Office
Courthouse
206 8th Avenue SE
P.O. Box 808
Baudette, Minnesota 56623

Dear Ms. Lindquist:

Thank you for your recent question concerning the market value exclusion on homesteads of disabled veterans. You asked the following question: How does this exemption affect the remaining taxable market value if the spouse also has a disability rating [100 percent permanent and total] but it is not service-connected? In other words, you are wondering how this would affect class 1b disabled homestead on the remaining value of the home.

Please note that the veterans benefit is a market value exclusion, not an exemption. Any remaining taxable market value on the property after exclusion is considered "dollar one" for additional taxation purposes. However, if a property qualifies for market value exclusion under Minnesota Statutes, section 273.13, subdivision 34, the property is not additionally eligible for class 1b blind/disabled homestead under Minnesota Statutes, section 273.13, subdivision 22.

I hope that this answers your question. If you need further information or assistance, please do not hesitate to contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

May 20, 2008

Robert Moe
Otter Tail County Assessor
505 Fir Ave W
Fergus Falls, Minnesota 56537-1364

Dear Mr. Moe:

Thank you for your recent question concerning the market value exclusion on homesteads of disabled veterans. You have asked three questions which we have answered individually below.

1. A father is going to add his son's name to the parcel where he lives in addition to his name. Will this affect eligibility for the exclusion? His son will not live there.
You did not indicate whether the father or the son is the disabled veteran. However, if a qualifying disabled veteran owns a home with someone other than his/her spouse, the benefit will reflect the fractional ownership of the homestead. The market value and benefit will both reflect the percentage of ownership interest. In this scenario, for simplicity's sake, we will assume the estimated market value of the home is $500,000. Of this, the qualifying veteran has an interest in $250,000 of the home's value. If he is eligible for a $150,000 market value exclusion, his benefit is multiplied by his interest in the home (50%), so his benefit would be $75,000. The taxable market value would be $250,000 (non-veteran's interest) plus $175,000 (qualifying veteran's $250,000 interest minus the maximum $75,000 benefit), for a total of $425,000 taxable market value. Please see the attached examples.

2. How will we deal with parcels that are only a percentage ownership of a qualified veteran? For example, an unmarried couple buys a home and live together, one of them is a qualified veteran.
Again, the benefit would be a fractionalized to represent the qualifying owner's interest in the property. In this scenario, let's assume the home has an estimated market value of $500,000 and that the veteran would qualify for $300,000 market value exclusion (100 percent permanently and totally disabled). The veteran's interest in the home is $250,000 (half of $500,000). His maximum benefit is $150,000 (half of $300,000). His benefit would therefore exclude $150,000 of the $250,000 of his half interest. The taxable market value would be $350,000. Please see the attached examples.

3. If a married couple both qualify for the $150,000 exclusion, would the excluded amounts be added together to receive a $300,000 exclusion?
No. For property tax purposes, married couples are considered one entity. For two spouses who are each eligible for $150,000 exclusions, they would only be granted one exclusion at $150,000.

I hope that this answers your question. If you need further information or assistance, please do not hesitate to contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

May 20, 2008

Sandy Pence
Cass County Assessor's Office
4th St. & Minnesota Avenue
P.O. Box 3000
Walker, Minnesota 56484

Dear Ms. Pence,

Thank you for your recent question concerning the market value exclusion on homesteads of disabled veterans. You have asked the following three questions, which are answered individually.

1. If both owners of the property have service-connected disabilities and qualify for the exclusion, what is their benefit?
Answer: The benefit will reflect the percentage of ownership interest on a percentage of the property in which there is an ownership interest. For example, let us address a scenario where two unmarried veterans each qualify for a $150,000 exclusion. Together, they both own and occupy a home with an estimated market value of $200,000. Each veteran would have interest in $100,000 of the property (50 percent of $200,000). Each veteran would also have a $75,000 exclusion eligibility (50 percent of $150,000 based on 50 percent homestead). Therefore, the total exclusion amount would be $150,000 (two veterans each eligible for $75,000). Please see the attached example of other scenarios.

2. If a qualifying veteran owns and occupies a home with a spouse who has a disability that is not service-connected (which would otherwise qualify the spouse for class 1b), would the property be eligible for a reduced class rate on any remaining taxable market value?
Answer: A property qualifying for homestead market value exclusion under Minnesota Statutes, section 273.13, subdivision 34, is not eligible for the reduced classification rate for class 1b blind/disabled homestead properties provided in Minnesota Statutes, section 273.13, subdivision 22.

3. Does a relative homestead receive the benefit?
Answer: No. In order for a property to qualify, it must be owned, occupied, and used as a homestead by a qualifying veteran with a service-connected disability of 70 percent or more. Relative homesteads do not qualify.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

C: Gary Amundson, Regional Rep
Steve Kuha, Cass County Assessor
Mark Peterson, Cass County

May 20, 2008

Tim Falkum
Kandiyohi County Assessor
Courthouse
400 Benson Ave SW
Willmar, Minnesota 56201-3236

Dear Mr. Falkum,

Thank you for your recent question concerning the market value exclusion on homesteads of disabled veterans. You outlined the following scenario: a qualifying veteran with 100 percent permanent service-connected disability owns a home with his spouse. He does not occupy this home with her. He owns and occupies a separate home. He is getting partial (50 percent) homestead on the home he occupies. You asked how the exclusion should be applied in this scenario.

The exclusion is only applicable to the property he owns and occupies. His benefit is based on his percentage of homestead interest in the property he occupies. As he is receiving partial (50 percent) homestead on this property, his eligibility would be for 50 percent of his maximum exclusion benefit toward the value of the home he owns and occupies. He would be eligible for a $150,000 market value exclusion on the property he occupies (50 percent of the maximum eligibility, based on 50 percent homestead). Please see the attached examples with various fractional interest scenarios.

The property owned by the veteran and his wife, but only occupied by his wife, would not qualify. 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 her own.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

June 3, 2008

Sylvia Schreifels
Washington County Assessors Office
Washington County Govt Center
14900 61st Street North
Stillwater, Minnesota 55082

Dear Ms. Schreifels,

Thank you for your recent questions concerning the market value exclusion on homestead property of qualifying disabled veterans. You have asked multiple questions which are answered individually below.

1. **A married veteran has applied, but does not live with his wife. She will not sign the application. Is the veteran still eligible for the full benefit?**
   In this scenario, the answer depends on how homestead is granted to the property. If the qualifying veteran still owns and occupies the home and meets all qualifications for full homestead treatment, he may receive his full benefit amount. If, however, the home is receiving partial homestead treatment, the veteran will receive a partial benefit in relation to his interest in the homestead property.

2. **A qualifying veteran occupies a home with his spouse. Her name is on the title of her home along with her ex-husband. Would this property still qualify for the exclusion?**
   In this scenario, the property would not be eligible for exclusion. The qualifying veteran must be an owner of the home, and occupy it as his homestead, before being eligible for the exclusion.

3. **A disabled veteran is in the process of being discharged. May he still apply?**
   As the law requires proof of discharge *and* disability status, the applicant must supply proof of honorable discharge. Until the veteran is able to supply that information, the application should not be approved.

4. **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.

(Continued…)

5. **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. Common sense must prevail in a scenario such as this. 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.

6. **Can a property qualifying for the value exclusion also receive the property tax refund?**
   While the market value credit 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.

Please remember that each scenario must be reviewed based on the facts of the situation. If facts change, our opinion is subject to change as well. If you have additional questions or concerns, please do not hesitate to contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

June 27, 2008

Sonia Pooch
Pope County Assessor's Office
Courthouse
130 E. Minnesota Avenue
Glenwood, Minnesota 56334

Dear Ms. Pooch,

Thank you for your recent question concerning the disabled veterans homestead market value exclusion. You have asked whether a property that had previously been receiving class 1b blind/disabled homestead on their entire agricultural homestead property would lose that class, and would then receive the exclusion based on the house, garage, and first acre.

If an agricultural homestead had been receiving the class 1b blind/disabled homestead for the 2007 assessment, that homestead would have been receiving a reduced class rate on the first $32,000 of the property's value. For the 2008 assessment, if they qualify for the disabled veterans homestead market value exclusion, the excluded market value is limited to the house, garage, and first acre. You are correct that the class 1b blind/disabled homestead should be removed for the 2008 assessment if the market value exclusion is granted.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

June 27, 2008

Lyn Regenauer
Chisago County Assessor's Office
Chisago Co. Govt. Center
313 N. Main St. Room 246
Center City, Minnesota 55012-9663

Dear Lyn,

Thank you for your recent question to the property tax division concerning the disabled veterans homestead market value exclusion. You have outlined the following scenario: A qualifying disabled veteran has met the application requirements for the 2008 assessment in Chisago County. This veteran is purchasing a new home in Anoka County on September 20, 2008. You have asked if the exclusion would be removed from their Chisago County property when the veteran purchases the new property in September.

For the disabled veterans homestead market value exclusion, eligible properties must be the homestead of the qualifying veteran. If the veteran no longer homesteads his property in Chisago County, the exclusion would be removed immediately. Regardless of whether the veteran moves on September 20, 2008 or January 2, 2009; the exclusion is not applicable to property he does not both own and occupy. In the scenario you have outlined, the exclusion would be removed immediately upon such time as the qualifying veteran does not own or occupy the Chisago County property. If he homesteads and applies for exclusion by July 1, 2009 in Anoka County on the property in that county, he should be eligible for the exclusion for the 2009 assessment year at that address.

If you have future questions or concerns, please do not hesitate to contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

July 14, 2008

Gloria Pinke
Dakota County Assessor's Office
Dakota County Gov't Center
1590 Highway 55
Hastings, Minnesota 55033

Dear Ms. Pinke,

Thank you for your recent question concerning the disabled veterans homestead market value exclusion. You have asked how the Department of Revenue came to the decision that the qualifying veteran must be listed as an owner of the property in order to be eligible for exclusion.

You are correct that for purposes of granting homestead on a property occupied by two spouses, both spouses do not need to be listed as owners of the property. It is sufficient for homestead purposes that only one spouse be listed as an owner. While that is indeed the case, the disabled veterans homestead market value exclusion is a benefit program which extends beyond initial homesteading. We will be happy to outline our reasoning behind requiring the qualifying veteran to be listed as a homeowner.

First, Minnesota Statutes, section 273.13, subdivision 34 states that in order to be eligible for exclusion, the property must be owned by "a veteran or by the veteran and the veteran's spouse." As these are the only two scenarios that are acceptable in statute, it would logically follow that the veteran must be listed as an owner of the property, and that the veteran may also own the property with his/her spouse and not have the benefit reduced from its maximum eligibility. (Please note that the statute referenced has changed since it was first signed into law on March 6, 2008. You will note that language has since been clarified in Minnesota Laws, Chapter 366.)

Second, the Department of Revenue looked into precedence in terms of how to administer this program. While there are no other programs like it currently in property tax law, we were able to regard similar programs such as the class 1b blind/disabled homestead. We have consistently held that for a property to be eligible for blind/disabled homestead, the disabled spouse must be listed as an owner on the title of the property. We felt that the precedence here applied to the new disabled veterans homestead market value exclusion.

Finally, we feel that it is important to make sure that the benefit is appropriately applied to the qualifying veteran, and not to any unintended parties. After our first meeting with the Department of Veterans Affairs, they were in agreement that they too would like to ensure in any way possible that this program is only applied to those that truly qualify for it. Ensuring that the qualifying disabled veteran is an owner of the home is the best way to make sure that this program is being applied only where applicable.

I sincerely hope that this letter helps you to better understand the rationale behind requiring the qualifying person to be listed as an owner of the home. If you have any future questions or concerns, please do not hesitate to contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

July 15, 2008

Lorella Fulton
Assistant County Assessor
Koochiching County
715 4th St
International Falls, MN 56649

Dear Ms. Fulton,

Thank you for your recent questions concerning the disabled veterans homestead market value exclusion. You have asked the following three questions:

1. Three brothers own a property. One brother qualifies for the exclusion. Would the disability be fractional (1/3) reflecting his percentage ownership, or would it be 100% of his qualifying disability?
Answer: The benefit would be fractionalized to represent his percentage ownership. If his service-connected disability is 70 percent or more, he would qualify for up to $50,000 exclusion (one-third of $150,000). If he is totally (100 percent) and permanently disabled, his maximum exclusion eligibility would be $100,000 (one-third of $300,000). The actual exclusion amount is not to exceed his percentage ownership in market value. In other words, if the property were valued at $150,000 and he were permanently and totally disabled, his maximum benefit would be $50,000 (one-third of the TMV). Calculation examples for fractional ownership were included in the May 20 "Frequently Asked Questions" memo.

2. An 80-acre parcel is currently split classed. A cabin and 5-acres are classed seasonal residential recreational and the other 75 acres are classed timber, as they are enrolled in SFIA. The owner of this property has moved into the cabin and applied for homestead. The owner qualifies for the disabled veterans homestead market value exclusion. Would the cabin and 5-acres be homesteaded and the rest remain timber?
Answer: As SFIA lands cannot be used residentially or agriculturally, they would retain timber classification. This veteran would be eligible for exclusion on the five acres of homesteaded residential property.

3. A qualifying veteran has an 80-acre residence. On agricultural properties, the exclusion is limited to the house, garage, and first acre. Is there an acreage limit on residential properties, or would this entire parcel qualify?
Answer: There is no statutory limit on residential parcels. However, since the recent changes to property tax classifications effectively limit the residential classification to 10 acres on otherwise unimproved parcels greater than 20 acres, the exclusion would apply to those 10 acres with the rest of the 70 acres on the parcel classed as appropriate to its use (seasonal residential recreational, managed timber, rural vacant land, etc.).

If you have further questions or concerns, please do not hesitate to contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

July 15, 2008

Kristie Olson
Anoka County Assessor's Office
Government Center
2100 3rd Avenue
Anoka, Minnesota 55303

Dear Ms. Olson,

Thank you for your recent questions concerning the disabled veterans homestead market value exclusion. You have asked the following:

1. Two unmarried individuals own and occupy a home. They are not married. One of them is a qualifying disabled veteran, the other is not. Does the non-disabled owner still qualify for a homestead market value credit?
Answer: Minnesota Statutes, section 273.13, subdivision 34, paragraph (e) states in part:

> *"A **property** qualifying for valuation exclusion under this subdivision is not eligible for the credit under section 273.1384, subdivision 1 [residential homestead market value credit]" (emphasis added).*

If a property qualifies for the disabled veterans homestead market value exclusion, even in part, the property does not additionally qualify for the market value credit.

2. A qualifying disabled veteran owns a property by contract for deed, but the grantor reserves a life estate. Both the grantor reserving the life estate and the contract purchaser occupy the property. Would this property qualify for the disabled veterans homestead market value exclusion?
Answer: In the scenario you have outlined, the qualifying disabled veteran only owns a future interest in the property. Since the property is the homestead of the life estate holder, who is not a qualifying veteran, this property would not qualify for the disabled veteran's market value exclusion.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

July 15, 2008

Sylvia Schreifels
Washington County Assessor's Office
Washington County Govt Center
14900 61st Street North
Stillwater, Minnesota 55082

Dear Ms. Schreifels,

Thank you for your recent questions concerning the disabled veterans homestead market value exclusion. You have asked how the exclusion would be applied in the following scenario: A father and daughter jointly own and occupy a mobile home. It is currently classified as 75 percent homestead, since the daughter is married but her husband does not occupy the property. The total market value of the home is $4300. The father is eligible for the disabled veterans homestead market value exclusion. You have asked two questions which are answered below.

1. As $2200 would be excluded from tax, does the remaining value of the property receive any homestead credit due to the daughter's ownership interest?
Answer: No. Minnesota Statutes, section 273.13, subdivision 34, states in part, "A *property* qualifying for valuation exclusion under this subdivision is not eligible for the credit under section 273.1384, subdivision 1…[homestead credit][emphasis added]." If any portion of the property is eligible for market value exclusion, no portion of the property is eligible for homestead credit.

2. What if, in the above example, the father and daughter both own the mobile home, but the daughter does not occupy it? If they were to apply for owner-occupied relative homestead, would the full value of the property be excluded from tax, or would only the half interest of the father be excluded?
Answer: In this scenario, the property would still be eligible for exclusion only based on the father's 50 percent ownership interest. The property may still be fully homesteaded with 50 percent owner-occupied and 50 percent residential relative homestead. Also, if the property were *owned* solely by his daughter, but *occupied* solely by the father, the market value exclusion would not apply.

Although the Department of Revenue is not in a position to offer legal advice, it is prudent to acknowledge that if the daughter were to quit-claim the property to her father, he would be eligible for exclusion on the entire value of this property (the $4300 market value of the mobile home).

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

July 21, 2008

Dan Weber
Kanabec County Assessor's Office

Dear Mr. Weber,

Thank you for your recent question concerning the disabled veterans homestead market value exclusion. You have asked if a tax statement will still need to be sent to properties for which the value is completely excluded based on the qualifying veteran's disability.

In our opinion, a tax statement should still be sent annually. This program is not an exemption. For properties that qualify for the exclusion, valuation notices will need to be supplied annually. It is also possible that a property with an entirely excluded taxable market value could still be responsible for special assessments. Therefore, we recommend that all normal taxpayer correspondence continue as usual.

If you have further questions or concerns, please do not hesitate to contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

August 21, 2008

Kristie Olson
Anoka County Assessor's Office
Government Center
2100 3rd Avenue
Anoka, Minnesota 55303

Dear Ms. Olson,

Thank you for your recent questions concerning the disabled veterans homestead market value exclusion. A property owner in your county is moving to Sherburne County on September 5, 2008. You have asked various questions pertaining to his eligibility, which are answered below.

1. Will the property owner have to file a new application in Sherburne County?
Answer: Yes. The property owner will have to file an application in Sherburne County after he homesteads his property there.

2. Is the property owner eligible for the exclusion in Sherburne County if he applies after the September 1 deadline?
Answer: If the qualifying veteran homesteads after September 1, 2008, he may apply for the 2009 assessment. Applications for 2009 are due by July 1, 2009. He will not be eligible for the 2008 assessment year in Sherburne County since the application deadline is September 1, 2008.

3. If the property owner closes before September 1 in Sherburne County, can he get the exclusion for both properties?
Answer: No. A qualifying disabled veteran can only receive one value exclusion at a given time. The market value exclusion moves with the property owner. If the property owner files for mid-year homestead on the new property in Sherburne County, the exclusion should be removed on the property in Anoka County immediately.

4. What would happen if the veteran does not sell his property in Anoka County by December 15, 2008? Or January 15, 2009? Could he have the exclusion in both counties?
Answer: No. Whichever property serves as the homestead of the qualifying veteran is eligible for the exclusion. The property which is primarily occupied by the veteran is the only property eligible for exclusion.

We would like to note that if it is possible to avoid disenfranchising the taxpayer, some leniency may be given. Although for the 2008 assessment, applications cannot be made after September 1, it is possible for the qualifying veteran to be granted exclusion in Anoka County by that deadline. If Anoka County were to approve the exclusion for the 2008 assessment, it may then be transferred to Sherburne County. It is imperative that the respective offices communicate with one another to assure that such a "transfer" were handled appropriately.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

C: Sherburne County Veterans Service Officer

August 21, 2008

Sylvia Schreifels
Washington County Assessor's Office
Washington County Govt Center
14900 61st Street North
Stillwater, Minnesota 55082

Dear Ms. Schreifels,

Thank you for your recent question concerning the disabled veterans' homestead market value exclusion. You have outlined the following scenario: You received an application from a qualifying veteran which was signed by that veteran and his spouse. The same individuals also supplied a Quit Claim Deed conveying the property to the veteran's spouse as trustee for a trust in her name. You have asked if that trust prevents the property from qualifying for market value exclusion.

Minnesota Statutes, section 273.13, subdivision 34 outlines that in order to qualify, a property must be "owned by a veteran or by the veteran and the veteran's spouse." In the scenario that you have outlined, the property would not qualify, as the disabled veteran is not grantor of the trust and therefore not technically an owner of this property. If the couple were to file a separate Quit Claim Deed conveying ownership (at least in part) back to the qualifying veteran, the property would become eligible for exclusion.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

August 21, 2008

Kristie Olson
Anoka County Assessor's Office
Government Center
2100 3rd Avenue
Anoka, Minnesota 55303

Dear Ms. Olson,

Thank you for your recent question concerning the disabled veterans homestead market value exclusion. You have outlined the following scenario: A qualifying veteran and his spouse homestead a property in your county. The property is held by a trust with the veteran and his spouse as grantors of the trust. You have asked if this property would still be eligible for the exclusion.

Because the qualifying veteran in this scenario is a grantor of the trust, the property is eligible for the exclusion. Moreover, he may be a grantor of the trust along with his spouse and still be eligible for the full exclusion allowable to him. Property held under a trust is eligible for homestead pursuant to Minnesota Statutes, section 273.124, subdivision 21 if the grantor or surviving spouse of the grantor occupies the property. Therefore, so long as the grantor homesteads the property and is the qualifying disabled veteran, the property is eligible.

If you have future questions or concerns, please do not hesitate to contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

September 3, 2008

Glen Purdie
Steele County Assessor
Administrative Center
630 Florence Avenue
P.O. Box 890
Owatonna, Minnesota 55060

Dear Mr. Purdie,

Thank you for your recent questions concerning the disabled veterans homestead market value exclusion. You have asked two questions, which are answered below.

A property in your county was held in the name of a qualifying veteran's spouse. On August 26, 2008, the property was quit-claimed to both the veteran and his spouse as joint tenants. You have asked the following questions

Will the veteran qualify for value exclusion for the 2008 assessment, taxes payable 2009?
Answer: If the property is owned and occupied by the qualifying veteran and the veteran's spouse, and if that veteran submits application to the assessor by September 1, 2008, we see no reason that the veteran should not qualify for the 2008 assessment year. Again, it is imperative that the veteran supply the application along with the required documentation.

Does the exclusion change to a newly-acquired property and removed from the sold property of a disabled veteran if he/she purchases and moves to a different home during the year?
Answer: We see no reason to disenfranchise a qualifying veteran if he/she applies and qualifies in one county but moves to another county within the same year. Every effort should be taken to transfer the exclusion to the qualifying veteran's new homestead property. In any such scenario, the exclusion should be immediately removed from the property that the veteran no long owns and occupies.

If you have any further questions or concerns, please do not hesitate to contact us at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

September 10, 2008

Edna Coolidge
Anoka County Assessor's Office
Government Center
2100 3rd Ave
Anoka MN 55303

Dear Ms. Coolidge,

Thank you for your recent question concerning the disabled veterans homestead market value exclusion. You received an application from a veteran claiming 70 percent service-connected disability. Unfortunately, his letter from the Department of Veterans Affairs did not state whether the veteran's disability was service-connected or not. You have asked how to process this application.

In order for the veteran to qualify for the market value exclusion, the veteran must verify that the disability is service-connected. The veteran may work with your county's Veteran Service Officer (CVSO) or through the Minnesota Department of Veterans Affairs via 1-888-LINK-VET (1-888-546-5838). I do not recommend using the contact information from the form you have received from a Missouri Regional Office of the V.A., as that state may not be aware of the Minnesota property tax benefit for disabled veterans.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

September 10, 2008

LuAnn Trobec, Application Specialist
Minnesota Counties Information Systems
413 SE 7th Avenue
Grand Rapids, MN 55744

Dear Ms. Trobec,

Thank you for your recent question concerning the disabled veterans homestead market value exclusion. You have asked if, on a split-class commercial/residential parcel, the exclusion would apply to the entire parcel or only the residential portion.

As the market value exclusion is based on the veteran's homestead, it would follow that the exclusion pertains only to the residential homestead portion of the parcel. A commercial property cannot be homesteaded.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

September 16, 2008

Doreen Pehrson, County Assessor
Nicollet County
501 S Minnesota Ave
Saint Peter, MN 56082

Dear Ms. Pehrson,

Thank you for your recent question pertaining to the disabled veterans homestead market value exclusion. You have outlined the following scenario: A veteran applied for exclusion in your county in May of 2008. He was approved for exclusion at that time. In July 2008 the veteran sold his home and purchased another property in Nicollet County. He has applied for homestead on this new property. You have asked how the exclusion applies in this scenario.

The disabled veterans market value exclusion is based on the qualifying veteran's homestead property. The property where he originally qualified, but which has since been sold, should **not** be eligible for the exclusion for the 2008 assessment year. As the veteran has already been approved for exclusion in your county for this assessment year, he should be eligible for exclusion on his new property.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

October 15, 2008

Cindy Storlie
St. Louis County Assessor's Office
Courthouse
100 North 5th Avenue West
Duluth, Minnesota 55802-1293

Dear Ms. Storlie,

Thank you for your recent question to the property tax division. You have asked the following: *There is a parcel with two records, one is residential homestead, and the second record is commercial. Does the disabled veterans homestead market value exclusion extend to the commercial property in the same way that a homestead credit does?*

As commercial property cannot be homesteaded, the commercial portion of the property would be ineligible for the disabled veterans market value exclusion. If the property is split-classified residential and commercial, homestead treatment and the market value exclusion are applicable only to the residential portion thereof.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

October 15, 2008

Larry Johnson, Lead Programmer/Analyst
MCIS
413 SE 7th Ave
Grand Rapids, MN 55744

Dear Mr. Johnson,

Thank you for your recent question concerning the disabled veterans homestead market value exclusion and linked homestead parcels. You have asked if, beginning with the 2009 assessment, parcels over 20 acres improved with a residence used as a homestead would be split-classified 10 acres with the house and the remaining acres as class 2b, rural vacant land. You have also asked if, therefore, the market value exclusion would only be applicable to the 10 acres with the homestead.

Yes. Recent law changes have clarified that parcels over 20 acres improved with a residence shall have 10 acres assigned to the residence and the remaining acres classified according to use. The disabled veterans market value exclusion would only be applicable to the acres classified as residential homestead. On an agricultural parcel, the exclusion is applicable to the house, garage, and immediately surrounding one acre of land.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

November 12, 2008

Sylvia Schreifels
Washington County Assessor's Office
Washington County Govt Center
14900 61st Street North
Stillwater, Minnesota 55082

Dear Ms. Schreifels,

Thank you for your recent questions concerning the disabled veterans homestead market value exclusion. You have outlined the following: A veteran has moved to Washington County from Ramsey County. This veteran applied and was granted market value exclusion on his homestead property in Ramsey County by the 2008 application deadline. He has asked if he is eligible for the market value exclusion in Washington County.

If the qualifying veteran occupies his property in Washington County and receives mid-year homestead, we see no reason to disenfranchise him if he has already applied and qualified in another county but has moved to your county within the same year. Every effort should be taken to transfer the exclusion to the qualifying veteran's new homestead property, again assuming he applies and qualifies for mid-year homestead. If such a scenario exists, the exclusion should be immediately removed from the property that the veteran no longer owns and occupies (in Ramsey County).

For the disabled veterans homestead market value exclusion, eligible properties must be the homestead of the qualifying veteran. If the veteran is still occupying his property in Ramsey County as a homestead, the exclusion should remain on that property for the 2008 assessment year. The exclusion is not applicable to property he does not both own and occupy.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

C: Donna Schmoeckel
Washington County Assessor's Office
Washington County Assessor's Office

November 13, 2008

Cindy Storlie
St. Louis County Assessor's Office
Courthouse
100 North 5th Avenue West
Duluth, Minnesota 55802-1293

Dear Ms. Storlie,

Thank you for your recent question concerning the disabled veterans' homestead market value exclusion. You have outlined the following scenario: A qualifying veteran had 100 percent homestead on his property as of January 2, 2008. This summer, that veteran was married. His spouse owns a separate property for which she homesteaded as of January 2, 2008. The veteran has stated that sometimes he lives at one property, and sometimes at the other. He is not listed on the deed to his wife's property. The properties do not qualify for separate spousal homesteads per Minnesota Statutes. You have asked how the disabled veterans' homestead market value exclusion would be applied in this scenario.

According to the information you have provided, the veteran should be eligible for exclusion for taxes payable in 2009 on the property that he homesteaded as of January 2, 2008. However, his eligibility for the 2009 assessment year (taxes payable 2010) depends on his homestead status.

If the veteran continues to homestead the same original property for the 2009 assessment, he may be eligible for up to 50 percent homestead and 50 percent of the disabled veterans' homestead market value exclusion if his wife owns and occupies a separate property. If both the veteran and his wife move to his property, he is eligible for up to 100 percent homestead and full exclusion benefits. However, if he occupies the property for which he is not an owner on the deed, he will be ineligible for exclusion.

Please note that the market value exclusion on homesteads of disabled veterans is equally dependent upon **ownership and occupancy** of the qualifying veteran. Only a home the veteran both owns and homesteads will be eligible for exclusion.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

2009047

January 26, 2009

Lisa Braun
Mille Lacs County Assessor's Office
Courthouse
635 2nd Street SE
Milaca, Minnesota 56353

Dear Ms. Braun,

Thank you for your recent question concerning the disabled veterans' homestead market value exclusion. You have asked if veterans who are 70-100 percent disabled (but not totally and permanently disabled) need to supply information from the Department of Veterans Affairs on an annual basis showing that they still qualify for the exclusion based on service-connected disability.

Veterans who are 70-90 percent permanently disabled need to apply annually, but it is expected that their original paperwork will be on file at the assessor's office, as their disabling condition is not subject to change. However, veterans who are 70-100 percent disabled but not permanently will need to provide annual verification. This may be as simple as having the County Veterans Service Officer (CVSO) attest that the disabling condition has not changed since last review, or it may be paperwork from the Department of Veterans Affairs. The Minnesota regional office of the Department of Veterans Affairs has been meeting to discuss how they will proceed with annual notification for these veterans. [Veterans who are 100 percent totally and permanently disabled do not need to reapply annually.]

If you are provided with an application for the 2009 assessment year and the applying veteran needs documentation of his/her service-connected disability status, we recommend that the veteran work with his/her CVSO directly. Veterans are also able to access information via the state's 1-800-LINK-VET hotline.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

2009078

February 9, 2009

Brad Averbeck
Regional Representative
Department of Revenue
PO Box 84
Detroit Lakes, MN 56502

Dear Mr. Averbeck,

Thank you for your recent question on the disabled veterans' homestead market value exclusion. You have outlined the following scenario: For the 2008 assessment year, a 30-acre parcel was classified as residential homestead. For the 2009 assessment year, this parcel will be split-classified with ten acres as residential homestead and 20 acres rural vacant land (2b). You have asked if the exclusion continues to apply to the full 30 acres, or to the residential homestead 10 acres.

The market value exclusion is applicable to homestead property only. As 2b rural vacant land cannot be homesteaded (unless part of an agricultural homestead), the exclusion in this scenario applies only to the 10-acre residential homestead portion of the parcel.

As an aside, if the 2b lands were part of an agricultural homestead, it would have no consequence to the exclusion, because on agricultural homestead parcels the exclusion applies only to the house, garage, and immediately surrounding one acre of land.

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

Very Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

2009080

February 20, 2009

Kelly Schroeder, Deputy Assessor
Isanti County Assessor's Office
Government Center
555 18th Avenue SW
Cambridge, Minnesota 55008-9386

Dear Ms. Schroeder,

Thank you for your recent questions concerning the disabled veterans' homestead market value exclusion. You have outlined the following scenario: A qualifying disabled veteran occupies a property with his parents. He is not an owner of the home. You have asked multiple questions regarding this scenario, which are answered in turn below. You will also find reference to these questions in our 2008 Memos to all assessors concerning the exclusion program, as well as a calculation example for fractional homesteads. We will include the calculation example in this document for your reference.

Question 1: Can the veteran qualify for the exclusion as a relative homestead?
Answer: No, relative homesteads do not qualify for the exclusion.

Question 2: If the owners deeded ownership rights to the veteran, would the property qualify?
Answer: Yes. If the qualifying veteran is an owner on the title and occupies the property for purposes of homestead, the property is eligible for exclusion.

Question 3: If the owners deeded 2/3 interest in the property to the qualifying veteran, is the exclusion also fractionalized?
Answer: Yes. In the scenario you have outlined, the veteran would be eligible for exclusion up to the amount of his ownership interest, not to exceed the fractional benefit amount. The examples of fractional homestead calculations which were included in that memo are attached to this document.

Question 4: Could the property owners deed the property to the veteran while retaining life estate to qualify?
Answer: No. The retainers of the life estate are the only persons eligible to claim homestead in such a scenario. The veteran's interest would be future deeded interest only.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

Encl: Fractional homestead calculations for disabled vets exclusion

2009089

February 20, 2009

Gary Amundson
Department of Revenue Regional Representative
2462 West Shamineau Drive
Motley, MN 56466

Dear Mr. Amundson,

Thank you for your recent question regarding the disabled veterans homestead market value exclusion. You received the following questions from the St. Louis County Assessor's Office: A disabled veteran received market value exclusion for the 2008 assessment year. In March of 2009, the veteran will sell his home and move to another property. What happens to the taxes on the veteran's original homestead for the 2008 assessment? Does the buyer receive benefit? Does the exclusion automatically carry over to the new homestead, or will he need to reapply for the 2009 assessment? Would an abatement need to be applied to the qualifying veteran's new property?

As March of 2009 has not yet occurred, we understand this to be a hypothetical question. Typically, we do not answer hypothetical questions but we will address the issue at hand. If a disabled veteran qualified for the 2008 assessment and remained at that property throughout the assessment year (that is, through December 31, 2008), the exclusion will reflect taxes payable in 2009. For the property which the qualifying veteran occupies on or after January 1, 2009, the veteran must make application by July 1, 2009 for that assessment year (taxes payable 2010). It would be inappropriate to grant an abatement on the new property, as the veteran did not occupy it during the prior assessment year.

If you have any further questions or concerns for which an answer is not readily available, please contact proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

2009110

March 12, 2009

Cindy Storlie
St. Louis County Assessor's Office
Courthouse
100 North 5th Avenue West
Duluth, Minnesota 55802-1293

Dear Ms. Storlie,

Thank you for your recent question concerning the disabled veterans' homestead market value exclusion. You have outlined the following scenario: For the 2008 assessment, a parcel was classified as agricultural homestead. When reviewing this parcel for the 2009 assessment, it was noted that it no longer qualified for agricultural homestead classification. The tax parcel containing the residence has been re-classified as residential homestead, and the contiguous parcels have been classified as rural vacant land. You have asked if it was appropriate to remove homestead from the contiguous parcels and to what extent the exclusion should then be applied.

You were correct to remove homestead from the parcels classified as 2b rural vacant land. If any of the contiguous parcels are used for the purposes of the homestead (garden, garage, etc.), they may be classified residential homestead and be extended homestead treatments. However, if the 2b rural vacant land classification is correct, there is no applicability for homestead.

As for the market value exclusion on homestead property of disabled veterans, it applies only to parcels where homestead has been extended. Last year, as an agricultural homestead, the exclusion would have applied only to the house, garage, and first acre of land. As the homestead is now a *residential* homestead, the exclusion applies to the entire tax parcel (or parcels) which receive residential homestead. Any parcels classified as 2b rural vacant land do not have market value excluded under this program.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

April 15, 2009

Steve Skoog
Becker County Assessor
Courthouse 915 Lake Avenue
P.O.Box 787
Detroit Lakes, Minnesota 56502

Dear Mr. Skoog:

Thank you for your question concerning the disabled veterans homestead market value exclusion. You have asked: How does the veteran's exclusion apply to a 49 acre parcel that is classified as 10 acres residential homestead and 39 acres rural vacant land?

The veteran's exclusion only applies to property qualifying as homestead. Class 2b rural vacant land cannot receive homestead unless it is part of a class 2a agricultural homestead. As you stated in your letter, this particular parcel does not qualify for the class 2a agricultural productive classification and is already split-classified as 10 acres residential homestead and 39 acres rural vacant land. The veteran's exclusion would apply to the value of the 10 acres that qualify for homestead. The exclusion does not apply to the excess class 2b rural vacant land.

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

Sincerely,

DREW IMES, State Program Administrator
Information Education Section
Property Tax Division

April 27, 2009

Paul Knutson
Rice County Assessor
Government Services Building
320 Third Street NW, Suite 4
Faribault, Minnesota 55021-6100

Dear Mr. Knutson,

Thank you for your questions regarding the disabled veterans homestead market value exclusion. Each question is answered in turn below.

1. What are the criteria for the dates of veterans' disability letters? Do they need to be dated for the current assessment year?
Answer: Many veterans do not have annual examinations, so it is possible that they will not receive a "new" letter for each assessment year. However, it is important that this information be re-verified prior to application. The veteran may be able to provide other paperwork stating that this disability status has not changed from the prior year. We recommend that veterans work with their County Veterans Service Officers to obtain appropriate and up-to-date disability information when applying for the exclusion. As an aside, we are currently working with the Department of Veterans Affairs concerning options for disability letters going forward and will be updating assessors as needed.

2. Some veterans missed the deadline for the 2008 assessment year, for taxes payable in 2009. Is it wrong if these applications were accepted for the 2009 assessment year (for taxes payable in 2010)?
Answer: If you are satisfied that the information has not changed since the time you accepted the applications, we see no reason to deny those applications for exclusion. As with the first question, appropriate and up-to-date disability information will still be necessary.

3. Is there a current application for the class 2c Managed Forest Land?
Answer: The same application which was released last year is applicable to this year and future years as well, so long as there are no law changes which would require creation of a new application. Form CR-2cMFL is still appropriate. It is available online at: http://www.taxes.state.mn.us/taxes/property/forms/2c-Application_2009.pdf

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

June 25, 2009

Bryan Eder
Property Systems Coordinator
Olmsted County PRL
151 4th St SE
Rochester MN 55904

Dear Mr. Eder,

Thank you for your recent question regarding the disabled veterans' homestead market value exclusion. It has been forwarded to me for response. You have outlined the following information: In your county, a veteran qualified as 70% service-connected disabled. That veteran has since moved to a nursing home. Because of this, the veteran and his spouse chose to put the property into the spouse's name solely. You have asked if the property still qualifies for exclusion.

Normally, in the case of a married couple co-owning a property and receiving homestead, when one of the spouses enters nursing home care, the homestead status is not altered per Minnesota Statutes, section 273.124, subdivision 1, paragraph (f), clause (2). However, in the scenario you have outlined, the couple removed the qualifying veteran's ownership interest in the property. In the past, we have frequently and consistently stated that in order for a property to qualify for the exclusion, the qualifying veteran must be an owner on the deed of the property. Unfortunately, the qualifying veteran has been removed as an owner of this property. As that is the case, the property is not eligible for the disabled veterans' homestead market value exclusion.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

June 29, 2009

Edna Coolidge
Anoka County Assessor's Office
Government Center
2100 3rd Ave
Anoka MN 55303

Dear Ms. Coolidge,

Thank you for your recent questions to the property tax division. You have outlined the following scenario: A taxpayer in your county has purchased a property from his parents, but the parents have retained life estate on the property. The taxpayer (son) has applied for homestead and the disabled veterans' market value exclusion. You have asked, "Does the life estate matter in this case?"

In terms of homestead, the son is eligible under Minnesota Statutes, section 273.124 subdivision 21 as a relative of the grantor of the life estate. He must meet all other homestead requirements (primary residence, Minnesota resident, etc.).

In terms of the disabled veterans' market value exclusion, we addressed this issue in the May 20, 2008 FAQ memo. The veteran must be the holder of the life estate and maintain residence of the property as his/her homestead. In the scenario you have outlined, the life estate interest is the parents'. The qualifying veteran's ownership interest is future deeded interest only, and therefore he does not qualify for the disabled veterans' market value exclusion.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

2009330

September 8, 2009

Becky Pierson
Anoka County Assessor's Office

Dear Ms. Pierson,

Thank you for your recent question regarding the disabled veterans' homestead market value exclusion. Your office has received an application from a veteran who had qualified this assessment year at his home in Moorhead, but who has since moved to Blaine. You have asked if the exclusion may be applied to his new property.

Yes, since the disabled veteran has applied and qualified for the exclusion for this assessment year, the exclusion may be applied to the new property, even if the veteran moves after the application deadline. The exclusion must be immediately removed from the property he no longer occupies, and is only applicable to the new property if and when mid-year homestead is applied.

If you have any further questions or concerns, please do not hesitate to contact our office at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

2009362

October 21, 2009

Carol Schutz
629 N. 11th St. – Suite 3
Montevideo MN 56265

Dear Ms. Schutz,

Thank you for your recent questions concerning the disabled veterans' homestead market value exclusion. You have asked how the exclusion should be handled in the case of a qualifying veteran selling her/his home or moving to a new property during the assessment year. I have outlined a hypothetical timeline for you which may be of assistance.

July 1, 2009: This is the deadline for filing application for the exclusion. Qualifying veterans who own a property and occupy it as a homestead will receive the exclusion if they apply by this date.

July 1 – December 1, 2009: If a veteran has already qualified for the assessment year but moves to a new property, the exclusion may also "move" with the veteran for the same assessment year, provided she/he qualifies for midyear homestead by owning and occupying the new property by December 1. If mid-year homestead is granted, the exclusion may be applied to the property for the same assessment year. (Note: December 15 is the application deadline for mid-year homestead).

December 2 – December 31, 2009: If a veteran moves from or sells her/his property, the exclusion is removed from the old property for the assessment year. The veteran may apply for the exclusion at her or his new homestead by July 1 of the next assessment year. Taxes payable in 2010 would not reflect the exclusion on the new property.

It is important to note that after taxes have been extended against a property, the exclusion cannot be removed. For example, if a veteran has qualified throughout the 2009 assessment year, but sells the home in February of 2010 (and the tax statements have been sent), the taxes payable for 2010 would still reflect the 2009 assessment with the exclusion, regardless of the fact that the qualifying veteran no longer owns and occupies the property. The veteran would be eligible to apply on the new property for the 2010 assessment (taxes payable 2011) by July 1; but the taxes on the new property for pay 2010 would not receive the exclusion.

If you have any further questions, please do not hesitate to contact us at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

December 1, 2009

Bob Hansen
Hubbard County Assessor
Courthouse
301 Court Ave
Park Rapids, MN 56470

Dear Mr. Hansen,

Thank you for your recent question regarding the disabled veterans' homestead market value exclusion. You have asked for our advice on the exclusion eligibility of parcels between ten and twenty acres in size.

As you are aware, legislation passed in 2008 requires that parcels greater than 20 acres in size which are improved with a structure but otherwise are composed of mostly 2b rural vacant land, 10 acres must be split and assigned to the structure and the remaining acres classified as 2b. Minnesota Statutes, section 273.13, subdivision 23, paragraph (c) specifically limits this to parcels of mostly rural vacant land greater than twenty acres in size improved with a structure.

Therefore, in your example of an 18.25-acre parcel, no split-classification is required by statute. If the entire 18.25 acres are appropriately classified as residential homestead, all 18.25 acres are eligible for the exclusion. For any parcels greater than twenty acres which are split-classified, only the acres which are residential homestead would qualify for the exclusion. In any case, only acres which are classified as residential homestead would receive the exclusion, with no other "limit" implied.

As you have noted, this is not the case for agricultural homesteads, for which the exclusion is statutorily limited to the house, garage, and immediately surrounding one acre.

If you have any further questions or are in need of further clarification, please do not hesitate to contact our division at protpax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

April 13, 2010

Marci Moreland
Carlton County Assessor
P.O. Box 440
Carlton MN 55718

marci.moreland@co.carlton.mn.us

Dear Ms. Moreland,

Thank you for your recent question regarding the market value exclusion for homesteads of disabled veterans. You have outlined the following scenario: A property in Carlton County currently receives a market value exclusion based on 100% service-connected disability of the owner. In January of 2010, this owner moved into an assisted living facility. The property continues to receive homestead based on Minnesota Statutes, section 273.124, subdivision 1, paragraph (f). You have asked if the property also still qualifies for the exclusion.

Because the home is still owned by the veteran and is receiving homestead, the exclusion is also still applied to the property. This assumes that ownership does not change, that no one else occupies the house (unless a spouse, if applicable), the property is not rented, and no one other than the veteran (and his spouse, if applicable) claims homestead on the property. If ownership or use of the property changes, it may be appropriate to remove homestead and, subsequently, the exclusion.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

August 19, 2010

Jody Moran
Washington County Assessor's Office
Jody.Moran@co.washington.mn.us

Dear Ms. Moran:

Thank you for your question concerning the disabled veteran's market value exclusion. You have asked if it would be appropriate to grant a property tax abatement for the assessment years 2007 and 2008 for an individual who now qualifies for the exclusion but did not apply until assessment year 2009.

In our opinion, granting an abatement for assessment years 2007 and 2008 would be inappropriate. The disabled veteran's market value exclusion did not exist for assessment year 2007, therefore using the value of the exclusion to calculate an abatement is not possible for that year. For the 2008 assessment, the veteran did not have a letter indicating he met the disability rating and he did not make timely application for the program. Therefore, he did not meet either of the requirements to qualify for the program in 2008. Furthermore, we have consistently held that abatements are not appropriate in cases where a person has failed to meet the application date, except for in the most extreme cases. Although assessors should attempt to inform taxpayers of special program eligibility, it is ultimately the responsibility of the taxpayer to enroll in a special program such as the veteran's exclusion.

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

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

December 14, 2010

Joy Lindquist
Lake of the Woods Assessor's Office
206 8th Ave SE Ste 296
Baudette MN 56623

joy_l@co.lake-of-the-woods.mn.us

Dear Ms. Lindquist,

Thank you for your recent question regarding the market value exclusion on homesteads of disabled veterans. In Lake of the Woods County, a property had been receiving the exclusion for the 2010 assessment for taxes payable in 2011. This property sold on December 9, 2010. You have asked if the exclusion should be removed for the remainder of the 2010 assessment.

If possible, the exclusion should be removed during the assessment year in which the property sells or changes ownership from (or is no longer homesteaded by) the qualifying disabled veteran. Taxes payable in 2011 would therefore not reflect an exclusion from 2010. This and other program specifics are also covered in the Property Tax Administrators Manual, module 2 (Valuation) available online at:

http://taxes.state.mn.us/property_tax_administrators/pages/other_supporting_content_propertytaxadministratorsmanual.aspx

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

Very sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

February 8, 2011

Martha Delaney
Sherburne County Assessor's Office
Martha.Delaney@co.sherburne.mn.us

Dear Ms. Delaney:

Thank you for your question concerning the disabled veterans' homestead market value exclusion. You have provided us with the following scenario and question:

> A 100% disabled veteran moved from our county (Sherburne) to Chisago County. He received a 2009 mid-year homestead (payable 2010) in Chisago County; however, he failed to notify Chisago County as to the fact that he was receiving the disabled veterans' exclusion in Sherburne County - he initially applied in August, 2008. He also failed to notify Sherburne of the move to Chisago County. This veteran finally applied for the exclusion in November or December of 2010 in Chisago County.

You have asked if Sherburne County has to remove the exclusion for payable 2010, and since the disabled veteran's exclusion is transferrable, should Chisago County grant an abatement for payable 2010?

As you stated, the disabled veteran's exclusion follows the person and is transferable to another property if the veteran moves. However, the onus is on the property owner to notify the county when they relocate to and homestead another property. In this case, the homestead benefits and the disabled veteran's exclusion should be immediately removed from the property in Sherburne County. As the disabled veteran qualified for a mid-year homestead in Chisago County every effort should be taken to transfer the exclusion to the qualifying veteran's new homestead property. In any such scenario, the exclusion should be immediately removed from the property that the veteran no longer owns and occupies.

As for the abatement in Chisago County, the veteran was entitled to receive the disabled veteran's exclusion upon occupying the new property located in Chisago County. However, as the veteran did not notify Sherburne County of the move and also failed to notify Chisago County of his qualification for the disabled veteran's exclusion, an abatement would not be appropriate in this scenario.

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

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

February 16, 2011

Mary Black
Cook County Assessor's Office
mary.black@co.cook.mn.us

Dear Ms. Black,

Thank you for your recent question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You have asked for our advice regarding the exclusion eligibility of a veteran who has applied at your office. The veteran supplied a letter from the Department of Veterans Affairs, which you provided to us for review.

The letter you have included states that the veteran is "granted entitlement to the 100% rate" because the veteran is "unable to work due to [the veteran's] service connected disabilities." In short, this means that the veteran is 100% disabled, and it appears that the disabling condition is a service-connected disability.

The letter does not indicate that this disability is permanent. Therefore, the veteran is eligible for an exclusion on market value up to $150,000 due to a service-connected disability of 70% or more as provided in Minnesota Statutes, section 273.13, subdivision 34.

If you believe that more information is needed, such as verifying service connection of the disability, verifying honorable discharge status, etc. you may request such information from the veteran. You may also work with the County Veterans Service Officer in Cook County in order to verify any information. If you have any additional questions from the Property Tax Division, please do not hesitate to contact us via email at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

March 29, 2011

Judy Liddell
Morrison County Assessor's Office
judyl@co.morrison.mn.us

Dear Ms. Liddell,

Thank you for your recent question to the Property Tax Division regarding the disabled veterans' market value exclusion. You have outlined the following scenario: A disabled veteran owns and occupies hotel/motel property in your county. The ownership of the property is under an LLC. You have granted homestead on the portion physically occupied by the veteran because he was able to verify that he is a member of the LLC. However, you have questioned whether the disabled veterans' exclusion would apply even though the property is not owned under his individual name.

Minnesota Statutes, section 273.13, subdivision 34 provides that the disabled veterans' exclusion is applicable to property "owned by a veteran or by the veteran and the veteran's spouse qualifying for homestead classification… if it serves as the homestead of a military veteran."

In other words, a property is eligible if it qualifies as the veteran's residential or agricultural owner-occupied homestead and the veteran meets the other qualifying criteria for the exclusion.

To address your specific situation, we look to Minnesota Statutes, section 273.124, subdivision 17, which allows homestead on owner-occupied hotel or motel property owned by an LLC:

> *"For purposes of class 1a determinations, a homestead includes that portion of property defined as a motel under chapter 157, provided that the person residing in the motel property is using that property as a homestead, is part owner, and is actively engaged in the operation of the motel business. Homestead treatment applies even if legal title to the property is in the name of a corporation or partnership and not in the name of the person residing in the motel. The homestead is limited to that portion of the motel actually occupied by the person.*
>
> *A taxpayer meeting the requirements of this subdivision must notify the county assessor, or the assessor who has the powers of the county assessor under section 273.063, in writing, in order to qualify under this subdivision for 1a homestead classification. "*

Therefore, if the veteran qualifies for homestead under this provision, the portion of the hotel/motel property actually occupied by the veteran as his homestead qualifies for the 1a classification, and subsequently may qualify for exclusion on that same portion, as it is owned by the veteran and used as his homestead residence.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

July 26, 2011

Beverly Johnson
Polk County Assessor's Office
Beverly.Johnson@co.polk.mn.us

Dear Ms. Johnson,

Thank you for your recent question to the Property Tax Division regarding the market value exclusion for homesteads of disabled veterans. You have outlined the following scenario: A veteran had received an exclusion for the 2010 assessment on a property in Polk County. However, he sold the property in October of 2010 and the exclusion was removed. In January 2011, he purchased a mobile home. You have asked if the exclusion should have been carried over to the new property.

The department has advised that if a veteran purchases and homesteads a new property *within the same assessment year* that the veteran has already been granted exclusion, the exclusion should "move with" the veteran. In other words, if he had applied for and received the exclusion on the property he sold in October 2010, the exclusion may have been applied to his new property if he had purchased and homesteaded it during the 2010 assessment year.

In the scenario you have outlined, the veteran purchased a new property in January of 2011. Therefore, the veteran may have homesteaded the property and applied for exclusion until as late as July 1, 2011 to be eligible for the 2011 assessment. Any taxes assessed from previous assessment years (i.e., under other ownership) would not reflect the exclusion. If the veteran did not apply by July 1, 2011 he may apply by July 1, 2012 to be eligible for the exclusion for that assessment year.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

August 1, 2011

Diane Rolloff
Senior Assessment Technician
Brown County Assessor's Office
diane.rolloff@co.brown.mn.us

Dear Ms. Rolloff,

Thank you for your recent question regarding the disabled veterans' market value exclusion. You have outlined the following scenario: A 100% disabled veteran had qualified for the exclusion on his property, and was receiving it for the 2011 assessment year. The veteran passed away in May 2011. There is no surviving spouse at this property. You have asked if the exclusion should be removed for the 2011 assessment or the 2012 assessment.

In cases where there is no surviving spouse, the exclusion should be removed in the assessment year of the qualifying veteran's death. Therefore, the exclusion in this case would be removed for the 2011 assessment, for taxes payable in 2012.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

October 3, 2011

Carol Schutz
Chippewa County Assessor
cschutz@co.chippewa.mn.us

Dear Ms. Schutz,

Thank you for your recent question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You have outlined the following scenario: a qualifying disabled veteran owns a property with another individual (not a spouse). The veteran is eligible for up to 50 percent exclusion on 50 percent of the value of the homestead. You have asked for clarification that the property does not receive the newly-enacted homestead market value exclusion.

As amended by Minnesota Laws 2011, First Special Session, Chapter 7, article 5, section 8, Minnesota Statutes section 273.13, subdivision 34 now reads, "A property qualifying for a valuation exclusion under this subdivision is not eligible for the market value exclusion under subdivision 35… [emphasis added]."

Therefore, if the property is receiving the disabled veterans market value exclusion, then the property may not concurrently receive the homestead market value exclusion. Prior to changes made during the 2011 Special Session, a property receiving the veterans' exclusion would not have been eligible for the homestead market value credit.

If you have any additional questions, please contact our section via email at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

March 13, 2012

Marc Iverson
Renville County Assessor's Office
marc_i@co.renville.mn.us

Dear Mr. Iverson,

Thank you for your recent question to the Property Tax Division regarding the disabled veterans homestead market value exclusion. You have outlined the following scenario: A property in your county was receiving the disabled veterans homestead market value exclusion. The qualifying veteran has moved to Arizona but still owns the property in Renville County. You have asked whether the exclusion should be removed.

If you have determined that the property is no longer the primary place of residence of the qualifying veteran (i.e., that the property is no longer the veteran's homestead), the homestead and the exclusion should both be removed. As per the Property Tax Administrator's Manual, *Module 2 –Valuation*, "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…" If the veteran does not move to another residence in Minnesota and qualify for mid-year homestead, then there is no property for the exclusion to "move" to.

The Property Tax Administrator's Manual is available on the Department of Revenue website at http://taxes.state.mn.us/property_tax_administrators/pages/other_supporting_content_propertytaxadministratorsmanual.aspx. If you have any additional questions, please do not hesitate to contact our division via email at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

April 23, 2012

Doug Walvatne
Otter Tail County Assessor
dwalvatn@ottertail.mn.us

Dear Mr. Walvatne:

Thank you for your recent email to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You have asked the following questions:

> *"On the Veteran's letter of entitlement the question 'Are you being paid at the 100% rate because you are unemployable due to your service connected disabilities: Yes.' Does this alone entitle them to a $300,000 exclusion? Secondly, is the flow chart provided from the DOR in July of 2009 still an accurate flow chart?"*

In order for a veteran to qualify for the maximum $300,000 exclusion, the disability must be total (100%, including individual unemployability) and permanent, and it must be service connected. The question "Are you being paid at the 100% rate because you are unemployable due to your service connected disabilities?" would refer to the veteran being considered 100% disabled, but not permanently disabled. A veteran with 100% disability that is not permanent is eligible for up to $150,000 exclusion.

The flow chart provided in July of 2009 is still accurate, however you may also wish to refer to an updated bulletin regarding the exclusion program which was released by the department on February 9, 2012. This bulletin outlines the various qualifications for exclusion, as well as the flow chart you have described. The document is available on the MAAO website under the "Department of Revenue" link, or we may also send a copy of the document to you. Many of those updates are included in the last version of the Property Tax Administrator's Manual (available on the department's website: www.revenue.state.mn.us) and more information will be forthcoming with this year's updates, which should be finished in autumn.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

May 16, 2012

Keith Albertsen
Douglas County Assessor
keith.albertsen@mail.co.douglas.mn.us

Dear Mr. Albertsen:

Thank you for your questions concerning the 1b classification and the disabled veterans' market value exclusion. Your questions are answered in turn below.

Question 1: If a class 1b blind or disabled property owner passes away after the assessment date, is the1b classification removed as of the next assessment date for taxes payable the following year? What if the owner sells the property after the assessment date?
If the owner passes away during the assessment year, the class 1b property remains on the property and is removed for the next assessment year unless the property is sold or transferred in the interim, in which case the classification should be removed from the property at the time of sale.

If the owner does not pass away but decides to sell the home and purchase a new home, the owner is required to notify the county assessor of the change and the 1b class should be removed from the original property and extended to the newly acquired property. If a new property is not acquired, the 1b classification should remain on the property until the next assessment year or until which time it is sold or transferred, whichever comes first.

Question 2: If a veteran who is qualifying for the veteran's market value exclusion at the 70 percent or more disabled level passes away, is the exclusion removed for the current assessment year or is it removed for the next assessment year? If a veteran qualifies as 70 percent or more disabled and sells the property, is the exclusion removed for the current assessment year or is it removed for the next assessment year?
The exclusion is removed in the assessment year of the veteran's death or the assessment year in which the property is sold. As you may recall, the exclusion is granted for an assessment year and affects taxes payable the following year. If a veteran with 70% or greater disability qualified for the 2012 assessment for taxes payable in 2013, but passed away or sold the property in 2013, the exclusion would be removed for the 2013 *assessment* year, but not for the 2013 *payable* year.

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

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

June 15, 2012

Carol Jensen
Winona County Assessor's Office
CJensen@Co.Winona.MN.US

Dear Ms. Jensen,

Thank you for your question concerning the Disabled Veteran's Homestead Market Value Exclusion. You have asked how to apply the exclusion if two qualifying spouses (both 70 percent or more disabled) own and occupy a home.

This scenario is discussed in the Property Tax Administrator's Manual, *Module 2: Valuation.* 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). The spouses are not eligible to have two combined exclusions (e.g. two $300,000 exclusions for a total of $600,000 excluded).

If you have any additional questions, please do not hesitate to contact the division via email at proptax.questions@state.mn.us. The Property Tax Administrator's Manual is also available online via: http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

July 13, 2012

Randy Stafford
MN Department of Revenue Taxpayer Rights Advocate
randy.stafford@state.mn.us

Dear Mr. Stafford,

Thank you for your recent email regarding disabled veteran homestead exclusions. You provided us with the following information:

> You are working with a taxpayer who is the widow of a disabled veteran. The disabled vet was honorably discharged and had a 70% disability. He died unexpectedly in February 2012.

You have asked the following questions:

1. For the 2012 assessed property taxes payable in 2013, would application for the exclusion need to be made by July 1, 2012?

Yes, the application deadline is July 1st of the assessment year.

2. Does the exclusion, in this case, survive the death of the veteran?

In the situation you have outlined the exclusion would not apply for two reasons. One, the application was never made by the disabled vet. Second, a surviving spouse of a veteran who had a 70% or more disability is not eligible for the benefits. The exclusion carryover is only for surviving spouses of permanently and totally (100%) disabled veterans.

If you have any additional questions or concerns please feel free to contact our division at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

August 7, 2012

Terri Corn
Cass County Assessor's Office
terri.corn@co.cass.mn.us

Dear Ms. Corn:

Thank you for your question regarding relative homestead and the disabled veterans' homestead exclusion. I was forwarded your question for response. You have asked about an individual who added his ex-wife's son to his property's title, and wanted to know if the son is eligible for relative residential homestead. Also, you stated that the property is currently classed at 50% homestead with 50% disabled veterans' homestead exclusion. You asked if the property should remain at this classification.

In this case, the son of the individual's ex-wife is is not a qualifying relative for homestead purposes. Additionally, he is an owner of the property since his name was added to the title and therefore only one of the owners occupies the property. The property should remain at the current classification of 50% homestead with 50% disabled veterans' homestead exclusion.

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

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

August 21, 2012

Melissa Janzen
Wright County Assessor's Office
melissa.janzen@co.wright.mn.us

Dear Ms. Janzen:

Thank you for your question submitted to the Property Tax Division in regard to the disabled veterans' homestead market value exclusion. You have provided the following scenario:

A property has been receiving the disabled veterans' homestead market value exclusion. The individual who qualified has now moved from this property into assisted living and the individual's son is now occupying the property. The property is still receiving the homestead classification. You are asking if this property still qualifies for the disabled veterans' homestead market value exclusion.

In the situation described, this property is classified as a residential relative homestead. This property qualifies as a residential relative homestead because it is not occupied by the property owner(s), but is occupied by the owners' child who is considered a qualified relative, if the child is a Minnesota resident.

In order to receive the disabled veteran's exclusion, the property must be owned and occupied by the qualifying individual. Also, relative homesteads do not qualify for this program; therefore, this property does not qualify for the disabled veterans' homestead market value exclusion.

However, if the qualifying veteran is an owner of the property and no one else occupies the home (including a relative) or claims homestead on it, and the property is not rented to anyone else, it may still be eligible for market value exclusion while the veteran is in assisted living.

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

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

August 22, 2012

Denise Jacobs
Technical Office Specialist
City of Moorhead
denise.jacobs@ci.moorhead.mn.us

Dear Ms. Jacobs:

Thank you for your question submitted to the Property Tax Division in regard to disabled veterans' homestead market value exclusion. You have provided the following situation:

On June 19, 2012 you received an application for a 70% or more disabled veteran. In the paperwork that was attached to the individual's application from the Veteran's Administration it stated that the individual is only 60% disabled and the letter did not state that he is permanently disabled or that he is unemployable. You denied the application and sent the individual a letter. The individual's wife called and stated that the individual received a new letter from the Veteran's Administration stating that he is 100% totally and permanently disabled. You sent a new application and informed them that they have missed the deadline of July 1, so the exclusion would not start until 2013 for taxes payable in 2014. You are asking if this is correct, as the individual's wife believes that since an application was filed before the deadline and denied, the new application should be allowed.

Applications for veterans qualifying the market value exclusion are due by July 1 annually to be eligible for that same assessment year. Veterans qualifying for the exclusion need to apply by July 1 of a given year to be eligible for that assessment year. The information at the time of application is used when making determinations for purposes of this exclusion. There is absolutely no backdating the exclusion 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).

Since the application submitted on June 19, 2012 did not qualify for the disabled veteran's market value exclusion, and was formally denied, you are correct in stating that the new application submitted after July 1, if approved, would be effective for assessment year 2013, taxes payable in 2014.

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

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

August 28, 2012

Becky Kotek
Rice County Assessor's Office
bkotek@co.rice.mn.us

Dear Ms. Kotek,

Thank you for your recent email regarding the Disabled Veterans Market Value Exclusion. You provided us with the following information:

> Your county has a disabled vet who was receiving the disabled veterans' exclusion as 70% disabled as of January 2, 2012. On 5/10/12 his disability status changed to 100% permanent. The paperwork reflecting the change was dated 6/12/12. You are asking for our opinion on which exclusion, 70% or 100%, would the disabled vet be eligible for? Would the disabled vet remain at 70% because that was his disability status as of January 2, 2012 or could the disabled vet apply for the 100% full benefit since this disability was changed to 100% before the July 1, 2012 application deadline?

The exclusion is based upon the qualifying veteran's status and application as of the July 1 deadline. If the veteran was able to apply and provide evidence of 100% permanent disability prior to the deadline, then that information shall be used. If the application deadline passed and the only information provided was for 70% or greater disability, then that is the exclusion that remains. There is no backdating of benefit amount after the application deadline has passed. If the qualifying veteran applied for the 100% permanent exclusion by July 1, 2012 and was/will be approved, 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.

If you have any additional questions or concerns please feel free to contact our division us at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

September 7, 2012

Mary Pekarek
Benton County Assessor's Office
mpekarek@co.benton.mn.us

Dear Ms. Pekarek:

Thank you for your questions submitted to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You have asked for clarification on the following scenarios which have been answered in turn below.

Question 1: "If we read the disability letters from the bottom up, if an individual has 70% combined service rating, but is considered permanently disabled due to service-connected disability, do we implement the $300,000 exclusion?"
We have advised assessors that if the question "Are you considered to be totally and permanently disabled due to your service-connected disabilities" is answered with a "Yes," then that veteran qualifies for the $300,000 exclusion, regardless of the combined service rating above. On a flow chart provided to all assessors, we noted that if this question is answered "Yes," no further information is necessary to proceed. Some veterans may have a combined service rating of less than 100 percent due to the type and number of service-connected disabilities, but those disabilities are such that the veteran is considered by the Department of Veterans Affairs to be permanently and totally disabled, and therefore the veteran qualifies for the $300,000 exclusion.

Question 2: "If we read the disability letters from the bottom up, if the letter doesn't indicate the last two questions related to unemployability and permanent/total disability, do we assume that this is a $150,000 exclusion?"
For this situation, it is our opinion that if these questions are not indicated on the form, you should assume that the individual is only qualified for the $150,000 exclusion based off the information that the veteran is 70% disabled. If the veteran states that he or she is rated at a higher level, the veteran must provide proof of disability status. The veteran may receive this verification from the Department of Veterans Affairs or the County Veteran's Service Officer. Without documentation of the appropriate disability status, you may only grant exclusion based on the information as provided.

Question 3: "If we read the letters from the bottom up, but the letter doesn't indicate the last two questions, but it only says 100% disability (but not total and permanent anywhere), do we grant a $150,000 exclusion?"
Since the veteran is 100% disabled but it is not indicated on the form that the individual is totally and permanently disabled, you would grant the $150,000 exclusion. This information can be found on the *Determining Disabled Veteran's Market Value Exclusion* flow chart provided by the division.

Question 4: "A 2012 letter from VA does have indicators for total and permanent disability and unemployability on it. The letter shows 70% combined service rating, but both "individual unemployability" and total and permanent disability are indicated. Does this property receive the $300,000 exclusion?"
That is correct. You base the exclusion amount on the information provided on the form. If the form states that the individual is 70% disabled but does not indicate that they are totally and permanently disabled or unemployable, you would grant the exclusion based off the 70% disability only. If the form indicates that the individual is 70% disabled but is totally and permanently disabled, you would base the exclusion amount on all the information provided. Because this letter has a positive indicator for "Are you considered to be totally and permanently disabled due to your service-connected disabilities," we do not need to refer to the combined service rating and may grant the $300,000 exclusion. (In fact, because this last question is indicated "Yes," we do not need to verify whether there is unemployability indicated either. No further information is needed.)

Continued…

Continued from page 1…

Question 5: "If we read the letters from the bottom up, would anything under 70%, regardless of what the answer is to totally and permanently disabled and unemployability, be a $150,000 exclusion?"
We always recommend that the letters are read from the bottom up. If a veteran is considered totally and permanently disabled, the veteran qualifies for the $300,000 exclusion regardless of the combined service rating. It is possible to have a combined service rating of less than 70% but still be considered totally and permanently disabled. If the veteran is not permanently and totally disabled, but is considered unemployable, the veteran is eligible for the $150,000 exclusion as if the veteran were 100% disabled – but not permanently – regardless of the combined service rating. If an individual is lower than 70% disabled and it is ***not*** indicated that they are totally and permanently disabled or unemployable, they do ***not*** qualify for any exclusion whatsoever.

Question 6: "For any percentage of disability at 70% or above, if the veteran is considered totally and permanently disabled, does this automatically always go to the $300,000 exclusion, since letters are to be read from the bottom up? If that question doesn't exist on letter or isn't indicated, but it's indicated that the individual is unemployable, do we also grant a $300,000 exclusion?"
If the veteran in question is considered totally and permanently disabled, whether or not the combined service rating is70% or more, the veteran qualifies for the $300,000 exclusion. If a veteran is 70% or more disabled and is considered unemployable, but not totally and permanently disabled, the veteran would qualify for the $150,000 exclusion only. If these questions are not indicated on the letter, the letter must show a combined service rating of 70% or more for the $150,000 exclusion to be eligible. These answers can also be found on the *Determining Disabled Veteran's Market Value Exclusion* flow chart provided by the division.

Question 7: "New verification letters from the VA often no longer have the two most important questions on them when reading from the bottom up. In these cases, do we assume that they are not totally and permanently disabled (regardless of their percent of disability) without further verification provided by the veteran?"
Yes, if the questions are not indicated, you are correct in assuming that they are not totally and permanently disabled or unemployable. If the veteran states that he or she qualifies for a greater level of disability, verification must be provided. The veteran may work with the Department of Veterans Affairs or the County Veteran's Service Officer to receive further verification of disability status.

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

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

April 2, 2013

Beverly Johnson
Polk County Assessor's Office
beverly.johnson@co.polk.mn.us

Dear Ms. Johnson,

Thank you for your question concerning the disabled veterans' market value exclusion. You stated that Polk County was recently notified that a spouse of a disabled veteran passed away in 2011 and the veteran passed away in June of 2012. You are asking if you should have pulled the full exclusion for assessment year 2012 payable 2013 since the death of the veteran was in 2012.

The exclusion should be removed as soon as is practicable after the veteran has passed away. However, the exclusion cannot be removed after taxes have been extended against the property for the following taxes payable year. In other words, since the taxes have been extended against the property for assessment year 2012 for payable 2013 you should not pull the exclusion. The exclusion should be removed for assessment year 2013, payable 2014.

If you have any additional questions or concerns please feel free to contact our division us at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

April 1, 2013

Melissa Janzen
melissa.janzen@co.wright.mn.us

Dear Ms. Janzen,

Thank you for your recent question to the Property Tax Division regarding application of the disabled veterans' homestead market value exclusion. You have outlined the following scenario:

> Two qualifying veterans ("Fred" and "Wilma") are married, but live separately in different counties. Fred and Wilma are both solely in title of the property they reside in. Fred and Wilma are both 100% and permanently disabled veterans. Fred and Wilma both have homes with an EMV of $100,000. Both properties are receiving a fractional 50% homestead. All things are equal except the two counties where the properties are located are calculating the veterans' exclusion differently. County A is giving an exclusion of 100,000 because the veteran is entitled to up to 150,000 (50% of 300,000). County B is giving an exclusion of 50,000 because only 50% of the property is receiving the homestead status and therefore the remaining 50% is not eligible for the exclusion. You have asked us to advise which calculation is appropriate.

The Property Tax Administrator's Manual, *Module 2 – Valuation*, contains a section regarding this market value exclusion, including Frequently Asked Questions, of which one appears to answer this question:

> ***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.*

In other words, each property should be regarded on its own as qualifying for 50% exclusion based on the fact that each veteran receives 50% homestead in this case. So, each veteran is eligible for a maximum $150,000 exclusion (50% of $300,000), but not to exceed their 50% homestead interest ($50,000 or ½ of $100,000 EMV). In this specific scenario, each veteran would be eligible for $50,000 exclusion. The section of the manual also includes information on how to calculate fractional homesteads. If you have additional questions, please do not hesitate to contact us via proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

April 15, 2013

Dave Sipila
St. Louis County Assessor
SipilaD@stlouiscountymn.gov

Dear Mr. Sipila:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You have provided the following: A property owner had been receiving the exclusion in St. Louis County. The qualifying veteran sold the property to a grandchild on a contract for deed. The veteran and the grandchild both occupy the property. You have asked, does the ownership interest that the veteran holds as the grantor of the contract for deed qualify the property for the market value exclusion?

Technically, under a contract for deed, legal ownership stays with the grantor until the contract is fulfilled, when the title is conveyed by deed to the buyer. However, in Minnesota the law gives significant recognition to the rights of the buyer; extending so far as to give (or recognize) "equitable title" being in the buyer during the term of the contract. Consequentially, for numerous purposes, the laws of this state recognize the buyer as the owner – i.e., the one who gets notice of an upcoming special assessment, the one who gets to claim homestead if they are the occupant, and others.

We have stated in the past that a grantor of a contract for deed would be eligible for homestead if s/he retained life estate in the property. It is not clear whether that is the case in the situation you have outlined. If the veteran does not have life estate, the veteran would not have sufficient ownership interest to receive the market value exclusion.

Please note that our opinion is based solely on the facts as provided. If any of the information changes, or if new information comes to light, our opinion would be subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

Property Tax Division
600 North Robert Street
Mail Station 3340
St. Paul, MN 55146

Tel: 651-556-6091
Fax: 651-556-3128
TTY: Call 711 for Minnesota Relay
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MINNESOTA · REVENUE

May 15, 2013

Wendy Iverson
Dodge County Assessor's Office
Wendy.iverson@co.dodge.mn.us

Dear Ms. Iverson:

Thank you for submitting your question to the Property Tax Division regarding trust homestead and the disabled veterans' market value exclusion. You have provided the following:

> Lawrence and Rosemary M. have put their residential homestead property into a trust. The trust is named Rosemary M. Trust Agreement with Rosemary and Lawrence M. being the trustees. Lawrence has been receiving the disabled veteran's market value exclusion since the 2009 assessment.

You would like to know if Lawrence still qualifies for the disabled veteran's market value exclusion since the property has been put into the Rosemary M. Trust.

If a qualifying veteran is the grantor of the trust and continues to occupy the property as his/her homestead and primary place of residence, that veteran would be eligible for the disabled veterans' market value exclusion.

In the situation outlined, it appears Lawrence is a qualifying veteran, grantor of the trust, continues to occupy the property as his homestead and primary place of residence. Therefore, Lawrence would be eligible for the exclusion. If we are misunderstanding the information provided, and Lawrence is not a grantor of the trust, the property would not qualify for the exclusion.

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

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

May 21, 2013

Beverly Johnson
Polk County Assessor's Office
beverly.johnson@co.polk.mn.us

Dear Ms. Johnson,

Thank you for your recent email regarding the disabled veterans' homestead market value exclusion. You provided us with the following information:

- A disabled veteran in Polk County would like to apply for the exclusion
- The veteran's wife owns the home
- The veteran is listed as the "*et al*" in the life estate

You would like to know if the veteran would qualify for the exclusion since he is not the owner of the property.

According to the information you provided, it appears that the disabled veteran is not the owner of the property nor is he a grantor of the life estate. If the qualifying veteran is the grantor of the life estate and continues to occupy the property as his homestead and primary place of residence, the veteran would be eligible for this exclusion. If the veteran only has remainder interest, that is not sufficient to grant the exclusion.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division us at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

June 19, 2013

George Fiedler
Benton County Assessor's Office
gfiedler@co.benton.mn.us

Dear Mr. Fiedler:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You have asked the following: If a veteran owns a home and puts it into a trust, does the veteran still qualify for the property tax exclusion?

If the qualifying veteran in this scenario is a grantor of the trust, the property is eligible for the exclusion. Also, the veteran may be a grantor of the trust along with his spouse and still be eligible for the full exclusion allowable in his situation. Property held under a trust is eligible for homestead pursuant to Minnesota Statutes, section 273.124, subdivision 21 if the grantor or surviving spouse of the grantor occupies the property. Therefore, so long as the grantor homesteads the property and is the qualifying disabled veteran, the property is eligible.

If you have any further questions, please contact our division at proptax.questions@state.mn.us. You may also wish to refer to the Property Tax Administrator's Manual, *Module 2 –Valuation*, which contains helpful information regarding the disabled veterans' homestead market value exclusion, including FAQs. The manual is available online via: http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx.

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

Property Tax Division
600 North Robert Street
Mail Station 3340
St. Paul, MN 55146

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Fax: 651-556-3128
TTY: Call 711 for Minnesota Relay
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MINNESOTA · REVENUE

June 21, 2013

Becky Pierson
Anoka County Assessor's Office
Becky.pierson@co.anoka.mn.us

Dear Ms. Pierson:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You have provided the following: A disabled veteran and his mother co-own a home. You have asked, would the veteran be eligible for a fractional exclusion?

You did not indicate whether the veteran was eligible for the 70% service-connected disability exclusion (up to $150,000) or totally (100 percent) and permanently disabled exclusion (up to $300,000). However, if a qualifying disabled veteran owns a home with someone other than his/her spouse, the benefit will reflect the fractional ownership of the homestead. The market value and benefit will both reflect the percentage of ownership interest.

In this scenario, for simplicity's sake, we will assume the estimated market value of the home is $500,000. Of this, the qualifying veteran has an interest in $250,000 of the home's value. If he is eligible for a $150,000 market value exclusion, his benefit is multiplied by his interest in the home (50%), so his exclusion would be $75,000. The taxable market value would be $250,000 (non-veteran's interest) plus $175,000 (qualifying veteran's $250,000 interest minus the maximum $75,000 exclusion), for a total of $425,000 taxable market value.

If we assume the home has an estimated market value of $500,000 and that the veteran would qualify for $300,000 market value exclusion (100 percent permanently and totally disabled), we still use veteran's interest in the home: $250,000 (half of $500,000). His maximum benefit is $150,000 (half of $300,000). His benefit would therefore exclude $150,000 of the $250,000 of his half interest. The taxable market value would be $350,000.

We also recommend referring to the Property Tax Administrator's Manual, *Module 2- Valuation*, which contains a very useful section on calculating the exclusion in situations like this.

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

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

June 28, 2013

Lori Schwendemann
Lac qui Parle County Assessor
Lori.schwendemann@lqpco.com

Dear Ms. Schwendemann:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion.

Scenario:

- In your county, you have a veteran who is considered to be permanently disabled due to a service connected disability.
- The veteran is being paid at the 100% disability rate because he or she is considered unemployable.
- The veteran's combined service evaluation states he or she is only 70% disabled.
- Utilizing the disabled veterans' flow chart you have determined that the veteran is eligible for the $300,000 market value exclusion.

Question:

Would the disabled veteran need to reapply each year for the disabled veterans' exclusion, since his or her combined service evaluation states the veteran is only 70% disabled?

Answer:

Once it has been determined that the veteran is considered totally and permanently disabled due to a service-connected disability, the combined service-connected evaluation is no longer utilized. For example, in this situation the combined evaluation is 70%, but the Department of Veterans Affairs has determined that the veteran is "considered to be totally and permanently disabled due to a service connected disability." Therefore, the veteran is eligible for the maximum exclusion and does not need to reapply annually.

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

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

July 10, 2013

Sandra Vold
Big Stone County Assessor's Office
Sandy.vold@co.big-stone.mn.us

Dear Ms. Vold:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You have provided the following:

> A disabled veteran in your county is hospitalized at a VA hospital and deemed incompetent. The veteran's mother is occupying his property. You are asking if it is correct to pull the disabled veteran's homestead market value exclusion from this property.

In the situation described, if this property is classified as a residential relative homestead, it does not qualify for the exclusion because only owner-occupied homesteads qualify.

However, if the qualifying veteran is an owner of the property and no one else claims homestead on it, and the property is not rented to anyone else, it may still be eligible for market value exclusion for the period of time the veteran is hospitalized. It is unclear whether the veteran's absence may be temporary or permanent, and whether this should be treated similarly to an assisted living situation. If it is unclear if/when the veteran will return, and if the mother is not claiming relative homestead, then you may choose to keep the homestead and the exclusion on the property for a reasonable amount of time in order to determine the facts.

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

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

July 12, 2013

Julie Greene
Ottertail County Assessor's Office
jgreene@co.ottertail.mn.us

Dear Ms. Greene:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You have provided the following:

> A veteran with 70% service-connected disability applied for the exclusion by the July 1 deadline. The veteran is purchasing a property on a contract for deed and has not recorded the deed yet. The veteran will not be an owner of deed at time of application. If the application completed after the July 1 deadline, is the veteran still eligible to receive the exclusion for 2013 (payable 2014)?

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 title of the property before the property is eligible for market value exclusion.

Typically, the provisions of a contract for deed grant enough ownership interest to the purchasers for the purchasers to qualify for homestead if they were to occupy the property. Therefore, if the contract for deed provisions are such that the veteran is eligible to homestead the property for the 2013 assessment, the application may also be accepted for the 2013 assessment for the same property.

In the situation outlined above, it is unclear if the veteran is in a transition from one homestead to another. If a qualifying veteran applies for and qualifies at one property by the July 1 deadline, but moves to another property within the same year, every effort should be taken to transfer the exclusion to the qualifying veteran's new homestead property. In any such scenario, the exclusion should be immediately removed from the property that the veteran no long owns and occupies.

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

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

July 18, 2013

Stephanie Aronson
Isanti County Assessor's Office
Stephanie.aronson@co.isanti.mn.us

Dear Ms. Aronson:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You have provided the following:

> There is a veteran in your county who was left off a list that was generated from the Veteran's Administration. Due to this error he did not get his paperwork in the mail. Can he still apply for the exclusion for pay 2014, or is he only eligible to apply for taxes payable 2015 due to this error?

In order for the veteran to qualify for the market value exclusion, the veteran must verify a qualifying service-connected disability designation, but the designation does not have to be the annual letter provided by the US VA. The veteran may work with your county's Veteran Service Officer (CVSO) or through the Minnesota Department of Veterans Affairs (DVA) via 1-888-LINK-VET (1-888-546-5838). If application was made prior to the July 1 deadline, verification may still be made at this time in order to process the application. In future cases such as these, the veteran should work with the county and DVA to verify eligibility if they have not received their service-connected disability status letter.

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

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

July 26, 2013

Beverly Johnson
Polk County Assessor's Office
Beverly.Johnson@co.polk.mn.us

Dear Ms. Johnson,

Thank you for submitting your question to the Property Tax Division regarding a change in benefits for a disabled veteran that currently qualifies for the Disabled Veterans' Market Value Exclusion.

Scenario:

- A property owner applied and received the market value exclusion, for the 2013 assessment year as a veteran with 70 percent or more service-connected disability.
- The veteran has recently contacted Polk County to inform them that the Veterans Administration has re-evaluated the veteran's disability status and they have changed the status to 100% total and permanent disability.
- The veteran has documentation reflecting this change

Question:

Can Polk County accept an application after the July 1, 2012 application deadline for assessment year 2013 to grant the veteran the full exclusion for the 2013 assessment year?

Answer:

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.

You can find additional information regarding the Disabled Veterans Market Value Exclusion in *Module 2* of the Property Tax Administrators Manual by visiting our website at:
http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx

If you have any additional questions or concerns please feel free to contact our division us at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

July 30, 2013

Angela Nelson
Sibley County Assessor
angela@co.sibley.mn.us

Dear Ms. Nelson:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You have provided the following:

Scenario: A veteran was in Afghanistan at the time he purchased his property on April 5, 2013. He returned stateside on July 3, 2013. He has had 70% disability since September 1, 2008. [For purposes of addressing your letter, we are assuming the disability is service-connected.]

Question: Can he apply for the veteran's exclusion for the 2013 assessment since he was not stateside until after the July 1st due date?

Answer: The statutory application deadline for taxes payable in 2014 was July 1, 2013. Any applications received after this date may be applied towards the 2014 assessment year, for taxes payable in 2015. In other words, if you receive an application at this time, it would be applied for the 2014 assessment.

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

Sincerely,

Drew Imes, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

August 27, 2013

Joy Lindquist
Lake of the Woods County Assessor's Office
Joy_l@co.lake-of-the-woods.mn.us

Dear Ms. Lindquist:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You have provided the following:

Question:
A veteran in your county owns a property jointly with his estranged wife. You have been giving him the veterans' exclusion on his half ownership of the property. Is this the correct way to apply the exclusion?

Answer:
Yes, you are applying the exclusion appropriately. 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).

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

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

September 26, 2013

Sue Schulz
McLeod County Assessor
Sue.schulz@co.mcleod.mn.us

Dear Ms. Schulz:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion.

Scenario: In your county, you have veteran who has returned stateside and is purchasing a home. The parents of the veteran are cosigners on the deed for finance purposes only.

Question: Can the veteran receive the full exclusion of $150,000 or should the disabled veterans' market value exclusion be fractional?

Answer: An individual who is purchasing a property and is required by the terms of the financing agreement to have a relative shown on the deed as a co-owner is entitled to receive a full homestead benefit.

This provision only applies in the following situations:

1. A single or married person is purchasing a property for the first time; or
2. A person who was previously married is purchasing a property for the first time as a single person.

In this scenario it appears that the veteran is required to have a co-owner for financing purposes only, and he will receive full homestead benefits, if the requirements of Minnesota Statutes, section 273.124, subdivision 1, paragraph (g) are met. If the full homestead benefits are granted then it appears that the veteran would be eligible for the full exclusion of $150,000.

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

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

November 6, 2013

Faye Haugen
Pope County Assessor's Office
Faye.haugen@co.pope.mn.us

Dear Ms. Haugen:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You have provided the following:

Scenario:
A veteran recently purchased a home in Pope County. The county he moved from sent you his veterans' exclusion paperwork and has removed the homestead on the property in their county. You will be granting him homestead.

Question:
Is the veteran eligible for the disabled veterans' homestead market value exclusion this year, or is he not eligible until 2014?

Answer:
We see no reason to disenfranchise a qualifying veteran if he/she applies and qualifies in one county but moves to another county within the same year. Every effort should be taken to transfer the exclusion to the qualifying veteran's new homestead property. In any such scenario, the exclusion should be immediately removed from the property that the veteran no longer owns and occupies.

This information is outlined in the Property Tax Administrator's Manual, *Module 2 – Valuation*, available at http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx.

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

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

January 3, 2014

Susie Sohlman
Koochiching County Assessor's Office
Susie.Sohlman@co.koochiching.mn.us

Dear Ms. Sohlman:

Thank you for your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion.

Scenario: In your county, a property is owned by a disabled veteran and his two brothers. The brothers do not occupy the property, but the property receives both owner-occupied and relative homestead. The estimated market value of the property is $53,300. The parcel is currently approved for veterans' exclusion on the veteran's 1/3 ownership.

Question: It appears the regular homestead market value exclusion benefit would be a better tax advantage for the disabled veteran. Which benefit would be better for the taxpayer?

Answer: You are correct that the regular homestead market value benefit would be a better tax advantage for the disabled veteran (see below).

Homestead Market Value Exclusion:
The property receives 100% of the homestead exclusion amount eligible because the property receives 1/3 owner-occupied homestead and 2/3 residential relative homestead. The regular homestead market value exclusion is calculated as follows:

EMV:	$53,300
Homestead exclusion:	$53,300 x 40% = **$21,320** (this is not reduced; the value does not exceed $76,000)
TMV after exclusion:	$53,000 - $21,320 = $31,980
TMV:	**$31,980**

Disabled Veterans' Market Value Exclusion:
The property can receive 1/3 of the eligible exclusion for the veteran, not to exceed 1/3 of the property's value. Relative homesteads do not qualify for the disabled veterans' exclusion, and properties receiving the veterans' exclusion do not also qualify for the regular homestead market value exclusion.

EMV:	$53,300
Veteran's "share" of EMV:	$53,300 x 33% = $17,589
Veteran's maximum benefit:	$150,000 x 33% = $50,000
Total exclusion awarded:	**$17,589** (lesser of veteran's "share" of EMV or veteran's maximum benefit)
TMV after exclusion:	$53,300 - $17,589 = $35,711
TMV:	**$35,711**

When calculating the homestead market value exclusion (HMVE), residential relative homesteads qualify. In the case of the disabled veterans' market value exclusion, relative homesteads do not qualify. As indicated above, the homestead market value exclusion is a better benefit for the taxpayer. The Department of Revenue recommends contacting the taxpayer and explaining how the HMVE will be a better benefit in this specific situation, as opposed to the veterans' exclusion. Furthermore, calculation detail/examples for both exclusions can be found in our Property Tax Administrator's Manual, *Module 2- Valuation* (specifically pg. 143 and pg.152-155): http://www.revenue.state.mn.us/local_gov/prop_tax_admin/education/ptamanual_module2.pdf

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

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

February 11, 2014

Jo Corrow, C.M.A.
Le Sueur County Assessment Technician
88 S Park Ave
Le Center, MN 56057
jcorrow@co.le-sueur.mn.us

Dear Ms. Corrow:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You have provided the following scenario and question.

Scenario:
An individual owned and homesteaded a residential property in her name. Recently she got married and quit-claimed the property as follows: $^{2}/_{3}$ to herself and $^{1}/_{3}$ to her husband. They completed a homestead application in both names. Today, the husband came in to apply for the disabled veteran exclusion.

Question:
Does he only qualify for the exclusion on his $^{1}/_{3}$ ownership?

Answer:
There is no need to prorate the veteran's benefit. For property tax purposes, spouses are considered one owner, whether the home is titled in one name, both names, or is fractionalized. In this case, as long as the disabled veteran's name is on the title, if he and his spouse own and homestead the property, the property would qualify for the full exclusion amount available.

More information on the disabled veterans' homestead market value exclusion can be found in the Property Tax Administrator's Manual, *Module 2 – Valuation*, on the Department of Revenue website: http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx.

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

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

May 27, 2014

Kelly Schroeder
Pine County Assessor
Kelly.Schroeder@co.pine.mn.us

Dear Ms. Schroeder:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You have provided the following scenario and question:

Scenario: A disabled veteran was receiving the exclusion. In September 2012, this veteran went into assisted living. On January 1, 2014, he rented out his home and you removed the exclusion. However, the rental agreement did not work out and the home was only rented until February 15, 2014. The veteran has requested that his homestead be reinstated for the 2014 assessment.

Question: Can the homestead (and the disabled veterans' exclusion) be reinstated in this scenario?

Answer: Homestead may be reinstated, and if it is reinstated, the property may also continue to qualify for the disabled veterans' homestead market value exclusion.

Minnesota Statutes, section 273.124, subdivision 1, paragraph (f) provides, "The assessor must not deny homestead treatment in whole or in part if… , the owner is absent due to residence in a nursing home, boarding care facility, or an elderly assisted living facility property as defined in section 273.13, subdivision 25a, and the property is not otherwise occupied…."

If all other requirements for homestead are met (e.g., the owner is a Minnesota resident), then the property may receive homestead. If it receives homestead, the disabled veterans' exclusion may also be reinstated because the property would be treated as an owner-occupied homestead.

If the property is rented again, or receives relative homestead, or other changes occur that warrant homestead removal, the exclusion would be removed as well.

Please note that this opinion is based solely on the facts as provided. If any of the facts were to change, our opinion would be subject to change as well. If you have additional questions, please contact us at proptax.questions@state.mn.us. Thank you.

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

May 27, 2014

Faye Lien
Kandiyohi County Assessor's Office
Faye_L@co.kandiyohi.mn.us

Dear Ms. Lien,

Thank you for contacting the Property Tax Division regarding the Disabled Veterans' Exclusion. You provided us with the following information.

Scenario:

- There is a property in your county that was owned and occupied by a qualifying disabled vet. That property was recently sold to the veteran's daughter
- The disabled veteran has purchased a new home which he will be occupying

Question 1: How does the exclusion follow in this case?

Answer: 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.

Question 2: Who is responsible for paying the 2014 taxes on the new home that the veteran just purchased? Should the taxes be recalculated for the home the daughter of the veteran just purchased?

Answer: It is important to note that once taxes have been extended against a property, the exclusion cannot be removed. Therefore, in the scenario that you provided, the veteran qualified throughout the 2013 assessment but sold his home in April of 2014. The taxes payable in 2014 have already been calculated, reflecting the 2013 assessment with the exclusion. Regardless of the fact that the qualifying veteran no longer owns the property, the taxes payable in 2014 would not change for this property. The exclusion should be removed for the 2014 assessment, payable 2015. The veteran would be eligible to apply for the exclusion on the new property for the 2014 assessment (for taxes payable in 2015) by July 1; but the taxes on the new property for pay 2014 would not receive the exclusion and would need to be paid by the new owner.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division at proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section - Property Tax Division

MINNESOTA · REVENUE

June 9, 2014

Julie Greene
Ottertail County Assessor's Office
JGreene@co.ottertail.mn.us

Dear Ms. Greene,

Thank you for contacting the Property Tax Division regarding the Disabled Veterans' Exclusion.

Scenario:

- A veteran has recently provided you with his Statement of Benefits Letter.
- The letter states that the veteran has a 60% service connected disability but is not permanently disabled.
- The letter also states that the veteran is getting paid at the 100% rate.

Question: Is this veteran entitled to the $150,000 exclusion?

Answer: The department recommends that qualification letters from the Department of Veterans Affairs are read from the bottom up. In other words, starting with the question, "Are you being paid at the 100% rate because you are unemployable due to your service-connected disabilities?" is answered "yes," then the property qualifies for the $150,000 exclusion regardless of the combined service rating. If this question is not indicated or is not answered yes, the property owner must have a combined service rating of at least 70% to qualify for the exclusion.

The designation as unemployable is based on a number of factors. While a combined service rating may be less than 100% (or even less than 70%), if the Department of Veterans Affairs determines that the disability is such that the veteran is unable to work, the veteran may be granted the higher level of disability referred to as "individual unemployability" that is considered 100% disabled by the Department of Veterans Affairs. Such designation qualifies the veteran for the $150,000 exclusion (as a 100% disabled veteran, without indication that the disability is permanent; the exclusion is up to $300,000 if the condition is also permanent).

You can find this information as well as additional information regarding the Disabled Veteran's Exclusion in the Property Tax Administrators Manual, *Module 2 - Valuation*. If you have any additional questions or concerns please feel free to contact our division at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY, State Program Administrator Senior
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

June 24, 2014

Melissa Janzen
Wright County
Melissa.janzen@co.wright.mn.us

Dear Ms. Janzen:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You have provided the following scenario and question.

Scenario: A veteran has applied for the exclusion as 70% disabled, but has stated that he is still serving the National Guard.

Question: Can the property owner receive the exclusion if he is actively serving?

Answer: The veteran must be honorably discharged to receive the exclusion; however, members of the National Guard may be deployed, discharged, and then re-deployed a number of times. We have discussed this with the Department of Veterans Affairs in previous years and have verified that many National Guard/Reserves members are called to active duty more than one time, and after each active duty they are discharged. Discharge is not the same as retirement, and an honorably discharged veteran of the Reserves or Guard can still be called into active duty.

The last time we discussed this issue with the Department of Veterans Affairs, we determined that the process for a veteran being redeployed would ideally work as follows:

1. The veteran (or the veteran's spouse in the case of a veteran not having time between receiving deployment orders and actually being deployed) should present the deployment orders to the County Assessor's Office. These orders will have an expected date of return.

2. Upon date of return, the veteran should be given time to have disability reinstated. We recommend that the assessor and veteran work with the County Veterans' Service Office on this matter. Sometimes, reinstating disability may take a while. However, this should be treated similarly to a non-permanently disabled veteran who is not up for review for a matter of years and the exclusion should remain on the property until after review of disability status and further verification from the Department of Veterans Affairs.

3. If the service-connected disability is determined to be less than 70% after the veteran's return, or if the discharge is less than honorable, the exclusion is removed for the same assessment year in which this determination is made.

These assume that the property has qualified for the exclusion to begin with (including honorable discharge at the time of first application). If the assessor has the deployment dates on hand, and if upon return they get notice that the disability payments are reinstated, then the exclusion may stay in place. If the disability payments are not reinstated, then the exclusion could be removed (without any retroactive exclusion).

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

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

June 27, 2014

Melissa Janzen
Wright County Assessor's Office
melissa.janzen@co.wright.mn.us

Dear Ms. Janzen:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' exclusion. You have provided the following scenario and question.

Scenario:

- A veteran owns a property on a contract for deed.
- The contract for deed was cancelled and the exclusion was removed in September of 2013 for taxes payable the following year (2014).
- For taxes payable 2015, the veteran has reapplied because he has recorded a new contract for deed in March of this 2014; however, the contract for deed is dated November 15, 2013.
- The veteran was not on the title from September 2013 through November 2013.
- The veteran has requested an abatement for taxes payable in 2014.

Question:
Is the veteran eligible for the disabled veterans' exclusion for taxes payable in 2014?

Answer:
The exclusion was correctly removed in September of 2013 because the contract for deed was cancelled and the veteran was no longer considered the owner of the property. However, it is unknown to the Department of Revenue why the original contract for deed was terminated with a new contract created (November 15, 2013) and recorded in March of 2014. You may review your abatement policy to see if this situation or a similar situation is outlined in the county's policy.

Ultimately, the decision to grant the abatement in this situation is up to the discretion of the County. An abatement for the current taxes-payable year may be granted for virtually any reason, however abatements for the prior two years' should be limited to cases of clerical errors or when the taxpayer has failed to file for a reduction or adjustment due to a hardship, as determined by the county board.

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

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

June 27, 2014

Doreen Pehrson
Nicollet County Assessor
501 South Minnesota Avenue
St. Peter MN 56082
dpehrson@co.nicollet.mn.us

Dear Ms. Pehrson:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You have provided the following scenario and question.

Scenario: A totally and permanently disabled veteran moved out of the home and the property became a rental in April 2014.

Question: When should the value exclusion be removed?

Answer: The exclusion can be removed for the 2014 assessment, for taxes payable in 2015. If the property is no longer homestead of the qualifying veteran, but taxes have not yet been extended against the property (which they have not for taxes payable 2015), the exclusion is removed.

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

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

July 25, 2014

Shelly Nelson
Pennington County Assessor's Office
P.O. Box 616
Thief River Falls, MN 56701
manelson@co.pennington.mn.us

Dear Ms. Nelson:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. Your two questions are answered below.

Scenario 1: A permanently and totally disabled veteran received the exclusion for taxes payable in 2014, but passed away in June 2014. The veteran did not have a surviving spouse.

Question 1: Should the exclusion be removed for taxes payable in 2015?

Answer 1: Yes; if there is no surviving spouse, the exclusion should be removed as soon as practical.

Scenario 2: A surviving spouse of a permanently and totally disabled veteran transferred the property into a trust. The surviving spouse is the sole grantor of the trust.

Question 2: Can the surviving spouse receive the exclusion extension if she has transferred ownership of the property into a trust?

Answer 2: Yes, the property can receive the extension of the exclusion.

While transferring the property into a trust is technically a transfer of ownership, it is not a sufficient transfer of ownership to remove the exclusion carryover. In the case you have outlined, the surviving spouse is still the "legal and beneficial title holder" of the property, and would continue to receive homestead in her own name as grantor of the trust that owns the property. Any other transfer of ownership or partial transfer of ownership may result in removal of the exclusion. The exclusion is also removed if the surviving spouse sells the property or no longer homesteads it, or if the spouse remarries. The maximum extension is for eight taxes payable years after the year of the veteran's death.

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

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

September 16, 2014

Bryan Eder
Olmstead County Assessor's Office
eder.bryan@CO.OLMSTED.MN.US

Dear Mr. Eder:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' market value exclusion. You have provided the following scenario and question.

Scenario:

- A resident of Olmsted County applied for the disabled veterans' market value exclusion for veterans with total and permanent disability for the 2014 assessment year.
- The veteran is not the owner/deed holder to the property, and the property is currently owned by the Military Warriors Support Foundation (MWSF).
- Through this foundation, homes are awarded to combat-wounded veterans and their families, mortgage free.
- For the first three years that the family is in the home, the MWSF will maintain the deed of the home while taking the family through a structured family and financial mentoring program.
- Upon successful completion of the program, the deed will be transferred to the veteran, still mortgage free.

Question: Is the disabled veteran eligible to receive the disabled veterans' market value exclusion?

Answer: Based upon what you have described, the structure of the agreement between MWSF and the veteran appears to be similar to a contact for deed. Under a contract for deed, legal ownership stays with the grantor until the contract is fulfilled, at which point the title is conveyed by deed to the buyer. However, Minnesota law gives significant recognition to the rights of the buyer, extending so far as to give (or recognize) "equitable title" being in the buyer during the term of the contract. Additionally, for numerous purposes, the laws of this state recognize the buyer as the owner – i.e., the one who gets notice of an upcoming special assessment, the one who gets to claim homestead if they are the occupant, etc.

If the agreement is structured similarly to a contract for deed, then it is the Department of Revenue's opinion that the veteran does have sufficient ownership interest to receive the disabled veterans' market value exclusion. However, if the agreement is not structured similarly to a contract for deed, then more information may be needed in order to make the determination for granting the disabled veterans' market value exclusion.

Please note that our opinion is based solely on the facts as provided. If any of the information changes, or if new information comes to light, our opinion would be subject to change as well. If you have any further questions, please contact our division at proptaxproptax.questions@state.mn.us.

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

January 15, 2015

Beverly Johnson
Polk County Assessor's Office
Beverly.Johnson@co.polk.mn.us

Dear Ms. Johnson:

Thank you for submitting your question to the Property Tax Division regarding the Disabled Veterans' Market Value Exclusion. You have provided the following scenario and question.

Scenario:

- In Polk County, you have a veteran who is totally and permanently disabled.
- The veteran moved into a Veteran's home and his wife wants to sell their home and move into a townhome.

Question: Would the Disabled Veterans' Market Value Exclusion follow her (the wife) to the townhome?

Answer: If the home is still owned by the veteran (or the veteran and the veteran's spouse) and the veteran is eligible for homestead at the new property, 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 you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

April 13, 2015

Lyn Regenauer
Chisago County Assessor's Office
ljregen@co.chisago.mn.us

Dear Ms. Regenauer,

Thank you for contacting the Property Tax Division regarding the disabled veterans' exclusion. You provided us with the following information.

Scenario:

- A disabled veteran purchased a property in January of 2015
- For the 2014 assessment, payable 2015, the property was receiving a residential homestead

Question: Should the exclusion be applied to the taxes due in 2015? Is there a "payback" policy for the current year's taxes for the disabled veteran's exclusion?

Answer: No, the exclusion should not be applied to the taxes payable in 2015. The exclusion should be applied to the 2015 assessment for taxes payable in 2016. Sometimes, the buyer and seller will come to an agreement about payment of taxes as part of the sale and closing process, but that is not part of the application of property tax laws.

Also, there is not a payback policy for the disabled veterans' exclusion. Once a property no longer qualifies for the exclusion, the county should remove the exclusion and classify the property accordingly.

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

Sincerely,

JESSI GLANCEY
State Program Administrator Principal
Property Tax Division
Phone: 651-556-6091
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

July 10, 2015

Debbie DeLange
Ramsey County Assessor's Office
Debbie.delange@co.ramsey.mn.us

Dear Ms. DeLange:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' exclusion. You have provided the following scenario and question

Scenario:

- A veteran moved to Ramsey County from another state.
- The disability rating from the Department of Veteran Affairs indicates a disability rating of 60%.
- The veteran's certificate of release or discharge indicates an honorable discharge and the reason for discharge is disability, permanent.
- A CR-DVHE100 from has been completed by the veteran.

Question: Would this Veteran be considered total and permanent and qualify for the $300,000? Is further documentation necessary?

Answer: No, from the information provided it appears the veteran has a combined service-connected evaluation of 60%. The provided documentation gives no indication that the veteran is considered to be totally and permanently disabled due to his or her service-connected disabilities. In this scenario it appears that the veteran does not qualify for a disabled veterans' market value exclusion as indicated under Minnesota Statutes 273.13, subdivision 35.

The submitted letters from the Veterans Affairs Office only indicate a combined service-connected evaluation of 60%, and do not indicate the veteran to be totally and permanently disabled due to his or her service-connected disability. The 60% disability may be permanent, but that does not equal 100% disability or individual unemployability.

If the veteran has updated or new letters from the Veterans Affairs Office indicating "100%" service-connected disability, that the veteran is "individually unemployable," or that the veteran is considered "permanently and totally disabled", then the Department of Revenue would gladly review any new correspondence to ensure the appropriate benefits are granted.

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

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

August 4, 2015

Steve Hurni
Property Tax Compliance Officer
steve.hurni@state.mn.us

Dear Mr. Hurni:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' exclusion. You have provided the following scenario and question.

Scenario:

- A property owner moved from Colorado to Minnesota
- The veteran has a letter from the Colorado Veterans Affairs (VA) Office indicating 80% disability

Question: Is the letter from the Colorado VA's office acceptable?

Answer: Yes, the letter is from a Veterans Affairs Office, and therefore can be used to verify the disability status of the applicant as long as the information is the most current/up to date. 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.

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

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax Division
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

August 18, 2015

Mark Vagts
Waseca County Assessor's Office
mark.vagts@co.waseca.mn.us

Dear Mr. Vagts:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans homestead market value exclusion. You have provided the following scenario and question.

Scenario:

- A veteran applied for the exclusion in June, 2015.
- You have verified with the veteran that he does not actually occupy the property (he moved out in April, and it is occupied by his daughter).
- The veteran does not have another homestead.

Question: Because he occupied and had homestead on January 2, does the property qualify for the veteran's exclusion?

Answer: No. The property is not the qualifying homestead of the veteran. Therefore, it does not receive the disabled veteran's homestead market value exclusion.

Because he homesteaded the property on January 2, it can maintain the homestead classification throughout the assessment year. However, the disabled veterans' exclusion is removed as soon as practicable after the property no longer qualifies (which would have been prior to his application).

Additional information can be found in the Property Tax Administrator's Manual, Module 2 – Valuation. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Andrea Fish
Supervisor, Information & Education Section
Property Tax Division
Phone: Division or Personal Phone
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

December 28, 2015

Ann Phillips
Stearns County
ann.phillips@co.stearns.mn.us

Dear Ms. Phillips:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' exclusion. You have provided the following scenario and question:

Scenario:

- A veteran in your county applied and was approved for a 70% disabled veteran exclusion.
- He moved to a different home within Stearns County after the application was approved.
- He has been approved for a mid-year homestead on the new property.
- The veteran does not want the exclusion transferred to the new property.

Question:
Can the disabled veteran exclusion be removed on the veteran's new property?

Answer:
It is right to remove the exclusion from the property the veteran has moved from. If the veteran does not want it transferred to the new property, there is not anything stated in law preventing you from removing it.

You may request the veteran's request of removal of the exclusion in writing, but it's not necessary.

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

Sincerely,

Emily Anderson
State Program Administrator
Information and Education Section
Property Tax Division
Phone: 651-556-6099
Email: proptax.questions@state.mn.us

February 1, 2016

Lana Anderson
St. Louis County Assessor's Office
Andersonl3@stlouiscountymn.gov

Dear Ms. Anderson:

The letter we issued on January 19, 2016 was in error. The following is our updated response.

Thank you for submitting your question to the Property Tax Division regarding market value exclusions and credits. You have proposed the following scenario and question:

Scenario:

- A property owner has a residential homestead parcel and a rural vacant land parcel.
- The residential parcel is receiving the Disabled Veterans' Market Value Exclusion.

Question: Given the market value exclusion on the residential land, can the rural vacant land still qualify for the Taconite Credit?

Answer: Yes, the rural vacant land could still qualify for the Taconite Credit. Minnesota Statute 273.124, subdivision 11 allows for the Taconite Credit to be applied to all of the value of a parcel that has been classified as both homestead and non-homestead.

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

Sincerely,

Jeff Holtz
Senior State Program Administrator
Property Tax Division
Phone: 651-556-4861
Email: proptax.questions@state.mn.us

March 15, 2016

Cathy Olson
Aitkin County Assessor's Office
cathy.olson@co.aitkin.mn.us

Dear Ms. Olson,

Thank you for contacting the Property Tax Division regarding the Disabled Veteran's Exclusion. You provided us with the following information:

Scenario:

- A disabled vet who was receiving the exclusion passed away a couple of years ago
- The surviving spouse filed for the exclusion after the death of the veteran
- 6 months after she filed for the exclusion, she moved to a different county and made that her primary residence
- Aitkin County removed homestead and the exclusion from the Aitkin County property
- Recently, she moved back to the Aitkin County property and applied for homestead

Question: Can the surviving spouse exclusion be put back on the Aitkin County property now that she is occupying the property again?

Answer: No, the exclusion cannot be extended to the Aitkin County property. MN Statute 273.13, subdivision 34 states that the exclusion shall carry over to the surviving spouse until the spouse sells, transfers, or otherwise disposes of the property. The department understands this situation to fall under the statement "or otherwise disposes of the property." We have held that if either ownership or use (occupancy) of the property changes, the exclusion would be removed.

Therefore, since the surviving spouse moved from the property to a different property, eligibility for the surviving spouse exclusion ceased.

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

Sincerely,

JESSI GLANCEY
State Program Administrator Principal
Property Tax Division
Phone: 651-556-6091
Email: proptax.questions@state.mn.us

June 30, 2016

Bonnie Lay
Pope County Assessor's Office
bonnie.lay@co.pope.mn.us

Dear Ms. Lay:

Thank you for submitting your question to the Property Tax Division regarding trust held property and the disabled veterans' market value exclusion. You have provided the following scenario and question:

Scenario:

- A husband and wife live together in a property held under the wife's trust.
- The wife is sole grantor of her trust.
- The husband is a 100% disabled vet and would like to apply for 100% disabled vet homestead on this property.

Question:
Would this property qualify for the disabled veteran market value exclusion since the husband is not the grantor of the trust?

Answer:
No, the property would not qualify for the exclusion. In order for a property to qualify for this market value exclusion, it must be owned and occupied by the qualifying disabled veteran. The veteran's name must be listed as an owner, or the grantor of the trust, on the title of the property before the property is eligible for the market value exclusion.

According to the information you provided, the disabled veteran is not a grantor of the trust owning the property and that is not sufficient ownership needed to grant the exclusion.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Emily Anderson
Supervisor, Information and Education Section
Property Tax Division
Phone: 651-556-6099
Email: proptax.questions@state.mn.us

September 26, 2016

Anne Grunert
Brown County Assessor's Office
Anne.grunert@co.brown.mn.us

Dear Ms. Grunert,

Thank you for contacting the Property Tax Division regarding the Disabled Veterans' Market Value Exclusion. You provided us with the following information.

Scenario:

- Mary owns and occupies her home located in your county, property is classified as residential homestead.
- Bob owns and occupies his home located in your county, property is classified as residential homestead.
- Mary and Bob own a parcel together which has a storage shed and used for residential storage by each owner. Mary has 50% ownership, Bob has 50% ownership.
- Mary and Bob are relatives.
- Each owner is linking their homestead from their base parcels to their percentage of ownership of the parcel they own jointly.
- Mary qualifies for the $150,000 disabled veteran's market value exclusion which is applied to her homestead property.
- The value of Mary's property is less than the exclusion amount, which means that the remaining value of the exclusion is carried over to the property that is linked to her homestead.

Question 1: Is it correct to be linking the homesteads to the jointly owned property?

Answer: According to the information, it appears that the linking is correct. Sometimes, property owners will own additional parcels of non-contiguous property that may or may not qualify to be linked to their base parcel, which is occupied, for homestead purposes. If the property that is being used for homestead purposes, is in close proximity to the taxpayer's home, are used in conjunction with the homestead, and the taxpayer makes proper application to the assessor, homestead may be extended in such cases.

Question 2: Since the parcel is owned 50% by Mary and 50% by Bob, can the parcel receive the Disabled Veteran's Exclusion and the Residential Homestead Market Value Exclusion?

Answer: No, the parcel cannot have both exclusions. MN Statute section 273.13, subd. 34 paragraph (g) says a **property (parcel)** receiving the vets' exclusion can't also receive the regular homestead exclusion. Therefore, the jointly-owned parcel can't have both exclusions. Statute is clear that this is referring to the parcel as a whole, therefore the 50/50 ownership doesn't matter when applying these exclusions. It is our opinion that once someone qualifies for a program, such as disabled veterans, that property owner's entire homestead property qualifies for that exclusion. Therefore, even if the value of Mary's property was over $150,000 and there wasn't any remaining exclusion to apply to the jointly owned parcel, her portion of the property is still "receiving" the disabled veteran's exclusion.

Question 3: Is there a way for this property to receive the Residential Homestead Market Value Exclusion?

Answer: Yes. Leaving the property in its current ownership state, the only way for this property to receive the Residential Homestead Market Value Exclusion would be to remove the homestead linking from Mary's base parcel, which ultimately removes the Disabled Veterans Market Value Exclusion from that property. We would then recommend to classify the jointly owned parcel as 50% homestead (linking Bob's homestead to his 50% ownership) and 50% relative homestead since Bob is a qualifying relative to the other owner, Mary. This way the entire parcel would qualify for the Residential Homestead Market Value Exclusion. Keep in mind, doing this would mean that any remaining exclusion that Mary qualifies for would not be applied to the parcel that she owns with Bob.

The important thing to note is that the parcel in its current state of ownership, cannot receive both exclusions per MN Statute.

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

Sincerely,

Jessi Glancey
State Program Administrator Coordinator
Property Tax Division
Phone: 651-556-6091

October 21, 2016

Jodie Raymond
Anoka County Assessor's Office
jodie.raymond@co.anoka.mn.us

Dear Ms. Raymond,

Thank you for contacting the Property Tax Division regarding the Disabled Veteran's Market Value Exclusion. You provided us with the following information.

Scenario:

- You have a property owner that currently receives the Disabled Veteran's Market Value Exclusion.
- The property owner is planning on selling their house and moving into a cooperative building.
- When someone moves into a cooperative building, they can receive a homestead as long as they occupy the property, hold a share of the property, and complete a homestead application.
- They are not listed on the deed as an owner of the property, they only have ownership interest.

Question: Can this disabled veteran continue to receive the exclusion on the new property when they are not listed on the deed as an owner?

Answer: In our opinion, the veteran who moves to a cooperative building and becomes a shareholder of the cooperative would be eligible to receive the exclusion. Having ownership interest in the cooperative is sufficient ownership to receive the exclusion, even though they are not listed on the deed as an owner. The disabled veteran doesn't have the option to be listed as an owner, and we feel that the intent of the law isn't to remove the exclusion in this situation.

Please note that all requirements must be met before the exclusion can be granted. Be sure to reference Module 2, Valuation of the Property Tax Administrator's Manual regarding the importance of the move date and how to remove/add the exclusion.

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

Sincerely,

Jessi Glancey
State Program Administrator Coordinator
Property Tax Division
Phone: 651-556-6091

December 1, 2016

Greg Olson
Sherburne County Assessor's Office
Greg.Olson@co.sherburne.mn.us

Dear Mr. Olson,

Thank you for contacting the Property Tax Division regarding the Disabled Veteran's Market Value Exclusion. You provided us with the following information.

Scenario:

- There is a two story house licensed as a group home.
- There are 4 people living on the main level where they share a kitchen and bathrooms.
- The owner lives in the basement unit with its own kitchen and bathroom.
- One of the occupants is a 100% disabled veteran.
- The owner has applied for Market Value Exclusion on Homestead of Disabled Veteran's Primary Family Caregiver.
- The owner is listed as a representative and caregiver for the veteran.
- The property would be split classed non-homestead on the group home portion and residential homestead on the basement portion occupied by the owner.

Question: Does the veteran need to receive homestead for the primary caregiver to receive the exclusion?

Answer: No, for a Primary Family Caregiver to qualify for the exclusion, the eligible veteran would **not** own homestead property in Minnesota. The veteran's primary family caregiver would be eligible for the same benefit as the veteran as long as all requirements are met.

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 DD214 and/or other official military discharge papers and proof of service-connected disability status.
- The primary family caregiver will need to provide a VA Caregiver Support Approval Letter as part of the annual application.

If all requirements are met, then the application could be approved. For more information please review Module 2, Valuation of the Property Tax Administrators Manual.

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

Sincerely,

Jessi Glancey
State Program Administrator Coordinator
Property Tax Division
Phone: 651-556-6091

December 19, 2016

Theresa Quinn
Sherburne County Assessor's Office
Theresa.Quinn@co.sherburne.mn.us

Dear Ms. Quinn,

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' market value exclusion. You have provided the following scenario and question:

Scenario:

- A veteran who was 70% disabled applied and qualified for the $150,000 market value exclusion by July 1, 2016.
- The veteran passed away in October of 2016.

Question:
Should the exclusion be removed for the 2016 assessment?

Answer:
Yes, in the case of property qualifying for exclusion based on a veteran with a 70% disability, the exclusion should be removed as soon as is practicable after the veteran has passed away in the assessment year of the veteran's death.

It is important to note that the exclusion cannot be removed after taxes have been extended against the property for the following taxes payable year. Once the tax statement with the amount due has been sent, the county cannot remove the exclusion for that payable year.

You can find more information regarding this scenario in the Property Tax Administrator's Manual, *Module 2-Valuation* which can be found on our website at:
http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx

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

Sincerely,

Emily Anderson
Supervisor, Information and Education Section
Property Tax Division
Phone: 651-556-6091
Email: proptax.questions@state.mn.us

August 4, 2017

Kim Walstad
Dodge County Assessor's Office
kim.walstad@co.dodge.mn.us

Dear Ms. Walstad,

Thank you for submitting your question to the Property Tax Division regarding the Disabled Veterans' Homestead Market Value Exclusion. You have provided the following scenario and question:

Scenario:

- A married couple, of which one is a qualifying disabled veteran, own property in your county.
- Only the spouse of the qualifying disabled veteran is listed on the title of the property.

Question: Can the property receive the Disabled Veterans' Homestead Market Value Exclusion if the disabled veteran is not listed on the title?

Answer: No. The veteran must be listed as an owner on the title for the property to be eligible for the Disabled Veterans' Homestead Market Value Exclusion. In accordance with Minnesota Statute 273.13 Subd. 34, the property must be owned and occupied by the qualifying disabled veteran to be eligible. In the scenario you have provided, the disabled veteran's name would need to be added to the title of the property to qualify for the exclusion.

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

Sincerely,

Emily Anderson, Supervisor
Property Tax Division
Information & Education
Phone: 651-556-6091

August 31, 2017

Amanda Lee
Mower County Assessor's Office
amandalee@co.mower.mn.us

Dear Ms. Lee,

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion and fractional ownership. You have provided the following scenario and question:

Scenario:

- A 6.10 acre parcel is owned by:
  - Mom & Dad
  - Son #1
  - Son #2
- The parcel is receiving full homestead to the parents:
  - 33.3% owner occupied
  - 66.6% relative homestead
- Dad has applied for and been approved for the veteran exclusion at the 70% disability rating.

Question: Does the veteran exclusion apply to only 33.3% of parcel's value since the veteran (and his wife) only own a third of the parcel?

Answer: Yes. 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. The parcel may qualify for up to 33.3% of the market value exclusion amount based on the veteran's ownership interest in the parcel. Relative homesteads do not qualify for the disabled veterans' exclusion and therefore the other 66.6% ownership of the parcel would not qualify for the exclusion.

More information on how to calculate fractional homesteads for the disabled veterans' homestead market value exclusion can be found in the Property Tax Administrator's Manual, *Module 2 – Valuation*, on the Department of Revenue website: http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx.

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

Sincerely,

Gary Martin
State Program Administrator
Property Tax Division
Information & Education
Phone: 651-556-6091

September 6, 2017

Diane Rolloff
Brown County Assessor's Office
Diane.Rolloff@co.brown.mn.us

Dear Ms. Rolloff,

Thank you for submitting your question to the Property Tax Division regarding the Disabled Veterans' Homestead Market Value Exclusion. You have provided the following scenario and question:

Scenario:

- A married couple, of which one is a qualifying veteran with a disability, own property in your county.
- Only the spouse of the qualifying veteran with a disability is listed on the title of the property.

Question: Can the property receive the Disabled Veterans' Homestead Market Value Exclusion if the veteran with the disability is not listed on the title?

Answer: No. The veteran must be listed as an owner on the title for the property to be eligible for the Disabled Veterans' Homestead Market Value Exclusion. As stated in the Disabled Veterans' Homestead Property Tax Exclusion fact sheet and in accordance with Minnesota Statute 273.13 subdivision 34, the property must be owned and occupied by the qualifying disabled veteran to be eligible. In the scenario you have provided, the veteran's name would need to be added to the title of the property to qualify for the exclusion.

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

Sincerely,

Emily Anderson, Supervisor
Property Tax Division
Information & Education
Phone: 651-556-6091

October 24, 2017

Lana Anderson
St. Louis County Assessor's Office
andersonl3@stlouiscountymn.gov

Dear Ms. Anderson,

Thank you for submitting your question to the Property Tax Division regarding social security numbers and veterans with a qualifying disability. You have provided the following scenarios and questions:

Scenario 1:

- A married couple owns a home and qualify for homestead.
- The wife moves to another house that she owns individually and applies for homestead.
- The couple is living apart with no legal proceeding and no special circumstances apply for two full homesteads.
- The county is aware that the social security number (SSN) of the spouse must be provided on the homestead application.

Question: Is the signature of the non-occupying spouse required on the homestead application?

Answer: No, the signature of the non-occupying spouse is not required, only the name and SSN of the non-occupying spouse is required. Minnesota Statutes 273.124, subdivision 13 requires the name and Social Security Number of the applicant's spouse to be included on the homestead application, whether the spouse lives at the requested homestead location or not.

Scenario 2:

- Surviving spouse of a 100% permanent and totally disabled veteran qualifies for 100% Disabled Veteran's Market Value Exclusion.
- The surviving spouse missed filing an application in one of the eight years when an annual application was required.
- No exclusion was granted the year that an application was not filed.
- The surviving spouse did however apply the following year and the exclusion was granted.

Question: Can that missed year be added to the length of the exclusion (8 years) that the surviving spouse qualifies for?

Answer: No, the exclusion only applies to the 8 taxes payable years ***after the year*** of the veteran's death.

In other words, the exclusion would begin the taxes payable year after the initial application is received and end after the eight additional taxes payable years, even if the surviving spouse did not receive the exclusion all eight years due to not reapplying. Please keep in mind that the exclusion would also be removed if the spouse remarries, or sells, transfers, or otherwise disposes of the property – whichever comes first.

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

Sincerely,

Property Tax Division
Information & Education

January 9, 2018

Lyn Regenauer
Chisago County Assessor's Office
Lyn.Regenauer@chisagocounty.us

Dear Ms. Regenauer,

Thank you for submitting your question to the Property Tax Division regarding Disabled Veteran Homestead Property Tax Exclusion. You have provided the following scenario and question:

Scenario:

- A veteran who has a disability rating of 100% total and permanent is listed on the deed of a property in your county.
- The veteran and his wife are separated but not divorced.
- The veteran occupies the property but the wife does not.
    - 50% of the property is listed as non-homestead (wife).
    - 50% of the property is homesteaded (veteran).

Question: Should the veteran who is disabled be receiving 50% of the Disabled Veteran Homestead Exclusion?

Answer: Yes, since the property is only receiving 50% homestead, the veteran who is disabled is only eligible for 50% of the exclusion. When spouses are living apart and not legally separated, each is eligible to receive 50% homestead on the properties they are homesteading for a 100% combined full homestead. According to statute, a married couple, no matter how a property is titled, is considered one entity for taxation purposes.

The property tax exclusion for veterans with 100% total and permanent disability rating is only applicable to property that the veteran owns and occupies. Since the veteran is receiving a partial (50%) homestead on his property, the veteran would be eligible for 50% of the maximum exclusion benefit toward the value of the homestead. In the scenario you provided, the veteran who is disabled would be eligible for up to $150,000 of the exclusion.

You can find more information on how to calculate the exclusion when a fractional homestead is granted on page 132 of Module 2-Valuation, in the Property Tax Administrator's Manual.

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

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 vets, same exclusion level

Two unrelated disabled vets, Bill and Roger, own a home with an EMV of $400,000. Bill has a 70% disability rating, Roger is at 80%. As such, Bill and Roger each 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)*

Bill	100% / 2 =	50%
Roger	100% / 2 =	50%

2. Determine share of EMV *(Total EMV x Owner %)*

Bill	$400,000 x 50% =	$200,000
Roger	$400,000 x 50% =	$200,000

3. Determine Eligible Exclusion *(based on disability rating)*

Bill	70% disability =	$150,000
Roger	80% disability =	$150,000

4. Determine Exclusion Limit *(Eligible Exclusion x Owner %)*

Bill	$150,000 x 50% =	$75,000
Roger	$150,000 x 50% =	$75,000

5. Determine Exclusion Amount (*Lesser of EMV or Exclusion Limit*)

Bill	$75,000 < $200,000 =	$75,000
Roger	$75,000 < $200,000 =	$75,000

6. Calculate TMV (*EMV - Exclusion Amount*)

Bill	$200,000 - $75,000=	$125,000
Roger	$200,000 - $75,000=	$125,000

Total Taxable Market Value Remaining **$250,000**

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% 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 %)*

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	$150,000
Ron	$0
Herm ione	$300,000
Ginny	$0

4. Determine Exclusion Limit *(Eligible Exclusion x Owner %)*

Harry	$150,000 x 25%=	$37,500
Ron	$0	$0
Hermione	$300,000 x 25%=	$75,000
Ginny	$0	$0

5. Determine Exclusion Amount (*Lesser of EMV or Exclusion Limit*)

Harry	$37,500 < $40,000=	$37,500
Ron	$0	$0
Hermione	$75,000 > $40,000=	$40,000
Ginny	$0	$0

6. Calculate TMV (*EMV - Exclusion Amount*)

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 remaining taxable market value		**$82,500**

April 2, 2018

Lisa Janssen
St. Cloud City Assessor's Office
Lisa.Janssen@ci.stcloud.mn.us

Dear Ms. Janssen,

Thank you for submitting your question to the Property Tax Division regarding Disabled Veterans' Homestead Market Value Exclusion. You have provided the following scenario and question:

Scenario:

- A property owner had been receiving a 70% Disabled Veterans' Homestead Market Value Exclusion benefit in Benton County.
- The veteran sold the property in 2017 and purchased property in Stearns County.
- On November 27, 2017, the veteran filed for homestead on the new property, but did not disclose that the prior property received the disabled veterans' exclusion.
- The property owner's 2018 tax statement did not include the exclusion benefit.
- The city provided the property owner a 2018 Veterans exclusion application for taxes payable 2019.
- It is the city's opinion that the veteran is responsible for applying for the exclusion for the new home, while the veteran believed the benefit should have transferred automatically.

Question: Should the city process a Disabled Veterans' Homestead Market Value Exclusion for taxes payable 2018 without an application?

Answer: No. Although the property owner qualified for the exclusion in Benton County, and the exclusion may "move" with the veteran to the new property for the same assessment year once it receives homestead, it is the responsibility of the veteran to ensure the county has all necessary information to grant the exclusion.

If the property owner files for an abatement for taxes payable 2018, the county must accept the request. As with all abatement requests, the decision should be handled in accordance with the county's policy concerning such matters to ensure uniformity and equal treatment.

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

May 17, 2018

Janet Kaschmitter
Stearns County Assessor's Office
Janet.Kaschmitter@co.stearns.mn.us

Dear Ms. Kaschmitter,

Thank you for submitting your question to the Property Tax Division regarding the Disabled Veterans' Market Value Exclusion. You have provided the following scenario and question:

Scenario:

- A veteran qualifies for a $150,000 market value exclusion.
- The veteran owns two parcels.
- Parcel 1 is a 10 acre residential homestead property valued at $100,000
- Parcel 2 is a 0.16 acre property valued at $700.

Question 1: For residential property, would the veteran receive the exclusion on parcel 1 and a portion of parcel 2, up to a value of $150,000?

Answer: The Disabled Veterans' Market Value Exclusion program is limited to homestead property. In the case you have described, if the 0.16 acre parcel is part of the residential homestead then it may be included in the exclusion amount. If it is not part of the residential homestead then the exclusion would not be applied to parcel 2.

Question 2: For agricultural property, would the qualifying veteran receive the exclusion on the house, garage, and 1 acre, or would they get it on anything with a value of $300,000 or less?

Answer 2: The Disabled Veterans' Market Value Exclusion provides two different levels of market value exclusion based on the disability rating:

1. Up to $150,000 market value exclusion is granted on homestead property for veterans with 70 percent-100 percent service-connected disability.
2. Up to $300,000 market value exclusion is granted on homestead property for veterans with 100 percent total and permanent disability.

The exclusion is applied to the total value of the homesteaded property, and the amount of exclusion is determined by the disability rating. The type of homestead, either residential or agricultural, would not change the exclusion amount. For agricultural homestead property, only the house, garage and immediately surrounding one acre of land would qualify for the market value exclusion.

I have attached a Disabled Veterans' Homestead Property Tax Exclusion fact sheet for your convenience.

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

January 15, 2019

Lori Schwendemann
Laq Qui Parle County Assessor
lori.schwendemann@lqpco.com

Dear Ms. Schwendemann,

Thank you for submitting your question to the Property Tax Division regarding the Disabled Veteran's Homestead Market Value Exclusion. You have provided the following scenario and question:

Scenario:

- A veteran who is disabled is receiving the Disabled Veteran's Homestead Market Value Exclusion on his property for the 2018 assessment year for taxes payable in 2019.
- The veteran purchased a new home on January 2 and moved into it on January 8.
- The veteran then applied for the exclusion on the new property.

Question 1: Which property, if any, should receive the Disabled Veteran's Exclusion for the 2018 assessment, taxes payable in 2019?

Answer: The veteran's new property is **not** eligible to receive the Disabled Veteran's Homestead Market Value Exclusion for the 2018 assessment, taxes payable in 2019. Minnesota Statute 273.13, subdivision 34(h) states that an application must be made by July 1 of the assessment year to receive the exclusion.

Regarding the veteran's former property, once taxes have been extended against a property the exclusion cannot be removed so the exclusion should remain on this property.

Question 2: Which property, if any, should receive the Disabled Veteran's Homestead Market Value Exclusion for taxes payable in 2020?

Answer: As mentioned previously, the deadline for the exclusion is not until July 1. Therefore, assuming that all qualifications are met, the veteran's new property should be granted the exclusion for assessment year 2019 for taxes payable in 2020. The old property should have the exclusion removed for assessment year 2019 for taxes payable in 2020.

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

February 13, 2019

Heather Bondhus
Benton County Assessor's Office
hbondhus@co.benton.mn.us

Dear Ms. Bondhus,

Thank you for submitting your question to the Property Tax Division regarding the Market Value Exclusion for Veterans with a Disability. You have provided the following question:

Question: When an assessor's office is notified of the sale of a property that was receiving the veteran's exclusion, should the exclusion be removed from the property immediately if it is prior to tax calculation? If after tax calculation, should an adjustment be made or would the change be reflected in the next taxes-payable year?

Answer: The exclusion cannot be removed after taxes have been extended against the property. In most 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).

For example, if a veteran qualified in the 2018 assessment year but sells the home after the taxes payable in 2019 have already been calculated, the taxes payable for 2019 would still reflect the 2018 assessment with the exclusion. This is regardless of the fact that the qualifying veteran no longer owns and occupies the property. In this example, the veteran would be eligible to apply for the exclusion on the new property for the 2019 assessment (for taxes payable in 2020) by July 1; but the taxes on the new property for pay 2019 would not receive the exclusion.

The Property Tax Administrator's Manual, Module 2: *Valuation* contains additional detailed information on this situation.

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

April 18, 2019 *Edited November 2023*

Debbie Maresch
Carver County Assessor's Office
dmaresch@co.carver.mn.us

Dear Ms. Maresch,

Thank you for submitting your question to the Property Tax Division regarding the Disabled Veterans' Homestead Property Tax Exclusion. You have provided the following scenario and question:

Scenario:

- A veteran is receiving the disabled veterans homestead market value exclusion for a 70% - 100% disability rating.
- In February 2019 the veteran brought in a letter showing the new disability rating increasing to 100% total and permanent and effective June 15, 2018.

Question: If the veteran was awarded a higher disability rating before July 1, 2018 and never printed off the letter until February 25, 2019 can the county back date the exclusion for taxes payable in 2019? If not, could the county grant an abatement for taxes payable 2019?

Answer: No, it would not be appropriate for the county to backdate the exclusion. Minnesota Statutes 273.13, subdivision 34(a) states that the applicant must provide proof of the disability rating certified by the United States Department of Veteran Affairs (VA) by the application deadline of December 31. When a disability rating increases, the veteran must reapply and complete an initial application with the correct documentation by July 1.

A county may consider an abatement for the taxes payable year, however the county should abide by their abatement policy. Ultimately, the decision to grant an abatement is at the discretion of the county. An abatement for the current taxes-payable year may be granted for virtually any reason, however abatements for the prior two years should be limited to cases of clerical errors or when the taxpayer has failed to file for a reduction or adjustment due to a hardship, as determined by the county board.

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

May 22, 2019

Jennifer Blumers
City of Bloomington Assessor's Office
jblumers@BloomingtonMN.gov

Dear Ms. Blumers,

Thank you for submitting your question to the Property Tax Division regarding the Market Value Exclusion for Veterans with a Disability. You have provided the following scenario and question:

Scenario:

- A veteran has submitted an application for the homestead exclusion for veterans with a disability on the property he occupies.
- The wife is the sole owner of the property.
- The couple are legally separated but live together.

Question: Can the property receive the Market Value Exclusion for Veterans with a Disability if the veteran is not listed on the title?

Answer: No. As stated in the Market Value Exclusion for Veterans with a Disability fact sheet, and in accordance with Minnesota Statute 273.13 subdivision 34, the property must be owned and occupied by the qualifying veteran to be eligible. In the scenario you have provided, the veteran's name would need to be added to the title of the property to qualify for the exclusion.

If the spouse is the primary caregiver for the veteran with the disability, and has been approved by the United States Department of Veterans Affairs, she as the owner may be eligible for the same benefit as the veteran as long as all requirements are met. The *Market Value Exclusion on Homestead of Disabled Veteran's Primary Family Caregiver application* would need to be completed to determine if she meets the qualification.

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

May 28, 2019

Sharon Robinson
Stearns County Assessor's Office
Sharon.Robinson@co.stearns.mn.us

Dear Ms. Robinson,

Thank you for submitting your question to the Property Tax Division regarding the exclusion for veterans with a disability. You have provided the following scenarios and questions:

Scenario:

- A veteran with a disability rating of 100 percent applied for the exclusion.
- The veteran is expected to fall below the 70 percent minimum qualifications in a few months.

Question: Does the veteran qualify for the $150,000 exclusion?

Answer: If the veteran's disability rating changes after July 1, the exclusion should not be removed until the following assessment year. The market value exclusion for veterans with a disability is granted based on the veteran's homestead and disability rating at the time of the application and verification deadline for the assessment year.

Scenario:

- A veteran was discharged "under honorable conditions (UHC)" which is a general discharge.
- Minnesota Statute 273.13, subdivision 34 requires the veteran to be able to verify honorable discharge as indicated by U.S. Government Form DD214 or other official military discharge papers.

Question: Is the honorable discharge form the United States armed forces U.S. Government Form DD214 the same as discharge under honorable conditions (UHC) or general discharge?

Answer: According to Minnesota Department of Veterans Affairs, "under honorable conditions" is still considered "honorable" for both federal and state benefit purposes. For more information on discharge qualifications refer to the Minnesota Department of Veterans Affairs and your county's veteran service officer.

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

June 27, 2019

Joyce Schmidt
Pipestone County Assessor
joyce.schmidt@co.pipestone.mn.us

Dear Ms. Schmidt,

Thank you for submitting your question to the Property Tax Division regarding Property Tax Exclusion for Veterans with a Disability. You have provided the following scenario and question:

Scenario:

- A veteran's spouse submitted an application for the Property Tax Exclusion for Veterans with a Disability program on behalf of the veteran who is currently deployed.
- The spouse submitted a letter, along with the application, from the Veterans Affairs stating that the veteran is 80% disabled

Question: Can a veteran qualify for the Property Tax Exclusion for Veterans with a Disability if the veteran is currently deployed?

Answer: Minnesota Statute 273.13, subdivision 34 (a) states that "to qualify for exclusion under this subdivision, the veteran must have been honorably discharged". The statute additionally requires that they provide supporting documentation to the assessor, such as U.S. Government Form DD214 or other official military discharge papers. Once such documentation has been provided then the application may be processed.

Once the proper discharge documentation has been submitted, it is recommended that the assessor also reach out to the county's Veterans Service Officer to determine the veterans' eligibility for this exclusion. Please note that the 2019 legislative changes now allows the Veteran Service Officer to share private data with the assessor's office.

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

July 30, 2019 *Edited November 2023*

Lora Dugas
St. Louis County Assessor's Office
dugasl@stlouiscountymn.gov

Dear Ms. Dugas,

Thank you for submitting your question to the Property Tax Division regarding the Market Value Exclusion for Veterans with a Disability. You have provided the following scenario and question:

Scenario:

- A veteran in your county has been receiving the exclusion based on a 100% non-permanent disability rating certified by the County Veterans Service Officer (CVSO).
- In 2019, the CVSO certified the rating remained at 100% non-permanent prior to the July 1 deadline outlined in statute.
- After July 1, the veteran received paperwork from the Department of Veterans Affairs stating that his rating will be lowered to 60%.

Question: Given the deadline for application for the exclusion program has been extended to December 31, how do we treat veterans whose ratings change after the July 1 deadline for the CVSO to certify the disability rating for that assessment year?

Answer: The statutory deadlines for certification by the CVSO of a veteran's disability rating, and the required application date for the exclusion program, are separate issues and should be viewed independently. The veteran's disability rating that is certified by July 1 by the CVSO should be used for the current assessment year. Any rating changes occurring after July 1 should be reflected in the CVSOs certification in the next year and should affect that respective assessment year.

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

October 1, 2019

Kim Walstad
Dodge County Assessor's Office
kim.walstad@co.dodge.mn.us

Dear Mrs. Walstad,

Thank you for submitting your question to the Property Tax Division regarding homestead exclusion for veterans with a disability. You have provided the following scenario and question:

Scenario:

- A qualifying veteran lives in a permanent residence with his spouse.
- The veteran is not the owner of the property.
- The property was put into a trust.
- The wife is the sole grantor of the trust.

Question: If the veteran's wife qualifies to be the primary family caregiver, and they both reside on the property, could this property receive the homestead exclusion for veterans with a disability?

Answer: Yes. Statute specifies that in the case of a qualifying veteran who does not own property classified as homesteaded, the benefit may extend to the homestead of the veteran's primary family caregiver. Statute defines a primary family caregiver 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)."* The primary family caregiver will need to provide a Veterans Administration Caregiver Support Approval letter as part of the application.

The primary family caregiver would continue to be eligible for the exclusion as long as the qualifying veteran resides and receives care in the homestead of the caregiver.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well.

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

December 20, 2019

Jeanne Runge
Dakota County Assessor's Office
Jeanne.Runge@co.dakota.mn.us

Dear Ms. Runge,

Thank you for submitting your question to the Property Tax Division regarding homestead exclusion for veterans with a disability. You have provided the following scenarios and questions:

Scenario 1:

- A veteran with a 70% disability rating received the homestead exclusion for veterans with a disability.
- The veteran's son was added to the title of the property.
- The son does not live at home.

Question 1: What percentage of the veterans homestead exclusion can be applied to the property?

Answer: When homestead is fractionalized, a qualifying veteran receives a fractionalized value of the exclusion. In this case they would receive $75,000 (50% of their $150,000 exclusion) that would apply to 50% of the EMV of the homestead. Please note that when property has fractional ownership, the exclusion only applies to the value of the homestead that the qualifying veteran owns. For example, if 50% of the EMV was $60,000, the veteran would receive a $60,000 exclusion; the remaining $15,000 should not be applied to the value of the property that the veteran does not own.

Question 2: How should homestead be applied?

Answer: A veteran who has 50% ownership and occupies the property would receive a 50% owner-occupied homestead. The veteran may also receive a 50% relative-occupied homestead as a qualifying relative of the son. This assumes that all other homestead requirements are met.

Scenario 2:

- A veteran with a 70% disability rating receives the homestead exclusion for veterans with a disability.
- An unrelated individual was added to the title.
- The unrelated person occupies the property.

Question 1: What percentage of the veterans homestead exclusion can be applied to the property?

Answer: This would be the same answer as the first question, assuming the veteran also resides on the property and is receiving a homestead. The veteran may receive their fractionalized market value

exclusion ($75,000) which may be applied to their fractionalized value of the property. Please note that the unrelated person **may not** receive a homestead market value exclusion because the parcel is receiving a homestead exclusion for veterans with a disability.

Question 2: How should homestead be applied?

Answer: The veteran and the unrelated individual would both be eligible for a 50% owner-occupied homestead assuming all other homestead requirements are met.

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

January 16, 2020

Marcy Barritt
Murray County Assessor
mbarritt@co.murray.mn.us

Dear Ms. Barritt,

Thank you for submitting your question to the Property Tax Division regarding homestead exclusion for a veteran with a disability. You have provided the following scenario and question:

Scenario:

- A married couple occupy a house in sole ownership by the wife
- The wife quit-claimed a 50% life estate to her husband
- The husband qualifies for the homestead exclusion for a veteran with a disability
- A transfer on death deed was filed by the couple to two beneficiaries, which stated the husband joined the transfer on death deed "solely for the purpose of conveying or releasing statutorily or other marital interests"

Question 1: Does the husband's 50% life estate allow the property to qualify for a homestead exclusion for a veteran with a disability?

Answer: Yes. Minnesota Statute 273.13, subdivision 34 (a) states that a property must be owned by a veteran and used as their homestead to qualify for the exclusion. A life estate is considered to be sufficient ownership interest to meet the ownership requirement of the exclusion. Therefore, as long as the veteran and their spouse are currently receiving a homestead on the property and all other qualifications are met, the veteran would qualify for the exclusion.

Question 2: Should the exclusion be fractionalized?

Answer: No, the exclusion should not be fractionalized and the veteran should receive the full value of the appropriate exclusion amount. Because spouses are considered one entity for property tax purposes and the only owners of the property are the veteran and their spouse, the veteran would receive the full exclusion.

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

March 13, 2020

Lora Skarman
St. Louis County Assessor's Office
SkarmanL@StLouisCountyMN.gov

Dear Ms. Skarman,

Thank you for submitting your question to the Property Tax Division regarding homestead exclusion for veterans with a disability. You have provided the following scenario and question:

Scenario:

- A veteran who was permanently and totally disabled never applied for the homestead exclusion for veterans with a disability
- The veteran was not listed on the deed as an owner of the property
- The veteran passed away less than two years ago
- The surviving spouse has applied for the exclusion under Minnesota Statutes 273.13, subdivision 34 (k)
- The spouse continues to own and occupy the property where the veteran lived

Question: Does the spouse qualify for the exclusion as a surviving spouse?

Answer: No. While Minnesota Statute 273.13, subdivision 34 (k) allows a spouse to apply for the full homestead exclusion, the veteran must have otherwise qualified for the exclusion before they passed away. In this case, the veteran would not have qualified under M.S. 273.13, subd. 34 (a) which requires that the veteran be listed as an owner on the deed for the property. Therefore, the spouse would not be eligible to apply for the exclusion due to the veteran not meeting the requirements of the program under this provision.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

November 3, 2020

Heather Bondhus
Benton County Assessor's Office
hbondhus@co.benton.mn.us

Dear Ms. Bondhus,

Thank you for submitting your question to the Property Tax Division regarding the Market Value Exclusion for Veterans with a Disability. You have provided the following scenario and question:

Scenario:

- A qualifying veteran has applied for the Market Value Exclusion for Veterans with a Disability
- The qualifying veteran owns and occupies a mobile home
- The taxes have already been assessed and paid
- Statute lists the deadline to apply of December 31 to qualify for the current assessment year to be effective for the next taxes payable year

Question: In the situation of a qualifying veteran homesteading a mobile home, how should the December 31 deadline be handled if the taxes have been paid prior to the application deadline?

Answer: Assuming the initial application is made by the statutory deadline, in the case of manufactured homes assessed as personal property the exclusion would apply for the same taxes payable year as the application is made. In this situation, since the tax has already been paid, it would be appropriate to grant the qualifying veteran an abatement, per the county's abatement policy.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

December 17, 2020

Kathy Young
Kanabec County Assessor's Office
Kathy.young@co.kanabec.mn.us

Dear Ms. Young,

Thank you for submitting your question to the Property Tax Division regarding the Homestead Exclusion for Veterans with a Disability. You have provided the following scenario and question:

Scenario:

- A VA benefit letter dated 5/8/2020 lists the combined service-connected disability at 60% and being paid at the 100% rate based on unemployability due to service-connected disabilities.
- The County Veterans Service Officer (CVSO) recently provided two email correspondences with conflicting information regarding eligibility for the Homestead Exclusion for Veterans with a Disability.

Question: Does the veteran qualify for the exclusion for pay 2021?

Answer: If nothing has changed since the VA benefit letter was issued, the veteran would qualify for the exclusion for taxes payable 2021. The VA benefit letter states that the veteran is individually **unemployable** due to a service-connected disability. The department recommends that benefit letters from the Department of Veterans Affairs are read from the bottom up. If the question, "Are you being paid at the 100% rate because you are unemployable due to your service-connected disabilities?" is answered "yes," then the property qualifies for the $150,000 exclusion even if the combined service rating is less than 70%.

The most recent communication you received from your CVSO verifying the veteran qualifies for $150,000 exclusion is accurate. For the purpose of administering this program, the statute requires the CVSO to certify the disability rating and verify the current address of the veteran each year. This is the documentation assessors should use to determine if the veteran is eligible for the exclusion.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

September 15, 2021

Dear Joyce,

Thank you for submitting your question to the Property Tax Division regarding the homestead exclusion for veterans with a disability. You have provided the following scenario and question:

Scenario:

- A veteran is currently receiving the homestead exclusion for veterans with a disability
- The veteran is being called back for active duty
- Their disability rating has not changed

Question: Should the veteran continue to receive the exclusion while they are actively deployed?

Answer: Yes. Statute does not put any conditions on a veteran's deployment status when determining if they are eligible to receive the exclusion. You should work with your CVSO, as usual, to ensure that their disability rating and honorable discharge status does not change while on active duty and when they return. Otherwise, if the property remains the veteran's homestead (which should not be removed for occupancy reasons while the veteran is deployed), the exclusion should continue.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

September 30, 2021

Dear Gregg,

Thank you for contacting the Property Tax Division regarding the market value exclusion for veterans with a disability. You provided us with the follow scenario and question:

Scenario:

- A veteran has applied and provided a copy of a service award letter.
- The service award letter notes an honorable discharge and qualifying disability ratings.
- The length of service indicated on the service award letter (117 days) does not meet the statutory definition found in Minnesota Statute 197.447, which defines veteran to include service of at least 181 consecutive days or less if required by reason of disability incurred while serving on active duty.
- The county has requested a copy of U.S. Government Form DD214 to verify medical discharge to qualify and has not received that information.

Question One: Is the veteran required to provide form DD214? What "other official military discharge papers" would meet this requirement? Is a service award letter enough information to satisfy the requirement in subdivision 34(a)?

Answer: Given that the service award indicates a length of service that does not meet the required statutory definition and does not include the necessary information regarding a medical discharge, we would recommend holding the application until that information can be confirmed. State statute requires the applicant to provide supporting documentation to the assessor, such as U.S. Government Form DD214 or other official military discharge papers, to show they meet the requirements for the exclusion. The department has recommended that the assessor reach out to the County Veterans Service Officer (CVSO) when reviewing the veterans' eligibility for this exclusion. In this case, the CVSO may be able to assist in determining what documentation besides the DD214 could help to meet this requirement.

Question Two: Does a veteran have to meet the 181 days of service requirement or have been medically discharged to qualify for the exclusion?

Answer: Yes. M.S. 273.13, Subd. 34(a) states "the veteran must have been honorably discharged from the United States armed forces, as indicated by United States Government Form DD214 or other official military discharge papers." It further defines "veteran" per the language in M.S. 197.447 as "a citizen of the United States or a resident alien who has been separated under honorable conditions from any branch of the armed forces of the United States after having served on active duty for 181 consecutive days or by reason of disability incurred while serving on active duty." Therefore, statute does require one of those two factors to be met to qualify.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

December 16, 2021

Dear Lora,

Thank you for contacting the Property Tax Division regarding the Market Value Exclusion for Veterans with a Disability. You provided us with the follow scenario and questions:

Scenario:

- A property owner, who is also a veteran, has applied for homestead and the Market Value Exclusion for Veterans with a Disability
- The veteran owned and occupied the property as an individual at the time of application
- Since that time, the veteran has added another person to the deed
- They are not married
- The other owner also occupies the property
- The other owner has not applied for homestead at this time
- The two owners are obtaining a domestic partnership from the city

Question: Would property owners in a domestic partnership be treated the same as spouses for property tax purposes?

Answer: The department's position has been that a domestic partnership shall not be treated like spouses for property tax purposes. Domestic partner registration memorializes an agreement between the partners, but with limited legal effects. It doesn't entitle the two parties to the same benefits received by a married couple but can serve as relationship proof in securing benefits from private employers or businesses. We would advise you to also seek the opinion of the county attorney on how a domestic partnership is viewed by the county and how that applies to property tax administration.

In the case of non-married owners, homestead is to be apportioned based on the number of owners. Based on the information presented it appears the qualifying veteran is entitled to a 50 percent homestead, and the domestic partner is also entitled to a 50 percent homestead, assuming both owners apply and meet all the requirements.

Question: Would the domestic partnership qualify the property for a full veteran's exclusion?

The exclusion 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.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

December 22, 2022

Dear Michaelle,

Thank you for contacting the Property Tax Division regarding the homestead exclusion for veterans with a disability. You provided us with the following information.

Scenario:

- Currently a property is owned and occupied by an individual and qualifies for the 1c homesteaded resort classification.
- The homestead portion of the property also qualifies for the homestead exclusion for veterans with a disability, due to the occupant being a qualifying veteran.
- The ownership of the property might be transferred to an LLC and the occupant/qualifying veteran would be a member of the LLC.

Question: If the property is transferred into an LLC, would the homestead portion of the property continue to qualify for the homestead exclusion for veterans with a disability?

Answer: Yes, the homestead portion of the property may continue to qualify for the homestead exclusion for veterans with a disability. Minnesota Statute contains three narrow exceptions related to homestead where ownership is held by an entity and can be eligible for homestead treatment. In this situation, M.S. 273.13, subdivision 22(c) allows the residential structure of a resort property, owned by an entity, to qualify for homestead if a member, shareholder, or partner of the owning entity occupies the property as their primary residence. Therefore, if the owner qualifies for homestead under this provision, the portion of the resort occupied by the owner/veteran as his homestead may qualify for the veteran's exclusion on that same portion.

Sincerely,

Information & Education Section
Property Tax Division
Minnesota Department of Revenue
Phone: 651-556-6922

DEPARTMENT OF REVENUE

May 15, 2023

Dear Lora,

Thank you for submitting your question to the Property Tax Division regarding the homestead exclusion for veterans with a disability. You have provided the following scenario and question:

Scenario:

- A property was receiving the homestead exclusion for veterans with a disability
- The veteran and their spouse legally separated and as part of the separation agreement the veteran lost rights to occupy the property
- The county removed the exclusion due to the veteran no longer occupying the property
- The veteran remains on the title
- The property is receiving 100% homestead due to the spouse occupying the property, with the veteran not occupying the property due to a legal separation
- The veteran moved into a nursing home approximately a year after the separation occurred

Question: Does the property qualify for the market value exclusion for veterans with a disability?

Answer: No. Minnesota Statute 273.13 subdivision 34 (a) states that: "*All or a portion of the market value of property owned by a veteran* ***and serving as the veteran's homestead*** *under this section is excluded…"*

In this situation, the veteran and spouse are legally separated with the spouse retaining title to the property. From the information provided, the legal separation was still in place prior to the veteran moving into the nursing home. Therefore, the property would not be considered the veteran's homestead and would not be eligible for the market value exclusion for veterans with a disability.

While a property receiving the exclusion can retain the exclusion even if the veteran moves into a nursing home, the property was not considered the veteran's homestead before moving into the nursing home, which would mean that this exception would not apply.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

DEPARTMENT OF REVENUE

January 26, 2024

Dear Dave,

Thank you for submitting your question to the Property Tax Division regarding the homestead exclusion for veterans with a disability. You have provided the following scenario and question:

Scenario:

- A veteran has been receiving the $150,000 exclusion for several years.
- On July 1, the veteran was certified by the county veteran service officer (CVSO) with a 90% disability rating.
- In November, the veteran contacted the county stating that they had been upgraded to a 100% total and permanent disability and wished to apply.

Question: How should the county process this application?

Answer: The veteran must submit a new application in situations where their disability rating has changed to reflect a 100% total and permanent disability rating; a new application is required due to the property owner qualifying for a new level of the exclusion. The role of the CVSO is to certify that the veteran continues to meet the eligibility requirements of the exclusion the veteran is currently receiving. This is in place of the reapplication that was previously required before the law change in 2017.

The property veteran has until December 31 of the assessment year to apply for the new exclusion level. This ensures that the county has a current initial application on file to reflect the exclusion level being applied. Additionally, this provides equitable treatment between veterans who are first-time applicants, those that may move to a new homestead, and those who were receiving the lower exclusion.

Moving forward, we recommend that the county reach out to other veterans receiving the $300,000 exclusion who do not have an application on file that shows that they are 100% totally and permanently disabled, similar to if the county has processes in place for collecting missing homestead applications.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

March 1, 2024

Dear Jodi,

Thank you for submitting your question to the Property Tax Division regarding the market value exclusion for veterans with a disability. You have provided the following scenario and question:

Scenario:

- A veteran in your county qualifies for the market value exclusion for veterans with a disability.
- The qualifying veteran and their spouse moved into their parent's home to care for them.
- The parents have conveyed a small percent of interest in their home to the veteran.

Question: How would the exclusion be calculated on a small percent of interest in the property?

Answer: Homestead requires both ownership and occupancy, for this answer we will assume the veteran is making this his primary homestead. For residential property owned by multiple owners, homestead is fractionalized according to the number of owners and not by individual ownership interest. For property tax purposes, a married couple is considered one entity when determining the number of owners. This means that two married couples occupying a homestead where both couples have an ownership interest would be treated as if it had two owners.

In this scenario, the veteran and his spouse would receive 50% owner-occupied homestead and the veteran's parents would also receive 50% owner-occupied homestead. The exclusion amount would then also be fractionalized by 50%, as the veteran is receiving 50% homestead. Only in situations with agricultural properties would the actual ownership interest potentially impact any fractional homestead calculations.

Please note that if the property receives the veterans exclusion, the property is statutorily ineligible for the homestead market value exclusion. An example of calculating a fractional veteran exclusion is found on page 138 in in the Property Tax Administrator's Manual, Module 2- Valuation.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

DEPARTMENT OF REVENUE

Disabled Veterans' Surviving Spouses

MINNESOTA ▪ REVENUE

March 19, 2012 *Edited 7/27/2017 based on 2017 Legislative Session*

Jody Moran
Washington County
Jody.Moran@co.washington.mn.us

Dear Ms. Moran,

Thank you for your recent questions to the Property Tax Division regarding the disabled veterans homestead market value exclusion. Your questions are answered below.

Question 1: If a veteran passes away after the application deadline for surviving spouses, how should the exclusion be applied? If a veteran passed away after the application deadline, how could the surviving spouse receive the exclusion?
Answer: It is our opinion that in the assessment year of the veteran's death, the exclusion is based on the veteran's qualifications. Therefore, if the veteran applies and qualifies prior to July 1, the spouse receives the exclusion for the entirety of that assessment year but must apply by the following July 1 to continue to receive the exclusion. If a veteran has not applied and qualified prior to July 1, the spouse must make initial application by July 1 to receive the benefit for that assessment year. If a property qualified for exclusion as of July 1 and the veteran passed away after the deadline, the surviving spouse may receive the exclusion for the remainder of the assessment year and must apply by July 1 to continue to receive the surviving spouse exclusion.

Question 2: A veteran who was not totally and permanently disabled but received the $150,000 market value exclusion (70% disability) passed away in November, 2011. The surviving spouse is not eligible to continue to receive the exclusion. What assessment year/payable year would we remove the exclusion for?
Answer: The exclusion should be removed as soon as is practicable after the veteran has passed away. The exclusion cannot be removed after taxes have been extended against the property for the following taxes payable year.

Question 3: If a veteran received the $300,000 market value and passed away but has no surviving spouse, what assessment year/payable year would we remove the exclusion for?
Answer: The exclusion should be removed as soon as is practicable after the veteran has passed away. The exclusion cannot be removed after taxes have been extended against the property for the following taxes payable year.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

March 19, 2012 - *edited 5/21/2014*

Bonnie Andrews
Ramsey County Assessor's Office
bonnie.andrews@co.ramsey.mn.us

Dear Ms. Andrews,

Thank you for your recent email regarding the market value exclusion for disabled veterans. You have specifically asked for clarification related to the benefits that are available to surviving spouses of 100% permanently and totally disabled veterans who previously qualified for and received the exclusion but who have passed away. You have encountered situations where surviving spouses of these veterans are unable to receive documentation from the U.S. Department of Veterans Affairs. You have been working with your County Veterans Service Officer, who states that surviving spouses do not typically receive documentation of continuing benefits unless the cause of the veteran's death was service-connected. You have asked, "Does a surviving spouse of 100% permanent veterans who were on the Disabled Veteran Exclusion program at the time of their death still qualify for the continuation of this property tax benefit of the exclusion if the death was not service-connected?"

In short, the answer is yes. The qualification for these surviving spouses is that they are the legal and beneficial title holder of a property that was homesteaded by the qualifying veteran spouse, who must have had 100% permanent and total service-connected disability at the time of death. While the cause of death may not be service-connected, the veteran's property tax exclusion benefit carries over to the surviving spouse for up to eight additional taxes payable years after the year of the veteran's death.

It is true that many of these surviving spouses will not have documentation of continued benefits. We have advised that the qualifying documentation may simply be your records related to the *veteran's* qualifications and subsequent benefit of the exclusion. If the spouse continues to occupy the same property and you have record of the veteran qualifying, the exclusion may stay on for the maximum period allowed, provided no other changes are made to the ownership or use of the property. We do commend the fact that you are working with your Veterans Service Office, and hope that they would continue to be a valuable resource in cases where additional verification is needed.

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

Thank you.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

May 8, 2012

David M. Barrett
Swift County Veterans Service Officer
PO Box 286
Benson MN 56215
(320) 842-5271
dave.barrett@co.swift.mn.us

Dear Mr. Barrett:

Thank you for your recent question to the Property Tax Division of the Minnesota Department of Revenue. You asked the following: Is a surviving spouse of a disabled veteran who received the 70% exclusion prior to passing away eligible to continue the exclusion in the year of the veteran's death?

Only surviving spouses of veterans with permanent and total (100%) service-connected disability are eligible for carryover if the qualifying permanently and totally disabled veteran predeceases his or her spouse. Surviving spouses of veterans who qualify as 70% or more disabled are not eligible for a carryover of the benefits. In those cases, the exclusion is removed in the assessment year of the veteran's death. As you may recall, the exclusion is granted for an assessment year and affect taxes payable the following year. If a veteran with 70% or greater disability qualified for the 2011 assessment for taxes payable in 2012, but passed away in 2012, the exclusion would be removed for the 2012 *assessment* year, but not for the 2012 *payable* year.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

May 24, 2012

Rose Benson
Dakota County Assessing Services
rose.benson@co.dakota.mn.us

Dear Ms. Benson:

Thank you for your recent question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. A property in your county was receiving the exclusion for the 2011 assessment (for taxes payable in 2012) based on a veteran's rating of 100% non-permanent service-connected disability. The veteran passed away in February 2012. The veteran's surviving spouse received a letter in March 2012 from the Department of Veterans Affairs informing her that she may qualify for the exclusion for the surviving spouses of permanently and totally disabled veterans. You have asked how to proceed with this situation.

In the scenario you have outlined, the property received the exclusion for a veteran with 100% (non-permanent) service-connected disability for the 2011 assessment year. For the 2012 assessment year, the property was not enrolled in the program based on a permanently and totally disabled veteran's homestead. Unfortunately, there is no carryover provision in this scenario. The exclusion would be removed for the 2012 assessment, for taxes payable in 2013.

Please let us know via proptax.questions@state.mn.us if you have any additional questions. Thank you.

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

June 25, 2012

Steve Hurni
Property Tax Compliance Officer
steve.hurni@state.mn.us

Dear Steve:

Thank you for your email to the Information & Education Section requesting clarification on the disabled veterans' market value exclusion, specifically those provisions for surviving spouses of veterans who received the exclusion as totally and permanently disabled vets. In your region, the question has come up what to do in the cases where the surviving spouse is unable to provide "proof" of benefits as a surviving spouse of a permanently and totally disabled veteran.

While we do typically request any verification that is helpful for property tax administrators in terms of these programs, for surviving spouses of permanently and totally disabled veterans, verification is not always readily available. We have advised on many occasions that the county's own paperwork for the permanently and totally disabled veteran may serve as "proof" of the surviving spouse's eligibility. In other words, if the county has documentation that the property had received the exclusion because of the property being the homestead of a veteran with permanent and total service-connected disability, then the county may carryover the exclusion to the benefit of the veteran's surviving spouse for the time allowed by statute.

If you have any additional questions, please do not hesitate to contact us via proptax.questions@state.mn.us. Thank you.

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

July 13, 2012 - *edited 5/21/2014*

Debbie DeLange
Ramsey County Assessor's Office
debbie.delange@co.ramsey.mn.us

Dear Ms. DeLange:

Thank you for your recent question to the Property Tax Division regarding the disabled veteran's market value exclusion extension for surviving spouses of permanently and totally disabled veterans. In your county, a property had been owned by a qualifying permanently and totally disabled veteran and his spouse. The veteran passed away. The surviving spouse continues to occupy the property as her permanent residence, but is considering putting the property into a trust under which the surviving spouse would be the grantor. You have asked if this is considered a "transfer of ownership" that would remove the exclusion carryover eligibility for the surviving spouse.

Minnesota Statutes, section 273.13, subdivision 34, paragraph (c) allows the exclusion carryover under the following circumstances:

> *"If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause (2) [a 100 percent totally and permanently disabled veteran], predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse for the current taxes payable year and for eight additional taxes payable years or until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever comes first. Qualification under this paragraph requires an annual application under paragraph (h)."*

While transferring the property into a trust is technically a transfer of ownership, it is not a sufficient transfer of ownership to remove the exclusion carryover. In the case you have outlined, the surviving spouse is still the "legal and beneficial title holder" of the property, and would continue to receive homestead in her own name as grantor of the trust that owns the property. Any other transfer of ownership or partial transfer of ownership may result in removal of the exclusion.

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

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

May 13, 2013 - *edited 5/21/2014* and 2/11/2021

Amanda Lee
Mower County Assessor's Office
amandalee@CO.MOWER.MN.US

Dear Ms. Lee:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You have a disabled veteran qualifying for the full exclusion who passed away on 5/2/2013. He originally applied in 2008 as a veteran with 70 percent or greater service-connected disability (maximum of $150,000 exclusion) and in 2011 qualified for the exclusion for veterans with permanent and total service-connected disability (maximum of $300,000 excluded). You have asked if the spouse is eligible for the surviving spouse provision since her husband did not qualify for the full exclusion at the date of original application in 2008.

At the time of death, the disabled veteran qualified as a permanently and totally disabled veteran and received the full market value exclusion of $300,000. Therefore, the surviving spouse of said veteran is eligible to continue the exclusion.

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

Sincerely,

Drew Imes, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

May 20, 2013 - *edited 5/21/2014* and 2/11/2021

Kristen Olson
Mower County Assessor's Office
Kristeno@co.mower.mn.us

Dear Ms. Olson:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You have provided the following:

> You are in the process of sending letters to the surviving spouses of veterans (100 % permanently and totally disabled) for reapplication for the disabled veterans' homestead market value exclusion. You are asking if the surviving spouse would qualify for this exclusion if the deed to the home has been transferred to her name upon the death of the veteran.

Minnesota Statutes 273.13, subdivision 34 states:

> *"(c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause (2), predeceases the veteran's spouse, and* ***if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse for the current taxes payable year and for eight additional taxes payable years or until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever comes first.*** *Qualification under this paragraph requires an annual application under paragraph (h)." [Emphasis added]*

Therefore, in the case of a surviving spouse, the property still qualifies for the disabled veterans' homestead market value exclusion if the deed has been transferred to the surviving spouse's name (i.e., the property has not been transferred to another individual other than the surviving spouse).

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

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

June 27, 2013 - *edited 5/21/2014*

Kristen Olson
Mower County Assessor's Office
Kristeno@co.mower.mn.us

Dear Ms. Olson:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You have provided the following question: A surviving spouse of a disabled veteran has sold her home to her son on contract for deed. Does this disqualify her from the disabled veterans' homestead market value exclusion?

Minnesota Statutes 273.13, subdivision 34 states:

> *"(c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause (2)[100 percent/ permanent and total disability], predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse for the current taxes payable year and for eight additional taxes payable years or until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever comes first."*

The sale of the property via contract for deed would be considered "otherwise dispos[ing] of the property". Therefore, this property would no longer qualify for this exclusion.

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

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

September 20, 2013 - *edited 5/21/2014 and 2/11/2021*

Amanda L. Lee
Office Support Specialist, Sr.
Mower County Assessor's Office
201 1st Street NE
Austin, MN 55912
amandalee@co.mower.mn.us

Dear Ms. Lee:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion.

Scenario: In your county, a property was receiving the disabled veterans' homestead market value exclusion based upon a veteran with total and permanent service-connected disability. He passed away in May of 2013. In June 2013, his wife granted half of the property to her son. She still is half owner.

Question: Does the surviving spouse continue to receive the exclusion? If so, is the exclusion prorated?

Answer: As you are aware, the surviving spouse is eligible to continue the exclusion after the death of the qualifying permanently and totally disabled veteran, "or until such time as the spouse remarries or sells, transfers, or otherwise disposes of the property, whichever comes first [M.S. 273.13, subd. 34]."

In the situation you have outlined, the surviving spouse would indeed be considered to have transferred a portion of the property. Upon the transfer, the surviving spouse would continue to receive one-half owner-occupied homestead. Therefore, the exclusion would be prorated to match this percentage of ownership (i.e., up to 50% of the exclusion amount would be continued). The portion owned by her child would not receive an exclusion.

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

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

February 13, 2014 - *Edited 7/27/2017 based on 2017 Legislative Session*

Lana Anderson
St. Louis County Assessor's Department
100 N 5th Ave W - Rm 212
Duluth MN 55802-1291
andersonl3@stlouiscountymn.gov

Dear Ms. Anderson:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You have provided the following scenario and question.

Scenario:
A couple owned a property in St. Louis County for the past five years, but had homestead in North Carolina. The husband passed away in 2012. His surviving spouse moved to St. Louis County in July 2013 and was granted a mid-year homestead. She has since applied for the disabled veterans' homestead market value exclusion as a surviving spouse of a permanently and totally disabled veteran. You have advised her that the property must have qualified under the veteran first.

Question:
Was St. Louis County right to deny the exclusion? Is there a statutory citation that supports denial?

Answer:
You are correct that the property must have initially qualified as the veteran's homestead before there can be any "carry over" to the veteran's surviving spouse.

Minnesota Statutes, section 273.13, subdivision 34, paragraph (c) provides:

> *"If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse for the current taxes payable year and for eight additional taxes payable years or until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever comes first. Qualification under this paragraph requires an annual application under paragraph (h) [emphasis added]."*

Therefore, the property must have qualified based on the veteran's homestead occupancy prior to the surviving spouse being eligible to have the benefit "carry over."

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

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

June 13, 2014

Debbie DeLange
Ramsey County Assessor's Office
Debbie.DeLange@CO.RAMSEY.MN.US

Dear Ms. DeLange,

Thank you for contacting the Property Tax Division regarding surviving spouses of disabled veterans. You have provided us with the following information.

Scenario: Ramsey County has come across situations where a disabled vet is approved at the 70% disability exclusion. That disabled vet gets sicker and dies of service connected disabilities, however, they never change their disability status to 100%. Since they did not change their status to 100% before passing, their surviving spouses are not eligible for the continuation of the exclusion.

Question: Is there legislation being introduced to give a continuation of benefit to surviving spouses of veterans who pass in result of a service connected disability prior to filing of the 100% disability status with the county? Or is there legislation to benefit a surviving spouse of a veteran who dies of a service connected disability while not in active duty?

Answer: At this time there are no plans to change the Market Value Exclusion for Disabled Veterans, Primary Family Caregivers, and Surviving Spouses program. Under this statute, the disabled veteran must be 100% permanently and totally disabled and receiving the exclusion for the surviving spouse to receive the benefit after the veteran passes away. If the disabled veteran was only approved at the 70% disability level at the time of his/her death the surviving spouse is not eligible for the continuation of the exclusion. The exclusion is based on the facts as of the date of the veteran's passing. The department has worked with the Department of Veterans Affairs, and while we are aware of many individuals who fall into the circumstances you have outlined, statute does not allow for backdating of the exclusion, or for changing the exclusion after the fact.

If you have any additional questions or concerns please feel free to contact our division at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY, State Program Administrator Senior
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

December 15, 2014

Dana S. Beasley
Supervisor of Real Estate Assessment
City of Minneapolis Assessors Office
309 Second Avenue South - Room 100
Minneapolis, MN 55401-2234
dana.beasley@minneapolismn.gov

Dear Mr. Beasley:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion.

Scenario: A permanently and totally disabled veteran was receiving the exclusion, but recently passed away. The veteran does not have a surviving spouse, but has a surviving domestic partner. The domestic partner states that he will be receiving some survivor's benefits.

Question: Is the property eligible for the continued exclusion for surviving spouses of permanently and totally disabled veterans?

Answer: No; statute specifically allows the continued exclusion only for surviving spouses of permanently and totally disabled veterans who had received the exclusion, but not for surviving domestic partners. The exclusion should be removed with the 2015 assessment year.

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

Sincerely,

Andrea Fish
Supervisor, Information and Education Section
Property Tax Division
Phone: (651) 556-6340
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

February 4, 2015 *Edited 7/27/2017 based on 2017 Legislative Session*

Theresa Quinn
Sherburne County Assessor's Office Theresa.Quinn@co.sherburne.mn.us

Dear Ms. Quinn:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' market value exclusion. You have provided the following scenario and question.

Scenario:

- The veteran qualified for exclusion as 100% disabled on the property he owned and occupied. [For purposes of this response, we are assuming that he was *permanently* 100% disabled.]
- He passed in 2014.
- His wife was never on the title of the property.
- She submitted an application for homestead exclusion on January 14, 2015.

Question:
Would the spouse be eligible for the exclusion on homestead as a surviving spouse of a veteran?

Answer:
The surviving spouse may be eligible for the veterans' market value exclusion. The qualification for the surviving spouse is that they are the legal and beneficial title holder of a property that was homesteaded by a qualifying veteran, who must have had 100% permanent and total service-connected disability. The spouse must also apply the first year after the veteran's death in order for there to be no lapse in the exclusion.

If she is the legal and beneficial title holder, she can continue to receive the exclusion.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. For example, if the home is in fact deeded to someone else, the surviving spouse would lose the exclusion.

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

Sincerely,

Emily Hagen
State Program Administrator
Information and Education Section
Property Tax Division
Phone: 651-556-6099
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

April 2, 2015 Edited 2/11/2021

Marci Moreland
Carlton County Assessor
P.O. Box 440
Carlton MN 55718
marci.moreland@co.carlton.mn.us

Dear Marci:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' homestead market value exclusion. You outlined the following scenario and question.

Scenario:

- A property was owned by a veteran with 100% disability. (For purposes of this question, we are also assuming that disability was permanent.)
- The husband placed a Transfer on Death Deed on the property in 2009, listing his wife as beneficiary.
- The veteran passed away in September 2014.
- Because the wife was not listed as an owner when the exclusion was applied, the exclusion was cancelled for 2014.

Question: Should the spouse be eligible for the exclusion? Or, should the spouse have been listed as an owner to qualify?

Answer: The spouse can receive the exclusion.

The veteran must be listed as an owner for the property to qualify for initial exclusion, but for a spouse to receive the extension for 100% permanently disabled veterans, the spouse only needs to be "the legal or beneficial title to the homestead and permanently resides there."

Because the spouse is the legal/beneficial title holder in this scenario, she should receive the excl**usion.**

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

Sincerely,

Andrea Fish
Supervisor, Information & Education Section
Property Tax Division
Phone: (651) 556-6091
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

June 22, 2015

Julie Shelstad
Morrison County Assessor's Office
julies@co.morrison.mn.us

Dear Ms. Shelstad:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' exclusion. You have provided the following scenario and question.

Scenario:

- A disabled veteran applied for the 70% exclusion on May 5, 2015.
- They provided the application along with documentation but not the VA letter.
- You spoke with the spouse of the veteran on June 11, 2015 requesting the correct VA letter be sent to the county.
- The spouse stated she received the correct letter from the DVA at the end of May and can bring it to the county, however, her husband (the veteran) passed away May 15, 2015.

Question:
Since the veteran signed the 70% application prior to his passing, can the 70% still be granted for the 2015 assessment, payable 2016?

Answer:
No, the exclusion may not be granted for the 2015 assessment. Surviving spouses of veterans who qualify as 70% or more disabled are not eligible for a carryover of the benefits and are not eligible to continue the exclusion in the year of the veteran's death. The exclusion should be removed as soon as it is practicable after the veteran has passed away.

You can find more information regarding this scenario in the Property Tax Administrator's Manual, *Module 2-Valuation* which can be found on our website at:
http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx

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

Sincerely,

Emily Hagen
State Program Administrator
Information and Education Section
Property Tax Division
Phone: 651-556-6099
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

August 18, 2015

Kyle Holmes
Carlton County, Chief Deputy Assessor
Kyle.holmes@co.carlton.mn.us

Dear Mr. Holmes:

Thank you for submitting your question to the Property Tax Division regarding the market value exclusion for disabled veterans. You have provided the following scenario and question.

Scenario:

- A veteran and a spouse transferred ownership of their property to their 4 children while retaining a life estate for the property
- The property was receiving a market value exclusion as the husband was a disabled veteran
- The veteran recently passed away
- The family has been advised to remove the deceased veteran from the deed for a clean title

Question: How will the disabled veteran's exclusion be impacted by removing the veteran's name from the deed?

Answer: Minnesota Statute 273.13, subdivision 34 allows for the market value exclusion to carry over when the surviving spouse is the "legal or beneficial title holder." Based upon your description, it appears that this requirement would be met as the spouse is still a title holder for the life estate of the property.

Additionally, in order for the market value exclusion to be passed on to a surviving spouse, the disability must have been found to be a 100% permanent disability.

However, if the veteran was less than 100% permanently disabled, the exclusion cannot be carried over to the spouse and it should be ceased immediately.

If you have any further questions, please be sure to review the Property Tax Administrator's Manual – Module 2 Valuation on our website or send your questions to proptax.questions@state.mn.us.

Sincerely,

Jeff Holtz
State Program Administrator
Property Tax
Phone: 651-556-4861
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

May 13, 2016

Al Heim
Mille Lacs County Assessor
Al.Heim@co.mille-lacs.mn.us

Dear Mr. Heim:

Thank you for submitting your question to the Property Tax Division regarding the disabled veterans' exclusion. You have provided the following scenario and question.

Scenario:

- An owner qualified for the 100% disable veterans' exclusion taxes payable 2008.
- He moved out of the property July 2011 when he and his spouse filed for a legal separation.
- The qualifying veteran passed away May 29, 2015.
- He transferred the property to his separated spouse on May 22, 2015.
- The veteran signed the deed as a single person.
- The legally separated spouse is seeking to have the veterans exclusion reinstated as a surviving spouse of a qualifying veteran.

Question:
Should the veterans' exclusion be removed since the qualifying veteran was not occupying the property since 2011 and a legal separation was filed?

Answer:
Yes, there are multiple reasons why the disabled veteran's exclusion should be removed from the property. First, the legally separated spouse does not qualify as a surviving spouse of the veteran. Second, the exclusion benefit is associated with the house the veteran owns and occupies; therefore, it should have been removed from the property when the veteran moved out in July 2011. Without prior knowledge of this fact until the time of the veteran's death, the exclusion should be removed once you became aware of it.

In addition to the veteran not occupying the home at the time of his death, he also did not own the home. This would be sufficient reason to remove the exclusion if it wasn't already.

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

Sincerely,

Emily Anderson
State Program Administrator
Information and Education Section
Property Tax Division
Phone: 651-556-6099
Email: proptax.questions@state.mn.us

June 30, 2016

Bonnie Lay
Pope County Assessor's Office
bonnie.lay@co.pope.mn.us

Dear Ms. Lay:

Thank you for submitting your question to the Property Tax Division regarding trust held property and the disabled veterans' market value exclusion. You have provided the following scenario and question:

Scenario:

- A husband and wife live together in a property held under the wife's trust.
- The wife is sole grantor of her trust.
- The husband is a 100% disabled vet and would like to apply for 100% disabled vet homestead on this property.

Question:
Would this property qualify for the disabled veteran market value exclusion since the husband is not the grantor of the trust?

Answer:
No, the property would not qualify for the exclusion. In order for a property to qualify for this market value exclusion, it must be owned and occupied by the qualifying disabled veteran. The veteran's name must be listed as an owner, or the grantor of the trust, on the title of the property before the property is eligible for the market value exclusion.

According to the information you provided, the disabled veteran is not a grantor of the trust owning the property and that is not sufficient ownership needed to grant the exclusion.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Emily Anderson
Supervisor, Information and Education Section
Property Tax Division
Phone: 651-556-6099
Email: proptax.questions@state.mn.us

March 31, 2017 *Edited 7/27/2017 based on 2017 Legislative Session*

Kim Kylander
Pine County Assessor's Office
kelly.schroeder@co.pine.mn.us

Dear Ms. Kylander,

Thank you for submitting your question to the Property Tax Division regarding a surviving spouse of a disabled veteran & trust homestead. You have provided the following scenario and question:

Scenario:

- A taxpayer qualified for 100% totally and permanently disabled veteran homestead exclusion.
- Property held by the qualifying veteran is owned by a trust.
- The qualifying veteran is the sole grantor of the trust.
- The grantor passed away.
- The grantor's wife was listed as the "trustee" of the trust.
- Property is classified as residential.
- Owner's wife does not hold the legal or beneficial title to the property.

Question: Would the county remove the veteran's exclusion for the 2017 assessment, taxes payable in 2018?

Answer: If the owner's wife is the sole beneficiary of the trust or trustee, then she would qualify for the veteran's exclusion for the 2017 assessment year as the surviving spouse of the grantor. If there are multiple trustees, (i.e. children, grandchildren etc.) on the trust, then she would no longer qualify for the exclusion. The legal transfer of property ownership from the taxpayer to multiple beneficiaries disqualifies the spouse from receiving the exclusion.

Question: If the wife gets added as a "grantor" to the trust and applies for the surviving spousal exclusion by July 1st, 2017 would she qualify for the exclusion to continue for another eight payable years?

Answer: Generally modifications of a trust can only be authorized by a trustee(s) or beneficiary(s) and commenced by a settlor, assuming the result does not impair the rights of any beneficiary or adversely affect the achievement of the purpose of the trust. For instance, if the trust divided the rights of the property to multiple trustees, and the trustees agreed to a modification that made the surviving spouse the sole trustee of the trust, the original purpose of the trust would be violated. As stated above, if the spouse is the sole trustee, then the surviving spouse would qualify for the exclusion for eight additional tax payable years after the year of the veteran's death or until the spouse remarries, sells, transfers or otherwise disposes of the property.

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

Sincerely,

Kristine Moody

State Program Administrator
Property Tax Division
Information & Education
Phone: 651-556-6098

September 8, 2017

Mark Manderfeld
Blue Earth County Assessor's Office
Mark.Manderfeld@blueearthcountymn.gov

Dear Mr. Manderfeld,

Thank you for submitting your question to the Property Tax Division regarding a surviving spouse of a disabled veteran. You have provided the following scenario and question:

Scenario:

- Mr. & Mrs. S own a property as a married couple.
- Mr. S was approved as a 100% Total and Permanently Disabled Veteran for the 2016 assessment, and prior.
- For the 2016 assessment for taxes payable in 2017, the property received a 50% residential homestead. Mr. S resided at the property and Mrs. S was receiving a 50% residential homestead at another location.
- Mr. S (the qualifying veteran) passed away in November of 2016.
- Mrs. S moved back to the property in April 2017 and on August 1, 2017 applied for and has been approved for a mid-year homestead for the 2017 assessment.
- Mrs. S submitted a Surviving Spouse Exclusion application on August 1, 2017 for the 2017 assessment.
- Mrs. S qualifies for Dependency and Indemnity Compensation (DIC) program.

Question: Does Mrs. S qualify for the exclusion as a surviving spouse since she did not occupy the property and did not receive homestead on the property that the qualifying veteran occupied prior to his death?

Answer: No, the surviving spouse must permanently reside at the property that is owned and occupied by the qualified veteran upon the death of the veteran. Since Mrs. S did not permanently reside at the property that Mr. S, the qualified veteran, occupied she would not qualify for the exclusion. MN Statute 273.13, subdivision 34, paragraph (k) provides a clear description of the requirements for a surviving spouse who qualifies for the DIC program. The language "permanently resides" is found in that description.

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

July 8, 2019

Joyce Larson
Washington County Assessor's Office
Joyce.Larson@co.washington.mn.us

Dear Ms. Larson,

Thank you for submitting your question to the Property Tax Division regarding a surviving spouse of a veteran with a disability. You have provided the following scenario and questions:

Scenario:

- A qualifying veteran was rated 100% permanent and total disabled
- The veteran occupied a rental property that was not located in Washington County
- The veteran did not qualify for the Homestead Market Value Exclusion due to not having a homestead
- The veteran passed away in 2012
- The surviving spouse is receiving DIC
- The surviving spouse moved into a property in Washington County in December 2016
- The surviving spouse submitted a homestead market value exclusion for surviving spouses application on January 4, 2018
- The application was denied because the Veteran never owned or occupied the property
- The surviving spouse submitted another exclusion application again on June 14, 2019

Question 1: Does the surviving spouse qualify for the Homestead Market Value Exclusion for Surviving Spouses of Veterans with a Disability?

Answer: According to the information provided, the surviving spouse would not be eligible for the Homestead Market Value Exclusion for Surviving Spouses of Veterans with a Disability. MN statute 273.13, subdivision 34 requires that a surviving spouse of a qualifying veteran must hold legal or beneficial title to the homestead that the veteran owned and occupied prior to their death.

In this scenario, the surviving spouse does not own or occupy the property that the veteran owned and occupied prior to their death. Since this requirement is not met, the exclusion cannot be granted to the surviving spouse.

Question 2: Do any of the laws created in 2017 apply to this scenario and qualify the surviving spouse for the exclusion?

Answer: No, the laws that were created in 2017 allowed a surviving spouse to apply for the exclusion, even if the veteran did not receive the exclusion prior to their death. Although this allows the spouse to apply, all requirements must still be met for the application to be approved. The requirement to own and occupy the property that the veteran once owned/occupied has not changed. This requirement and the other requirements must be met for the county to approve the surviving spouse application.

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

August 30, 2019

Sharon Robinson
Stearns County Assessor's Office
Sharon.Robinson@co.stearns.mn.us

Dear Ms. Robinson,

Thank you for submitting your question to the Property Tax Division regarding multiple homesteads on the same parcel. You have provided the following scenario and question:

Scenario:

- A residential parcel contains two separate homes.
- The owner of the parcel occupies Home A
- A qualifying relative of the owner occupies Home B
- The owner of the parcel is a surviving spouse of a disabled veteran

Question 1: Would the parcel be able to receive homestead on both houses?

Answer: Yes, a parcel may receive multiple homesteads if there are multiple structures used as homesteads. Assuming that the owner and qualifying relative meet all other requirements, each home would be able to receive homestead; Home A would receive an owner-occupied homestead, and Home B would receive a relative-occupied homestead.

Question 2: Would Home A be eligible for the Homestead Exclusion for a Surviving Spouse of a Veteran who was Permanently Disabled? If so, would Home B be eligible for the Homestead Market Value Exclusion?

Answer: Minnesota Statute 273.13, subdivision 34, states that if a **property** qualifies for the Homestead Exclusion for a Veteran with a Disability (or any of its associated exclusions such as the surviving spouse provision), it is ineligible for the Homestead Market Value Exclusion. This means that a parcel is statutorily prohibited from receiving both exclusions, even if there are multiple qualifying homesteads. Please note that this is only the case when a Homestead Exclusion for a Veteran with a Disability is granted for a property. When there is no exclusion for veterans with a disability, a parcel may receive multiple Homestead Market Value Exclusions if there are multiple qualifying homesteads on a parcel.

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

October 16, 2019

Sharon Robinson
Stearns County Assessor's Office
Sharon.Robinson@co.stearns.mn.us

Dear Ms. Robinson,

Thank you for submitting your question to the Property Tax Division regarding a surviving spouse of a veteran with a disability. You have provided the following scenario and question:

Scenario:

- A surviving spouse of a veteran with a disability owns a residential parcel with two houses located on it
    - These are separate single family houses on opposite ends of the parcel
- The nephew of the owner occupies the second house on the parcel
- The county has created two records due to both homes being occupied
- Record one is the surviving spouse's record and receives a residential homestead
- Record two is nephew's record and receives a relative homestead
- Each record is eligible for a homestead market value exclusion since both records qualify for a homestead
- The surviving spouse has applied for the homestead exclusion for surviving spouses of veterans with a disability
- Minnesota Statute explains that a property cannot receive the homestead market value exclusion if it is also receiving the homestead exclusion for a veteran with a disability.

Question: Should the homestead exclusion for a surviving spouse of a veteran with a disability be applied to the entire value of the parcel or only the value that is associated to record one?

Answer: The homestead exclusion for a surviving spouse of a veteran with a disability should be applied to the value associated with the portion of the parcel that the surviving spouse is using as their homestead. In this scenario, you would apply the exclusion to the value of record one. The value of the entire parcel does not qualify for the exclusion because the second structure is being used as a homestead by someone other than the qualifying owner. Minnesota Statute 273.13, subdivision 34 states that all or a portion of the market value of property owned by a veteran and **serving as the veteran's homestead** qualifies for the exclusion. This same language applies to a surviving spouse receiving the exclusion as well.

If record one receives the veteran exclusion, then the entire parcel does not qualify for the homestead market value exclusion. Therefore, the value of record two, which is receiving a relative homestead, would not qualify for the homestead market value exclusion.

Question: How should the property on record two be classified?

Answer: Property must be classified according to use. The property on record two is being used as a primary residence by a qualifying relative and a homestead application has been submitted by the qualifying relative. Therefore, the classification of the property on record two should be 1a residential relative homestead. Once the parcel is correctly classified and homestead status is applied the county will need to review the parcels eligibility for exclusions and credits. Again, since record one is receiving the veteran homestead exclusion, record two cannot receive a homestead market value exclusion. The county will need to work with their tax system to be sure the homestead market value exclusion is not calculated on record two.

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

June 16, 2021

Lora,

Thank you for contacting the Property Tax Division regarding the surviving spouse of a veteran with a disability exclusion program. You provided us with the follow scenario and questions.

Scenario:

- A surviving spouse of a veteran with a disability qualifies for the veteran's exclusion
- The surviving spouse now resides in an assisted living apartment
- The home the spouse used to occupy, is vacant at this time
- The home is not listed for sale, it is not rented, and it is not occupied
- The home does qualify for homestead under Minnesota Statute 273.124, subdivision 1(f)

Question: Does the surviving spouse continue to qualify for the veteran's exclusion on the homesteaded property now that the spouse lives at an assisted living facility?

Answer: Yes, the exclusion can remain on the property as long as the property continues to qualify for homestead. A surviving spouse who is absent from the property due to residing in a nursing home or assisted living facility should qualify for the value exclusion under Minnesota Statute 273.13, subd. 34, similar to the exception to occupancy provided in M.S. 273.124, subd. 1(f). The occupancy exception provides that an assessor must not deny homestead for an owner or spouse if the absence is due to similar circumstances and recognizes that there are situations where an owner may not be able to continue to reside in their home.

For the surviving spouse of a veteran with a disability who has to live in a nursing home or assisted living facility, it is reasonable to interpret the "permanently resides" language in M.S. 273.13, subd. 34, to include spouses who are currently residing in care facility for an indefinite period of time. "Permanently resides" is not defined in this statute, but common usage of the term suggests that it is the place to which someone will return. In the case of someone who is in a care facility, they could potentially return to their permanent residence if their condition improves. Furthermore, because M.S. 273.124, subd. 1(f) specifically allows for the home to be treated as the spouse's homestead, this signals the intent that those owners or spouses who are in a care facility should not be deprived the benefits of homestead due to their current condition.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

June 17, 2021

Faye,

Thank you for submitting your question to the Property Tax Division regarding homestead exclusion for veterans with a disability. You have provided the following scenario and question:

Scenario:

- A veteran who was 100% disabled and their spouse received the veteran's exclusion on a homestead until 2018
- In 2018 they moved to a rental property while the veteran received medical care
- The homestead was removed due to the owners no longer occupying the property
- The veteran passed away in 2019
- The surviving spouse is considering moving back to the property she owns, that was previously homesteaded.

Question: If the spouse were to move back and establish homestead, would the surviving spouse qualify for the veterans with a disability exclusion?

Answer: No, the surviving spouse would not be able to qualify. Minnesota Statute 273.13, subdivision 34 (c) and (k) states in part that "upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there". Paragraph c is written where the expectation is that the property is receiving the exclusion up until the death of the veteran, and then allows the surviving spouse to continue to apply and continue to receive the exclusion. Paragraph k gives an exception to allow the spouse to apply for and receive the exclusion if the veteran qualified prior to passing but did not make application. In this situation, neither the veteran nor the surviving spouse lived at or received homestead at the property at the time of the veteran's death, which is a requirement in both provisions. Therefore, the surviving spouse would not be eligible to receive the exclusion.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

August 6, 2021

Rachel,

Thank you for contacting the Property Tax Division regarding the Market Value Exclusion for Veterans with a Disability and surviving spouses. You provided us with the follow scenario and question:

Scenario:

- A surviving spouse of a veteran with a 100% permanent and total disability rating has sold the home receiving the exclusion. The sale was by a contract for deed.
- The original qualifying homestead estimated market value (EMV) was $191,900 with an additional $57,100 Rural Vacant Land EMV.
- The surviving spouse has purchased a duplex with another unrelated owner.
- The duplex has one parcel identification number and each owner has 50% ownership
- Each owner occupies one of the duplex units and qualifies for homestead.
- The EMV for the duplex is $212,700.

Question 1: Does the sale of the original qualifying homestead on a contract for deed impact the surviving spouse's ability to transfer the exclusion to the new homestead?

Answer 1: No, a surviving spouse's use of a contract for deed to sell would not preclude them from meeting the requirement that the property has sold and may transfer the exclusion to a new property if all other requirements are met.

Question 2: Since the duplex is owned by two people, should the total EMV of the property be used when determining whether the property qualifies for the transfer of the exclusion or should half of the EMV be used, based on the two owners interest?

Answer 2: The total EMV of the duplex property is the correct EMV to use when determining whether a duplex qualifies for the transfer of the exclusion, even in fractional ownership situations. Since the EMV of the duplex is greater than the EMV of the homestead portion of the property that was previously receiving the benefit, the exclusion cannot be transferred to the duplex.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

DEPARTMENT OF REVENUE

September 16, 2022

Jodi,

Thank you for contacting the Property Tax Division regarding Market Value Exclusion for Veterans with a Disability. You provided us with the follow scenario and question.

Scenario:

- A veteran with a disability owned and homesteaded a property with their spouse
- The veteran received the Market Value Exclusion for Veterans with a Disability for $150k in the 2019 assessment year
- The veteran passed away on 11/15/2021
- As of 11/1/2021, the spouse was awarded Dependency and Indemnity Compensation
- The spouse applied for the surviving spouse exclusion for the 2022 assessment year
- The spouse is purchasing a property with the sale closing on 9/27/2022
- As of the 2022 assessment date, the new property was still under construction
- The original homestead (initial property) has not yet been sold or transferred

Question: Does the spouse qualify for a one-time transfer of the exclusion?

Answer: Yes, the spouse could qualify for a one-time transfer of the exclusion under Minnesota Statute 273.13 subdivision 34(n). Because the surviving spouse applied, qualified, and was approved for the exclusion for assessment year 2022, they could qualify for the one-time transfer even though the exclusion has not been extended to the current property. This is dependent on the spouse selling or otherwise disposing of the initial property and meeting the other requirements of the one-time transfer. The exclusion may only be moved once that happens.

Question: If a surviving spouse is looking to transfer the exclusion to a new property that was partially complete on the assessment date, what market values should be used when determining if the exclusion can be transferred?

Answer: When determining if a surviving spouse qualifies for the benefit on the new property, the assessor compares the assessed estimated market values (EMV) for both the initial property and the new property in the year the original homestead is sold/transferred. These are the values that must be used, regardless if the new property was partially complete at the time. If the EMV of the new property is equal to or lower than the EMV of the initial property at the **date of sale of the original homestead** the exclusion may be transferred to the new property. The county should ensure that the property owner is aware that the EMVs are compared at the date of sale of the initial property rather than the closing date of the new property.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

September 19, 2023

Bryan,

Thank you for contacting the Property Tax Division regarding Homestead Market Value Exclusion for Veterans with a Disability. You provided us with the follow scenario and question.

Scenario:

- The county received a Homestead Exclusion for Surviving Spouse of a Veteran who was Permanently Disabled application.
- The veteran was 100% permanent and totally disabled at the time of their death on 03/13/2021.
- The veteran had a Disabled Veterans Real Estate Tax Exemption on their property in Virginia at the time of his death.
- The spouse has moved to Minnesota where they applied for a Homestead Exclusion for Surviving Spouse of a Veteran who was Permanently Disabled.
- The county denied the application.

Question: Does the surviving spouse qualify for Homestead Exclusion for Surviving Spouse of a Veteran who was Permanently Disabled?

Answer: No, Minnesota Statue 273.13, subd. 34 is clear that for a surviving spouse to qualify for the Homestead Exclusion for Surviving Spouses of a Veteran who was Permanently Disabled, they must hold the legal or beneficial title to the deceased veteran's homestead and permanently reside there. The qualifying veteran in this case never held title nor homesteaded the property prior to passing therefore the surviving spouse is not eligible for the exclusion.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

DEPARTMENT OF REVENUE

August 29, 2023

Dear Lora,

Thank you for submitting your question to the Property Tax Division regarding the surviving spouse provisions of the homestead exclusion for veterans with a disability. You have provided the following scenario and question:

Scenario:

- A surviving spouse received the homestead exclusion for veterans with a disability on a property.
- The surviving spouse sold that property in December of 2020.
- The surviving spouse moved into an apartment and the exclusion was removed.
- They have applied for the exclusion on a new property that they purchased in May of 2023.

Question: Can the surviving spouse receive the exclusion on the new property?

Answer: No, the surviving spouse may not receive the exclusion on the new property. Statute allows for a surviving spouse to **continue** to receive the exclusion on a new property if certain requirements are met, but it does not permit the spouse to sell a property and later re-apply for the exclusion. In this situation, because the original property was sold in 2020, the surviving spouse must have applied for the exclusion on a new property by December 31, 2021 to continue to receive the exclusion.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

11/07/2023

Dear Thomas,

Thank you for contacting the Property Tax Division regarding Homestead Market Value Exclusion for Surviving Spouses of a Veteran with a Disability. You provided us with the follow scenario and question.

Scenario:

- A memo was issued on July 27, 2023, by the Department of Revenue regarding law changes for the surviving spouse provision of the Homestead Market Value Exclusion for Surviving Spouses of a Veteran with a Disability.
- In the memo, it indicated that the law changes are effective beginning in assessment year 2023 for taxes payable in 2024.

Question: Would it be appropriate to abate taxes for applications received in the years prior to the law change?

Answer: No, it would not be appropriate to abate applications that were received prior to the law change. The law change expanding the eligibility for surviving spouses referenced in the July, 2023 memo was effective beginning in the 2023 assessment year.

It should be noted that while abatements to the current tax year may be granted for virtually any reason, abatements for the two prior years are limited to clerical errors or for a property owner's failure to file due to a hardship. An omission in law is not considered a hardship. According to statute, all abatements must be applied for by "the owner of any property" and neither the assessor nor auditor has any authority to initiate the abatement process on their own.

Question: If a spouse is awarded Dependency and Indemnity Compensation (DIC), do they qualify for the exclusion?

Answer: When a surviving spouse is awarded DIC, the spouse qualifies for the $300,000 exclusion amount as a lifetime benefit, regardless of a veteran's disability rating at the time of their death. The disability rating is not considered when DIC is awarded, therefore it is not a factor when determining if the spouse qualifies for the lifetime benefit. In addition to receiving DIC, the following requirements must be met for the surviving spouse to receive the exclusion:

- The veteran was honorably discharged
- The surviving spouse must be the legal or beneficial title holder to the homestead residence that was occupied by the veteran and must permanently reside there

It should be noted that the veteran's status can change to a higher level for a service-related death. While backdating the exclusion is prohibited, a surviving spouse that once may not have qualified may become eligible at a later date. It's important for counties to understand that the disability rating

percentage is not the sole factor when determining which exclusion a veteran qualifies for. The county must review the documentation carefully and be aware that there are some situations that allow a veteran to qualify when the ratings are outside of the 70% - 100% threshold.

For additional information, see page 135 of the Property Tax Administrator Manual Module 2.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

DEPARTMENT OF REVENUE

October 11th, 2023

Dear Kristi,

Thank you for submitting your question to the Property Tax Division regarding Homestead Market Value Exclusion for Veterans with a Disability. You have provided the following scenario and question:

Scenario:

- A surviving spouse was receiving benefits on the original home (Parcel A) that the veteran lived in.
- The surviving spouse built a new home (Parcel B), made that their primary residence and sold Parcel A in 2018.
- The 2018 EMV of Parcel B was higher than the EMV of Parcel A.
- The benefits were not applied as the EMV of Parcel B was higher than Parcel A.

Question: Does Parcel B qualify for the benefit?

Answer: Based on the information provided, Parcel B does not qualify for the benefit. Minnesota Statute 273.13 sub. 34 (n) allows qualifying surviving spouses to continue to receive the exclusion on a property that was not homesteaded by the qualifying veteran, provided that:

- The spouse had previously received the benefit on the initial on the initial property prior to moving
- The spouse qualifies for homestead on the new property
- The spouse applies for the exclusion for the new property by December 31
- 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 the sale of the initial property**
- The spouse has not previously received the exclusion on a property other than the initial property

As Parcel A had a lesser EMV than Parcel B at the time of the sale, the bolded requirement above is not met, and Parcel B will not qualify for the exclusion.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

Disaster Credits and Abatements

Thank you for your question on a disaster application.

You provided the following information: A property had a fire and suffered water damage on Sunday, June 6. The current owner bought the property two days later on Tuesday, June 8. You indicate the owner was surprised to see the property that he had just purchased was damaged. The property was a vacant nursing home. The new owner started demolition of the structure about three weeks later after the arson investigation was complete. Your city records show a wrecking permit as of July 29. The new owner has started the construction of a condominium/retail project. When you verified this sale in early November, the new owner made no mention of a fire but spoke more of his future plans to build condos.

The current owner made application for local option disaster. You asked for our opinion on the appropriateness of this application.

Minnesota Statutes, Section 273.123, subdivision 7, states in part:

> *"The county board may grant a reduction in the amount of property tax which the owner must pay on the qualifying property in the year of destruction and in the following year. Any reduction in the amount of tax payable which is authorized by county board action shall be calculated based upon the number of months that the home is uninhabitable or the other structure is unusable…"*

It is the Department's position that the property owner, at the time of the disaster, is the only one entitled to receive the local option disaster benefit. Consequently, the new owner does not have the necessary legal standing to make application. In our opinion, the local option entitlement does not transfer to subsequent owners.

We also question the appropriateness of granting the local option abatement since it appears that the building was slated for demolition at the time of purchase.

In any event, the local option disaster relief is just that, an option. The county board can choose to approve, disapprove or only approve part of a local option abatement. Because of this, each application has to be considered independently based upon its own merits. The decision to approve or deny a local option abatement is at the discretion of the county.

If you have any additional questions or concerns, please contact our office.

October 5, 2007

Mr. Glen Purdie
Steele County Assessor
Administrative Center
630 Florence Avenue
P.O. Box 890
Owatonna, Minnesota 55060

Dear Mr. Purdie,

Thank you for your recent questions; they been forwarded to me for a reply. In your email, you asked three specific questions regarding the new disaster abatement and credit statutes enacted in the 2007 special legislative session. I will answer the questions individually. You may also wish to consult the "Tax Relief for Disaster and Destroyed Property" bulletin that was recently sent out for general information regarding the statutes' provisions. It is also available on our website.

Question One: **Since the disaster credit only applies to homestead property, is it the assessment year homestead or homestead at the time of the disaster?**

There are two different disaster credit provisions. Minnesota Statutes 273.1234 is for homestead property within a disaster/emergency area. These are not granted at the county's discretion and are reimbursed by the state. Homestead property is defined in M.S. 273.1231 as a dwelling classified as class 1a, 1b, 1c, or 2a or a qualifying manufactured home. These classifications are determined annually on the assessment date. There are very few (and specific) statutory provisions that allow a change in classification on a date other than the assessment date (i.e. taxable to exempt, midyear homestead, etc.). In our opinion, if the property had one of the qualifying classifications on the assessment date or meets one of the statutory provisions allowing a change to a qualifying classification, it would be eligible for this credit.

The other credit provision, M.S. 273.1235, is for homestead property not in the disaster/emergency area or for qualifying nonhomestead property. These credits are at the discretion of the county and not reimbursed by the state if they are not in a qualifying area.

Question Two: **If the disaster credit is approved by the executive council, can the Local Option Abatement be used for the payable 2007 taxes?**

Yes. The local option abatement (M.S. 273.1233) may be granted at the county board's discretion for taxes payable in the year of the disaster/damage for any qualifying homestead or nonhomestead property. If the property is within the disaster/emergency area as approved by the executive council, the abatement will be reimbursed by the state. There are different abatement limit calculations depending on if the property is or is not within the qualifying area.

(Continued…)

Question Three: **Does the entire building have to be uninhabitable in order to qualify for the local option abatement?**

> There is no longer an "uninhabitable" requirement in the new statutes. The homestead dwelling or other building now must only be at least 50% unintentionally or accidentally destroyed or destroyed by arson/vandalism by someone other than the owner. However, property not located in a disaster/emergency area has its abatement limit prorated based on the number of full months of the year that the structure was not usable.

I hope this has satisfactorily answered your questions. If you are looking for additional general information, please consult the previously mentioned disaster bulletin. If you have any further questions or concerns, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

MICHAEL STALBERGER
State Program Administrator
Information and Education Section
Property Tax Division

February 14, 2008

Bob Schmitt
Scott County Assessor
Courthouse
Room 112
428 South Holmes
Shakopee, Minnesota 55379

Dear Mr. Schmitt:

Thank you for your question regarding a local option disaster abatement. You outlined the following situation: A property in the city of Prior Lake was owned and occupied by a married couple. The husband was the only individual listed on the deed. On the day that the husband served the wife with divorce papers, the wife allegedly set fire to the home. You have asked if the husband is eligible for a local option disaster abatement.

Minnesota Statute 273.1233, subdivision 1, states that a property may be eligible if:

> *"The county assessor determines that 50 percent or more of a homestead dwelling or other building has been (i) unintentionally or accidentally destroyed, or (ii) destroyed by arson or vandalism by someone other than the owner [emphasis added]."*

In our opinion, the husband is not eligible for a local option disaster abatement on this property. Although the husband at this property was the only individual listed on the deed, the wife did have spousal interest in the dwelling at the time of the arson. While married, she is still considered an owner of the home based on her spousal rights therein.

Please let us know if you have any further questions regarding this property.

Sincerely,

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

February 21, 2008

Allison Lowe
Assessor's Technical Clerk/Appraiser
Cook County Assessor's office
411 2nd Street
Grand Marais, Minnesota 55604-1150

Dear Ms. Lowe:

Thank you for your question concerning a property owner who informed you that their water pipes burst and flooded their basement.

You have asked how to treat a house damaged by broken water pipes and if the owner(s) would be eligible for some type of tax relief in the form of an abatement or reduction in market value.

The first step would be to determine if 50 percent of the dwelling or building has been destroyed as determined by the county assessor. If it is determined that 50 percent of the structure has been destroyed, the owner(s) would be eligible for tax relief under Minnesota Statute 273.1233 (Local Option Disaster Abatement). A flow chart and detailed instructions on how to provide the proper tax relief (provided under Minnesota Statute 273.1233) can be found in the *Tax Relief for Disaster and Destroyed Property* bulletin that was issued last fall.

If the property has not been 50 percent destroyed, the only option for tax relief is through Minnesota Statute 375.192. The owner(s) of the property would need to present a written application to the county assessor requesting that the county board grant them tax relief (in the form of a reduction or abatement of estimated market valuation or taxes) for any taxes which they believe have been erroneously or unjustly paid.

To be successful, the abatements must be approved by the county assessor, county auditor, and the county board. If any of these deny the abatement, the abatement stops there and the decision cannot be appealed.

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

Sincerely,

DREW IMES, State Program Administrator
Information and Education Section
Property Tax Division

April 7, 2008

Marcy Barritt
Murray County Assessor
Courthouse
P.O. Box 57
2500 28th Street
Slayton, Minnesota 56172-0057

Dear Ms. Barritt:

Thank you for your letter concerning local option disaster abatement. You have outlined the following situation: a home burned down on November 23, 2007. The owner has applied for an abatement for a portion of taxes payable in 2007 and 2008. The house meets the 50 percent damaged criteria. You are wondering how to calculate the abatement for this property.

As you know, new legislation was passed during the legislature's Special Session in the summer of 2007. One provision of the new law, Minnesota Statutes, section 273.1233, was the local option abatement for homestead and non-homestead property. In order to receive the abatement, the property in question must meet a series of requirements, including:

- At least 50 percent of the building must have been destroyed unintentionally or accidentally, or by arson or vandalism by someone other than the owner; and
- The owner must submit application to the county assessor and county board.

Based on the facts provided, the property in your example would qualify for abatement for taxes payable in the year of the destruction (2007). It is at the county board's discretion to grant this abatement. The abatement is limited to the result of multiplying the difference in net tax as computed using the market value as established on January 2 in the year of the damage and the net tax as computed using the reassessed value times a fraction (where the numerator is the number of full months the property was not usable and the denominator is 12). In your example, the fraction would be 1/12.

Stated another way, you will need to recalculate the taxes for the parcel using the taxable market value as established on January 2 of the year of the damage and the applicable payable year taxes. Finally, you utilize the formula below:

$$\left(\begin{array}{c}\textbf{Net Tax}\\ \text{(as computed using the market value established}\\ \text{January 2 of the year of the destruction)}\end{array} - \begin{array}{c}\textbf{Net Tax}\\ \text{(as computed using the reassessed market}\\ \text{value established after the destruction)}\end{array}\right) \textbf{X} \frac{\text{\# of full months the property was not usable}}{12}$$

It should also be noted that the county treasurer will be responsible for refunding the amount of the abatement to the property owner provided the taxes were already paid in full. The local taxing authorities may levy for any of these lost tax dollars since this type of abatement is not reimbursed by the state. This calculation example is also only applicable to property **not** located in a disaster area.

(Continued…)

Another provision, Minnesota Statutes, section 273.1235, provides for a disaster credit for taxes payable in the year following the destruction of homestead or non-homestead property. In order to receive this credit, the property in the scenario you have provided must meet the same requirements listed above.

Based on the facts provided, the property in your example would qualify for this credit for taxes payable in the year following the destruction of the property (2008). The credit is limited to the result of multiplying the difference in net tax as computed using the market value as established on January 2 of the year of the damage and the net tax as computed using the reassessed value times a fraction (where the numerator is the number of full months the property was **not usable** and the denominator is 12). Again, for your example, the fraction would be 1/12.

Stated another way, you will need to recalculate the taxes for the parcel using the taxable market value as established on January 2 of the year of the damage and the applicable year tax rates. You will then need to calculate the taxes using the reassessed value and the applicable payable year taxes. Finally, you utilize the formula below:

$$\left(\begin{array}{c}\textbf{Net Tax}\\ \text{(as computed using the market value established}\\ \text{January 2 of the year of the destruction)}\end{array} - \begin{array}{c}\textbf{Net Tax}\\ \text{(as computed using the reassessed market}\\ \text{value established after the destruction)}\end{array}\right) \times \frac{\text{\# of full months the property was not usable}}{12}$$

Again, the county treasurer will be responsible for refunding the amount of the credit to the property owner provided the taxes were already paid in full. This disaster credit legislation does not allow any state reimbursement to local taxing authorities because the property was not in a qualifying disaster area, nor does it provide for local taxing authorities to levy for any lost tax dollars. This calculation example is also only applicable to property **not** located in a disaster area.

Please refer to the "Tax Relief for Disaster and Destroyed Property" bulletin distributed by the Department of Revenue in September 2007 for more information. As always, if you have further questions or needs, please do not hesitate to contact our department.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

2009444

November 24, 2009

Robin Johnson
McLeod County Assessor's Office
2383 Hennepin Ave N
Glencoe MN 55336

Dear Ms. Johnson,

Thank you for your recent question to the Property Tax Division regarding local option disaster credits. You have outlined the following scenario: A property in your county contained a house as of the January 2, 2009 assessment, but that house has since burned down (in June of 2009). The property was sold to a new owner in August 2009. You have asked if the disaster credit would carry over to the new owner.

As you know, local option disaster credits are for property taxes payable in the year following the year of the disaster. The assumption is that a property tax bill is normally based on the home having the same market value all year long. If, at some point in the year, the structure loses at least 50% of its value and becomes unusable due to damage by disaster, the structure's market value should be reduced to reflect the fact that, during part of the year, the property's market value was less than that assessed on January 2 of the assessment year. In other words, the credit follows the property, not the owner.

In order for the new homeowner to qualify for a local option disaster credit, the following conditions must be met:

1. The county assessor must determine that at least 50% of the dwelling was unintentionally or accidentally destroyed or destroyed by arson or vandalism by someone other than the owner;
2. The owner must submit a written application to the county assessor and the county board as soon as practical.

If the previous owner had already provided an application, no new application is necessary. The actual credit is at the county board's discretion. The board alone may grant a credit for taxes payable in the year following the year in which the damage occurred (in this case, for taxes payable in 2010).

For property that meets the requirements above, the credit is limited to the result determined by multiplying (i) the difference in net tax on the property computed using the market value of the property established for the January 2 assessment in the year in which the damage occurred, and the net tax computed using the reassessed value, by (ii) a fraction representing the time its value was reduced (the number of full months in the assessment year that the structure was unusable divided by 12). If the structure was usable for a fraction of a month, that month is not included in the numerator. *(Continued…)*

(	**Net Tax** (as computed using the market value established January 2 of the year of the destruction)	X # of full months the property was not usable / 12	)	= Local Option Credit for property not located in disaster area

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

April 7, 2010

Farley Grunig
Jackson County Assessor
farley.grunig@co.jackson.mn.us

Dear Mr. Grunig,

Thank you for your recent question regarding disaster credit and abatement options. There were properties damaged in Jackson County due to snow storms. The following two buildings are the subjects of your inquiry:

Building 1: Building collapsed in December 2009; damage exceeded 50%.
Building 2: Building collapsed January 2010; damage exceeds 50%.

The following types of property tax relief for owners of damaged or destroyed property are available:

(1) Local-option disaster abatements (273.1233) for taxes payable in the year of the disaster or destruction;
(2) Homestead disaster credit (273.1234) for taxes payable the year following the disaster (relating to the assessment year in which the disaster occurred); and
(3) Local-option disaster credit (273.1235) for taxes payable the year following the disaster or destruction (relating to the assessment year in which the disaster or destruction occurred).

Note: Property tax relief is not necessary for the assessment year following the year of the disaster (for taxes payable in the second following year), or any years thereafter, because the normal course of assessment and taxation will reflect the value as damaged or rebuilt.

Credits
The Homestead Disaster Credit is granted in the year following the year of the disaster. For example, for destruction occurring during 2009, this credit will be listed on the property tax statement for property taxes payable in 2010. These credits will also be reported on the Abstract of Tax List in 2010. The amount of the credit is the difference between what the property tax on the home would have been if it had not been damaged and the property tax on the new adjusted market value.

To determine the dollar amount of the disaster credit the county auditor should:
1. Determine the net tax due on the homesteaded structure using the January 2 assessment as if it had not been damaged;
2. Determine the net tax due using the reassessed value of the structure;
3. Subtract the result in step 2 from the result in step 1. This is the dollar amount of the disaster credit.

The credit does not apply to any land.

The county board may grant a credit for taxes payable in the year following the year in which the damage or destruction occurred for:

(1) homestead property that meets all the requirements under section 273.1233, subdivision 1, paragraph (a) (local option disaster abatement) but that does not qualify for a credit under section 273.1234 (homestead disaster credit), except that an application need only be submitted by the end of the year in which the damage occurred;
(2) nonhomestead and utility property that meets all the requirements under section 273.1233, subdivision 1, paragraph (b) (local option disaster abatement), except that an application need only be submitted by the end of the year in which the damage occurred; and
(3) the county assessor determines 50% or more of a homestead dwelling or other building has been (1) unintentionally or accidentally destroyed, or (2) destroyed by arson or vandalism by someone other than the owner.

Abatements

The county board may grant an abatement of net tax for homestead and nonhomestead property (except state-assessed property) for taxes payable in the year in which the destruction occurs if:

- the property owner submits an application to the county assessor as soon as practical after the damage has occurred;
- the property owner submits an application to the county board as soon as practical after the damage has occurred; and
- the county assessor determines 50% or more of a homestead dwelling or other building has been (1) unintentionally or accidentally destroyed, or (2) destroyed by arson or vandalism by someone other than the owner.

Local Option Abatements granted by the county board are not subject to approval by the Commissioner of Revenue and are not reimbursed by the state, since the properties are not located in a disaster area.

Building 1, which collapsed in 2009, is eligible for credits for taxes payable 2010 as outlined above.
Building 2, which collapsed in 2010, is eligible for credits payable in 2011 and abatements for 2010.
Building 1, which collapsed in 2009, should have a 2010 assessment reflecting the damage/destruction for taxes payable 2011. **Building 2**'s original assessment for 2010 (pay 2011) did not reflect the damage.

For properties not located in a disaster or emergency area, both the credits and abatements are prorated for the number of months the property was uninhabitable.

We have attached two flow charts for your assistance in determining how to proceed with these properties. If you have any further questions, please do not hesitate to contact our division via proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

July 12, 2010

Charleen West
Wadena County Auditor/Treasurer
415 Jefferson St. SW
Wadena, MN 56482

Dear Ms. West:

Thank you for your e-mail regarding disaster assessment. It has been assigned to me for response. In your e-mail you have asked a series of questions which we will respond to individually.

1. **Who determines disaster-area parcels and when?**
   Answer: Generally, this will be determined by the size and scope of the disaster. Any jurisdiction may make application to the Executive Council for consideration including a township, city, or county. Minnesota Statutes, section 273.1231, subdivision 3 defines a "disaster or emergency area" as a geographic area for which the President of the United States, the US Secretary of Agriculture, or the Administrator of the Small Business Administration has determined that a disaster exists pursuant to federal law, or for which a local emergency has been declared pursuant to section 12.29 and for which an application for property tax relief has been made to the Governor and approved by the Executive Council.

   Any jurisdiction (city, township, or county) may make application to the Executive Council. The application to the Executive Council must include a completed disaster survey and within the boundaries of the jurisdiction, the average damage for the buildings that are damaged must be at least $5,000; and either at least 25 taxable buildings were damaged, or the total dollar amount of damage to all taxable buildings must equal or exceed 1 percent of the total taxable market value of buildings for the applicant as reported on the assessment abstract in the year prior to the year of the damage.

2. **Do homeowners need to apply? If yes, what form should we use?**
   Answer: Property tax relief in the form of abatements and/or credits may be available to property owners whose homestead dwelling or other building has been determined by the county assessor to be at least 50 percent damaged or destroyed. Homesteads may receive a credit for taxes payable in 2011 without meeting this damage threshold.
   - Owners of both homestead and non-homestead property must make application for current year abatements for 2010 property taxes. These abatements are local option abatements and may be granted at the discretion of the county board.
   - Owners of non-homestead property must make application for property tax credits for taxes payable in 2011. These credits are local option credits and may be granted at the discretion of the county board.
   - Owners of homestead property do not have to apply for homestead disaster credits for taxes payable in 2011. These credits are automatically calculated and applied to property taxes in 2011.

   The Department of Revenue created a form for Wadena County for the local option abatements and credits to be used for granting property tax relief due to damage from the June 17, 2010 tornado.

3. **Do values or taxes change on the 2010 payable tax statement?**
   Answer: No. The 2010 tax statements have already been issued and were based on January 2, 2009 values. Any changes to current year tax amounts must be done via abatement. In addition, the values established for the January 2, 2010 assessment that have been through the board of appeal and equalization process are the true values for the purposes of calculating taxes payable in 2011

(continued)

pursuant to section 273.1232, subdivision 2. The 2010 reassessed values (post-disaster) will be used to calculate the disaster abatements and credits only.

4. **Does state tax relief reimbursement for pay 2010 go directly to each taxing district affected or does it go to the county for distribution to the local jurisdictions?**
   Answer: In the near future, you will receive an Abatement Summary Form where you will report the 2010 approved abatements in total by uniform taxing area (UTA). This form will be due in our office by November 30, 2010. The Department of Education will reimburse the school districts and the Department of Revenue will reimburse the other local jurisdictions. 2011 Disaster Credits eligible for state reimbursement will be reported on the abstract and will be reimbursed in the same manner.

5. **It is our understanding that there is a maximum tax relief that would be reimbursed by the state. It is our understanding that the County Board would make the decision as to whether Wadena County would participate and pay the difference over and above the state reimbursement and that this loss in tax dollars may be levied for in the following year. Is our understanding correct?**
   Answer: There are differences in computations based on whether the property is in an official "disaster or emergency area" (with Executive Council approval) and of course the land is always fully taxable; however, for the properties that do qualify, we are not aware of any maximum reimbursement amount under this program.

The actual law may be viewed on the following website: http://www.leg.state.mn.us/.
Please review statute numbers 273.1231-273.1235. If you have additional questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,

Stephanie L. Nyhus, SAMA
Principal Appraiser
Information and Education Section

C: Lee Brekke, Wadena County Assessor

MINNESOTA ▪ REVENUE

July 15, 2010

Glen Purdie
Steele County Assessor
glen.purdie@co.steele.mn.us

Dear Mr. Purdie,

Thank you for your recent question regarding property tax relief for properties destroyed by disaster. Properties in Steele County had been damaged by recent tornadoes. You have asked which forms of tax relief would be available to property owners, depending on approval by the Executive Council.

From the recently-updated Property Tax Administrator's Manual, Module 2 ("Valuation"), page 142, the following types of property tax relief are available:

If the property is damaged from a tornado in a qualifying disaster or emergency area:

- For homestead property, the property automatically receives a credit for the year following the disaster, which is reimbursed by the state.
- For homestead property which is more than 50 percent damaged, the structure is eligible for a current-year abatement, if approved by the local government and if the owner applies. These abatement amounts are reimbursed by the state.
- For non-homestead properties, if more than 50 percent of the structure is damaged, the property is eligible for a current year abatement AND following year credit, if the local government offers and if the property owner makes application. These benefits are reimbursed by the state.

If the property is not in a qualifying disaster or emergency area, the property is eligible for a current year abatement and following credit if more than 50 percent of the structure is damaged, the property owner makes application, and the local government offers. These benefits are not reimbursed by the state.

We have included a copy of this flow chart for your reference. If you have other questions regarding property tax relief for damaged or destroyed properties, we recommend the Property Tax Administrator's Manual, available online via this link:

http://www.taxes.state.mn.us/taxes/property_tax_administrators/other_supporting_content/propertytaxadministratorsmanual.shtml

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

December 20, 2010

Julie Roisen
Blue Earth County Assessor
204 South 5th Street
PO Box 3567
Mankato, MN 56002-3567

Dear Ms. Roisen:

Thank you for your e-mail regarding disaster relief. You indicated you have a property which was homesteaded for the 2009 assessment but was not homesteaded for the 2010 assessment. You asked for confirmation of what kind of disaster relief this property was eligible for in 2010 and 2011.

Since the property was non-homestead for 2010, the year of the disaster, the property is eligible for local option disaster relief. This means that it will be eligible for a local option disaster abatement for taxes payable in 2010 based on the loss in value due to the damage, if the property was over 50% damaged or destroyed. In addition, it will be eligible for a local option disaster credit for taxes payable in 2011. Since Blue Earth County has been approved as a disaster area by the Executive Council, these abatements and credits are not pro-rated and will be reimbursed by the state.

You may also refer to the Disaster Relief section of the Property Tax Administrator's Manual, Module 2: Valuation, which is available on our website, or to the recent packets of disaster information which were disseminated to assessors of disaster-affected counties for additional information. If you have additional questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,

Stephanie L. Nyhus, SAMA
Principal Appraiser
Information and Education Section

Property Tax Division
Mail Station 3340
600 North Robert Street
Saint Paul, Minnesota 55146-3340

Tel: (651) 556-6091
Fax: (651) 556-3128

October 17, 2011

Nancy Gunderson
City of Moorhead Assessor
nancy.gunderson@ci.moorhead.mn.us

Dear Ms. Gunderson:

Thank you for your question concerning newly constructed residential structures located in areas designated as development zones under Minnesota Statute 469.1731 **and** an emergency area under presidential declaration (FEM-3304-EM).

You have asked if an existing house that was moved from its original location to a new foundation at a different location within a development zone and emergency area would qualify for the abatement provided by the following uncodified legislation passed in 2009:

> *TAX ABATEMENT; NEWLY CONSTRUCTED RESIDENTIAL STRUCTURES IN FLOOD-DAMAGED CITIES*
>
> *Subdivision 1. Eligibility. A residential structure qualified for tax abatement under this section if:*
>
> 1. *the structure is located in a city that is eligible to designate a development zone under Minnesota Statutes, section 469.1731;*
> 2. *the structure is located in a county designated as an emergency area under presidential declaration FEMA-3304-EM;*
> 3. *the structure is located on property classified as class 1a, 1b, 2a, 4a, 4b, 4bb, or4d under Minnesota Statures, section 273.13;*
> 4. *no part of the structure was inexistence prior to January 1, 2009, unless*
>   - *i. the structure is located on property classified as 1a, 1b, 2a, 4b, or 4bb;*
>   - *ii. a building permit was issued and construction commenced in 2008; and*
>   - *iii. as of March 26, 2009, the property was owned by the original builder, was not subject to any form of purchase contract or agreement, and had never been occupied; and*
> 5. *construction of the structure is commenced prior to December 31, 2010.*

It is our opinion that this property would not qualify for the abatement. The law states that "no part of the structure was in existence prior to January 1, 2009" unless it meets three very specific criteria (*i*, *ii*, *iii* above). According to the information you have provided, we assume that the property does not meet these three specific requirements. Therefore, because the structure was in existence and occupied prior to 2009, it would not qualify for the abatement.

Please be aware that this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well. If you have any further questions or concerns, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

February 6, 2012

Bruce Nielsen
Lincoln County Assessor's Office
BNielsen@co.lincoln.mn.us

Dear Mr. Nielsen:

Thank you for your question concerning property damaged by a disaster. You have asked several questions concerning disaster abatements/credits which are addressed below.

1. **Is the requirement that 50 percent of a building be destroyed based on per-building basis, or is it based on the total building value per parcel?**
   The requirement that a building be 50 percent destroyed or damaged is based on a per-building basis. Each structure must be at least 50 percent destroyed to meet the requirement.

2. **Would an agricultural homestead with a non-homestead house located on it be eligible for a local option disaster abatement/credit or the homestead disaster credit?**
   The house would not be eligible for the homestead disaster credit. It may, however, be eligible for a local option disaster abatement/credit. Reimbursement by the state depends on whether or not the property is located within a qualified disaster/emergency area. Whether the property is in a disaster or emergency area would also determine the calculation of the credit amount, if credit is applicable.

3. **If we find out about some properties that were damaged but not listed on the Executive Council List, can they be added to the list or is the local option abatement the only way?**
   Properties cannot be added to the application to the Executive Council after the submission date. The local option abatement may be used to provide relief to properties that were not on the Executive Council list. As you know, local option abatements are granted at the discretion of the county government officials.

4. **A structure was built in 2000 and an addition was built in 2005. The addition was destroyed in storm. If the destroyed addition doesn't account for 50 percent of the total building value, does the property qualify for a disaster abatement/credit?**
   No, the 50 percent destroyed requirement applies to the entire structure. The addition is not considered separately. Therefore, if the destruction of the addition does not account for at least 50 percent of the total building, the house would not meet the 50 percent destroyed requirement.

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

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

April 12, 2012

Cheryl Wall
Wilkin County Assessor's Office
CWall@co.wilkin.mn.us

Dear Ms. Wall,

Thank you for your recent email to the Property Tax Division. You provided us with the following information:

> *A fire abatement has been granted to property owners for 2011 taxes because of a fire that had destroyed their home in April 2011. Now, the payable 2012 tax bill has been created based on the January 2, 2011 pre-disaster assessed value (when the structures were still there) which drives their taxes back up. Are we able to provide another year of abatement? They chose not to rebuild at the site so it's just vacant land, which we did for the 2012 assessment (payable 2013).*

Minnesota Statutes, section 273.1235, provides for a disaster credit for taxes payable in the year following the destruction of homestead or non-homestead property. Based on the facts provided, the property in your example would qualify for this credit for taxes payable in the year following the destruction of the property (2012). The credit is limited to the result of multiplying the difference in net tax as computed using the market value as established on January 2 of the year of the damage and the net tax as computed using the reassessed value times a fraction (where the numerator is the number of full months the property was **not usable** and the denominator is 12).

Stated another way, you will need to recalculate the taxes for the parcel using the taxable market value as established on January 2 of the year of the damage and the applicable year tax rates. You will then need to calculate the taxes using the reassessed value and the applicable payable year taxes. Finally, you utilize the formula below:

$$\left(\begin{array}{c}\textbf{Net Tax}\\ \text{(as computed using the market value established January 2 of the year of the destruction)}\end{array} - \begin{array}{c}\textbf{Net Tax}\\ \text{(as computed using the reassessed market value established after the destruction)}\end{array}\right) \times \frac{\text{\# of full months the property was not usable}}{12}$$

The county treasurer will be responsible for refunding the amount of the credit to the property owner provided the taxes were already paid in full. This disaster credit legislation does not allow any state reimbursement to local taxing authorities because the property was not in a qualifying disaster area, nor does it provide for local taxing authorities to levy for any lost tax dollars. This calculation example is also only applicable to property not located in a disaster area.

I have enclosed a copy of the Departments Disaster Relief Flow Chart that might assist you in understanding how to address these types of disaster situations in the future. Also please refer to the Assessors Disaster Response Guide distributed by the Department of Revenue in 2011 for more information. As always, if you have further questions or needs, please do not hesitate to contact our department.

If you have any further questions or concerns please feel free to contact us at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

May 10, 2012

Nancy Gunderson
Moorhead City Assessor
nancy.gunderson@ci.moorhead.mn.us

Dear Ms. Gunderson;

Thank you for your question concerning the local option disaster credit. You have provided the department with the following scenario:

> A large manufacturing plant had a fire at the end of March. Your office viewed the property and determined the amount of damage. You determined that the property can qualify for the Local Option Disaster Credit (LODC). Commercial/industrial properties in the city of Moorhead also qualify for the Disparity Reduction Credit (DRC).
>
> You asked: When is the LODC applied when calculating the total property taxes for the property? Is it based on the gross tax or the net tax after the DRC has been applied?

The local option disaster credit is unique in that you must first calculate the **net** tax for the property before the local option disaster credit can be calculated. After the local option is disaster credit is calculated, you must recalculate the actual net taxes for the property by including the amount of the local option disaster credit.

Minnesota Statute 273.1393 provides that net property taxes are determined by subtracting the credits in the following order:

(1) Homestead disaster credit and local option disaster credit (under M.S. 273.1234 & 273.1235)
(2) Powerline credit (under M.S. 273.42)
(3) Agricultural preserves credit (under M.S. 473H.10)
(4) Disparity reduction credit (under M.S. 273.1398)
(5) County conservation credit (under M.S. 273.119)
(6) Agricultural market value credit (under M.S. 273.1384)
(7) Taconite homestead credit (under M.S. 273.135)
(8) Supplemental (taconite) homestead credit (under M.S. 273.1391)
(9) Bovine tuberculosis property tax credit (under M.S. 273.113)

Therefore, the local option disaster credit is based on net taxes and is applied (subtracted) before the disparity reduction credit when determining the total property taxes for the property.

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

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

August 7, 2012

Kelly Schroeder
Pine County Assessor
Kelly.Schroeder@co.pine.mn.us

Dear Ms. Schroeder:

Thank you for your question concerning disaster abatements. You have asked how to calculate a disaster abatement for a disaster that occurred in 2012. Specifically, you asked what assessment years are used to calculate the abatement.

For properties located in a disaster or emergency area where a disaster occurs in 2012, the abatement will be calculated using the difference between the net taxes based on the assessed value on January 2, 2012 and the net tax based on the reassessed value after the disaster. The resulting difference in taxes is the abatement and is then applied to the taxes payable in 2012, which are based on the 2011 assessed value. Therefore, the amount being abated is calculated using 2012 values but applied to taxes that were based on 2011 values.

The disaster credit on the other hand, would be calculated using 2012 values and applied to taxes payable in 2013.

Please note that if the property is not located within a declared disaster area, the abatement must be prorated to reflect the number of months the property was not usable/livable. Additionally, property located outside of a declared disaster area is not eligible for state reimbursement.

For more information on disaster relief, you may wish to refer to the Property Tax Administrator's Manual, Module 2 –Valuation, which is available on the Department of Revenue website via http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx. If you have any additional questions, please do not hesitate to contact the division via email at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

August 8, 2012

Kelly Schroeder
Pine County Assessor's Office
kelly.schroeder@pine.mn.us

Dear Ms. Schroeder,

Thank you for your recent email regarding disaster abatements and credits for personal property. I would like to apologize for this delayed response to your question; we did coordinate the response with another section of the Property Tax Division which caused an unusual delay. You provided us with the following information:

> Your county had an entire campground destroyed by a recent flood. There were decks and unlicensed travel trailers ruined due to the flooding. You are asking if personal property qualifies for a disaster abatement or credit. You are also asking where you would find the disaster aid applications.

After reviewing Minnesota Statutes and Laws regarding disaster credits and/or abatements, we do not see anything that would preclude manufactured homes/travel trailers from receiving either a credit or abatement. Therefore, the personal property would qualify for either an abatement or credit. To calculate the abatement or credit the county assessor/auditor should simply follow what the law states regarding the calculations of each relief provision. In other words, since personal property is assessed and taxes paid in the same year, the calculation should reflect the assessment date and the payable date.

Minnesota Statute 273.1233 explains the process for local option disaster abatement, Minnesota Statute 273.1234 explains the process for homestead and disaster credits, and Minnesota Statute 273.1235 explains the process for a local option disaster credit. Please reference these statutes to determine which tax relief applies to the personal property that was effected by the flood. I have also attached our Disaster Relief Flow Chart which may assist you in your determination as well. This flow chart is also available in the Property Tax Administrator's Manual, *Module 2 –Valuation*, which is available on our website.

In regards to the disaster aid applications, you should find those in Disaster Packet 3 of the Disaster Packet that was supplied to each county by the Department of Revenue. This is also a great resource to reference when a disaster has occurred within your county.

If you have any additional questions or concerns please feel free to contact our division us at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

August 30, 2012

Dave Sipila
St. Louis County Assessor
sipilad@stlouiscountymn.gov

Dear Mr. Sipila:

Thank you for your questions concerning the damage reassessment reports that are required to be completed in order to receive reimbursement from the state for disaster abatements within a declared disaster area. Your questions are answered in turn below.

"When filling out the spreadsheet in the department's Disaster Packet, should the 'House/Garage 2012 Assmt' column include the value of the main structure and a garage, even if the garage is detached from the house?"
Yes, detached garages should be included as part of the house/garage.

"Secondly, should the 'Outbuilding 2012 Assmt' column include all remaining improvement value?"
Yes, all remaining improvement value located on the parcel should be included in this column.

"In this scenario, the aggregated value from both columns would be the total improvement value for the parcel."
That is correct.

"Should the 'House/Garage' column and the 'Outbuildings' column only include value for those structures on the parcel that had damage?"
No, this column should include the value of all improvements on the property, including those that were not damaged.

"If a house has a detached garage that was damaged, is that considered an outbuilding, or is it part of the 'House/Garage' column?"
A detached garage should be considered part of the house/garage.

"I am assuming that the determination of homestead versus non-homestead is based on the 2012 assessment. If homestead status was changed for 2013, we are still using 2012. Is this correct?"
Yes, the homestead status of the property for assessment year 2012 is used to determine if the property is eligible for the homestead disaster credit.

"The local option column on the spreadsheet is an indicator of the 2013 credit and not the 2012 abatement, correct?"
Yes, that is correct.

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

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

December 9, 2013

Jennifer Flicek
Le Sueur County Assessor's Office
jflicek@co.le-sueur.mn.us

Dear Ms. Flicker:

Thank you for your question to the Property Tax Division regarding local option disaster abatements.

Scenario: In your county, a rental unit had a fire on September 7, 2013, and the property was determined to be 50% damaged.

Question: Should you change the January 2, 2013 assessed value for taxes payable in 2014 to reflect the damage, or should you only change the 2014 assessment value?

Answer: The "reassessed market value" (value as damaged), is only used for computing an abatement, a credit, or both. It does not actually replace the January 2 (pre-disaster) value. The January 2 (pre-disaster) value is used for calculating tax rates for taxes payable in the year following the disaster or destruction, and the property tax relief is applied as a credit. Any property tax relief for the current tax-payable year (which is based on the value for the assessment year in which the disaster or destruction occurred) is an abatement that is computed using the January 2, 2013 values and the reassessed values despite the fact that the value for the preceding assessment year is not changed.

The rental unit which was at least 50% damaged should have a 2014 assessment reflecting the damage/destruction for taxes payable 2015.

After a property has been repaired, any increase in estimated market value above the original pre-disaster value should be treated as new construction in the next assessment.

A flow chart and detailed instructions on how to provide the tax relief can be found in our Property Tax Administrator's Manual, *Module 2- Valuation*:
http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx.

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

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

July 16, 2015

Peggy Trebil
Goodhue County Assessor
Peggy.Trebil@co.goodhue.mn.us

Dear Ms. Trebil:

Thank you for submitting your question to the Property Tax Division regarding disaster abatements. You have provided the following scenario and question.

Scenario:

- In March 2015, the county purchased a parcel which adjoins county property; the county rented this property out in March, April, May, and June of 2015.
- Personal property tax was added because the property is being rented.
- July 1st 2015 the property was totally destroyed by a fire.

Question: Is the personal property eligible for a disaster abatement or credit?

Answer: Yes, the personal property would qualify for a local-option abatement (for taxes payable in 2015) or local-option credit (for taxes payable in 2016). After reviewing Minnesota Statutes and Laws regarding disaster credits and/or abatements, we do not see anything that would preclude personal property from receiving either a credit or abatement. To calculate the abatement or credit the county assessor/auditor should simply follow what the law states regarding the calculations of each relief provision.

You may find additional information in the Property Tax Administrator's Manual, Module 2-Valuation.
http://www.revenue.state.mn.us/local_gov/prop_tax_admin/education/ptamanual_module2.pdf.

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

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

November 24, 2020

Connie Erickson
Yellow Medicine County Assessor's Office
connie.erickson@co.ym.mn.gov

Dear Ms. Erickson,

Thank you for contacting the Property Tax Division regarding a local-option disaster abatement. You have provided the following scenario and question:

Scenario:

- On January 2, 2020 a property was owned and occupied by Taxpayer A
- On March 24, 2020 the house was destroyed by a fire and then demolished in October.
- In October, Taxpayer B contacted the county and indicated that they were going to purchase the property and was inquiring about an abatement of taxes due to the fire.
- The county notified Taxpayer B that the owner of the property at the time of the fire would need to apply for the abatement to be granted.
- An abatement application has never been submitted by Taxpayer A.
- On November 16, 2020 a Warranty Deed was recorded transferring title from Taxpayer A to Taxpayer B, the Warranty Deed was dated November 2, 2020.
- After the transfer of ownership, Taxpayer B contacted the county and stated that he has a "Statutory Short Form Power of Attorney" for Taxpayer A.
- The Power of Attorney document is dated November 11, 2020, which was after the property transferred ownership

Question: Can Taxpayer B apply for a local option abatement as the Power of Attorney for the previous owner, Taxpayer A?

Answer: No, since Taxpayer B was neither the owner nor the Power of Attorney at the time of the disaster, they would not have legal standing to make application. Minnesota Statute 273.1233 provides the requirements for authorizing an abatement and states that the owner of the property at the time of destruction must submit the application. Once the property ownership is transferred, the rights associated with the Power of Attorney document would no longer allow Taxpayer B to apply on behalf of Taxpayer A.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

Green Acres

Property Tax Division Mail Station 3340 Fax: (651) 297-2166
St. Paul, MN 55146-3340 Phone:(651) 296-0336
e-mail: john.hagen@state.mn.us

February 18, 2002

Carol Schutz
Chippewa County Assessor
Courthouse
629 North 11th Street
Montevideo, Minnesota 56265

Dear Carol:

In your email of February 18, you inquired about how to handle a property that had been on green acres but sold on January 15, 2002. You questioned if the deferral should be left on the assessment or removed for the 2002 assessment. Amazingly enough I can find no record of this question ever being answered.

In the absence of past practice, this is what I would recommend.

As a general rule, the January 2nd assessment date is for the most part the date that determines how a property will be valued and classed for the entire assessment year. There are a few exceptions to this rule and this would seem to be one of them. It would seem that when a property sells to a non-qualifying owner, it would only make sense to value the property based upon its actual value with no consideration given to the green acres value.

At the time the property is sold, to a non-qualifying owner, the past years deferred taxes have to be paid. The current year assessment should be modified at that same time to reflect the loss of the green acres deferral.

Very truly yours,

JOHN F. HAGEN, Manager
Information and Education Section

Property Tax Division Mail Station 3340 Fax: (651) 297-2166
St. Paul, MN 55146-3340 Phone: (651) 296-0336
e-mail: john.hagen@state.mn.us

Memo

Date: March 12, 2002

To: Linda Senechal

From: JOHN F. HAGEN, Manager
Information and Education

Subject: Green Acres and the Plat Law

Today you posed the following question:

When a property that is classed as Green Acres (M.S. 273.111 Minnesota Agricultural Property Tax Law), is platted, what value should the three or seven year plat valuation phase-in be based on?

After a short discussion we concluded that the base value for the plat law should be based on the high value of the Green Acres property. This is the rationale:

The plat valuation phase-in is supposed to phase-in the difference in value between the pre-plat value and the post-plat value. In other words, the value added to the property as the result of the plat. The Green Acres value does not reflect the value of the property, it is reflective of the value of the property as farmland, which is an artificial value.

The Green Acres valuation deferral is designed to allow farmers owning or occupying qualifying land that has increased in value because of some external characteristic to pay tax based upon the agricultural value of the property.

The fact that the property is receiving Green Acres means that a value higher than the value as farmland has been recognized. This it is the actual value of the property. The Green Acres Value is an artificially imposed lesser value that recognizes the use of the property as farmland. It is not reflective of the actual value of the land.

The added value resulting from the plat should be added to the property's "actual value," the high value. The difference between these two values is the amount that should be phased-in pursuant to the plat law. For example:

Value as farmland, Green Acres value:	$150,000
High, "actual value" of the property:	$500,000
Post-plat value of the property:	$600,000

The plat phase-in would be based upon the difference between $500,000 and $600,000. The $100,000 difference would be phased in either seven years for out-state counties or over three years for the seven metro counties.

May 19, 2003

Doreen Pehrson
Nicollet County Assessor
Courthouse
501 S. Front St.
St. Peter, Minnesota 56082

Dear Doreen:

Your January 30, 2003, letter to John Hagen has been forwarded to me for reply. In your letter, you included a copy of a May 2002 letter that we issued to you and a December 2002 court case. You have asked us if we still agree with the opinion we stated in the May 2002 letter in light of the court case.

In the original letter, you asked us if a transfer from Roy and Ruth Burnett to Burnett Properties, LLLP would constitute a transfer, and if that transfer would disqualify the property from continuing to qualify for Green Acres. At the time, we stated that if the property did not qualify for homestead, it would need to meet the seven year ownership requirement for non-homestead properties in order to qualify for Green Acres. In the recent months, however, we have modified that opinion. If the owners under share the same beneficial interests under both ownership entities, we would not consider that a "transfer" for Green Acres purposes. For example, if Roy and Ruth Burnett, as sole owners transfer the property to Burnett Properties, LLLP where the only partners are Roy and Ruth Burnett, the property would continue to qualify for Green Acres.

However, if the ownership structure changes at all, it would be considered a transfer and would therefore have to qualify on its own merits. For example, if Roy and Ruth Burnett, as sole owners transfer the property to Burnett Properties, LLLP and the partners that are listed as owners include Roy and Ruth Burnett and their neighbor. This is considered to be a transfer and would be subject to a new seven-year waiting period. This is supported by the statement in Dale Properties, LLC vs. County of Hennepin which states that the ownership "rests with the same individuals and in the same proportions as the partnership." In the example above, the ownership does not rest solely with the same individuals and in the same proportions as the individual owners.

Sincerely,

STEPHANIE L. NYHUS, Senior Appraiser
Information and Education Section
Property Tax Division
Phone (651) 296-0335
E-mail: stephanie.nyhus@state.mn.us

May 19, 2003

Keith Albertsen
Douglas County Assessor
305 – 8th Avenue West
Alexandria, MN 56308

Dear Keith:

Your e-mail question dated March 19, 2003, has been referred to me for reply.

Question: An individual, living in Anoka, purchased new agricultural property with lake frontage. He plans for his son to live on the agricultural property. You have already decided that the son qualifies for an agricultural relative homestead. Is it acceptable to grant a Green Acres deferment in this situation?

Answer: Yes, if the property meets all the other qualifications for Green Acres.

If you need more information, please contact our division.

Very truly yours,

RHONDA M. THIELEN, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 296-3540
e-mail: Rhonda.Thielen@state.mn.us

November 25, 2003

Joan Flavin
Division of Property Records and Taxation
Government Center
2100 3rd Avenue
Anoka, Minnesota 55303

Dear Joan:

Your question regarding Green Acres restoration has been forwarded to me for reply. You faxed us an example of a typical Green Acres restoration in your county and have asked for our opinion on how to handle the restoration process when only some of the parcels of a property enrolled in Green Acres are sold and no longer qualify, while the remaining parcels of property continue to qualify for Green Acres.

As you are aware, the statute governing the Green Acres program is Minnesota Statute 273.111. Subdivision 9 states in part that *"When real property which is being, or has been valued and assessed under this section no longer qualifies ... the portion no longer qualifying shall be subject to additional taxes, in the amount equal to the difference between the taxes determined in accordance with subdivision 4"* (the agricultural or low value), *"and the amount determined under subdivision 5"* (the estimated market value or high value). Subdivision 5 states in part that *"The assessors shall, however, make a separate determination of the market value of such real estate. The tax based upon the appropriate local tax rate applicable to such property in the taxing district shall be recorded on the property assessment records."* This means that for each parcel of property that is enrolled in Green Acres, two tax amounts are calculated – one based on the lower agricultural value and one based on the value of the property based on its highest and best use (estimated market value). If the parcel is part of a chain of parcels that are linked together, two separate tax amounts are still calculated. When several of the parcels in a chain no longer qualify for Green Acres, the difference in the tax amounts should be collected on those parcels for the current year plus the two preceding years.

You have asked us if the tax on the remaining parcels should be recalculated after the parcels that no longer qualify for Green Acres are removed from the chain. In our opinion, the answer is absolutely not. Just because parcels are removed from the chain does not mean that you recalculate new tax amounts on the parcels that remain in the chain. No provision exists in the law that would allow the recalculation.

I hope this will answer your question. If you have additional questions, please contact me.

Sincerely,

STEPHANIE L. NYHUS, Senior Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6109
e-mail: stephanie.nyhus@state.mn.us

December 15, 2003

Joyce Olson
Washington County Assessor's Office
Washington County Govt Center
14900 61st Street North
Stillwater, Minnesota 55082

Dear Joyce:

Your question on Green Acres payback has been forwarded to me for reply. First, let me apologize for the lateness of this letter. We have experienced some significant staffing changes during the past year. This, coupled with the need to address mandated issues that required completion in a timely manner has resulted in a number of unacceptably long response times. Again, please accept my apology. We are confident that future responses will be much more timely.

You have asked us how to calculate the payback of a parcel that is on Green Acres when only one parcel of the chain of parcels sells and no longer qualifies, but the remaining parcels continue to qualify. As you are aware, the statute governing the Green Acres program is Minnesota Statute 273.111. Subdivision 9 states in part that:

> *"When real property which is being, or has been valued and assessed under this section no longer qualifies ... the portion no longer qualifying shall be subject to additional taxes, in the amount equal to the difference between the taxes determined in accordance with subdivision 4"* (the agricultural or low value), *"and the amount determined under subdivision 5"* (the estimated market value or high value).

Subdivision 5 states in part that:

> *"The assessors shall, however, make a separate determination of the market value of such real estate. The tax based upon the appropriate local tax rate applicable to such property in the taxing district shall be recorded on the property assessment records."*

This means that for each parcel of property that is enrolled in Green Acres, two tax amounts are calculated – one based on the lower agricultural value and one based on the value of the property based on its highest and best use (estimated market value). If the parcel is part of a chain of parcels that are linked together, two separate tax amounts are still calculated. When several of the parcels in a chain no longer qualify for Green Acres, the difference in the tax amounts should be collected on those parcels for the current year plus the two preceding years.

(Continued…)

You have asked us if the tax on the remaining parcels should be recalculated after the parcels that no longer qualify for Green Acres are removed from the chain. In our opinion, the answer is absolutely not. Just because parcels are removed from the chain does not mean that you recalculate new tax amounts on the parcels that remain in the chain. No provision exists in the law that would allow the recalculation.

I hope this will answer your question. If you have additional questions, please contact me.

Sincerely,

STEPHANIE L. NYHUS, Senior Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6109
e-mail: stephanie.nyhus@state.mn.us

November 8, 2004

Joyce Olson
Washington County Assessor's Office
Washington County Gov't Center
14900 61st Street North
Stillwater, Minnesota 55082

Dear Joyce:

Thank you for your email regarding eligibility for continuation of Green Acres treatment.

A property owner sold two parcels of land to her niece and her husband in 2000 on a contract for deed. The two parcels were classified agricultural and were enrolled in the Green Acres program. The niece moved into the property and successfully applied for homestead and continuation of the Green Acres program on both parcels. The niece and her husband are having financial difficulties so the aunt has to cancel the contract for deed. The niece and her husband will continue to live in the house and will be eligible for a relative homestead on the house, garage and first acre. The remaining land will be classified non-homestead.

Assuming that the contract for deed has indeed been cancelled, you asked if the property will continue to be eligible for Green Acres or will you have to process a Green Acres payback.

Part of the requirements for the Green Acres deferment per Minnesota Statutes 273.111 is that the property is primarily devoted to agricultural use, the income requirements in subdivision 6 are met, and the property either:

(1) is the homestead of the owner, or of a surviving spouse, child, or sibling of the owner or is real estate which is farmed with the real estate which contains the homestead property; or

(2) has been in possession of the applicant, the applicant's spouse, parent, or sibling, or any combination thereof, for a period of at least seven years prior to application for benefits under the provisions of this section, or is real estate which is farmed with the real estate which qualifies under this clause and is within four townships or cities or combination thereof from the qualifying real estate; or

(3) is the homestead of a shareholder in a family farm corporation as defined in section 500.24, notwithstanding the fact that legal title to the real estate may be held in the name of the family farm corporation; or

(4) 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 parcel or parcels.

(Continued…)

Since the aunt is not homesteading the property in question, the property is not eligible for the continuation of the Green Acres deferment. The deferred tax must be paid to the county for a maximum of three years.

If you have any other questions, please contact our division.

Sincerely,

JOAN SEELEN, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6114
Fax (651) 556-3128
E-mail: joan.seelen@state.mn.us

April 4, 2005

Allan LaBine
Washington County Assessor's Office
Washington County Govt Center
14900 61st Street North
Stillwater, Minnesota 55082

Dear Mr. LaBine:

Thank you for your question regarding Green Acres.

You provided the following information: A parcel consists of 20.4 acres. You state that out of the 20.4 acres, 11.3 acres are usable, less the building site and road, which leaves approximately 10.1 acres usable for agricultural production. You also state that the property is currently classified agricultural homestead and it was also classified agricultural homestead for the 2004 assessment year. The owners have fenced off a large portion of the usable property into two pastures for grazing their cattle (maybe 2 or 3 head). The owners have also planted clover to feed their cows. Located in various locations on the property are 10 bee hives. The owners have applied for Green Acres and you verified that they meet the income requirements. You asked if the property is eligible for Green Acres.

To qualify for Green Acres, the property must first be used agriculturally. Based on the information you provided, we fail to see how this property can be classified agricultural much less qualify for Green Acres. Simply having 2-3 cows and 10 bee hives does not represent a sufficient agricultural usage to fulfill the requirements for the agricultural classification.

In our opinion, the property should be classified residential homestead since that truly represents the property's use.

If you have any further questions or concerns, please contact our division.

Sincerely,

MELISA REDISKE, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6092 Fax (651) 556-3128
E-mail: melisa.rediske@state.mn.us

June 7, 2005

Angela Nelson, Office Manager
Sibley County Assessor
400 Court Avenue
PO Box 532
Gaylord, MN 55334

Dear Ms. Nelson:

Thank you for your question regarding Green Acres. You have outlined the following situation:

- A property owner has agricultural property in Eden Prairie.
- He also owns property in Sibley County which he has owned for three years.
- The property in Sibley County is non-homestead and is more than four cities or townships away from his agricultural property in Eden Prairie.
- The property owner maintains that he farms the property in Sibley County in conjunction with his homestead property in Eden Prairie.
- The property owner does not question the homestead of his property in Sibley County, but questions his Green Acres eligibility.

You now ask for clarification of the requirement that the real estate be farmed in conjunction with the homestead property.

Minnesota Statutes, Section 273.111, Subdivision 3, states in part:

> *"…if it is primarily devoted to agricultural use, and meets the qualifications in subdivision 6, and either (emphasis added):*
>
> *(1) is the homestead of the owner, or of a surviving spouse, child, or sibling of the owner or is real estate which is farmed with the real estate which contains the homestead property; or*
> *(2) has been in possession of the applicant, the applicant's spouse, parent, or sibling, or any combination thereof, for a period of at least seven years (emphasis added) prior to application for benefits under the provisions of this section, or is real estate which is farmed with the real estate which qualifies under this clause and is within four townships or cities or combination thereof from the qualifying real estate…"*

We have always said that if the property does not qualify for homestead, the owners must first fulfill the seven-year ownership requirement prior to applying for Green Acres.

Therefore, in our opinion, since the property in Sibley County is non-homestead (and, cannot receive the homestead classification because it is farther than four townships or cities from the agricultural property in Eden Prairie), and the current owner has only owned the property for three years, this property could not qualify for Green Acres.

If you have further questions, please contact our division.

Sincerely,

JOAN SEELEN, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6114 Fax (651) 556-3128
E-mail: joan.seelen@state.mn.us

September 13, 2005

Steve Skoog
Becker County Assessor
Courthouse 913 Lake Avenue
P.O.Box 787
Detroit Lakes, Minnesota 56502

Dear Steve:

Your e-mail has been forwarded to me for reply. I sincerely apologize for the delay in answering your question.

In your e-mail, you outlined the following situation:

- A parcel of land is classified as agricultural property. It also has lakeshore frontage.
- The owner recently sold the property to his nephew.
- The nephew has an agricultural homestead that is located within four cities/townships from the property. He occupies the primary homestead parcel but does not farm it himself. All of the fields on the properties (both the primary parcel and the recently purchased property) are rented to another farmer.

You have asked if the newly purchased parcel can be extended homestead since it is non-contiguous to the primary parcel and if it can qualify for Green Acres since it is not farmed by the owner.

In our opinion, the nephew can extend his owner-occupied agricultural homestead from the base parcel that he occupies to the non-contiguous, newly-purchased land, even though he will not farm it himself. Due to the fact that the property will continue to be homesteaded and farmed (though not by the owner), you may grant the continuation of Green Acres treatment. In *Elwell vs. County of Hennepin, August 1974,* the Minnesota Supreme Court ruled that property may qualify for green acres even if production income consists only of cash rental. So long as the lessee devotes it to agricultural pursuits that qualify the property for Green Acres, the land is considered to be devoted to those purposes. The owner is not required to actively farm land to qualify for tax assessment under Green Acres.

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

Sincerely,

STEPHANIE NYHUS, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division
Phone: (651) 556-6109 Fax: (651) 556-3128

November 2, 2005

Joyce Larson
Washington County Assessor's Office
Washington County Govt. Center
14900 61st Street North
Stillwater, Minnesota 55082

Dear Joyce –

Your e-mail to Larry Austin regarding linking parcels that are under different ownership for homestead and ultimately Green Acres purposes has been forwarded to me for reply.

In your e-mail you indicated that the owners of a 26-acre parcel just purchased a 14-acre adjacent parcel. The title on the 14-acre parcel is in the name of a limited liability company (LLC). You have asked if the contiguous land mass may be viewed as one piece of property if the ownership is in different names.

In our opinion, the answer is no. The parcels have different ownership entities. One is in the name of two individual people while the other is in the name of an LLC. It is our opinion that these parcels cannot be linked for homestead or any other purposes.

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

Sincerely,

Stephanie L. Nyhus, SAMA
Principal Appraiser
Information and Education Section

March 20, 2006

Martie Monsrud
Roseau County Auditor's Office
606 5 Avenue SW
Room 160
Roseau, Minnesota 56751-1477

Dear Martie:

Your e-mail to Derrick Hodge has been forwarded to me for reply. You outlined the following situation. A taxpayer has owned a property for many years and has had the same city special assessments for years. The taxpayer has always paid the special assessments. The property was recently enrolled into Green Acres. You have asked if those special assessments may now be deferred since the property is on Green Acres or if they are not eligible to be deferred because they were in existence prior to the property's enrollment in Green Acres.

As you know, any special local assessments levied after June 1, 1967, as well as the corresponding interest may be deferred as part of the Green Acres program until the property is sold or no longer meets the qualifications of the program. This applies even if the special assessments began prior to the property's enrollment into the program. However, we recommend that you ask the taxpayer if they would like to defer the special assessments or continue to pay them as part of their property taxes. If they are deferred, they will accrue interest during the period they are deferred.

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

Sincerely,

STEPHANIE NYHUS, Principal Appraiser
Information and Education Section
Property Tax Division
Phone: (651) 556-6109 Fax: (651) 556-3128
E-mail: stephanie.nyhus@state.mn.us

May 18, 2006

Joyce Larson
Washington County Govt. Center
14900 61st Street North
Stillwater, Minnesota 55082

Dear Joyce:

Thank you for your question regarding green acres payback. I apologize for the lateness of this letter.

You provided the following information:

- A property owner is receiving green acres on two parcels of property.
- One of the parcels is being sold; therefore, a green acres payback needs to be processed for the parcel being sold.
- The parcel not being sold will continue to receive green acres treatment.
- You indicated that when the green acres value is removed on the parcel being sold, it decreases the ag credit on the other parcel which causes the tax to increase.

You have asked what you should do with the difference of tax on the first parcel.

First of all, in our opinion, the tax amount on the parcel that continues to receive green acres treatment should not be recalculated after the parcel that no longer qualifies for green acres treatment is removed from the chain.

After discussing this issue with you on the phone, I would again like to refer you to the letter dated December 15, 2003, addressed to you which I have attached.

It states in part that for property that is enrolled in green acres, two tax amounts are calculated – one based on the lower agricultural value and one based on the value of the property based on it highest and best use (estimated market value).

If, however, you have not and do not calculate two tax amounts, in order to obtain the green acres payback amount, you must recalculate the tax amount on the parcel no longer qualifying for green acres based upon the estimated market value, or limited market value if applicable. How you go about doing this recalculation is at your discretion (manually or through your tax program). The tax on the parcel not being sold should not be recalculated after the parcel that is being sold is removed from the chain. Just because parcels are removed from the chain does not mean that you recalculate new tax amounts on the parcels that remain in the chain. No provision exists in the law that would require or even allow the recalculation.

In conclusion, we suggest you do not recalculate the original tax amount on the parcel still qualifying for green acres treatment. The tax amount on that parcel would remain the same as originally calculated.

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

Sincerely,

JOAN SEELEN, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6114 Fax (651) 556-3128
E-mail: joan.seelen@state.mn.us

August 29, 2006

Keith Kern
Carver County Assessor's Office
600 East 4th Street
Box 10
Chaska, Minnesota 55318

Dear Keith:

Your question to Larry Austin has been assigned to me for reply. You outlined the following situation. You have a hunting preserve that is owned by a non-profit corporation named Marsh Lake Hunting Preserve. They are licensed as a game farm and they own 380 acres that is classified as agricultural nonhomestead, two residences that are classified as residential nonhomestead and a clubhouse that is classified as seasonal residential recreational. They have requested Green Acres treatment on a portion of the property. You have asked if it is appropriate to grant them Green Acres treatment considering the fact that they are owned by a nonprofit corporation.

Minnesota Statute 273.111, subdivision 3, paragraph (b) states in part that:

> *"(b) Valuation of real estate under this section is limited to parcels the ownership of which is in noncorporate entities except for:*
>
> *(1) family farm corporations organized pursuant to section 500.24; ..."*

Therefore, you must first determine if Marsh Lake Hunting Preserve is authorized as a family farm corporation under Minnesota Statute 500.24. If they are, they should be able to provide you with a letter from the Minnesota Department of Agriculture to own and farm land in Minnesota. If they are able to provide you with this documentation, and they meet the other qualifications set forth in Minnesota Statute 273.111, you may grant Green Acres treatment on the portion of the property that is classified as agricultural property.

Minnesota Statute 273.13, subdivision 23, paragraph (e) identifies agricultural products that qualify for the agricultural classification. It states in part that *"game birds and waterfowl bred and raised for use on a shooting preserve licensed under section 97A.115"* are considered to be agricultural products when classifying property for property tax purposes. Therefore, you may consider the portion of the property that is used to raise the birds used to be agricultural property.

I sincerely apologize for the delay in answering your question. If you have further questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,

STEPHANIE NYHUS, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division

March 28, 2007

Brian Koester
Benton County Assessor
Courthouse
531 Dewey Street PO Box 129
Foley, Minnesota 56329

Dear Brian:

Your question on continuation of Green Acres has been assigned to me for reply. You asked if the 30-day application period is meant to be from the date of recording or from the date on the deed.

As you know, Minnesota Statute 273.111, subdivision 11a provides for continuation of tax treatment upon sale when a property is sold provided the new property owner files an application for continued deferment of taxes "within 30 days after the sale" and meets all other requirements for Green Acres. In our opinion, this means that a new owner must file an application within 30 days of when the actual transfer of the property occurs, which is typically the date on the deed. Since there is no specific requirement in law that deeds must always be recorded, it is our opinion that the date of recording of the deed is of no relevance in this situation.

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

Sincerely,

STEPHANIE NYHUS, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division

May 7, 2007

Karen McClellan
Kanabec County
18 North Vine Street
Mora, MN 55051

Dear Ms. McClellan,

According to your April 30 email, a Kanabec County farmer sold 80 acres of qualified green acres property last fall. The purchaser did not qualify for green acres so the additional taxes due at sale were calculated and paid. The former owner now intends to repurchase the 80 acres this fall. He has other lands still in the green acres program and sufficient income to meet the requirements.

You ask if this 80 acre parcel can be put back into green acres for taxes payable in 2008 or must it wait until the taxes payable in 2009.

Minnesota Statutes, section 273.111, subdivision 8, provides that an application for deferral of taxes and assessments must be filed by May 1 of the year prior to the year in which the taxes are payable. Your message says that the farmer intends to repurchase this fall so he cannot file an application until after the repurchase. The earliest that the green acres provision could apply is for taxes payable in 2009. We assume that the farmer will meet the other requirements listed in section 273.111, subdivision 3.

If you have other questions, please contact us at proptax.questions@state.mn.us.

Sincerely,

DOROTHY A. MCCLUNG'
Property Tax Division

May 11, 2007

Joyce Larson
Washington County Assessor's Office
Washington County Govt Center
14900 61st Street North
Stillwater, Minnesota 55082

Dear Joyce:

Your e-mail to Lance Staricha has been forwarded to me for reply. You outlined the following situation. Two women, as individuals, in Washington County own several parcels of property that are currently classified as agricultural homestead. They have applied for Green Acres. As part of their application for Green Acres, they provided a copy of their Schedule F which shows that they operate the farm under a limited liability company (LLC) which was organized under Minnesota Laws, Chapter 322B. You have asked if the LLC must meet the requirements of Minnesota Statute 500.24 to qualify for Green Acres.

To answer your question, we consulted with our legal staff. In our opinion, it does not matter that the two women are operating the farm as an LLC as long as, in their individual capacities, they are the only owners of the land and they are both listed on the application for Green Acres.

Please understand that this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion may be subject to change as well.

In closing, please respect our policy that requests all assessment personnel direct their questions for us to proptax.questions@state.mn.us. This policy allows us to serve our stakeholders better by tracking all incoming questions and monitoring the responses for accuracy, consistency and timeliness.

Sincerely,

STEPHANIE L. NYHUS, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division

June 21, 2007

David Armstrong
LeSueur County Assessor
Courthouse
88 So. Park Avenue
LeCenter, MN 56057

Dear Dave:

Thank you for your letter regarding Green Acres payback provisions. You outlined the following situation. A taxpayer in your county receives Green Acres on several parcels of property that are linked together for homestead purposes. The taxpayer has sold several of the parcels to a new owner that will not qualify for Green Acres. You have asked about the appropriate way to calculate the amount of the payback.

As you are aware, Minnesota Statute 273.111 is the statute that governs the Green Acres program. Subdivision 9 of this statute states in part that:

> *"When real property which is being, or has been valued and assessed under this section no longer qualifies…the portion no longer qualifying shall be subject to additional taxes, in the amount equal to the difference between the taxes determined in accordance with subdivision 4* (the agricultural or low "Green Acres" value), *and the amount determined under subdivision 5* (the highest and best use or market value)…"

Subdivision 5 of this same statute states in part that:

> *The assessor shall, however, make a separate determination of the market value of such real estate. The tax based upon the appropriate local tax rate applicable to such property in the taxing district shall be recorded on the property assessment records.*

This means that, for each parcel of property that is enrolled in Green Acres, two tax amounts are calculated – one based on the lower agricultural or Green Acres value and one calculated on the highest and best use or market value of the property. If the parcel is part of a chain of parcels that are linked together, two separate tax amounts are still calculated. When several of the parcels in a chain no longer qualify for Green Acres, the difference in the tax amounts should be collected on those parcels for the current year plus the two preceding years. The following spreadsheet shows an overly simplified example of a payback.

(Continued…)

In the example, there are six parcels in the chain. The taxes are calculated using both the ag/GA values and the estimated market values. All taxes are based on a first tier amount of $690,000 which is the breakpoint for the 2006 assessment for taxes payable in 2007. Using the ag/GA values, the entire amount falls within the first tier limit of $690,000. Therefore, the value is all multiplied by the .55 percent classification rate. On the estimated market value calculation, the first tier of $690,000 is reached on parcel 4. The remainder of the value of parcel 4 as well as the entire amount of the value of parcels 5 and 6 is calculated using a class rate of 1.00 percent. Since only parcels 1, 4, and 6 will be sold and the new owner will not qualify for Green Acres, the *difference* in taxes for those three parcels only for the current year (pay 2007) and two prior years (pay 2005 and pay 2006) will be collected under the Green Acre payback provision. In the example provided, the difference in taxes is as follows:

Parcel	Difference in Taxes
1	$ 550.00
4	$1,045.00
5	$1,450.00
Total	**$3,045.00**

Please note that the calculations are for net tax capacity only using the classification rates for taxes payable in 2007. There are no limited market values, homestead credits, referendums or local tax rates in the calculations.

We hope this explanation provides the guidance you were seeking. If you have additional questions or concerns, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

STEPHANIE L. NYHUS, SAMA
Principal Appraiser
Information and Education Section

Enclosure

October 10, 2007

Randy DesMarais
Wright County Assessor's Office
Wright County Courthouse
10 Northwest 2nd Street
Buffalo, MN 55313

Dear Mr. DesMarais,

I am responding to your inquiry regarding green acres eligibility of two parcels of agricultural property in Wright County. Prior to July 29, 2005, the parcels were owned by a husband and wife. The property was not their homestead but did qualify for green acres and was receiving green acres benefits. On July 29, 2005, the husband and wife sold the parcels to an entity on contracts for deed. The new purchaser did not qualify for green acres benefits. The contracts for deed vendee defaulted on the contracts and the vendors cancelled the contracts, having the title to the parcels revert to the husband and wife. The husband and wife are asking if they can reinstate the green acres benefits on these parcels.

Minnesota Statutes, section 273.111, subdivision 3, provides that agricultural property may qualify for green acres benefits if the property is the homestead of the applicant or if the property has been in possession of the applicant for a period of at least seven years prior to the application date. In this case, neither requirement is met. The property is not the homestead of the husband and wife and, because of the transfer to a third person in 2005, the property has not been in their possession for the seven years preceding the application date. In our opinion, the break in the chain of title requires a new seven year waiting period.

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

Sincerely,

Dorothy A. McClung
Property Tax Division

June 25, 2008

Patricia Stotz
Mille Lacs County Assessor
Mille Lacs County Courthouse
635-2nd Street SE
Milaca MN 56353

Dear Ms. Stotz,

You recently asked if Local Boards of Appeals and Equalization (LBAE) or County Boards of Appeals and Equalization (CBAE) have the authority to grant green acres benefits or is this solely the authority of the county assessor. In our opinion, only county assessors can grant green acres benefits.

The green acres program is a powerful tool that reduces the tax burden for certain agricultural properties. But the criteria for qualification are specific and must be documented by the owner as part of the application process. The timelines for the application are also specific. Under the 2008 standards, the applicant must demonstrate that the land generates the minimum income for inclusion in the program.

If the land qualifies and if the application was complete and timely, we assume the county assessor would grant the green acres benefits. If the land does not qualify, if the application was not complete or timely, neither the LBAE nor the CBAE can overrule the assessor.

The LBAE and the CBAE may review the classification and valuation of a property. Green acres is not a classification, rather it is a special benefit to certain properties classified as agricultural properties. The estimated market value or "high value" of a property classified as agricultural may be considered by the LBAE or the CBAE but the green acres or "low" value is determined by the Department of Revenue and may not be changed at the local level.

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

Sincerely,

Dorothy A. McClung
Property Tax Division

2009075

February 11, 2009

Brian Koester
Benton County Assessor
Courthouse
531 Dewey Street PO Box 129
Foley, Minnesota 56329

Dear Mr. Koester,

Thank you for your recent questions submitted to the property tax division. Each question is answered in turn below.

1. A property transfer occurred in November 2008 and the owners applied for homestead. The legal description on the deed has an error (it reads "block 3" whereas it should read "block 2"). Is this a reason to deny homestead?
Answer: No. Although a deed of correction should be filed to correct the error, homestead should still be granted provided the owners occupied the property as primary residence as of December 1 and applied by December 15.

2. An agricultural property, enrolled in Green Acres, was owned jointly by a husband and wife. The husband has passed away, and his surviving spouse has filed an affidavit of survivorship removing his name from the property. Does this constitute a change in ownership which would require payback on non-productive enrolled acres?
Answer: No. When a property enrolled in Green Acres is owned by a married couple and one of them passes away leaving a surviving spouse as sole owner of the property, it is not a change in ownership which would require the non-productive acres to be withdrawn and deferred taxes paid back.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

April 7, 2009

A. Keith Albertsen
Douglas County Assessor
Courthouse
305 8th Avenue West
Alexandria, Minnesota 56308

Dear Mr. Albertsen,

Thank you for your recent question concerning transfer of property enrolled in Green Acres. You have asked if a withdrawal of non-productive acres (and subsequent payback) would be required in a case where a husband and wife transfer their property into a trust.

First, I apologize for the delay in response. Unexpected staff shortages, combined with a very busy legislative session, have led to a delay in our response time.

In response to your question, legislation was recently passed and signed into law which allows a transfer of property in a trust without being considered a "change in ownership" for Green Acres purposes. This is provided that the individual owners of the property (prior to placement in the trust) are the grantors of the trust, and that those same individuals/grantors maintain the same beneficial interest both before and after placing the property into trust.

We will be updating assessors as soon as possible as to what these new law changes entail. We thank you for your continued patience in the meantime.

Very sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

April 13, 2009

Doreen Pehrson
Nicollet County Assessor
Courthouse 501 S. Front St.
St. Peter, Minnesota 56082

Dear Ms. Pehrson:

Several months ago you submitted a question to our office along with an aerial photo of a property that included roughly 20 acres of woods and waste. We found your question to be so compelling that we included it in our seven remaining seminars presented throughout the state on the proper separation of land that was previously classified as agricultural land but must be separated into productive agricultural land and rural vacant land for the 2009 assessment. These classifications will then be used to determine what land will qualify for Green Acres going forward. As you know, your question generated significant discussion across the state and different regions had different opinions as to whether the 20 acres should be classified as class 2b rural vacant land or if it should be included as class 2a as "impractical to value separately."

We originally intended to issue our opinion as to the proper classification at the conclusion of the seminars in November. However, as you are fully aware, the topics of classification of agricultural land and Green Acres have since become very contentious topics of discussion amongst taxpayers, assessors, and at the Legislature. Consequently, we were hesitant to answer any question regarding Green Acres while legislation was pending. As you are aware House File 392 was recently passed by the Legislature and signed into law by Governor Pawlenty. With the added direction provided by this bill, we are now in a better position to answer questions on Green Acres.

As part of the bill that was recently passed, the Legislature added clarifying language to help assessors classify class 2a property. Minnesota Statutes, section 273.13, subdivision 23, paragraph (b) now reads "*Class 2a agricultural land consists of parcels of property, or portions thereof, that are agricultural land and buildings…class 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 able to be sold separately from the rest of the property.*"

Throughout the discussions that have taken place during the legislative session, it has become clear that the intent behind the statement of "impractical for the assessor to value separately" would not likely be to include tens of acres that would otherwise be classified as class 2b rural vacant land as class 2a productive ag land. Since the ravines, woods and waste on your parcel comprise approximately 20 acres of an 80-acre parcel, it is our opinion that those areas should be split out and classified as class 2b rural vacant land.

Again, please accept our apology for the delay in answering your question. If you have any further questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,

STEPHANIE L. NYHUS, SAMA
Principal Appraiser
Information and Education Section
Department of Revenue Correspondence: Valuation and Special Value Programs
Updated 7/15/2017 - See Disclaimer on Front Cover

April 15, 2009

Paul Knutson, Rice County Assessor
Courthouse
320 Third Street NW
Faribault, Minnesota 55021-6100

Dear Mr. Knutson:

Several months ago you submitted a question to our section regarding the possible payback of deferred taxes for a property that was enrolled in Green Acres and was put into a conservation easement with the Minnesota Land Trust. You also provided a copy of the conservation easement agreement. Specifically, you asked if a payback was required in this situation since ownership of the property will not change.

We sincerely apologize for the delay in answering your question. As you know, the 2008 changes to the Green Acres program were extremely controversial. In addition, we were hesitant to answer any questions regarding Green Acres while legislation was pending. However, House File 392, which was recently passed by the Legislature and signed into law by Governor Pawlenty has provided added direction and we are now in a better position to answer questions on Green Acres.

While the copy of the easement provided is not signed by any of the parties, we will assume that it is correct and that a signed copy could be provided upon request. Based on the information provided, it is our opinion that a payback of deferred taxes would not be necessary in this situation because actual ownership of the property has not changed. Rather, a portion of the property is simply being protected by a conservation easement.

It appears that the portion of the property that is being protected by the easement should be classified as class 2b rural vacant land. If that portion of the property is still enrolled in Green Acres, the owners will have several options available to them including:

1. Remove the class 2b land from Green Acres by August 16, 2010 without payback of any deferred taxes on the portion withdrawn. This portion of the property would then be taxed at market value for the 2010 assessment.
2. Grandfather the class 2b property into Green Acres and transition the property into the new Rural Preserve program for the 2011, 2012, or 2013 assessments without payback of deferred taxes.
3. Do nothing. In this case, the class 2b property would be removed from Green Acres for the 2013 assessment and would be taxed at its estimated market value for 2013 and beyond.

We will be providing more detailed information for assessors in the coming weeks and months regarding these options. In the meantime, if you have additional questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,

STEPHANIE L. NYHUS, SAMA
Principal Appraiser
Information and Education Section

May 1, 2009

Lyn Regenauer
Chisago County Assessor's Office
Chisago Co. Govt. Center
313 N. Main St. Room 246
Center City, Minnesota 55012-9663

Dear Ms. Regenauer:

Thank you for your question on Green Acres eligibility requirements. You outlined the following situation. Two brothers purchased a property in Chisago County. The property is not occupied and not homesteaded. One of the brothers farms this land along with his parents' land which is located within four townships of the brothers' property. The parents own and occupy their farm. You have asked if the property that was recently purchased by the brothers can qualify for Green Acres immediately since it is being farmed in conjunction with the property that is owned and occupied by the parents.

In our opinion, the property cannot qualify for Green Acres. Minnesota Statutes section 273.111, subdivision 3, paragraph (a), states in part that:

> *"Real estate consisting of ten acres or more or a nursery or greenhouse, and qualifying for classification as class 2a under section 273.13, shall be entitled to valuation and tax deferment under this section if it is primarily devoted to agricultural use, and either:*
>
> *(1) is the homestead of the owner, or of a surviving spouse, child, or sibling of the owner or is real estate which is farmed with the real estate which contains the homestead property; or*
>
> *(2) has been in possession of the applicant, the applicant's spouse, parent, or sibling, or any combination thereof, for a period of at least seven years prior to application for benefits under the provisions of this section, or is real estate which is farmed with the real estate which qualifies under this clause* [emphasis added] *and is within four townships or cities or combination thereof from the qualifying real estate;…"*

Based on the information provided, the property in question has not been in possession of the applicant, applicant's spouse, parent, or sibling or any combination thereof for at least seven years. The property was recently purchased from American Development. In addition, while one of the brothers may farm the land owned by the brothers in conjunction with land that is owned by the parents, it is our opinion that this falls short of meeting the requirements to qualify for Green Acres because the applicant, applicant's spouse, applicant's parent or applicant's sibling has not owned the property for seven years. This provision only allows existing owners of non-homestead property who have already met the seven-year ownership requirement and qualify for Green Acres, to purchase additional acres and have those acres qualify for Green Acres immediately rather than meeting the seven-year ownership requirement, because the owner is farming them in conjunction with the original land that is enrolled in Green Acres.

Once the property has been owned by the brothers' for a period of at least seven years, the owner may apply for Green Acres. If you have additional questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,

STEPHANIE L. NYHUS, SAMA
Principal Appraiser
Information and Education Section

June 24, 2009

Marci Moreland
Carlton County Assessor
P.O. Box 440
Carlton, MN 55718

Dear Ms. Moreland,

Thank you for your recent questions regarding Green Acres valuation. You have asked if there is a separate value for "low" non-tilled class 2a lands. The answer is no. As you have indicated, your average tilled land value is at $1600 per acre, while your productive non-tilled is at $800 an acre. The only other valuation is for class 2b land that has been grandfathered into the program (25% of tilled value). However, for class 2a lands, there is the "full" tilled and the 50% non-tilled class 2a values only.

However, while the Green Acres value is developed using Department of Revenue methodology so as to promote uniformity, some counties have found it necessary to "feather" the Green Acres values from east to west or north to south to achieve an equalized assessment with bordering counties. In addition, the statewide number is simply an average value per tilled acre. Some counties have adjusted the average value for different grades of land with some higher quality land valued higher than the average value, and lower quality land valued lower.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

June 30, 2009

Lynne Freezy
Senior Assessment Technician
Washington County Assessors Office

Dear Ms. Freezy:

Thank you for your question concerning the Green Acres program. You have asked if you can allow Green Acres on property that is split classed as class 2a agricultural productive land and class 2c managed forest land.

There is nothing in law that precludes a property from receiving Green Acres on class 2a agricultural productive land if that property also has acres classified as class 2c managed forest land. Please note that only the acres classified as class 2a can receive Green Acres; class 2c acres cannot receive Green Acres benefits.

If you determine that the primary use of the property as a whole is agricultural and that it meets all other Green Acres requirements, the presence of class 2c managed forest land acres does not preclude a property from receiving Green Acres on class 2a agricultural productive land.

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

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

2009347

September 29, 2009

Loren Benz
Wabasha County Assessor's Office

Dear Mr. Benz,

Thank you for your recent question to the Property Tax Division. You have outlined the following scenario: *A 2.36-acre parcel is currently enrolled in Green Acres and is classified entirely as class 2a agricultural land. It is adjacent to a much larger agricultural parcel under the same ownership which is also enrolled in Green Acres. Recently, the parcel was platted into multiple lots. The ownership of parts of lot 1 and 2 will be transferred to the daughter of one of the original owners. The ownership of the remainder of lot 2 and lot 3 will be transferred into sole ownership of one of the owners. Lots 4, 5, and 6 will not change ownership.* You have asked how the Green Acres deferred tax payback applies in this situation.

Lots 1 through 3, which have been platted and transferred to new owners, do not meet the ten acre requirement for Green Acres deferral under Minnesota Statutes, section 273.111. The land may continue to be used agriculturally and be classified as 2a; however, because size requirements are not met, payback on the deferred taxes under Green Acres is due. The payback is to be based on the last three years' deferred taxes, as required under Minnesota Statutes, section 273.111, subdivision 9. If the use of the lots changes, the classification will be subject to change as well.

The remaining lots (4-6) may continue to qualify for Green Acres if they continue to be used agriculturally. If the use of the lots changes, the classification will also change and payback will be required.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

2009296

September 30, 2009

Steven Skoog
Becker County Assessor
Courthouse 915 Lake Avenue
P.O. Box 787
Detroit Lakes, Minnesota 56502

Dear Mr. Skoog,

Earlier this year, you had asked us how CRP acres should be valued for Green Acres purposes. At the time, we responded that those acres should be valued at 50% of the tilled value. Since that time, we have reviewed that opinion with your regional representative, Brad Averbeck, and other members of the Property Tax Division.

Because CRP acres must have been tilled prior to enrollment in Green Acres, and because the qualification for those acres has historically been in comparison to the tilled value, we have determined that the most appropriate course of action is indeed to value the CRP acres that the 100% tilled value for Green Acres purposes.

We apologize for having to reissue this opinion, and sincerely hope it does not create additional hardships for your office. Please destroy any copies of the August 20, 2009 letter and retain this document for future referral.

Very sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

2009353

October 1, 2009

Daryl Moeller
Chisago County Assessor's Office
313 N. Main St., Room 246
Center City MN 55012

Dear Mr. Moeller,

Thank you for your recent question concerning Green Acres. You have outlined the following scenario: A property owner had 55 acres, of which 15 acres were class 2a and 40 acres were class 2b. The property was enrolled in Green Acres. In July of 2009, the property owner sold his property to two separate individuals. All 15 class 2a acres were sold to one person, and the remaining 40 class 2b acres were sold to another person. In 2008, the original property owner expressed an "intent" to withdraw his class 2b acres from the program. You have asked if the property owner is required to make a payback of deferred taxes on his class 2b acres.

Per Minnesota Statutes, section 273.111, subdivision 9, the property owner may withdraw these class 2b acres without having to pay back deferred taxes, so long as the withdrawal is done before August 16, 2010. The "intent" to withdraw as expressed by the owner last year is no longer applicable.

As an aside, the owner of the 15 acres of class 2a needs to reapply within 30 days to be eligible to continue Green Acres. If the new owner is ineligible, a payback with respect to the last three years' deferred taxes will be due to the county. There is no opt-out for class 2a acres that does not require a repayment.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

2009406

October 22, 2009

Robert Moe
Otter Tail County Assessor
505 Fir Ave. West
Fergus Falls MN 56537

Dear Mr. Moe,

Thank you for your recent question to the Property Tax Division regarding the Green Acres "primary use" determination. You have asked us for verification that taxpayers may only appeal this determination to Tax Court.

That is correct. The Department of Revenue has consistently held that local and county boards of appeal and equalization may not grant special programs, such as the Green Acres property tax program. Local and county boards of appeal may make decisions on classification (e.g. class 2a or class 2b) and valuation, but may not determine whether a property qualifies for Green Acres or any other property tax program. However, taxpayers are able to appeal their qualifications for special tax programs to Minnesota Tax Court if they disagree with the assessor's determinations.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

2009389

November 12, 2009

Paul Knutson
Rice County Assessor
County Government Center
320 3rd Street NW, Suite #4
Faribault, MN 55021-6100

Dear Mr. Knutson,

Thank you for your recent question to the Property Tax Division regarding wind turbines and classification. You have asked, "Does a fifty year lease for a wind turbine, the associated easement for roads, underground wiring, etc. change 2a land to 2b and therefore kick it out of Green Acres?"

Minnesota Statutes, section 272.02, subdivision 22 states:

> *"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."*

In other words, the classification of the wind turbine is dependent upon the classification of the surrounding land. If the wind turbine is constructed on land that is otherwise class 2a land, it shall remain class 2a land. If it is on class 2b land, the land should remain class 2b. The current classification of the land would not change simply due to the presence of a wind turbine.

It is at the county's discretion to determine the estimated market value of the land. The difference between the estimated market value and the Green Acres value is the deferred value for tax purposes, assuming the property meets all other qualifications for Green Acres.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

2009417

November 13, 2009

Stephen Hacken
Winona County Assessor
Courthouse
171 West 3rd Street
Winona, MN 55987

Dear Mr. Hacken,

Thank you for your recent Green Acres and agricultural homestead questions, which have been referred to me for response. You have outlined the following situation: A property is owned by a limited liability company (LLC) which is organized under Minnesota Statutes, section 322B (not section 500.24). The organizers of the LLC are three brothers. Their mother occupies the property, and the sons jointly farm the land. You have asked if the property qualifies for Green Acres tax deferral.

Minnesota Statutes, section 273.111, subdivision 3, was updated in the 2009 legislative session, and clause (2) of that subdivision outlines ownership entities which may now qualify for Green Acres:

> *"... 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..."*

This was also discussed in our June 2, 2009 memo to all assessors, in which we stated:

> *"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."*

In the situation you have outlined, the LLC in question is created under Minnesota Laws Chapter 322B and may or may not be subject to regulation under 500.24, but "the majority of the members, partners, or shareholders are related" and "at least one of the members, partners or shareholders… actively operates the land" as per our June 2, 2009 memo. Therefore, if the property meets all other qualifications for Green Acres (length of ownership, agricultural production, etc.) then the ownership entity scenario you have outlined does not disqualify it from the program.

You had also asked if the property qualified for "actively farming". If you are seeking to determine whether the property qualifies for a special agricultural homestead, we recommend you refer to our 2006 Special Agricultural Homesteads bulletin and associated flow chart (updated in 2009). If the requirements outlined in that bulletin and flow chart are met, then the property would qualify for special agricultural homestead.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

March 4, 2010

Dave Armstrong
LeSueur County Assessor
Courthouse
88 So Park Ave
LeCenter, MN 56057

Dear Mr. Armstrong:

Thank you for your question concerning Green Acres. You have asked the following question:

> *If a person qualifies for Green Acres because the property was homestead but moves away and the homestead is removed before he/she owned it for 7 years, is Green Acres removed or does the property still qualify?*

Assuming that the property owner (or the owner's spouse, parent, or sibling) does not own other property that qualifies for Green Acres that is within four townships or cities from the property in question, the property would not qualify for Green Acres. According to Minnesota Statutes 273.111, subdivision 3, to qualify for Green Acres a property must be primarily devoted to agricultural use and either:

> *"(1) is the homestead of the owner, or of a surviving spouse, child, or sibling of the owner or is real estate which is farmed with the real estate which contains the homestead property; or*
> *(2) has been in possession of the applicant, the applicant's spouse, parent, or sibling, or any combination thereof, for a period of at least seven years prior to application for benefits under the provisions of this section, or is real estate which is farmed with the real estate which qualifies under this clause and is within four townships or cities or combination thereof from the qualifying real estate..."*

Therefore, if the homestead status is removed before the property has been owned for seven years, and the property is not farmed with other Green Acres property within four townships or cities, Green Acres would be removed.

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

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

March 25, 2010

Marci Moreland
Carlton County Assessor
P.O. Box 440
Carlton MN 55718

marci.moreland@co.carlton.mn.us

Dear Ms. Moreland,

Thank you for your recent Green Acres question. You have outlined the following scenario: A parcel of property was enrolled in Green Acres for the 2009 assessment (taxes payable 2010). The property sold from the owner to her brother, and was agricultural non-homestead at the time of sale. The property now qualifies for homestead under the new owner (the brother). You have asked, if the brother applies for Green Acres within 30 days, is there any payback of deferred taxes for 2010?

For any class 2a agricultural property sold, the new owner must make application within 30 days and meet the qualifications for Green Acres under Minnesota Statutes, section 273.111, subdivision 3 (10 acres of class 2a property, primarily used for agricultural purposes, ownership criteria, etc.). Minnesota Statutes, section 273.111, subdivision 11a provides that no deferred taxes are due on the class 2a property if the new owner meets the requirements for Green Acres.

However, if for some reason there had been class 2b property still enrolled in the program but not voluntarily withdrawn prior to the sale, there is a payback of deferred taxes on the class 2b acres with respect to the last three years.

For any acres as part of this sale which do not, for any reason (classification, ownership, use, new application not made within 30 days, etc.), qualify for Green Acres deferral, the payback is outlined in M.S. 273.111, subdivision 9:

> *"Except as provided in paragraph (b), when real property which is being, or has been valued and assessed under this section no longer qualifies under subdivision 3, the portion no longer qualifying shall be subject to additional taxes, in the amount equal to the difference between the taxes determined in accordance with subdivision 4, and the amount determined under subdivision 5. Provided, however, that the amount determined under subdivision 5 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arm's-length transaction been used in lieu of the market value determined under subdivision 5. Such additional taxes shall be extended against the property on the tax list for the current year, provided, however, that no interest or penalties shall be levied on such additional taxes if timely paid, and provided*

further, that such additional taxes shall only be levied with respect to the last three years that the said property has been valued and assessed under this section."

You have also asked for clarification that the new owner would need to meet either agricultural homestead requirements or seven years' ownership of "the applicant, the applicant's spouse, parent, or sibling, or any combination thereof." That is correct. The new applicant would need to meet one of those requirements in addition to all other requirements necessary for Green Acres deferral.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

June 16, 2010

Keith Kern
Assistant County Assessor
Carver County Assessor's Office
600 E. 4th Street
Chaska, MN 55318

Dear Mr. Kern:

Your question to Regional Representative Larry Austin regarding the payback of deferred taxes on property enrolled in Green Acres when the property is foreclosed upon and ownership is transferred to the bank has been forwarded to me for response. You have inquired about who should pay back the deferred taxes, or if the deferred taxes should be considered a loss since the owner who is being foreclosed upon will not pay them anyway.

The deferred taxes are a lien against the property, not against the owner. Therefore, the taxes should not be "written off" if the property is foreclosed upon. The difference in taxes for the current year plus the two prior years becomes due and payable for the current year. As for who actually pays the taxes (the person being foreclosed on or the bank foreclosing on the property) it doesn't matter. Eventually, if the taxes remain unpaid, the property will forfeit.

We hope this answers your question. If you have additional questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,

Stephanie L. Nyhus, SAMA
Principal Appraiser
Information and Education Section

C: Bill Effertz
Bruce Munneke
Gloria Pinke
Larry Austin

Property Tax Division
Mail Station 3340
600 North Robert Street
Saint Paul, Minnesota 55146-3340

Tel: (651) 556-6091
Fax: (651) 556-3128

MINNESOTA ▪ REVENUE

July 23, 2010

Jo Dooley
Wadena County Assessor's Office
dooleyjo@co.wadena.mn.us

Dear Ms. Dooley,

Thank you for your recent Green Acres question. You have asked if a parcel enrolled in Green Acres were sold, would the new owner need to meet the homestead or seven year ownership requirement to continue the deferral, or would the continuation of deferral extend to the new owner so long as the land were classified as 2a agricultural land?

As provided in Minnesota Statutes, section 273.111 and as stated in the Property Tax Administrator's Manual Module 2 (Valuation), a property owner seeking valuation deferral under the Green Acres program must meet certain requirements, one of which is that the property must be one of the following:

> *(1) is the homestead of the owner, or of a surviving spouse, child, or sibling of the owner or is real estate which is farmed with the real estate which contains the homestead property; or*
> *(2) has been in possession of the applicant, the applicant's spouse, parent, or sibling, or any combination thereof, for a period of at least seven years prior to application for benefits under the provisions of this section, or is real estate which is farmed with the real estate which qualifies under this clause and is within four townships or cities or combination thereof from the qualifying real estate; or*
> *(3) is the homestead of an individual who is part of an entity described in paragraph (b), clause (1), (2), or (3); or*
> *(4) 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 parcel or parcels, provided that only the acres used to produce nursery stock qualify for treatment under this section. [M.S. 273.111, subd. 3]*

If a property is sold, the new owner must apply within 30 days and meet all requirements of the program, including land use and land size, and one of the above homestead/ownership scenarios. If the new property owner does not meet one of the requirements, the application for Green Acres deferral should be denied. Deferral cannot be extended on the basis of land classification alone.

If you have any further questions, please do not hesitate to contact our division via email at proptax.questions@state.mn.us. You may also refer to the recently-updated Property Tax Administrator's Manual, which is available on the Minnesota Department of Revenue website via the following link:

http://www.taxes.state.mn.us/taxes/property_tax_administrators/other_supporting_content/propertytaxadministratorsmanual.shtml

Sincerely,

ANDREA FISH, State Program Administrator
Information and education Section
Property Tax Division

MEMO

Date: August 3, 2010

To: Lloyd McCormick

From: **Drew Imes, State Program Administrator**
Information and Education Section

Subject: **Are notifications required to be sent to property owner who voluntarily choose to remove class 2b acres from the Green Acres programs?**

Thank you for your question concerning Green Acres. You have noted that when property owners remove class 2b acres from Green Acres the taxable market value of that property is impacted. You have asked whether or not the county needs to notify property owners of the change in the taxable market value since it will be different from what was on the valuation notice.

The Property Tax Division, along with legal counsel, discussed this question as a group and concluded that it is not necessary to provide property owners with a new notice. The taxpayer will receive a TNT notice and a tax statement. These statements will reflect the change in the taxable market value. The property owner should get one of these notices/statements in time to appeal, therefore we see no reason to send special notification of the change. Also, because it is the property owner's decision to remove the property from Green Acres, they should be aware that a change will result. Additionally, we don't require extra notices to be sent for other programs/classifications such as mid-year homestead, disabled veterans' market value exclusion, class 2c managed forest land, etc.

In sum, the taxpayer makes the decision to remove land from the Green Acres program. This change will be reflected on one of the ordinary notices/statements and does not require a special notification to be sent.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

August 13, 2010

Keith Albertsen
Douglas County Assessor
keith.albertsen@mail.co.douglas.mn.us

Dear Mr. Albertsen:

Thank you for your question concerning Green Acres. You have asked what to do when a property owner has not responded with their decision to remove their class 2b acres from Green Acres by August 16.

In our opinion, if a property owner has not responded by August 16 to remove their class 2b property from Green Acres, the property should remain in the program as is. In order to remove the class 2b property from Green Acres, the property owners must take action and actively withdraw those acres via the letters your office distributed. The county does not have the authority to remove the class 2b acres before August 16 without the property owners consent. If the property owner has not responded by August 16, it is our opinion that this indicates an intention to keep their class 2b acres enrolled in the program until 2013 or until the land is enrolled in the Rural Preserve program.

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

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

August 30, 2010

Jo Dooley
Wadena County Assessor's Office
dooleyjo@co.wadena.mn.us

Dear Ms. Dooley,

Thank you for your recent question regarding applications for Green Acres deferral. You have outlined the following situation: A married couple owns several parcels that qualify for Green Acres. They also have deeded (i.e., vested remainder) interest in a parcel of property that is held under a life estate, of which the wife's father is the grantor. You have asked who is to sign the application for Green Acres deferral on the parcel held under the life estate.

In our opinion, if all other ownership and use qualification requirements for Green Acres deferral are met, the grantor of the life estate (in this case, the father) would need to sign application for deferral on that property. Ultimately, it is the grantor of the life estate that would be liable for any taxes (if taxes were not paid, the entire property, including the life estate, would forfeit). This opinion is based on our assumption that the entire property is under life estate (not just the house, garage, and first acre). If any of the facts were to change, our opinion may be subject to change as well.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

September 21, 2010

Julie Hackman
Manager
Property Records and Licensing
Olmsted County
151 4th Street SE
Rochester, MN 55904

Dear Ms. Hackman:

Thank you for your e-mail regarding a nursery operation in Olmsted County. In your e-mail you indicated that an individual deeded a 35-acre parcel entirely composed of class 2a agricultural land to a limited liability company (LLC). The original parcel was enrolled in Green Acres. You asked a series of questions which are answered individually below.

1. **Is the LLC able to participate in Green Acres without being registered under Minnesota Statutes, section 500.24?**
   Answer: In our opinion, it is not. Limited liability companies are one of the entities which are required to register under the corporate farm law. An LLC may take on any number of different forms such as a family farm LLC or an authorized farm LLC as outlined in section 500.24, subdivision 2, paragraphs (l) and (m). If the LLC is not already registered, they should do so immediately with the Minnesota Department of Agriculture (MDA).

2. **If the owner were to transfer the property into a limited partnership and the limited partnership does not fall under the requirements set forth in section 500.24, would the property qualify for Green Acres?**
   Answer: No. Limited partnerships are also subject to the requirements of section 500.24 and must be authorized by MDA. A limited partnership may take on any number of different forms, the most likely being a family farm partnership under section 500.24, subdivision 2, paragraph (j), or an authorized farm partnership under paragraph (k) of the same subdivision.

Please refer to section 500.24 for the specific requirements for each of these types of entities. The full statute may be viewed at https://www.revisor.mn.gov/statutes/?id=500.24. If you have additional questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,

Stephanie L. Nyhus, SAMA
Principal Appraiser
Information and Education Section

Property Tax Division
Mail Station 3340
600 North Robert Street
Saint Paul, Minnesota 55146-3340

Tel: (651) 556-6091
Fax: (651) 556-3128

MINNESOTA ▪ REVENUE

December 22, 2010

Diane Swanson
Kandiyohi County Assessor's Office
400 Benson Ave SW
Willmar MN 56201

diane.swanson@co.kandiyohi.mn.us

Dear Ms. Swanson,

Thank you for your recent question regarding Green Acres eligibility. A property that was enrolled in Green Acres and held in two trusts deeded 5% ownership interest to one party and 1% interest to two other parties. These parties are a son and daughter-in-law, and grandchildren. The property is currently non-homestead.

Part of the requirements for Green Acres are described in Minnesota Statutes, section 273.111, subdivision 3:

> *" (a) Real estate consisting of ten acres or more or a nursery or greenhouse, and qualifying for classification as class 2a under section 273.13, shall be entitled to valuation and tax deferment under this section if it is primarily devoted to agricultural use, and either:*
> *(1) is the homestead of the owner, or of a surviving spouse, child, or sibling of the owner or is real estate which is farmed with the real estate which contains the homestead property; or*
> *(2) has been in possession of the applicant, the applicant's spouse, parent, or sibling, or any combination thereof, for a period of at least seven years prior to application for benefits under the provisions of this section, or is real estate which is farmed with the real estate which qualifies under this clause and is within four townships or cities or combination thereof from the qualifying real estate."*

The portions of the property that have been deeded to new ownership would have to meet these requirements. First, it must be determined that the portions of the property deeded to new ownership consist of ten acres of class 2a agricultural land, and that the properties are primarily devoted to agricultural use. If this is true, then it must be determined whether the ownership requirements are met.

Based on follow-up information that you provided, the property has been in the ownership of this family since 2000. Clause (2) above allows for property that is non-homestead to qualify for Green Acres if the property has "been in possession of the applicant, the applicant's spouse, parent, or sibling, or any combination thereof, for a period of at least seven years." Also based on your clarifying follow-up information, the property is currently still owned by the original enrollees with percentages of interest transferred to their child and grandchildren (i.e. it is now jointly owned

by the original enrollees, their son and daughter-in-law, and their grandchildren). If this is the case, the property is still in possession of the same owner as before, and has been in such position for a period of at least seven years.

The property owners have filed a new application for the 2010 assessment. If classification and use requirements are met, it would appear that the current ownership of the property would allow for continued Green Acres tax deferral.

If you have any additional questions, or if we have misunderstood any of the information provided, please contact us via email at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

February 16, 2011

Pat Stotz
Mille Lacs County Assessor
pat.stotz@co.mille-lacs.mn.us

Dear Ms. Stotz:

Your question to Larry Austin has been forwarded to the Information and Education Section for research and response. You have outlined the following situation:

- Person A has an agricultural homestead and qualifies for Green Acres;
- Person B has a residential homestead;
- Person A and Person B have joint ownership of several parcels of property. These parcels receive agricultural homesteads (50% based on Person A's ownership and linked to A's owner-occupied parcels and 50% special agricultural homestead for Person B since it is located within 4 townships of B's residential homestead);
- In addition, Person A and Person B each have an interest in Ash Farms;
- Ash Farms has several parcels currently receiving Green Acres;
- Ash Farms recently purchased several properties which are classified as agricultural non-homestead.

You have asked the following questions that are answered individually below:

1. **Can we grant Green Acres (GA) to Person B's 50% ownership in the newly-purchased property?**
   Answer: It depends. You did not specifically state what type of entity Ash Farms is – is it general partnership, a family farm corporation, LLC, etc? For the purposes of answering this question, we will assume that Ash Farms is a *general partnership*. General partnerships do not need to register with the Minnesota Department of Agriculture under Minnesota Statutes, section 500.24.

   Under the current ownership/homestead scenarios outlined above, property owned by Ash Farms **is not** eligible for homestead since both Person A and Person B each already have individual agricultural homesteads in their own names. It may be possible that the land would be eligible for the new ag value linkage up to the first tier, but that would only be available for Person A's interest since that homestead is the only owner-occupied base homestead. Further, the linkage would only be up to a maximum of the first tier and it does not convey the other benefits of homestead (homestead market value credits or Green Acres benefits, etc.).

   Therefore, in order for the property owned by Ash Farms to qualify for Green Acres benefits, it must have been owned for 7 years in order to meet the ownership requirement under section 273.111.

(continued)

2. **Can special ag receive GA when the 7 year ownership requirement is not met or can they receive GA at all?**
   Answer: Property receiving a special agricultural homestead is deemed to have met the homestead requirements outlined in section 273.111, subdivision 3, paragraph (a), clause (1). If the property is homesteaded, it would not need to meet the 7-year ownership requirement in clause (2).

3. **Does "Ash Farms" qualify for homestead extension? Do any of the "Ash Farm" properties qualify for GA?**
   Answer: See our answer to question 1. If the property meets the ownership requirement, as well as the other requirements, it may be eligible for Green Acres.

Please understand this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well. If you have additional questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,

Stephanie L. Nyhus, SAMA
Principal Appraiser
Information and Education Section

MINNESOTA ▪ REVENUE

March 15, 2011

Douglas Walvatne
Otter Tail County Assessor
dwalvatn@co.ottertail.mn.us

Dear Mr. Walvatne,

Thank you for your recent question to the Property Tax Division regarding application for property tax deferral provided in Minnesota Statutes, section 273.111 ("Green Acres"). You have asked if a parcel is owned by more than one individual, but it is granted only one-half agricultural homestead to reflect occupancy of the owners, would the application need to be filled out by all property owners, or only the owners who homestead the property?

As stated in the Property Tax Administrator's Manual, Module 2 – Valuation:

> *"The application must be signed by all owners of the property and must include any 'proof by affidavit or otherwise that the property qualifies' for Green Acres that the assessor deems is necessary… The Department of Revenue has created two forms for use: one form for one owner (even if there are multiple owners) to sign, and one for 'all owners' to sign in the case of ownership by more than one person. Counties must use at least the single-signature form, but the multiple-signature form can be used at the county's discretion."*

Therefore, the application for enrollment in Green Acres must be signed by all owners, as the taxes deferred by the program are a lien against the property which affects all owners.

The Property Tax Administrator's Manual is available online via:
http://taxes.state.mn.us/property_tax_administrators/pages/other_supporting_content_propertytaxadministratorsmanual.aspx

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

March 23, 2011

Randy Des Marais
Wright County Assessor's Office
Randy.DesMarais@co.wright.mn.us

Dear Mr. Des Marais,

Thank you for your recent question to the Property Tax Division. I apologize for the delay in response. Additional responsibilities during the legislative session have inhibited our ability to respond to all questions in a timelier manner. You contacted Stephanie Nyhus in early February to seek clarification on the applicability of Green Acres on a property that is leased by a farmer from a school district. Because the property is taxable to the farmer, and because the farmer is eligible to extend his homestead to the property, you have asked if the farmer is also able to extend Green Acres benefits to the property.

Minnesota Statutes, section 272.01, subdivision 2, provides that taxes are extended "in the same amount and to the same extent as though the lessee or user was the owner of such property." Section 273.19, subdivision 1, also provides, "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."

Historically, we have interpreted these sections of statute allow homestead to be granted to the leased property if it is used by the lessee as a permanent residence or is used as part of the lessee's homestead. The taxes are a lien against the lessee (personal property tax). However, we do not believe that the valuation deferral applied under section 273.111 (Green Acres) is applicable in these cases. Because taxes deferred under the Green Acres program are a lien against the property (rather than against the person), it would not be appropriate to extend a lien against school district property, or any property which would otherwise be exempt. Therefore, in the case you have outlined, the property is not eligible for deferral under Green Acres and must be taxed based on its highest and best use value.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

April 21, 2011

Doug Walvatne
Otter Tail County Assessor's Office
dwalvatn@co.ottertail.mn.us

Dear Mr. Walvatne,

Thank you for your recent question to Brad Averbeck regarding the payback of taxes deferred under the Green Acres program after the property has sold. You have asked if a property is sold as part of an arm's-length transaction and the sales price is lower than the assessor's estimated market value (a.k.a. "highest and best use value"), would the repayment of deferred taxes be calculated on the sales price instead of the EMV?

Repayment of taxes deferred under Green Acres is addressed in Minnesota Statutes, section 273.111, subdivision 9:

> *"Except as provided in paragraph (b), when real property which is being, or has been valued and assessed under this section no longer qualifies under subdivision 3, the portion no longer qualifying shall be subject to additional taxes, in the amount equal to the difference between the taxes determined in accordance with subdivision 4 [Green Acres agricultural value], and the amount determined under subdivision 5 [assessor's estimated market value]. Provided, however, that the amount determined under subdivision 5 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arm's-length transaction been used in lieu of the market value determined under subdivision 5. Such additional taxes shall be extended against the property on the tax list for the current year, provided, however, that no interest or penalties shall be levied on such additional taxes if timely paid, and provided further, that such additional taxes shall only be levied with respect to the last three years that the said property has been valued and assessed under this section [emphasis added]."*

If a property sells for less than the assessor's estimated market value, and if the sale is indeed determined to be an arm's-length transaction and is not otherwise rejected from the sales study, than the repayment of taxes deferred would be calculated based on the sales price and not on the assessor's estimated market value. For example, assume an agricultural property has a $4,000 per acre Green Acres taxable value, and has been valued at $10,000 per acre by the assessor reflecting its highest and best use. If the owner sells the property for $9,000 per acre, and the sale is determined to be an arm's-length transaction, then the repayment of taxes deferred would be calculated based on the $9,000 per acre sales price.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

June 14, 2011

Kimberly Karch, C.M.A
Otter Tail County Assessor's Department
505 Fir Avenue West
Fergus Falls, MN 56537
kkarch@co.ottertail.mn.us

Dear Ms. Karch,

Thank you for your recent questions to the Property Tax Division. You have asked for clarification on the following items discussed in the Property Tax Administrator's Manual. Your questions are answered below.

As stated in the Property Tax Administrator's Manual, Module 3 – Classification:

> *"Agricultural purposes also includes enrollment in the Reinvest in Minnesota (RIM) program, the federal Conservation Reserve Program (CRP), or a similar state or federal conservation program if the property was classified as agricultural property:*
> - *for the 2002 assessment; or*
> - *in the year prior to its enrollment in the conservation program."*

Module 2, Valuation provides:

> *"CRP, CREP, RIM, and other similar federal or state conservation programs may also qualify for the agricultural classification, but to be eligible for Green Acres the land must have been in agricultural use before enrollment in the conservation program, and perpetual RIM does not qualify."*

"[Is it correct that] all perpetual conservation easements do not qualify for Green Acres, or just RIM?"
Absent direct legislative guidance, it is our understanding and our administrative practice that any perpetual easement program would preclude enrollment into Green Acres. As the program is intended to preserve farmland, it would seem unlikely that property that is unable to be farmed would be eligible for enrollment.

"To be eligible for Green Acres, land must have been in agricultural use before enrollment in the conservation program, does it also have to still have some production on the property after the easement?"
If it is not in a qualifying easement program, the property must be primarily used for agricultural purposes to qualify for Green Acres. If an easement program has expired, the property must be used agriculturally to be eligible for Green Acres.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

August 25, 2011

Sherri Kitchenmaster
Property Tax Compliance Officer
Minnesota Department of Revenue
sherri.kitchenmaster@state.mn.us

Dear Sherri,

Thank you for your recent question to the Information and Education section regarding payback of taxes deferred under Green Acres in the case of right-of-way or condemnation proceedings. In Nobles County, a property enrolled in Green Acres is being acquired by the State of Minnesota Department of Transportation. The County Assessor has been using a taxable market value of $5,374 per acre. The estimated market value per acre has been determined to be $10,400. The County Assessor has asked your advice on the payback of taxes deferred. Specifically, the assessor has concerns that the price paid as part of eminent domain proceedings might not be determined for years after the transfer.

Minnesota Statutes, section 273.111, subdivision 9, provides:

> *"…[W]hen real property which is being, or has been valued and assessed under this section no longer qualifies under subdivision 3 ["requirements"], the portion no longer qualifying shall be subject to additional taxes, in the amount equal to the difference between the taxes determined in accordance with subdivision 4 [the "low" Green Acres value], and the amount determined under subdivision 5 [the highest and best use value]. Provided, however, that the amount determined under subdivision 5 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arm's-length transaction been used in lieu of the market value determined under subdivision 5 [emphasis added]."*

In other words, the payback determination may be based on the assessor's EMV, so long as the assessor's EMV does not exceed the sale price at an arm's-length transaction. In the situation outlined here, the sale as part of right-of-way taking would not be considered an arm's-length transaction, and therefore the assessor's estimated market value may be used to determine the repayment of taxes deferred under Green Acres.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

October 13, 2011

Tom Reineke
Regional Representative
Property Tax Division
Minnesota Department of Revenue

Dear Mr. Reineke,

Thank you for your question to the Property Tax Division regarding repayment of taxes deferred under Green Acres in cases where a property is in foreclosure. There had been questions related to the calculation of deferred taxes in these cases, particularly whether the payback would be determined at the time the property enters the redemption period, or after the redemption period has expired. The Property Tax Administrator's Manual does not have clear guidance as to when the payback is calculated.

Based on discussions within the Property Tax Division and with Legal staff, it is our opinion that the deferred taxes should be calculated and repayment of deferred taxes required *at the end of the redemption period*. During the redemption period, the owner enrolled in Green Acres still has some ownership rights, and the possibility of reclaiming the property. The final transfer of ownership at the end of the redemption period would be the time at which deferred taxes would be due.

We will clarify this in the Property Tax Administrator's Manual going forward. If you have any additional questions, please contact our section via email at proptax.questions@state.mn.us. Thank you!

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

February 1, 2012

Jeanne Henderson
Sherburne County Assessor's Office
Jeanne.Henderson@co.sherburne.mn.us

Dear Ms. Henderson:

Thank you for your question concerning the payback of deferred property taxes under the Green Acres program. A property that was enrolled in Green Acres was deeded to Lange Board and Room, LLC and the qualifying shareholder in the LLC passed away. The property was then deeded to B & R Country Living, LLC whose shareholders are the daughters of the deceased Lange Board and Room, LLC shareholder. You have recently removed Green Acres from the property and have asked whom the bill for the deferred taxes should be sent to.

In our opinion, the new owner (B & R Country Living, LLC) is responsible for ensuring that the deferred taxes are paid. The deferred taxes are a lien against the property (not an individual or entity). Therefore, the Green Acres deferred taxes are extended against the property to B & R Country Living, LLC.

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

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

March 19, 2012

Dave Sipila
St. Louis County Assessor
sipilad@stlouiscountymn.gov

Dear Mr. Sipila,

Thank you for your recent questions concerning Green Acres and the agricultural classification. Your questions were forwarded by Larry Austin to the Information and Education Section for research and response. Each of your questions is answered below. You have also provided the following information related to your questions: Manner Dairy, Inc. owns agricultural property in St. Louis County. Manner Dairy, Inc. qualifies under Minnesota Statutes, section 500.24 to own and operate a farm. A homestead parcel is contiguous to the agricultural property owned by Manner Dairy, Inc. The homestead parcel is under life estate (A. Manner, grantor of the life estate, currently lives in nursing home care). Manner Dairy, Inc. applied for and was granted Green Acres tax deferral in 2009.

Question 1: Does the corporately-owned portion of the farm qualify for Green Acres?
It appears that the corporately-owned parcel currently receives Green Acres tax deferral. Likely, the property was granted Green Acres tax deferral because it has been in the possession of the applicant for a period of more than seven years (according to your office, Manner Dairy, Inc. has owned the parcel since 1972). Based on information from your office, property owned by Manner Dairy, Inc. is not occupied by a qualifying individual and is therefore ineligible for homestead treatment. Additionally, the Green Acres tax deferral that is applied to property owned by Manner Dairy, Inc. does not extend to properties owned by other entities, e.g. the homestead parcel owned by A. Manner. Properties under different ownership must qualify for Green Acres treatment on their own merits.

Question 2: Two additional Manner family members live adjacent to the farm owned by Manner Dairy, Inc. on individually-owned properties. Each of them has horse boarding operations in which they utilize parts of the corporately-owned property. Both are members of the corporate entity. In the past, all corporately-owned parcels have been linked to the main homestead. Is it appropriate to link individual corporately-owned parcels to the horse boarding parcels in order to meet the 10 acre productive requirement?
Answer: It is not appropriate to link properties owned by different entities. There have been a few exceptions to this rule (for trust-held property, spouses, and specific cases of individually-owned properties). The parcels in the situation you have described may not be combined to meet minimum acreage requirements for classification purposes, nor may the parcels be linked for homestead purposes. The individually-owned parcels must qualify for agricultural land classification and homestead on their own merits. For further information, you may wish to refer to the "linking parcels" section of the Property Tax Administrator's Manual, *Module 4 – Homesteads*, which is available online at http://taxes.state.mn.us/property_tax_administrators/pages/other_supporting_content_propertytaxadministratorsmanual.aspx/.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

March 19, 2012

Becky Kotek
Rice County Assessor's Office
bkotek@co.rice.mn.us

Dear Ms. Kotek,

Thank you for your recent question to the Property Tax Division regarding Green Acres. You have outlined the following scenario: Your office has received a completed Green Acres application for an LLC. The LLC is made up of four shareholders. The four shareholders each have separate homesteads elsewhere (i.e., the property outlined in the application is not a homestead of any of the shareholders of the LLC). The property had been in possession of the shareholders' mother prior to her death in 2010. You have asked how to proceed with determining whether the property qualifies for Green Acres deferral.

Minnesota Statutes, section 273.111, subdivision 3 outlines the ownership requirements for Green Acres eligibility, and includes property that is not homestead but "has been in possession of the applicant, the applicant's spouse, parent, or sibling, or any combination thereof, for a period of at least seven years prior to application for benefits under the provisions of this section…" If the property had been in possession of the shareholders and/or the shareholders' mother for at least seven years prior to application the property would be eligible for Green Acres treatment. While there is some concern that the property is currently owned by an LLC and not the individuals, the property may easily have transferred from the mother to the individual children, who may then have set up an LLC and would have continued to receive Green Acres treatment regardless (M.S. 273.111, subd. 11a, clause 4). Therefore, it is our opinion that the property meets the ownership requirements for agricultural property that is not homestead.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

June 27, 2012

Brenda Shoemaker
Otter Tail County Assessor's Office
BShoemak@co.ottertail.mn.us

Dear Ms. Shoemaker:

Thank you for your recent question to the Property Tax Division regarding a property enrolled in Green Acres. The parcel in question is 51.21 acres and is currently classified as an agricultural homestead (with both 2a and 2b land) and the class 2a agricultural land is enrolled in Green Acres. The parcel was recently platted into two parcels. The property has not sold or transferred ownership, but you have asked if the platting requires a payback of taxes deferred under Green Acres.

Class 2a agricultural land may be platted (and platted agricultural land may be enrolled in Green Acres). It is class 2b rural vacant land that cannot be platted (and if it is not class 2b rural vacant land, it may not be enrolled in Rural Preserve). Therefore, in the case you have outlined, the property would still be an agricultural homestead enrolled in Green Acres, but the classification of the land not being farmed may need to be reviewed.

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

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

Property Tax Division
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St. Paul, MN 55146

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MINNESOTA · REVENUE

July 10, 2012

Michael Thompson
Scott County Assessor
MThompson@co.scott.mn.us

Dear Mr. Thompson,

Thank you for notifying the department of the upcoming project in Scott County concerning agricultural homesteads that are not in compliance with Minnesota Statute 500.24. Scott County plans to send letters to approximately 180 entities that are receiving agricultural homestead but are not in compliance with Minnesota Statute 500.24, requesting that they become compliant with the 500.24 regulation prior to next year's assessment (January 2, 2013). If they do not become compliant, the county will remove the agricultural homestead (and any benefits of such, including Green Acres deferral) for taxes payable in 2014. You have asked the department to review this policy and have asked several additional questions.

The department approves of this project. If the noncompliant properties receiving homestead do not register with the Department of Agriculture by January 2, 2013 the homestead should be removed for the 2013 assessment, and the three-year payback for Green Acres should be applied (if the property is enrolled in Green Acres). As you know, property owners may file for homestead for the 2013 assessment by December 15, 2013 if they are in compliance. Additionally, it is our opinion that it is not the Scott County Assessor's Office's responsibility to follow up with the Department of Agriculture on properties that are not in compliance with Minnesota Statute 500.24 but have not applied for homestead or any other property tax benefits.

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

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

July 13, 2012

Steve Hurni
Property Tax Compliance Officer
Minnesota Department of Revenue
steve.hurni@state.mn.us

Dear Mr. Hurni:

Thank you for your question concerning Green Acres. You have asked how to proceed with a property that was qualifying for Green Acres due to enrollment in CRP (and therefore classified as agricultural property). The CRP contract for the property is going to expire in August of 2012. The question is, if the property will no longer qualify for Green Acres due to no longer being classified as agricultural property, does the payback of deferred taxes become effective for assessment year 2012, taxes payable 2013 or should the payback become effective for assessment year 2013, taxes payable 2014.

In our opinion, the property should be considered class 2a agricultural property for assessment year 2012 because as of January 2, 2012 the property qualified for the agricultural classification (due to enrollment in CRP). However, if no other agricultural activity takes place by January 2, 2013 the property would no longer qualify for the agricultural classification for the 2013 assessment and Green Acres and would therefore necessitate a payback of deferred taxes at that time.

If any of the facts concerning this situation were to change, our opinion may also be subject to change. If you have any additional questions, please do not hesitate to contact the division via email at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

August 13, 2012

Sue Richards
Sherburne County Auditor/Treasurer
sue.richards@co.sherburne.mn.us

Dear Ms. Richards:

Thank you for your questions concerning the Green Acres program. Your questions are answered in turn below.

To answer your questions, we rely on Minnesota Statute 273.111, subdivision 10 which states that:

> *"The tax imposed by this section shall be a lien upon the property assessed to the same extent and for the same duration as other taxes imposed upon property within this state. The tax shall be annually extended by the county auditor and if and when payable shall be collected and distributed in the manner provided by law for the collection and distribution of other property taxes."*

1. **Are payback taxes due November 15th with other agricultural properties?**
   Depending on when the property no longer qualifies for Green Acres, the deferred taxes will be due by either May 15 or twenty-one days from postmark date on the tax statement, whichever is later; **OR** for second half taxes the deferred taxes will be due by November 15 or twenty-one days from postmark date on the tax statement, whichever is later.

2. **What is considered "timely" and is the interest tax table that the State certifies applicable to Green Acres paybacks?**
   Again, depending on when the property no longer qualifies for Green Acres, the deferred taxes will be due by either May 15 or twenty-one days from postmark date on the tax statement, whichever is later; **OR** for second half taxes the deferred taxes will be due by November 15 or twenty-one days from postmark date on the tax statement, whichever is later.

   Penalties are imposed as directed under Minnesota Statutes 279.01, subdivision 1 and the interest rates under Minnesota Statutes 279.03 applicable to regular property taxes are applicable to Green Acres deferred taxes as well.

3. **Is a Green Acres parcel published with the Delinquent Tax List and is a Judgment placed on the property?**
   Yes, in the same manner as other property. There is no distinction between regular property taxes and Green Acres deferred taxes for delinquency and forfeiture purposes. For example, if a property has both unpaid Green Acres deferred taxes and unpaid regular property taxes, it would be considered one delinquent amount and not treated separately.

4. **Is forfeiture possible with an unpaid Green Acres payback?**
   Yes, forfeiture is possible to the same degree as property that has delinquent/unpaid regular property taxes.

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

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

September 14, 2012

Joanne Corrow
Appraiser/Assessment Technician
Le Sueur County Assessor's Office
jcorrow@co.le-sueur.mn.us

Dear Ms. Corrow:

Thank you for your question submitted to the Property Tax Division regarding Green Acres paybacks. You have provided the following question:

One parcel out of a multi-parcel linkage that qualifies for Green Acres was sold. When calculating the Green Acres payback, do you recalculate all the parcels in a multi-parcel linkage, or just the one that is sold?

Minnesota Statutes, section 273.111, subdivision 9 states in part that:

> *"…when real property which is being, or has been valued and assessed under this section no longer qualifies under subdivision 3 [ownership requirements], the portion no longer qualifying shall be subject to additional taxes, in the amount equal to the difference between the taxes determined in accordance with subdivision 4 [the low Green Acres value], and the amount determined under subdivision 5 [the highest and best use estimated market value] ."*

Subdivision 5 of this same statute states in part that:

> *"The assessor shall, however, make a separate determination of the market value of such real estate. The tax based upon the appropriate local tax rate applicable to such property in the taxing district shall be recorded on the property assessment records."*

In other words, according to the statute information above, recalculation would only be done on the sold parcel that no longer qualifies for Green Acres. An example of a payback calculation on a multiple-parcel property is outlined in the Property Tax Administrator's Manual, *Module 2 – Valuation*, in the "Green Acres" section, and in the subsection titled "*Withdrawal from the Program & Calculation of Tax Payback*." The manual is available on the Department of Revenue's website via the following link:

http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx

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

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

October 11, 2012

Kelly Schroeder
Pine County Assessor's Office
Kelly.Schroeder@co.pine.mn.us

Dear Ms. Schroeder:

Thank you for your question concerning Green Acres. A property owner in your county has received a letter from the Minnesota Department of Agriculture (MDA) stating that the property owner is subject to a final enforcement action due to violation of Minnesota Chapters 18B, 18C, 18D, 103E, 103F, 103G, or 103H. The property owner notified your office of the violation in person. You have asked if your office will be notified by the MDA if a property owner enrolled in Green Acres has violated the above laws.

Per Minnesota Statute 273.111, subdivision 9, paragraph (d), the county auditor will be notified by the agency/officer enforcing the laws under Minnesota Chapters 18B, 18C, 18D, 103E, 103F, 103G if a property owner is subject to a second violation of said laws.

Minnesota Statute 273.111, subdivision 9:

"Cross-compliance with agricultural chemical and water laws.

(a) A parcel of property enrolled under this section whose owner is subject to two or more final enforcement actions for violations of chapter 18B, 18C, 18D, 103E, 103F, 103G, or 103H, or any rule adopted under those chapters, including but not limited to the agricultural shoreland use standards in Minnesota Rules, chapter 6120, occurring on the parcel, shall be subject to a property tax penalty as defined in this subdivision.

(b) For the purposes of this subdivision, "final enforcement action" means any administrative, civil, or criminal penalty other than a verbal or written warning. An enforcement action is not final until any time period for corrective action has expired, and until the completion or expiration of any applicable review or appeal procedure or period provided by law.

(c) The first time a final enforcement action is taken based on a violation occurring on a parcel enrolled under this section, the owner must be notified that if a second final enforcement action is issued, the property is subject to a property tax penalty, as defined in this subdivision.

(d) When a second final enforcement action is taken based on a violation occurring on a parcel enrolled under this section within three years from the first violation, the law enforcement officer or other person enforcing the law or rule must notify the county auditor. The auditor must then determine the property tax penalty, equal to the deferred taxes on the parcel for the current year and the two previous years, but not to exceed the current owner's time of ownership, and extend the penalty against the property on the tax list for the current year, provided that no interest or penalties shall be levied on the penalty if timely paid. The penalty levied under this subdivision is in addition to any additional taxes levied under subdivision 9 at the time a property is withdrawn from the program." [Emphasis added.]

The assessor does not have a role in this process in terms of administration of the Green Acres program. If you have any additional questions please do not hesitate to contact the Property Tax Division of the Minnesota Department of Revenue at proptax.questions@state.mn.us or you may wish to refer to the Property Tax Administrator's Manual.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

October 26, 2012

Nancy Gunderson
Clay County Assessor's Office
nancy.gunderson@co.clay.mn.us

Dear Ms. Gunderson,

Thank you for your recent email regarding the Green Acres program. You provided us with the following information:

> Your county currently has a 39-acre parcel that was classified as agricultural (all tillable) and was in the Green Acres program as of 1/2/2012. After a court settlement, the parcel has now been divided into the following three parcels to coincide with their ownership interests:
>
> | | |
> |---|---|
> | Tract A | 16+ Acres owned by an LLC which is made up of 6 different parties |
> | Tract B | 16+ Acres owned by a single individual |
> | Tract C | 7.89 acres owned by a Trust |
>
> All of the tracts are currently rented out to a non-relative farmer.

You are asking if the Green Acres program can continue now that the property has been divided into three tracts with different ownership interests.

The ownership requirements for Green Acres are described in Minnesota Statutes, section 273.111, subdivision 3:

> *"(1) is the homestead of the owner, or of a surviving spouse, child, or sibling of the owner or is real estate which is farmed with the real estate which contains the homestead property; or*
> *(2) has been in possession of the applicant, the applicant's spouse, parent, or sibling, or any combination thereof, for a period of at least seven years prior to application for benefits under the provisions of this section, or is real estate which is farmed with the real estate which qualifies under this clause and is within four townships or cities or combination thereof from the qualifying real estate; or*
> *(3) is the homestead of an individual who is part of an entity described in paragraph (b), clause (1), (2), or (3) ... [a family farm entity or authorized farm entity regulated under section 500.24; 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; or corporations that derive 80 percent or more of their gross receipts from the wholesale or retail sale of horticultural or nursery stock."*

Tract A: The Green Acres program can continue on this property if the 6 members of the LLC are the same original owners of the original 39-acre parcel and/or if they are qualifying family members of the original owners of the 39-acre parcel. Also the seven years' ownership requirement must be met for this tract to qualify for Green Acres. In other words, if the 6 members of the LLC are the original owners/children of the original owners and the original owners have owned the property for at least 7 years than this tract would qualify for Green Acres. This assumes that the property does not qualify under the other clauses above.

Tract B: This is similar to the answer for tract A. If this single individual has owned the property for at least seven years or is a qualifying family member of an individual who has owned it for seven years, then

Continued…

Continued from page 1…

this tract would qualify for Green Acre; or if this tract is the homestead of the owner it would also qualify for Green Acres. This assumes that the property does not qualify under the other clauses above.

Tract C: One of the requirements for the Green Acres program is that the agricultural land be at least 10 acres. Since tract C is not 10 acres, Green Acres cannot continue on this tract.

Please understand this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well. If you have additional questions or concerns, please direct them to proptax.questions@state.mn.us.

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

November 19, 2012

Michael Splonskowski
Staff Appraiser
Otter Tail County Assessor's Department
msplonsk@co.ottertail.mn.us

Dear Mr. Splonskowski:

Thank you for your question submitted to the Property Tax Division regarding property in your county. You have provided the following:

Parcel 1:

- This parcel is classified as agricultural non-homestead and is enrolled in Green Acres.
- The parcel has a 14-acre portion that is wooded, has lakefront, and is currently in CRP that will expire in September 2013. It is unclear at this point whether the property owner will be able to re-enroll the land.

Parcel 2:

- This parcel is classified as agricultural homestead due to CRP and is enrolled in Green Acres (the land is grandfathered into Green Acres).
- This parcel has wooded lakefront in CRP without any other tillable or productive acres.
- CRP expired in September 2012 and the owner has been informed that the land will not be re-enrolled in CRP.
- The owner has been sent a Rural Preserve application because the land will have agricultural classification for the 2013 assessment, however for the 2014 assessment, the land may be classified as rural vacant land.

You have asked the following questions, which have both been answered below:

Question on Parcel 1:
If the owner is unable to re-enroll in CRP, would the owner be able to enroll in Rural Preserve if they drop out of CRP early? Or, if the land goes into Rural Vacant Land classification, will there be a payback of taxes deferred under Green Acres?

This property is non-homestead and qualifies for Green Acres due to its classification as 2a agricultural property as qualifying CRP land. (We assume all other Green Acres requirements are met and the property is properly enrolled in the program.) When the CRP contract expires, the property will lose its eligibility for Green Acres (it is neither agricultural homestead nor will it be used for agricultural production). However, as stated in Minnesota Statute 273.114, the property may qualify for the Rural Preserve program because it did qualify for Green Acres for assessment year 2007, taxes payable in 2008. Furthermore, according to Minnesota Statute 273.111, subdivision 3a, paragraph (d): "*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*" which are normally required when land is removed from Green Acres. We have interpreted this to mean that the property must be immediately enrolled into Rural Preserve.

However, please note that in order to qualify, the class 2b property must be contiguous to class 2a property that is enrolled in Green Acres. (See Minnesota Statutes, section 273.114, subdivision 1, as well as the Property Tax Administrator's Manual, *Module 2 –Valuation*.)

Question on Parcel 2:
If the land will go to rural vacant land classification, will there be a payback of taxes deferred under Green Acres? Also, if there is a payback, should the owner be enrolled in the Rural Preserve program?

Assuming this property is appropriately receiving Green Acres, this property may also qualify for Rural Preserve when the CRP contract expires. As stated in Minnesota Statute 273.114, the property may qualify for the Rural Preserve program because it did qualify for Green Acres for assessment year 2007, taxes payable in 2008. Again, there will not be a required payback if the land is enrolled in Rural Preserve in accordance with Minnesota Statute 273.111, subdivision 3a, paragraph (d). Once again, the property must be contiguous to class 2a property currently receiving Green Acres deferral.

For both questions above, we assume the property will be reclassified as 2b rural vacant land at some point after its removal from the CRP program.

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

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

December 27, 2012

Keith Albertsen
Douglas County Assessor's Office
keith.albertsen@co.douglas.mn.us

Dear Mr. Albertsen,

Thank you for your recent questions to the Property Tax Division regarding Green Acres. You have outlined the following scenario: A property in your county was sold via contract for deed to a developer who platted the land and built roads. The developer sold a few lots before the market dried up and ultimately cancelled the contract. The seller got the property back in April of 2007. The seller has been marketing the lots since 2007 and hasn't sold any. The seller has had a local farmer till some of the lots and cut hay on some of them. You have asked the following questions, which are answered in turn below.

Question 1: Does the fact that the property has been platted preclude eligibility in Green Acres?

Class 2a agricultural land may be platted (and platted agricultural land may be enrolled in Green Acres). It is class 2b rural vacant land that cannot be platted. Therefore, in the scenario you have outlined, the property may be eligible for Green Acres as long as the property meets all of the other requirements for Green Acres deferral.

Question 2: If the 7 year clock starts in April of 2007, can they apply for the 2014 assessment after April 2014 or is the earliest they can apply for Green Acres the 2015 assessment?

In our opinion, the owner will be eligible to apply for Green Acres seven years plus one day after the possession date. In other words, if the owner had possession of the property on April 12, 2007, the earliest the owner could apply for Green Acres would be April 13, 2014.

Question 3: If some of the lots have no farming activity but are contiguous to lots that are farmed, would they be eligible?

To be eligible for Green Acres property must be 10 acres and primarily devoted to agricultural use; therefore lots that are not being farmed would not qualify for Green Acres, even if they are contiguous to lots that are 10 acres and being farmed. Only farmed class 2a agricultural land may qualify for Green Acres deferral, not vacant unused lands.

If you have any additional questions or concerns please feel free to contact our division us at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

February 14, 2013

Rita Treml
Brown County Assessor's Office
rita.treml@co.brown.mn.us

Dear Ms. Treml:

Thank you for your question submitted to the Property Tax Division regarding a Green Acres situation in your county. You have provided the following:

> A person lives in town and owns a 131-acre special agricultural homestead parcel that qualifies for Green Acres. The person acquires another 31-acre agricultural property that is located within 4 townships of the other parcel and wants to enroll it in Green Acres. Can the person get Green Acres on the second parcel if it is farmed in conjunction with the other special agricultural homestead property?

Minnesota Statutes 273.111, subdivision 3 outlines the requirements for green acres eligibility:

> *"Subd. 3.* ***Requirements.*** *(a) Real estate consisting of ten acres or more or a nursery or greenhouse, and qualifying for classification as class 2a under section* 273.13*, shall be entitled to valuation and tax deferment under this section if it is primarily devoted to agricultural use,* ***and either****:*
> *(1) is the homestead of the owner, or of a surviving spouse, child, or sibling of the owner or is real estate which is farmed with the real estate which contains the homestead property; or*
> *(2) has been in possession of the applicant, the applicant's spouse, parent, or sibling, or any combination thereof, for a period of at least seven years prior to application for benefits under the provisions of this section, or is real estate which is farmed with the real estate which qualifies under this clause and is within four townships or cities or combination thereof from the qualifying real estate; or*
> *(3) is the homestead of an individual who is part of an entity described in paragraph (b), clause (1), (2), or (3); or (4) 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 parcel or parcels, provided that only the acres used to produce nursery stock qualify for treatment under this section." [Emphasis added.]*

Assuming all other requirements are met, this property may qualify for Green Acres because it is "real estate which is farmed with real estate which contains the homestead property". We do not differentiate between "special" agricultural homestead property and regular agricultural homestead property for purposes of Green Acres. The special agricultural homestead parcel is considered the homestead of the owner; therefore the 31-acre parcel is being farmed with real estate which contains the homestead property.

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

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

April 1, 2013

Margaret Dunsmore
St. Louis County Assessor's Office
dunsmorem@stlouiscountymn.gov

Dear Ms. Dunsmore:

Thank you for your recent questions regarding the Green Acres value deferral program. Your questions are answered in turn below.

Question 1: You have a Green Acres applicant whose income goes to a corporation, of which he is a member. However, the ownership of the parcel is in his name, not the corporation. You have asked, can that income be used to qualify for Green Acres?

Minnesota Statutes, section 273.111 does not have income requirements. Homestead, classification, and primary use of the property are all considerations that would qualify a property for Green Acres deferral. If the property meets all other requirements for deferral, than the fact that the income is made by a corporation rather than him as an individual would not disqualify the property.

Question 2: The same Green Acres applicant is receiving the "actively farming" special agricultural homestead on this parcel. You have asked, can an "actively farming" parcel receive Green Acres?

Minnesota Statutes, section 273.111 does allow Green Acres deferral for properties owned by entities to receive Green Acres deferral if the property is the homestead of a member of that entity. If the property meets homestead requirements but is owned by an entity, the ownership does not disqualify the property from Green Acres.

Information related to qualifications for Green Acres (including ownership, use, and primary use requirements) may be found in the Property Tax Administrator's Manual, *Module 2 – Valuation*, available online via: http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx. If you have additional questions, please do not hesitate to contact us via email at proptax.questions@state.mn.us. Thank you.

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

Property Tax Division
600 North Robert Street
Mail Station 3340
St. Paul, MN 55146

Tel: 651-556-6091
Fax: 651-556-3128
TTY: Call 711 for Minnesota Relay
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MINNESOTA · REVENUE

March 18, 2013

Nick Lee
City Of Moorhead
nick.lee@cityofmoorhead.com

Dear Mr. Lee:

Thank you for submitting your questions to the Property Tax Division regarding Green Acres and the Rural Preserve Program. You have provided the following:

> In your city you have a property that has both 2a agricultural land and 2b rural vacant land. Until recently all of the land qualified for Green Acres. The piece of land was one large parcel but pieces have been split off and sold. The once large parcel is now configured into six parcels. A few of the parcels are now separated by a road, interstate off ramp, and a ditch easement. Currently on record there are 10.1 acres of 2a agricultural land and 42.97 acres of 2b rural vacant land.

You asked the following questions, which are answered in turn:

1. **From the map provided are the parcels considered contiguous?**

   "Contiguous" is defined by the dictionary provided by law.com as "connected to or 'next to,' usually meaning adjoining pieces of real estate." For property tax purposes, roads, streets, waterways, or other similar intervening property does not break contiguity.

   From the map provided and the definition of contiguous it appears the three abutting parcels on 34th Street South are contiguous. The three remaining parcels do not appear to be contiguous.

2. **If a parcel(s) is considered noncontiguous and they are less than 10 acres can they qualify for Green Acres or Rural Preserve? Would the parcels be required to pay additional taxes if they do not qualify for either program?**

   Only property that is classified by the assessor as class 2a agricultural land is eligible for enrollment in the Green Acres program. The property must:
   - be at least 10 acres in size or a nursery or greenhouse; and
   - be primarily devoted to the production for sale of agricultural products.

   To be eligible for the Rural Preserve program, 2b rural vacant land must meet the following eligibility requirements:
   - have been properly enrolled in Green Acres for taxes payable in 2008 OR be part of an agricultural homestead currently enrolled in Green Acres;
   - be contiguous to the Green Acres property;
   - not be enrolled in Green Acres, Open Space, Metropolitan Agricultural Preserves, or SFIA;
   - have no delinquent property taxes owed on the land.

   The three abutting parcels on 34th Street South appear to be contiguous. However, if the abutting parcels have less than 10 acres of 2a agricultural land they would not qualify for the Green Acres program. Furthermore, a requirement for the Rural Preserve Program is to be contiguous to a Green Acres property, and this requirement would not be met. If the parcels no longer qualify for either program the parcels could be subject to payback provisions stated in MN statue 273.111, subdivision 9.

3. **If the contiguous parcels are all 2b then is it correct to assume the parcels do not qualify for Rural Preserve because they are not contiguous to a Green Acres parcel. Even though the parcels were previously enrolled in the Green Acres program?**

   Yes, being contiguous to a Green Acres parcel is one of the requirements to be eligible for the Rural Preserve program and can disqualify a parcel(s) if not met. Despite being previously enrolled in the Green Acres program for taxes payable in 2008 this parcel would not qualify because all of the requirements of the Rural Preserve program need to be met.

   For more information on the requirements of the Rural Preserve Program, you may wish to refer to the Rural Preserve Property Tax Fact Sheet 15 available on the Minnesota Department of Revenue website via http://www.revenue.state.mn.us/propertytax/factsheets/factsheet_15.pdf

4. **If the parcels are all deemed contiguous and there are enough Green Acres, can all of the 2b land be put into the Rural Preserve program?**

   In the situation outlined the only parcels deemed contiguous are the parcels abutting 34th Street South. The remaining parcels are not contiguous per the definition previously given. It is unknown to the Department of Revenue what parcel(s) contain the 10.1 acres of 2a agricultural land. However, if the parcels abutting 34th Street South hold the qualifying acres (10 acres of 2a agricultural) the three contiguous parcels could potentially be eligible for both programs. This is assuming all eligibility requirements are met for both programs.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division us at proptax.questions@state.mn.us

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

April 1, 2013

Steve Hurni
Property Tax Compliance Officer
Minnesota Department of Revenue
steve.hurni@state.mn.us

Dear Mr. Hurni:

Thank you for submitting your question to the Property Tax Division regarding Green Acres and the Sustainable Forest Incentive Act (SFIA). You have provided the following:

> A property owner in Becker County has pasture land currently enrolled in the Green Acres program. The property owner no longer wants to actively pasture the land and wants to enroll the acreage in SFIA.
>
> You would like to know if Minnesota Statute 273.111, subdivision 3, paragraph (c) allows the owner to accomplish his goal without being subject to Green Acres payback provisions.

Minnesota Statutes, section 273.111, subdivision 9 (b) provides:

> *"When real property which is being, or has been valued and assessed under this section no longer qualifies under subdivision 3, the portion no longer qualifying shall be subject to additional taxes, in the amount equal to the difference between the taxes determined in accordance with subdivision 4, and the amount determined under subdivision 5. Provided, however, that the amount determined under subdivision 5 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arm's-length transaction been used in lieu of the market value determined under subdivision 5. Such additional taxes shall be extended against the property on the tax list for the current year, provided, however, that no interest or penalties shall be levied on such additional taxes if timely paid, and provided further, that such additional taxes shall only be levied with respect to the last three years that the said property has been valued and assessed under this section."*

Therefore, the property owner would be subject to payback provisions stated above because the owner is voluntarily withdrawing the property from the Green Acres program. Furthermore, there is no provision in subdivision 3, including paragraph (c), that allows property enrolled in Green Acres to transfer to SFIA without being subject to Green Acres pay back provisions.

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

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

May 7, 2013

Karen McClellan
Kanabec County Assessor's Office
Karen.mcclellan@co.kanabec.mn.us

Dear Ms. McClellan:

Thank you for submitting your question to the Property Tax Division regarding a Green Acres situation in your county. You have provided the following:

> There is a 120 acre parcel in your county that is being deeded from an uncle to his nephew. The property is currently a mix of tillable land and pasture classified as 2a. The nephew will not be homesteading this property, but is considering operating a nursery on part of it. The remaining land will continue to be tilled and pastured by renting to a neighboring farmer.

You have asked the following questions which have been answered in turn:

Does the land have to be owned by a business or can an individual own the land and operate a nursery?

An individual may own and operate a nursery.

If they have not owned the property for seven years and it will not be homesteaded, does only the land attributed to the nursery qualify for Green Acres?
Minnesota Statutes, section 273.111, subdivision 3 outlines the following ownership requirements for Green Acres eligibility. To be eligible, the property must have at least ten contiguous acres of 2a property or be a nursery or green house, must be primarily devoted to agricultural use, and:

> *"(1) is the homestead of the owner, or of a surviving spouse, child, or sibling of the owner or is real estate which is farmed with the real estate which contains the homestead property; or*
> *(2) has been in possession of the applicant, the applicant's spouse, parent, or sibling, or any combination thereof, for a period of at least seven years prior to application for benefits under the provisions of this section, or is real estate which is farmed with the real estate which qualifies under this clause and is within four townships or cities or combination thereof from the qualifying real estate; or*
> *(3) is the homestead of an individual who is part of an entity described in paragraph (b), clause (1), (2), or (3); or*
> *(4) 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 parcel or parcels, provided that only the acres used to produce nursery stock qualify for treatment under this section."*

If the property meets the ownership requirements under clause (4) above, it may still qualify for Green Acres treatment even if it is not homesteaded nor meets the seven year ownership requirement. Only the acres used to produce nursery stock would qualify for Green Acres deferral in that situation (i.e., the pasture or other tillable land would no longer qualify).

How many acres have to be attributed to the nursery to qualify?
Only property that is classified by the assessor as class 2a agricultural land is eligible for enrollment in the Green Acres program. The property must:

- be at least 10 acres in size **or** be a nursery or greenhouse; and
- be primarily devoted to the production for sale of agricultural products.

There is no size requirement for land that is used for nursery or greenhouse purposes.

If the owner will close on the property this spring (late May 2013), and the individual creates a nursery this growing season, can they apply for Green Acres next May (2014) for taxes payable 2015?
Minnesota Statutes, section 273.111, subdivision 11a provides:

> *"When real property qualifying under subdivision 3 is sold or transferred, no additional taxes or deferred special assessments plus interest shall be extended against the property provided the property continues to qualify pursuant to subdivision 3, and provided the new owner files an application for continued deferment within 30 days after the sale or transfer."*

Therefore, the application may be filed within thirty days of sale, and if the property qualifies for continued Green Acres treatment, the Green Acres value would continue to be used during the same assessment year of the sale and no back-taxes would be due. Otherwise, the property owner may apply by May 1, 2014 for taxes payable 2015.

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

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

August 2, 2013

Karen Busch
Todd County Assessor's Office
Karen.busch@co.todd.mn.us

Dear Ms. Busch:

Thank you for submitting your question to the Property Tax Division regarding Green Acres.

Question:
When a parcel with Green Acres is sold, and the property owner has to pay the tax for the current payable year and two previous years, is this done as an addition to the parcel and then we collect the extra tax for each year? Is there any literature on this process?

Answer:
For any class 2a property withdrawn from Green Acres, the payback is described in Minnesota Statutes, section 273.111, subdivision 9:

> *" ... when real property which is being, or has been valued and assessed under this section no longer qualifies under subdivision 3, the portion no longer qualifying shall be subject to additional taxes, in the amount equal to the difference between the taxes determined in accordance with subdivision 4, and the amount determined under subdivision 5. Provided, however, that the amount determined under subdivision 5 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arm's-length transaction been used in lieu of the market value determined under subdivision 5. Such additional taxes shall be extended against the property on the tax list for the current year, provided, however, that no interest or penalties shall be levied on such additional taxes if timely paid, and provided further, that such additional taxes shall only be levied with respect to the last three years that the said property has been valued and assessed under this section."*

Therefore, if a deferred tax payback is required, then the additional taxes are only to be levied with respect to the last three years (the current year's deferred taxes plus payment of deferred taxes for the two prior years) that the property had been valued and assessed under "Green Acres." The deferred taxes should be billed on a separate tax statement at the time the payback is calculated. This payback is due by December 31 of the current payable year.

For further information on the Green Acres program, you can refer to our online Property Tax Administrator's Manual, *Module 2- Valuation*, at http://www.revenue.state.mn.us/local_gov/prop_tax_admin/education/ptamanual_module2.pdf, or our online Auditor/Treasurer manual section on Green Acres paybacks at http://www.revenue.state.mn.us/local_gov/prop_tax_admin/at_manual/12_02.pdf . If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,
KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

The definitions described under this section are only applicable or have meaning as stated in Minnesota Statue, section 473H.02. Furthermore, the definitions outlined are to be used only for the Metropolitan Agricultural Preserves program.

4. **Can lands enrolled in Metropolitan Agricultural Preserve be classified as 2b?**

   Land that is classified as 2b can be enrolled in Metropolitan Agricultural Preserve provided they are contiguous to the enrolled class 2a acres.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division us at proptax.questions@state.mn.us

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

November 15, 2013

Gary Grossinger
Stearns County Assessor's Office
Gary.Grossinger@co.stearns.mn.us

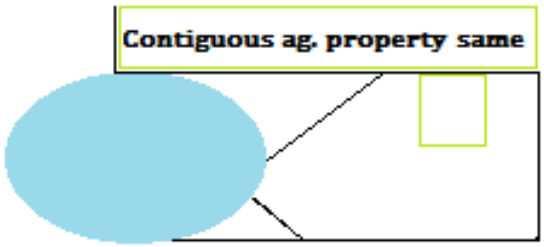
Dear Mr. Grossinger,

Thank you for submitting your question to the Property Tax Division regarding Green Acres and Rural Preserve.

Scenario:

- There is a property owner in your county who owns agricultural property
- The property was enrolled in Green Acres in 2006
- There are two additional parcels that are adjacent to the ag property, they are owned by the same property owner and they are not used for agricultural purposes
- The two additional parcels were platted by the property owner (i.e., they were not administratively-required plats, based on our understanding)
- 4 acres of the platted lots are tillable
- Until 2012, all three parcels were receiving Green Acres
- The county removed Green Acres from the non-agricultural parcels in 2012

In the drawing below, we have approximated the situation as we understand it. The area shown in green boxes represent the agricultural acres. The smaller green box represents the four tilled acres that are contiguous to the rest of the agricultural acres that are under the same ownership and, as we understand, currently enrolled in Green Acres.



Question:
Which of the 3 parcels can receive Green Acres and/or Rural Preserve?

Answer:
The agricultural property and the 4 acres of tilled property would qualify for Green Acres. The other portions of the parcels that are platted but not agricultural would not qualify for Green Acres. Additionally, because the owner platted the parcels, they do not qualify for the 2b rural vacant land classification (and therefore cannot qualify for Rural Preserve deferral).

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

Property Tax Division
600 North Robert Street
Mail Station 3340
St. Paul, MN 55101

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Fax: 651-556-5128
TTY: Call 711 for Minnesota Relay
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MINNESOTA · REVENUE

November 18, 2013

Wayne Stein
Ottertail County Auditor's Office
wstein@co.ottertail.mn.us

Dear Mr. Stein:

Thank you for submitting your question to the Property Tax Division regarding Green Acres.

Question: Are costs associated with the construction, improvement, and/or maintenance of County Drainage Systems (County Ditches) under Minnesota Chapter 103E considered special local assessments that can be deferred under Green Acres (Minnesota Statute 273.111, subdivision 11)?

Answer: Yes, in our opinion costs applied to real property receiving Green Acres for county ditch construction/improvements/maintenance may be considered special local assessments that are eligible for deferment under Green Acres.

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

Sincerely,

Drew Imes, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

December 2, 2013

Bridget Olson
Nicollet County Assessor's Office
bolson@co.nicollet.mn.us

Dear Ms. Olson:

Thank you for submitting your question to the Property Tax Division regarding Green Acres.

Scenario: In the upcoming months, MNDOT will be acquiring land along Highway 14 in Nicollet County. This will affect many landowners, some of whom have their land enrolled in Green Acres.

Questions: Does a government entity purchasing land for a public road trigger a Green Acres payback? Is there any time a government purchase of land enrolled in Green Acres would not trigger a payback? Does it make a difference if it is an arm's-length transaction or condemnation of the land?

Answer: A payback of the deferred taxes is still required in these situations (right-of-ways, condemnations, etc.). A government entity purchasing/acquiring the land does not mean that the payback of deferred taxes is not required. Generally, these types of transactions are not considered arm's-length transactions; therefore, the assessor's estimated market value may be used to calculate the payback of deferred taxes. However, if it is determined that that the transaction represents an arm's-length transaction, the sale price or acquisition value may be used.

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

Sincerely,

Drew Imes, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

November 14, 2013

Ryan Kraft
Olmstead County Records and Licensing
kraft.ryan@CO.OLMSTED.MN.US

Dear Mr. Kraft:

Thank you for submitting your questions to the Property Tax Division regarding classification and the Green Acres Program.

Scenario: In your county, a property owner resides on a 40 acre parcel that is classified as an agricultural homestead. The same owner also owns an unimproved parcel, which is 30 acres in size. The two parcels are not contiguous. According to the owner, the 30 acre parcel is enrolled in the USDA/DNR Timber Stand Improvement Program. The 30 acre parcel also has a forest management plan in place. Currently, the 30 acre parcel is classified as agricultural (2a) and therefore, with the current classification, the parcel is eligible for the Green Acres Program.

Question 1: Is the 30 acre parcel correctly classified as 2a agricultural land, or should the 30 acre parcel be classified as 2b rural vacant land?

Answer 1: Because this property is over ten acres in size, it must have at least ten acres of land being used for agricultural purposes in order to qualify for class 2a agricultural land. From the information provided, it does not clearly appear that the property is being used for a statutorily defined agricultural purpose.

In most cases, land that is being managed as forest land does not qualify for the agricultural classification unless it is being used to grow short rotation wood crops (e.g. hybrid poplar) that are sold as a crop and not as lumber. As the property is covered by a forest management plan, the 2c managed forest land classification may be a viable option if the forest management plan meets classification requirements. Otherwise, 2b rural vacant land would be the most logical classification.

Also, if the property does not qualify for the agricultural classification, it would not qualify for the Green Acres program or for agricultural homestead as non-contiguous class 2b property.

Question 2: If the 30 acre parcel is changed to 2b rural vacant land, would this parcel be subject to the Green Acres payback provision?

Answer 2: Yes; as outlined in Minnesota Statues, section 273.111 subdivision 9, if a property no longer qualifies for the agricultural classification, the Green Acres pay back provisions are applicable.

Ultimately, the classification of the property is the responsibility of the assessor based on the facts of the situation. If the property owner does not agree with the classification of the property, he or she can appeal to the boards of appeal and equalization and/or Minnesota Tax Court.

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

Property Tax Division
600 North Robert Street
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Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

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www.revenue.state.mn.us

MINNESOTA · REVENUE

June 9, 2014

Joe Udermann
Meeker County Assessor
joe.udermann@co.meeker.mn.us

Dear Mr. Udermann:

Thank you for submitting your question to the Property Tax Division regarding the agricultural classification and the Green Acres program. You have provided the following scenario and questions.

Scenario:
You have a situation in your county where a platted subdivision is being farmed border to border. The lots have been for sale for approximately 8 years and have not sold. The total land area consists of about 4 acres. The owner is not the individual farming the land but the farmer adjoining these parcels is. The farmer has an agricultural homestead.

Question 1:
Can the land be classified as agricultural and qualify for Green Acres if it remains in the same ownership?

Answer:
Yes, the land may be classified as agricultural land; however, it would not qualify for Green Acres under the current ownership. The "exclusively used" language in statute is for parcels being used for an agricultural purpose border-to-border that are less than 10-acres in size. The 4 acres of land in your scenario appear to meet the exclusive use definition at this time for agricultural classification. Green Acres statute has no exclusive use provision and specifically requires at least 10 contiguous eligible acres of farmed land.

Minnesota Statutes, section 273.111, provides that to qualify for Green Acres deferral, a property must meet the following requirements (as well as ownership and primary use requirements):

> *"Real estate consisting of ten acres or more or a nursery or greenhouse, and qualifying for classification as class 2a under section 273.13[emphasis added]…"*

Question 2:
If the land were sold to the farmer adjoining these parcels, could they qualify for Green Acres while being below the 10 acre limit?

Answer:
As stated above, to be eligible for enrollment in the Green Acres program the property must have at least ten acres of 2a property and must be primarily devoted to agricultural use. If this is true, then it must be determined whether the ownership requirements are met.

Minnesota Statutes, section 273.111, subdivision 3 outlines the following ownership requirements for Green Acres. If the farmer purchased the property, it would be a contiguous part of that farmer's agricultural homestead, and then the property may qualify for Green Acres deferral provided all other requirements are met.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Emily Hagen, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

August 29, 2014

Steve Hurni
Property Tax Compliance Officer
Steve.hurni@state.mn.us

Dear Mr. Hurni:

Thank you for submitting your question to the Property Tax Division regarding the Green Acres program. You have provided the following question.

Question: The Pope County Assessor is questioning whether all perpetual easements or only RIM perpetual easements are excluded per statute.

Answer: Absent direct legislative guidance, it is our understanding and our administrative practice that any perpetual easement program would preclude enrollment into Green Acres. As the program is intended to preserve farmland, it would seem unlikely that property that is unable to be farmed would be eligible for enrollment.

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

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

October 31, 2014

Susie Sohlman
Koochiching County Assessor's Office
Susie.Sohlman@co.koochiching.mn.us

Dear Ms. Sohlman:

Thank you for submitting your question to the Property Tax Division regarding the Green Acres property tax deferral program.

Scenario:
A property owner has been enrolled in Green Acres. He would like to transfer the property title to his children, but continue to live at and farm the property.

Question:
Would the property be eligible for continued enrollment in Green Acres?

Answer:
It is possible that the property could continue to receive Green Acres deferral, provided all other program requirements are met.

Green Acres may apply to certain ownership types under M.S. 273.111, subd. 3, including land that:

1. is the homestead of the owner, or of a surviving spouse, child, or sibling of the owner or is real estate which is farmed with the real estate which contains the homestead property; or
2. has been in **possession of the applicant**, the applicant's spouse, **parent**, or sibling, or any combination thereof, for a period of **at least seven years prior to application** for benefits under the provisions of this section, or is real estate which is farmed with the real estate which qualifies under this clause and is within four townships or cities or combination thereof from the qualifying real estate; …

In the scenario you have outlined, if the property has been in possession of the new owner's parent for at least seven years prior to application for enrollment, it would qualify. However, if that isn't the case, a parent is not a qualifying relative for continued enrollment under clause 1 and the property would not qualify.

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

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

January 16, 2015

Nancy Gunderson
Clay County Assessor
Nancy.Gunderson@co.clay.mn.us

Dear Ms. Gunderson:

Thank you for submitting your question to the Property Tax Division regarding Green Acres. You have provided the following scenario and question.

Scenario:

- A property owner is planning on selling 320 acres to an out-of-state buyer.
- The sale price will be less than the established estimated market value and the established Green Acres value the 2013 and 2014 assessment years.
- The sale price is still less than the estimated market value for the 2012 assessment but more than the Green Acres value for that year.

Question: How is the valuation of the payback if this deal/transfer goes through at some time this year?

Answer: If a property sells for less than the assessor's estimated market value, and if the sale is indeed determined to be an arm's-length transaction and is not otherwise rejected from the sales study, then the repayment of taxes deferred would be calculated based on the sales price and not on the assessor's estimated market value.

If this transaction is not considered an arm's-length transaction, then the estimated market value may be used to calculate the payback of deferred taxes.

Repayment of taxes deferred under Green Acres is addressed in Minnesota Statutes, section 273.111, subdivision 9.

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

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax Division
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

July 2, 2015

Nancy Wojcik
Hennepin County Assessor's Office
Nancy.Wojcik@hennepin.us

Dear Ms. Wojcik:

Thank you for submitting your question to the Property Tax Division regarding payback of taxes deferred under Green Acres in the case of eminent domain. You have provided the following scenario and question.

Scenario:
The State of Minnesota took possession of a portion of property for Hwy 610 from existing farmland that was enrolled in Green Acres.

Question:
Is there a payback requirement for the deferred taxes on property enrolled in Green Acres when it is being acquired by the State of Minnesota?

Answer:
Yes, when property no longer qualifies for Green Acres, repayment of the taxes deferred while in Green Acres is still required. There is not language in law nor has the department's issued guidance to exclude the payback of taxes when Green Acres property is acquired by a government entity. Deferred taxes run with the land, rather than the property owner.

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

Sincerely,

Emily Hagen
State Program Administrator
Information and Education Section
Property Tax Division
Phone: 651-556-6099
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

September 02, 2015

Keith Triplett
Wright County Assessor's Office
Keith.Triplett@co.wright.mn.us

Dear Mr. Triplett:

Thank you for submitting your question to the Property Tax Division regarding agricultural classification. You have provided the following scenario and question:

Scenario:

- There is a 31.66-acre parcel that has 12 acres of 2a agricultural land that receives Green Acres.
- The owner plans to convert 4 of those 12 acres to a solar farm.
- The solar farm will produce less than 1 megawatt of electricity.

Question 1: Will the 12 acres retain its 2a agricultural classification?

Answer 1: Yes, the land would likely continue to be classified as 2a.

Minnesota Statute 272.02, subd. 24 states that land is classified as class 3a when the following conditions are met:

- The land has a solar energy generation system on it
- The land is primarily used for solar energy production
- It is subject to the solar energy production tax (greater than 1 megawatt of production)

In this situation, because the system will produce less than 1 megawatt of energy, it is not subject to the solar energy production tax, solar energy production would not be considered the primary use of the 4 acre land, and it would *not* be classified as 3a land.

Instead, statute says that the land would be "classified without regard to the system" and therefore based upon what it most likely would be used as if the solar energy generation system was not there. From upon your description of the situation, that means the 4 acres in question would be classified together with the other 8 acres and the 12 acres overall would remain classified as 2a agricultural land.

Question 2: Would there be a Green Acres payback?

Answer 2: There would likely be a Green Acres payback, based upon the information provided., Because only 12 acres are classified as 2a (and only 8 overall are farmed) on 31.66 acres, the property does not appear to be "primarily devoted to agricultural purposes" as required under Minnesota Statute 273.111, subd. 3. In this situation, a majority of the land has not been devoted to agricultural purposes and Green Acres eligibility therefore had not been met. Payback of deferred taxes is necessary based upon this information.

If you have any further questions, please be sure to review the Property Tax Administrator's Manual on our website or send your questions to proptax.questions@state.mn.us.

Sincerely,

Jeff Holtz
State Program Administrator
Property Tax
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

September 8, 2015

Michael Thompson
Scott County Assessor's Office
MThompson@co.scott.mn.us

Dear Mr. Thompson,

Thank you for contacting the Property Tax Division regarding solar energy generating systems. You have asked for our opinion on the questions below.

Question 1: Referring to Minnesota Statute 272.02 subd. 24, pertaining to solar energy generating systems: does the language "used primarily for" have similar meaning as "primarily devoted to" does in the Green Acres language?

Answer 1: There are discussions of primary use for both solar energy and for Green Acres, but they mean different things. For solar farms, the description in 272.02 cross-references a production tax that applies to systems that applies to solar energy systems with a capacity of greater than 1 megawatt (MW). The 1 MW capacity will drive a solar farm's definition of "primary use" and classification.

For Green Acres, it is different logic that is used, such as size, income, etc. Both solar energy and Green Acres administration have different overall tests for primary use. For example, acreage amounts might impact primary use for Green Acres purposes but not for solar purposes. For solar, the megawatt capacity will drive the classification.

Potential example 1: A parcel is 80 acres: 20 leased for solar, 60 in agricultural production. The zoning and highest and best use are agricultural.

Question 2: How would this property be classified?

Answer 2: The acreage is primarily agricultural but the 20 acres of solar probably has a capacity greater than 1 megawatt. If the solar panels have a capacity of more than 1 megawatt, the value of the property is most likely being driven by those solar panels. If the value was highest for the solar farm, then the primary overall use would be a solar farm. Therefore, this property could be split classed with 20 acres with the solar system classified as 3a and the remaining 60 acres classified as agricultural.

If the acreage and value are primarily agricultural, than the property may be eligible for Green Acres. However, if the value attributed to the solar system is greater than the agricultural value, the primary use would not be for agricultural purposes and it would not qualify for Green Acres.

Potential example 2: A parcel is 80 acres: 60 leased for solar, 20 in agricultural production. The zoning and highest and best use is agricultural.

Question 3: How would this property be classified?

Answer 3: Similar to the answer to example 1, this property would have a capacity more than 1 megawatt and therefore the value is most likely being driven by the solar panels. The property would be split classified with 60 acres as 3a and 20 acres as agricultural. It is clear that the property is not primarily devoted to agricultural so we feel that it would not qualify for Green Acres.

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

Sincerely,

JESSI GLANCEY
State Program Administrator Principal
Property Tax Division
Phone: 651-556-6091
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

October 28, 2015

Bonnie Crosby
Chippewa County Assessor's Office
BCrosby@co.chippewa.mn.us

Dear Ms. Crosby:

Thank you for submitting your question to the Property Tax Division regarding Green Acres payback. You have provided the following scenario and question:

Scenario:

- Two parcels are enrolled in Green Acres.
- 120 feet of the two parcels is being sold to a church.
- The original owners will continue to own the remainder of the property.

Question:
Does the sale trigger a payback on the parcels currently enrolled in Green Acres? Would the payback be on the 120 feet only?

Answer:
Yes; when property is sold and no longer qualifies for Green Acres, repayment of the taxes deferred while in Green Acres is required. There is not language in law nor has the department's issued guidance to exclude the payback of taxes when Green Acres property is sold to a church. Deferred taxes are attached to with the land, rather than the property owner.

The property that was sold to the church would have a repayment of the taxes deferred. As long as the property still meets the requirements of the Green Acres Program there would not be a payback on the property that the original owners continue to own.

The Property Tax Administrator's Manual, *Module 2 – Valuation*, has helpful information related to Green Acres and when payback and/or reapplication are required. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

Emily Anderson
State Program Administrator
Information and Education Section
Property Tax Division
Phone: 651-556-6099
Email: proptax.questions@state.mn.us

February 3, 2016

Keith Albertsen
Douglas County Assessor's Office
keitha@co.douglas.mn.us

Dear Mr. Albertsen,

Thank you for contacting the Property Tax Division regarding Green Acres. You provided us with the following information.

Scenario:

- Mom & Dad own a farm that borders a lake.
- They sell several hundred acres to a developer, but keep approximately 29 acres with the home site & 16 acres of farmland.
- In November of 2012, Mom & Dad deeded the 29-acre parcel to a Family LLLP.
- The developer was unable to get the project up and running, so they transferred the property back to the Family LLLP that owns the 29-acre home site.
- The family is now asking if they can qualify for Green Acres.
- Mom & Dad no longer live on the property, but it is farmed.

Question: Since the 29 acres has been transferred by Mom & Dad to a Family LLLP, does that continue the 7 years of ownership to qualify for Green Acres? If so, can that also now be extended to the remaining portion of the farm that they have now gotten back?

Answer: If the shareholders of the LLLP are mom and dad, then the 29 acres could continue to qualify for Green Acres, as long as all other requirements are met. This is because Minnesota Statue 273.111, subdivision. 11, clause (4) allows continuation of Green Acres under "organization into or reorganization of a farm entity ownership under section 500.24, if all owners maintain the same beneficial interest both before and after the organizational changes..."

For the remaining acres, the change in ownership breaks the chain of 7 years' ownership. If the property qualified for special agricultural homestead (with more than 40 acres), then it could get Green acres as a homestead. If not, then it doesn't meet either the agricultural homestead or 7 year's ownership requirement.

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

Sincerely,

JESSI GLANCEY
State Program Administrator Principal
Property Tax Division
Phone: 651-556-6091
Email: proptax.questions@state.mn.us

March 22, 2016

Gary Amundson
Property Tax Compliance Officer
Gary.Amundson@state.mn.us

Dear Gary,

Thank you for submitting your question to the Property Tax Division regarding Green Acres and platting. You have submitted the following scenario and question:

Scenario:

- A 20-acre agricultural tract in Wright County is enrolled in Green Acres.
- It has been platted, and will soon be for sale as individual lots.
- The land is still being used for agricultural production.

Question: What value should the tax for this year be based upon: the deferred plat value or the Green Acres value? When should a Green Acres payback be applied?

Answer: Until there is a change of ownership and/or use, the taxable value should continue to be derived from the Green Acres value. In this situation, that could occur when the property is sold to a residential developer or to individual residential homeowners, or when the use of the land changes and causes the land to no longer be classified as 2a land.

The plat law deferral should be based upon the estimated market value. The plat valuation phase-in is supposed to phase in the difference in the value between the pre-plat value and the post-plat value. The plat law phase-in should be for the value added to the property as the result of the platting. The difference between these two values is the amount that should be phased-in pursuant to the plat law. As an example:

Value as farmland (Green Acres value):	$150,000
Market (“high”) value as unplatted:	$500,000
Post-plat value	$600,000

The plat phase-in would be based upon the difference between $500,000 and $600,000. The $100,000 difference would be phased in over seven years for this Wright County property.

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

Sincerely,

Jeff Holtz
Senior State Program Administrator
Property Tax Division
Phone: 651-556-4861
Email: proptax.questions@state.mn.us

August 8, 2016

Bridget Olson
Nicollet County Assessor's Office
bridget.olson@co.nicollet.mn.us

Dear Ms. Crosby,

Thank you for contacting the Property Tax Division regarding solar energy and the Green Acres program. You provided us with the following information:

Scenario:

- There is a 74.64 acre agricultural parcel located in your county.
- The property is currently receiving Green Acres.
- The property owners have installed solar energy panels that cover 8 acres of the agricultural parcel.
- The assessor's office is aware how the property should be classified in reference to the megawatt production.
- The farmer has not disclosed the megawatt production at this time.

Question 1: If the property is split classified and those 8 acres go to commercial, would that trigger a Green Acres payback on those 8 acres?

Answer: Yes, changing the classification to commercial would trigger a Green Acres payback. The payback should be calculated based on the 8 acres classified as agricultural, not on all of the enrolled acres in the Green Acres program. Also, it is up to the assessor to make the determination that the property still has a primary use as agricultural. If not, the entire parcel would not qualify for Green Acres and a payback should be calculated on the entire 74.64 tract.

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

Sincerely,

JESSI GLANCEY
State Program Administrator Coordinator
Property Tax Division
Phone: 651-556-6091
Email: proptax.questions@state.mn.us

December 1, 2016

Joel Miller
Dakota County Assessor's Office
joelmiller@co.dakota.mn.us

Dear Mr. Miller:

Thank you for submitting your question to the Property Tax Division regarding how crop failure impacts enrollment in the Green Acres Program. You have provided the following scenario and question:

Scenario:

- A property owner in Dakota County is currently receiving property tax benefits from being enrolled in the Green Acres Program.
- The property is 31.4 acres total with 16.5 acres of tillable land.
- The property owner has leased out the land for agricultural purposes for several years.
- The prior tenant was growing pumpkins and raspberries that he sold at a produce stand.
- The produce stand was last operational in the fall of 2015, so the ag property qualified for the 2016 assessment based on 2015 production.
- The tenant planted 6-7 acres of pumpkins and 4-5 acres of raspberries in 2016.
- The land was abandoned by the tenant in the summer of 2016 and the owner has not received payment for the leased land for 2016.
- Due to the abandonment of the property by the tenant, the fields were brush hogged by the owner in July 2016 after being overtaken by weeds.
- The property will not produce any rental income or agricultural products for the year 2016.
- The owner intends to have the land leased for agricultural use again in 2017.

Question: Does the planting of agricultural seeds show "intent" of the owner to comply with the requirements of the Green Acres Program even if no crops are produced?

Answer: Yes, according to the information you provided it appears that the owner/tenant intended to produce an agricultural product for sale in 2016.

To be eligible for the Green Acres program, the property must first be classified as 2a, Agricultural Land. Minnesota Statute 273.13, subdivision 23 outlines those requirements as a minimum of 10 contiguous acres used to produce defined agricultural products that will be sold. Therefore, if the property still meets the minimum requirements for the 2a, Agricultural land classification then allowing Green Acres on the property could be considered. Even though 2016 did not yield a productive product for the tenant or land owner, there was a clear intent to produce a viable crop that would have been sold. If the land continues to be unproductive in the future, the county should reevaluate the property's classification and inclusion in the program.

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

Sincerely,

Gary Martin
State Program Administrator
Property Tax Division
Phone: 651-556-6091

February 8, 2017 *Edited 7/27/2017*

Joe Smith

Dear Mr. Smith,

Thank you for submitting your question to the Property Tax Division regarding Green Acres deferral. You have provided the following scenario and question:

Scenario:

- You own a property in Minneapolis that is less than 10 acres.
- There is a greenhouse on the property that receives a Green Acres deferment.
- You are selling the property to a buyer that is interested in leasing a portion of the property for urban farming.
- The urban farming venture may or may not utilize the greenhouse portion of the property, however urban farming would qualify for agricultural use under Minnesota Statute 273.13.

Question: Will the Green Acres deferment continue under the new owner?

Answer: When property enrolled in Green Acres is sold to a new owner, the property may continue to receive deferment if the new owner qualifies for the program, and applies to continue in the program with the county assessor within 30 days of the purchase. To qualify for the program, the property must be one of the following:

- the homestead of the owner, owner's spouse, child, or sibling
- farmed in conjunction with the owner's homestead property
- has been in possession of the applicant, the applicant's spouse, parent, or sibling for at least 7 years prior
- farmed in conjunction with property within four townships or cities (or any combination) from property that has been in possession of the owner, owner's spouse, parent, or sibling (or any combination) for at least 7 years
- in possession of a nursery, greenhouse, or an entity owned by a proprietor, partnership, or corporation which also owns the nursery or greenhouse operations on the parcel(s)

Assuming the new owner meets one of the requirements above, the property would then need to meet the qualifications of the program. Program qualifications require the property to be classified as 2a Agricultural Land, and the property must:

1. be at least 10 acres in size or a nursery or greenhouse; and
2. be primarily devoted to the production for sale of agricultural products.

Since the property in this scenario is less than 10 acres, only the portion of the property that the greenhouse resides on qualifies for the Green Acres deferral. If the new owner fails to utilize or lease the greenhouse in conjunction with an agricultural use as stated under Minnesota Statute 273.13, the property would no longer qualify for any Green Acres deferment. To maintain the deferral on the property, the greenhouse would need to be primarily devoted to agricultural use.

I have attached the Green Acres fact sheet for your review. You can also read the full details and requirements of the law at Minnesota Statute 273.111.

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

Sincerely,

Gary Martin
State Program Administrator
Property Tax Division
Information & Education
Phone: 651-556-6091

November 13, 2017

Nancy Gunderson
Clay County Assessor's Office
nancy.gunderson@co.clay.mn.us

Dear Ms. Gunderson,

Thank you for submitting your question to the Property Tax Division regarding agricultural classification and Green Acres. You have provided the following scenario and question:

Scenario:

- Parcel is 20.15 acres in size.
- Approximately seven acres are used for baling hay and one acre is planted with asparagus (contiguous 8 acres of agricultural use).
- Remaining acres are additional yard area, tree lines, and ponds.
- Improvements to the site include a house and garage, along with a metal building and several other small outbuildings.
- The county removed the agricultural classification on this parcel due to these facts.
- The property no longer qualifies for Green Acres and payback of deferred taxes is required.

Question:

Does this property qualify for the 2a agricultural classification and Green Acres?

Answer:

No. The classification of property is based on use and there are specific requirements laid out in statute for the 2a agricultural classification. Although the classification of a property will impact Green Acres eligibility, classification must be made first and without regard to Green Acres.

Minnesota Statutes, section 273.13, subdivision 23, provides a number of requirements that must be met in order for a parcel to be classified as class 2a agricultural land:

1. At least 10 contiguous acres must be used to produce agricultural products in the preceding year (or be qualifying land enrolled in an eligible conservation program, or be used for intensive livestock or poultry confinement);
2. The agricultural products are defined by statute; and
3. The agricultural product must be produced for sale.

In the situation you have outlined, there are not at least 10 contiguous acres being used to produce an agricultural product for sale, nor is it used for intensive livestock or poultry confinement. Statute clearly requires this level of agricultural use, therefore based on the information provided this parcel would not qualify for class 2a.

Regarding Green Acres, only property that is classified as class 2a agricultural land is eligible for enrollment in the Green Acres program. If the property no longer qualifies for the program, as you stated, the property owner is responsible to pay back deferred taxes on the acreage that no longer qualifies for the current year plus the two prior years. For more information, the Green Acres Fact Sheet outlines the requirements for the program and can be viewed here: http://www.revenue.state.mn.us/propertytax/factsheets/factsheet_05.pdf.

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

November 17, 2017

Sarah Hopkins
Baker Tilly Virchow Krause, LLP
sarah.hopkins@bakertilly.com

Dear Ms. Hopkins,

Thank you for submitting your question to the Property Tax Division regarding the transfer of Green Acres and Rural Preserve properties. You have provided the following scenario and question:

Scenario:

- There are six parcels located in Hennepin County which are currently enrolled in the Green Acres (class 2a property) and Rural Preserve (class 2b property) programs.
- The owner has passed and his surviving spouse would like to maintain two of the parcels.
- The remaining parcels will be put into trust for the children.

Question 1: Can two of the parcels be transferred to the surviving spouse without constituting a change of ownership in accordance with Green Acres requirements?

Answer: Yes. According to Minnesota Statutes 273.111, subdivision 11a the following is one of the scenarios which do not constitute a change of ownership:

> *(1) death of a property owner when **a surviving owner retains ownership** of the property thereafter;*

Assuming the surviving spouse is listed as an owner on the titles for the 2 parcels that she is retaining, then that would not constitute a change of ownership according to the statute mentioned above. If the surviving spouse is not listed on the title of one or both of parcels, she would need to apply within 30 days of the transfer and the county would then determine if she meets the qualifications for the Green Acres program.

Question 2: Can two of the parcels be transferred to the surviving spouse without constituting a change of ownership in accordance with Rural Preserve?

Answer: Yes, if the surviving spouse qualifies for Green Acres according the statute above then the parcels currently receiving the Rural Preserve benefit could continue to qualify without reapplying, assuming the properties meet all of the requirements for the Rural Preserve program. The property owner should discuss the application for Rural Preserve with the county assessor's office to determine if the property qualifies.

Question 3: Would the children need to apply for Green Acres and Rural Preserve in order to maintain the program benefits on the remaining parcels that are put into a trust?

Answer: Yes. The children, the new owners, would need to apply for both programs for the assessor to determine if they meet the qualifications. Please note, Minnesota Statute 273.111, subdivision 11a also states:

> *(5) placement of the property in trust provided that the i**ndividual owners of the property are the grantors of the trust** and they maintain the same beneficial interest both before and after placement of the property in trust.*

For example, dad as the owner would need to be the grantor of the trust for the transfer to not be considered a change of ownership. It is unclear on the details of the trust that has being created for the children. We would recommend that the trust details be reviewed by the assessor to determine whether the parcels are considered a change in ownership and if it is, a new application must be submitted within 30 days of the transfer of ownership.

Question 4: Is it possible to have shared ownership on the parcels and still qualify for Green Acres and Rural Preserve?

Answer: Yes. There is nothing in statute that would prevent shared ownership in a parcel from being included in Green Acres or Rural Preserve. However, if the children have ownership, it would be considered a change of ownership and new applications would need to be submitted within 30 days of the change.

Please see Minnesota Property Tax Administrator's Manual, Module 2: Valuation, for further information on the transfer of properties in Green Acres and Rural Preserve programs. You can also contact the county assessor's office to discuss the requirements and eligibility of the programs. These programs are administered and approved by the county and property specific details must be reviewed by the assessor.

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

CC: Jodie Szabo, Hennepin County Assessor's Office

November 28, 2017

Allan LaBine
Washington County Assessor's Office
allan.labine@co.washington.mn.us

Dear Mr. LaBine,

Thank you for submitting your question to the Property Tax Division regarding Green Acres. You have provided the following scenario and question:

Scenario:

- A 16 acre unimproved parcel contains 10+ acres in agricultural production
- The parcel is classified 2a Agricultural Non-homestead
- The owner's father lives within four cities/townships of the 16 acre parcel and is receiving Green Acres on his parcel
- The owner's father farms this 16 acre parcel in conjunction with his land that qualifies for Green Acres

Question:

Does question #4 on the Green Acres application qualify this parcel for Green Acres deferment due to the owner's father farming it in conjunction with his own qualifying Green Acres property?

Answer:

No. The provision to qualify for Green Acres on non-homesteaded property without meeting the seven-year ownership requirement is based on common ownership of a previously qualifying parcel. Referring to the Property Tax Administrator's Manual in Module 2 - *Valuation* it states:

> *This provision only allows **existing owners** of non-homestead property who have already met the seven-year ownership requirement and qualify for Green Acres, to **purchase additional acres** and have those acres qualify for Green Acres immediately rather than meeting the seven-year ownership requirement, because the owner is farming them in conjunction with the original land that is enrolled in Green Acres.*

In the case you have outlined, the son has not owned any other qualifying parcels for at least seven years.

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

September 5, 2018

Tom Reinke
Ramsey County Assessor's Office
thomas.ernstereineke@ramseycounty.us

Dear Mr. Reinke,

Thank you for submitting your question to the Property Tax Division regarding 2a agricultural classification and Green Acres. You have provided the following scenario and question:

Scenario:

- Several small parcels of land are owned by the same trustee.
- Parcel 1 is 16.69 acres and includes:
    - A residence that is occupied by the owner
    - Five tillable acres
    - Two acres of commercial and
    - Six greenhouses used to grow cut flowers and vegetables for a local farmers market.
- Seven other small parcels, of varying sizes, none larger than 8.25 acres, are located within four cities/townships of the 16.69 acre parcel.
- The seven parcels are contiguous to one another and have small plots of tillable land dispersed throughout of what appears to be nonproductive land.
- One of the 7 parcels is 8.25 acres, contains 1 acre of tillable land, and is classified as 4bb residential non-homestead due to a structure located on the parcel.

Question 1: Does parcel 1 qualify for the 2a agricultural homestead classification?

Answer: The parcel details and aerial photos indicate that parcel 1 does not qualify for the agricultural classification. At most the parcel includes five acres of tillable land and six greenhouses that can be directly associated with agriculture production. Minnesota Statute 273.13, subdivision 23, requires a minimum of 10 contiguous acres to classify a property as agricultural. The parcel does not qualify for exclusive or intensive agricultural uses either being that the total parcel size is 16.69 acres. Furthermore, there is a commercial component of the parcel that must be considered when classifying the use of the parcel. All the available information indicates that the correct classification appears to be a 1a residential homestead/3a commercial split. Any portion of the property that is being used for commercial purposes should be classified as commercial, the remaining acres of the parcel would go with the use of the residential structure.

Question 2: Does the remaining seven parcels of land qualify for the agriculture classification?

Answer: According to the information it appears that there is not 10 contiguous acres of agricultural use across the contiguous land mass. Therefore, no portion of the contiguous land mass should be classified as agricultural. The assessor will need to determine the classification of the land mass and/or of each parcel based on the use of the structure and the use of the land.

Question 3: Do the parcels qualify for green acres?

Answer: As you are aware, Green Acres has several requirements that must be considered when qualifying property for the deferral program, including that the land to which it is applied first qualifies for the 2a agricultural classification. Since all indications are that the parcels do not qualify for the 2a agricultural classification in this scenario, the parcels do not qualify for Green Acres.

As always, our opinion is based on the facts provided. If the facts were to change then our opinion could change as well. Ultimately, classification of a property must be determined by the assessor based on the use of the property and the requirements listed in Minnesota Statutes.

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

September 25, 2018

Lorna Sandvik
Nicollet County Assessor's Office
Lorna.Sandvik@co.nicollet.mn.us

Dear Ms. Sandvik,

Thank you for submitting your question to the Property Tax Division regarding Green Acres pay back. You have provided the following scenario and question:

Scenario:

- Green Acres deferral was granted erroneously in 2012 by the assessor.
- The deferral was discovered and removed for the 2018 assessment year.

Question: Is the pay back for current year and two years prior required, or can it be waived due to assessor error?

Answer: Minnesota Statutes, section 273.111 states that once property no longer qualifies for Green Acres a pay back of deferred taxes for the current year plus the two prior years is required. Statute does not make any exceptions for assessor error when classifying property for the program. Based on the information provided it does not appear that any other option is available in this scenario other than the pay back.

This opinion is based solely on the information provided. If any of the facts were to change, or more information becomes available, our opinion would be subject to change as well.

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

October 23, 2018

Lorna Sandvik
Nicollet County Assessor's Office
Lorna.Sandvik@co.nicollet.mn.us

Dear Ms. Sandvik,

Thank you for submitting your questions to the Property Tax Division regarding Green Acres. You have provided the following scenarios and questions:

Scenario 1:

- An individual owned a parcel of land for at least seven years and then enrolled it into Green Acres.
- The owner has since died and the ownership was transferred to the individual's four children.
- The children have transferred their interest in the property to an entity, of which they are all members.
- It has been determined that the property does not qualify as a farming by business organization under Minnesota Statute 500.24.

Question: Being the entity does not meet the statutory requirements of Minnesota Statute of 500.24 as specified in Minnesota Statute 273.111, subdivision 3 b, (1), or one of the members of the entity does not live on or actively farm the parcel in accordance with Minnesota Statute 273.111, subdivision (2), will the property continue to be eligible for Green Acres deferral?

Answer: The act of placing individually owned Green Acres qualifying land into an entity does not automatically disqualify the land from the program; however, the land would need to qualify for the program as entity owned land in accordance with M.S. 273.111 to continue without interruption. If, as indicated in the current scenario, it has been determined that the entity does not meet the statutory requirements under M.S. 500.24 as required by M.S. 273.111, subd. 3 b (1), or if none the entity members live on or actively operate the land as required by M.S. 273.111, subd. 3 b (2), then the property would no longer qualify for the Green Acres program. As a result the Green Acres deferral must be removed and the pay back enacted.

Scenario 2:

- A non-homestead agricultural property was owned by a business entity for over seven years.
- The agricultural property was not eligible for Green Acres deferral when owned by the entity.
- The business entity has since transferred the ownership of the business property to the lone shareholder of the entity.
- The property is still not homesteaded.

Question: Is this considered a transfer of property with a new seven year ownership period required to obtain the Green Acres deferral?

Answer: Minnesota Statute 273.111, subdivision 11(b) (4) explains that an organization into or a reorganization of a farm entity where the owners are the same would not constitute a change of ownership. The interpretation

of this subdivision would apply both ways, meaning it could go into an entity or come out of an entity, as long as the members did not change. However, the statute clearly states that the property must qualify for Green Acres prior to the transfer. In the scenario you provided, the entity was not eligible for Green Acres prior to the transfer. Therefore, the seven year ownership option under M.S. 273.111, subd. 3 (a) has not been met so the owner must show possession of the property for seven years prior to being accepted into the program.

Please note that our opinions is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. 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

April 2, 2020

Ryan Kraft
Olmsted County Assessor's Office
Kraft.ryan@co.olmsted.mn.us

Dear Mr. Kraft,

Thank you for submitting your question to the Property Tax Division regarding Green Acres. You have provided the following scenario and question:

Scenario:

- An agricultural parcel is owned by three individuals.
- Two of the individuals have agricultural homesteads and one has a residential homestead.
- The parcel otherwise qualifies for Green Acres.

Question: Would this parcel qualify for Green Acres with only two owners meeting the qualifications for Green Acres, and if so, should the Green Acres be fractionalized?

Answer: Based on the information provided the parcel would qualify for Green Acres. The benefit should not be fractionalized. Green Acres treatment either applies to the entire tax parcel or not at all as there is no method outlined in statute for fractionalizing values used in calculating the benefit. The Property Tax Administrator's Manual goes into detail on the Green Acres program in Module 2: Valuation. Fractional ownership and Green Acres is discussed on page 91:

> *In the case of fractional interests in a property that otherwise qualifies for Green Acres, if any one of the owners qualifies, the whole property qualifies but all owners must acknowledge, in writing, the rights and responsibilities of Green Acres property owners by signing the application.*

In the case you provided, two of the three owners qualify, therefore the entire parcel would qualify. All of the owners must sign the application acknowledging and accepting the rules governing Green Acres as any potential repayment amounts would become a lien on the parcel if not paid when due.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

May 11, 2020

Joshua Hoogland
Hennepin County Assessor's Office
Joshua.Hoogland@hennepin.us

Dear Mr. Hoogland,

Thank you for contacting the Property Tax Division regarding classification and the Green Acres program. You have provided the following scenario and questions:

Scenario:

- Parcel A is owned by an individual
- Parcel A is 6.57 acres, with some tillable land, woods, and a portion of a pond located on it
- Parcel B is contiguous to parcel A and is owned by the same individual
- Parcel B is 11.35 acres, with some tillable land, woods, and a large portion of a pond located on it
- The county has determined that between parcels A and B, there are about 5 total acres of tillable agricultural land
- There are additional agricultural parcels that are contiguous to parcel A and B that are owned by a family trust and currently qualify for Green Acres
- The individual who owns parcels A and B is a beneficiary of the family trust
- The grantor of the trust is deceased however the trust still remains as the active owner of the agricultural parcel

Question 1: Are parcels A and B considered "contiguous" to the trust owned parcels, due to the owner being a beneficiary of the family trust?

Answer: When property is owned by a trust, the grantor of the trust is considered the owner of the property for property tax purposes until something changes within the trust documents or the property ownership is transferred. The ownership does not transfer upon the death of the grantor; if the trust is still active, the deceased grantor is still considered the owner for property tax purposes. You can find more information about the grantor and trust owned property in Minnesota Statute 273.124, subdivision 21(e).

Since parcels A and B are owned by the individual and the other contiguous parcels are owned by the family trust, the trust owned property would not be considered "contiguous property". The definition of contiguous property can be found in Minnesota Statute 273.13, subdivision 23(e)(2) which requires the agricultural parcels to be owned by the same person to be considered "contiguous".

Question 2: Do parcels A and B qualify for the agricultural classification?

Answer: According to the information provided, it appears that the agricultural use on the two contiguous parcels does not meet the 10-acre statutory requirement for a property to qualify for the agricultural classification as described in Minnesota Statute 273.13, subdivision 23(e). Therefore, the parcels would not qualify for the agricultural classification and should be classified according to use.

Question 3: Do parcels A and B qualify for the Green Acres program?

Answer: No, to qualify for Green Acres land must first be classified as 2a agricultural land. The Green Acres statute 273.111, subdivision 3(a) states: "Real estate consisting of ten acres or more or a nursery or greenhouse, and **qualifying for classification as class 2a** under section 273.13, shall be entitled to valuation and tax deferment under this section if it is primarily devoted to agricultural use". This requirement in the law has not been met with parcels A and B, therefore they do not qualify for the program.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

May 20, 2021

Marcy Barritt
Murray County Assessor's Office
MBarritt@co.murray.mn.us

Dear Ms. Barritt,

Thank you for contacting the Property Tax Division regarding the Green Acres Program. You provided us with the follow scenario and questions.

Scenario:

- A 307-acre agricultural parcel is owned by a family farm entity and the members of the entities are siblings.
- Portions of the agricultural parcel is currently enrolled in the Green Acres program.
- One of the members of the entity is purchasing 100.60 acres of the 307-acre parcel and will own those acres as an individual.
- Those 100.60 acres are enrolled in Green Acres under the entity's ownership, of which the individual is a member of.
- The individual is not homesteading the land and does not have another agricultural homestead.

Question 1: Would the individual qualify for Green Acres under the seven-year ownership requirement, due to the entity of which he is a member of owning the land prior to the sale?

Answer: No, the seven-year ownership requirement does not apply in this situation. When an entity owns agricultural land, the land is owned by the entity and not by the members of the entity. The number of years the property was owned by the entity is irrelevant, and the individual must own the property for seven years to qualify for green acres under that provision. If none of the other requirements are met, then the property would not qualify for Green Acres under the new ownership.

Question 2: Does the sale from the entity to the individual, who is also a member of the entity, constitute a Green Acres payback?

Answer: If the individual does not qualify for Green Acres, then a payback would be required. Minnesota Statute 273.111, subdivision 11a provides guidance as to when a payback is not required when property is transferred. The scenario provided does not meet the requirements of the statute and therefore a payback is required.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

July 15, 2021

Dear Kristi,

Thank you for submitting your question to the Property Tax Division regarding Green Acres. You have provided the following scenario and question:

Scenario:

- Person A bought an unimproved 40-acre parcel in April 2021
- For assessment year 2021, the parcel is classified as 2a agricultural homestead due to having an agricultural and CRP use in 2020 and was enrolled in Green Acres under the previous owner
- Green Acres remained on the parcel as Person A was going to use it for hay
- Person A decided to not use it for hay and to sold it to Person B in June 2021
- Person B reached out to the county wishing to continue Green Acres with a plan to plant Christmas trees in 2021
- Person B has an agricultural homestead with Christmas trees that is not contiguous to the parcel in question

Question: How should the parcel be classified?

Answer: It is important to remember that classification cannot be changed after January 2 of the assessment year. Regardless of current qualifications, the property should remain classified as 2a agricultural homestead until January 2, 2022 unless changed during the appeal process.

Minnesota Statutes 273.13, subdivision 23 (i) allows “trees, grown for sale as a crop, including short rotation woody crops, and not sold for timber, lumber, wood, or wood products” to be agricultural products, and the raising of agricultural products is considered an agricultural purpose as long as they are cultivated for sale. In this scenario, because the property owner is already cultivating Christmas trees for sale on their homesteaded property, the assessor may assume that additional Christmas trees planted on this parcel are being used for that same purpose. Therefore, if the property owner plants the trees **in 2021** with the intention to allow them to cultivate and eventually sell as an agricultural product along with the other Christmas trees that are produced by the owner, then the parcel could retain its agricultural classification for assessment year 2022. The trees must be planted before the assessment date for the parcel to be classified as agricultural, and the assessor should continue to check with the property owner to ensure that the trees grown on the new parcel continue to meet the requirements of an agricultural product.

Question: Would Person B qualify for agricultural homestead for assessment year 2022 on the 40-acre parcel?

Answer: If the parcel qualifies for the agricultural classification for assessment 2022, is located within 4 cities or townships from their base parcel, and all other linking requirements are met, then they would be able to extend their homestead benefits to the new agricultural parcel.

Question: Does the property qualify for Green Acres under the new owner?

Answer: A transfer of ownership between Person A and Person B did take place, therefore the Green Acres status of the property must be reviewed. There are requirements that must be met for the parcel to qualify for Green Acres, such as an application must be submitted by the new owner within 30 days of the sale, the property must be classified as agricultural, and one of the following must be met:

1. The property is the homestead of the owner
2. The property is farmed in conjunction with the property that contains the homestead of the owner
3. The property has been in possession of the owner for a period of at least seven years
4. The property is farmed in conjunction with property that is within four cities/townships of property that has been in possession of the owner for a period of at least seven years
5. The property is the homestead of a member/shareholder of a family farm entity
6. The property is the homestead of a member/shareholder of an entity not regulated under Minnesota Statute 500.24
7. The property is in possession of a nursery/greenhouse

Based on the information provided, it appears that the parcel could qualify for Green Acres under Person B's ownership since the parcel is farmed in conjunction with the property that contains the homestead of the owner. The assessor will need to verify this information and determine whether the property qualifies based on the application and information submitted by the property owner. If the property does not qualify for Green Acres, then the program would be removed and a payback would be required.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

September 17, 2021

Randy,

Thank you for contacting the Property Tax Division regarding Green Acres. You provided us with the follow scenario and question:

Scenario:

- A property currently receiving Green Acres tax deferral has transferred a building entitlement/development right to a nearby parcel.
- The building entitlement enables the nearby parcel to be buildable for a residential use and reduces the future potential residential building rights of the Green Acres property.
- The building entitlement being removed from the green acres parcel results in a lower pre-Green Acres valuation.

Question: Would the transfer of that building entitlement, and the corresponding decrease in value of the qualifying Green Acres property, trigger a payback even though no actual land was transferred or sold?

Answer: No. Although there has been a transfer of some property rights associated with the property enrolled in Green Acres, statute only contemplates the sale or transfer of "land," "real estate," and "property assessed." As this building entitlement can be sold/transferred separately from the property without impacting the current and future agricultural use, it is therefore not inextricably linked to it. Assuming the property continues to meet the requirements of the statute after this transfer it is our opinion that no payback would be due, and the property would continue to qualify for Green Acres treatment.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

DEPARTMENT OF REVENUE

February 24, 2022

Liz,

Thank you for contacting the Property Tax Division regarding Green Acres. You provided us with the following scenario and question:

Scenario:

- A property is currently enrolled in Green Acres
- The property was held under a revocable trust
- The grantor of the trust passed away in October 2020
- The property was transferred in November 2021 to seven of the deceased grantor's family members: 3 adult children and four grandchildren
- Each child of the grantor has 25% ownership
- Each grandchild has 6% ownership
- The property is currently classified as agricultural non-homestead
- The farming of the property is rented out
- The new owners have applied to continue Green Acres treatment and checked box three on the application indicating that the property has been in the possession of a qualifying relative for at least seven years

Question: Does this property qualify for Green Acres under the new owner?

Answer: Yes, the property appears to qualify for Green Acres. Minnesota Statutes 273.111, subdivision 3 allows property held for at least seven years by the applicant, or by the prior owner who was a qualifying relative of the applicant, to retain Green Acres Treatment. The prior owner must be the applicant's spouse, parent, or sibling to qualify. Assuming the trust owned the property for at least seven years, and the grantor of the trust was the parent of a new owner/applicant, the property can continue to qualify for Green Acres under subdivision 3.

Regarding the grandchildren's percentage of ownership in the property, it has been our opinion that if any **one of the owners** qualifies, the whole property qualifies to continue in the Green Acres program. However, it is required that all owners must file a timely application with the assessor, including the signature of each owner.

Please be advised that this opinion is based solely on the facts provided. If any of the facts including ownership and/or occupancy were to change, our opinion is also subject to change. If you have any further questions or concerns, please do not hesitate to contact our division at proptax.questions@state.mn.us.

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

December 15, 2022

Dear Mark,

Thank you for contacting the Property Tax Division regarding Green Acres. You provided us with the following information.

Scenario:

- A property owner currently has 136.43 acres enrolled in Green Acres.
- 3.24 acres are in a city.
- 133.19 acres are contiguous to the 3.24 acres; however, those acres are in a township.
- The property owner wants the 3.24-acre city parcel to be annexed by the township.

Question: If the 3.24-acre tract were to be annexed into the township from the city and a new PID number is created for the parcel, would this trigger a payback?

Answer: No. Although Minnesota Statute 273.111 mentions that a change in use or a change in ownership would trigger a payback of the deferred taxes, a new PID number due to land being annexed into a new taxing jurisdiction would not be treated as a change of ownership or use. Therefore the 3.24-acre parcel would continue to qualify for Green Acres if all other requirements are met.

This opinion is based upon the information provided that no changes are being made to any enrolled parcels beyond the creation of new PIDs. If any subdivision or other changes were part of this annexation process, we would need additional information regarding the parcel and when it was originally enrolled in Green Acres.

Sincerely,

Information & Education Section
Property Tax Division
Minnesota Department of Revenue
Phone: 651-556-6922

September 19, 2023

Kyle,

Thank you for contacting the Property Tax Division regarding Green Acres. You provided us with the follow scenario and question.

Scenario:

- A property owner has 320 acres divided between 8 parcels.
- All parcels are receiving agricultural homestead.
- Portions of some parcels are split classified as 2a and 2b land, with some of the 2b land enrolled in Sustainable Forest Incentive Act.
- The owner is requesting to enroll a portion of the 2a land of the split classified parcels in Green Acres.
- The Assessor verified that none of the land requested to be enrolled in Green Acres is currently in SFIA.

Question: Can parcels that are split classed 2a/2b be granted Green Acres if a portion of the property classified as 2b is enrolled in SFIA?

Answer: Granting Green Acres on a tax parcel will disqualify the entire parcel from being eligible for Sustainable Forest Incentive Act. MN Statute 290C.03 (e) states that for property enrolled in the SFIA program, *"an entire tax parcel is ineligible to be enrolled in the program if land contained within the parcel…is subject to the Minnesota agricultural property tax under section 273.111*" [Green Acres].

If the parcel is split and the portion of the homesteaded property classified as 2a is on a separate parcel from any land enrolled in SFIA, it could qualify for Green Acres assuming all other requirements are met.

Please note that the 2b land enrolled in SFIA would be ineligible for the Rural Preserve program.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

MINNESOTA ▪ REVENUE

September 20, 2011

Steve Hinze
Research Department
Minnesota House of Representatives
steve.hinze@house.mn

Dear Mr. Hinze,

Thank you for your recent question regarding the newly-enacted homestead market value exclusion. You have asked for clarification as to how the exclusion would be applied to cooperative or condominium properties.

For all co-ops and condominiums, each separate unit carries a value. Additionally, the entire value of all common elements (common interest property) is divided and distributed among the individual units. Each individual unit would therefore be assessed its own value, as well as the value of its share of the common elements. If an individual unit is homesteaded, the total value assessed to the unit (i.e., the unit value plus its share of the common element value) would be used to calculate the homestead market value exclusion.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

Agricultural Preserve

July 7, 2020

Dana Anderson
Scott County Assessor's Office
DJAnderson@co.scott.mn.us

Dear Ms. Anderson,

Thank you for submitting your question to the Property Tax Division regarding Metropolitan Agricultural Preserve. You have provided the following scenario and question:

- Two parcels were enrolled in the Agricultural Preserve program effective for taxes payable in 2021
- Parcel B has 9 acres enrolled in CRP
- The parcels meet all the requirements of the program regarding size and zoning

Question: Can the land in CRP be enrolled in Agricultural Preserve?

Answer: No. Unlike other similar programs such as Green Acres, the statutes outlining the Metropolitan Agricultural Preserve program require the land to be classified as agricultural **and** be in agricultural use. The statutes then go on to define agricultural use for the purposes of Metropolitan Agricultural Preserve in a much more limited way than found in the classification statutes. Minnesota Statutes 473H.02 subd. 3 states ""Agricultural use" means *the production for sale of livestock, dairy animals, dairy products, poultry or poultry products, fur-bearing animals, horticultural or nursery stock, fruit, vegetables, forage, grains, or bees and apiary products. Wetlands, pasture and woodlands accompanying land in agricultural use shall be deemed to be in agricultural use.*" This is a more restrictive and does not include any of the more expansive definitions of agricultural purposes found in M.S. 273.13 subd. 23, such as conservation land. Therefore, qualifying land must meet the initial requirement of being classified as agricultural as well as being used in a way that fits the definition of agricultural use found in M.S. 473H.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

October 16, 2020

Joyce Larson
Washington County Assessor's Office
Joyce.larson@co.washington.mn.us

Dear Ms. Larson,

Thank you for submitting your question to the Property Tax Division regarding Agricultural Preserves. You have provided the following scenario and question:

Scenario:

- A property was enrolled in Agricultural Preserve in 2004
- A termination was recorded in 2020
- The local authority voted to approve termination June 16, 2020

Question: For which assessment year would changes related to the Agricultural Preserve be effective?

Answer: Changes related to the termination of the Agricultural Preserve should take effect for the 2021 assessment year for taxes payable in 2022. Although Minnesota Statutes 473H.05 outlines initial application dates, there is no clear statutory language regarding termination as it relates to the assessment year. While application dates outlined in statute enable a property owner to be included during an assessment year for certain programs and classifications, removal is done at the next assessment date unless specifically outlined in statute.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

March 29, 2021

Joel Miller
Dakota County Assessor's Office
Joel.Miller@co.dakota.mn.us

Dear Mr. Miller,

Thank you for submitting your questions to the Property Tax Division regarding Agricultural Preserve. You have provided the following scenario and question:

Scenario:

- A Metropolitan Agricultural Preserve covenant has been submitted for a parcel in your county
- Upon review of the parcel information it was determined that the parcel contained 38.3 acres
- The parcel does not qualify for any of the exceptions to the 40-acre minimum required in statute
- The covenant states that the parcel is eligible based on the 40 acres or more requirement, but goes on to list the parcel size as 38.3 acres

Question 1 : If a parcel has entered in a restrictive covenant, but does not have 40 acres (and does not qualify for an exception or have other contiguous or non-contiguous land), can it receive Agricultural Preserve?

Answer: No. If the property does not qualify for the exceptions found in Minnesota Statutes 473H.03, it should not receive Agricultural Preserve.

Question 2: If this same property had 40 acres, but did not have 10 acres actively being farmed and therefore was not classified as agricultural would it qualify for Agricultural Preserve?

Answer: If the property is not classified as agricultural and being used for an agricultural purpose, then it does not meet the requirements of M.S. 473H. The process for valuation states *"All land **classified agricultural** and in agricultural use."* In this situation the county must classify according the property's use and value it accordingly. Although the local authority has zoned the area for Agricultural Preserve, that fact alone does not mean the property qualifies.

Question 3: Since the purpose of the covenant is to get Agricultural Preserve status and the tax benefit associated with it, if that status were not granted would the owner still be bound by the covenant?

Answer: The local authority is responsible for entering into and enforcing the covenant. In the case where a parcel does not qualify and has not received any of the benefits of Agricultural Preserve, it would be the local authority's responsibility to determine what action should be taken on the covenant.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

Mold Value Reduction

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.

September 15, 2005

Susan Lohse
Grant County Assessor
Courthouse
10 2nd Street NE
PO Box 1007
Elbow Lake, Minnesota 56531

Dear Susan:

Thank you for your question regarding guidelines for the amount of reduction in value that should be given to properties with mold damage. You state you have a small home property valued at $10,000 with a $20,000 estimate to cure the mold damage. You asked how much the reduction should be.

In our memo to all county assessors on August 31, 2005, we stated that we envision that in many instances it may be 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 a loss in value due to the presence of mold. If this is the case with your property, 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 as allowed in the new program.

If the affected structure has already been returned to the "pre-mold" value and the value is only $10,000, in this situation, the property would not qualify for a valuation reduction under the new program since the property is valued less than the estimated cost to cure the mold damage.

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

Sincerely,

JOAN SEELEN, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6114
Fax (651) 556-3128
E-mail: joan.seelen@state.mn.us

September 22, 2005

Sonia Pooch
Pope County Assessor's Office
Courthouse
130 E. Minnesota Avenue
Glenwood, MN 56334

Dear Sonia:

Thank you for your questions regarding homestead property damaged by mold. You have asked three questions. Below are your questions with our answers.

Question #1: What if the mold was so bad the house had to be totally destroyed and replaced with a new double wide? Would the taxpayers get any relief if the house is totally gone?

Answer: As you know, 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. In this case, if the house had to be totally destroyed and replaced with a new double wide, we don't see how the new law could provide any tax relief for the house damaged by mold since it is no longer there and it is impossible for a licensed contractor to do an estimate of the cost to cure the mold or complete the work. Also, a value reduction can only be approved upon completion of the work. If the owner decides not to repair the mold damage, but replace the structure, they would not qualify.

Question #2: What if the homesteaded house was vacant after January 2, 2005, sold and the mold was discovered by the new homesteaded owners?

Answer: In this situation, the new owners of the homestead property which had been damaged by mold must fill out an application, obtain an estimate of the cost to cure the mold damage from a licensed contractor and have a licensed contractor complete the mold damage repairs prior to application to the county assessor.

Question #3: Can the taxpayers apply two years in a row if mold was discovered in a separate area of the house that was in a different area than the first application? Or is this a one year shot and would not apply to any other areas in the same house?

Answer: If the owner of the homestead property meets all of the requirements in order to apply for the valuation reduction for mold damaged homestead property, we see no reason why, in this situation, they would not be able to apply at a later time.

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

Sincerely,

JOAN SEELEN, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6114 Fax (651) 556-3128
E-mail: joan.seelen@state.mn.us

C: Wayne Anderson, Pope County Assessor

September 12, 2006

Bob Schmitt
Scott County Assessor's Office
200 4th Ave W
Shakopee, MN 55379

Dear Mr. Schmitt,

Your e-mail has been assigned to me for reply. You outlined the following situation. A taxpayer's home has a substantial mold problem. The taxpayer has sued the builder. You asked whether or not Minnesota Statute 273.11 subdivision, 21, Valuation reduction for homestead property damaged by mold, has to be complied with, prior to granting a reduction in the market value of the property due to the presence of mold.

In our opinion, you can use normal valuation principles to reduce the value of the taxpayer's mold damaged home. You can reduce the value without a completed application and before any work has begun to repair the damage just as you would for any other damaged property. Once the damage has been corrected, you should return the property to its full estimated market value. Then, you may grant the one-year abatement provided for in Minnesota Statute 273.11 subdivision, 21. To receive the abatement, the homeowner must complete the application and provide the necessary documentation. I have enclosed a copy of the application for your convenience.

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

Very truly yours,

LEANNA V. SARTIN, State Program Administrator
Information and Education Section
Property Tax Division
Phone: (651) 556-6084
E-Mail: leanna.sartin@state.mn.us

Enclosure

September 21, 2006

Crystal Campos
Tax Clerk
Carver County Auditor's Office
600 East 4th Street
Chaska, MN 55318

Dear Crystal:

Thank you for your question regarding a mold abatement. I apologize for the lateness of this response. You provided the following:

- Your assessor's office sent you a mold abatement to process.
- The abatement is being treated similar to a fire abatement (figured on the number of months that the owner was out of the home).
- You feel this property should be handled per Minnesota Statute 273.11, Subd. 21 (Valuation reduction for homestead property damaged by mold)

You also provided the following facts:

- The application for abatement was received by the assessor's office on January 24, 2006.
- According to the owner, the mold was caused by water filtration through the windows. This was an issue with the builder in which the owner has settled a lawsuit against. The owner received $80,000.
- The owner has been out of the home since January of 2005 (According to the owner, they moved out since the husband started to have allergy type symptoms).
- The owner has received five estimates of the cost to cure the mold in which $185,000 is the average.
- The work is not completed. When you spoke to the owner, they indicated that the work should be completed in May of this year.
- The owner will be selling the property when the work is completed.

When questioning the mold abatement processed by the assessor's office, they indicated that the owner can be granted both types of reductions (abatement and valuation reduction for homestead property damaged by mold). You were also told that the mold forced the owners out of their home and that this mold abatement is completely separate from the newly enacted legislation which offers a one time valuation reduction due to damages caused by mold.

You were informed by the assessor's office that the owners applied for the disaster abatement because they were forced out of their home because of a high concentration of mold spores which caused a documented health risk and that this just as well could have been from fire, flood, storm damage, etc. The assessor's office also indicated that because of the cause, this abatement is not in any way linked with Minnesota Statute 273.11, Subd. 21.

(Continued…)

Your assessor's office also indicated to you that the Department of Revenue has instructed Assessors that this value reduction for homestead property due to mold does not affect assessments that have been reduced in previous years because of the condition of the property as the work to restore the structure continues. They also informed you that the Department of Revenue encourages assessors to apply reasonable adjustments to these properties based on the condition of the property on January 2 of each year. Once the work has been completed and the assessed value is back to 100%, the property owner can apply for this one time market value reduction.

The assessor's office is still recommending approval of this disaster credit abatement.

You have asked which is the correct method for dealing with property damaged by mold.

Our initial thoughts are that the practice of dealing with mold damage through a disaster credit abatement instead of following Minnesota Statute 273.11 Subd. 21 is incorrect. Upon further review, we still believe that processing an abatement is incorrect.

Minnesota Statute 273.11, Subd. 21, paragraph (a) states:

> ***"Valuation reduction for homestead property damaged by mold.*** *(a) The owner of homestead property may apply in writing to the assessor for a reduction in the market value of the property that has been damaged by mold. The notification must include the estimated cost to cure the mold condition provided by a licensed contractor. The estimated cost must be at least $20,000. Upon completion of the work, the owner must file an application on a form prescribed by the commissioner of revenue, accompanied by a copy of the contractor's estimate."*

Paragraph (b) further states:

> *"If the conditions in paragraph (a) are met, the county board must grant a reduction in the market value of the homestead dwelling equal to the estimated cost to cure the mold condition..."*

The purpose of this legislation is for owners of a homestead property to receive a one-year market value reduction due to extensive damage cause by mold.

To qualify under Minnesota Statute 273.123, Subd. 7 (Reassessment of homestead property damaged by a disaster), fifty percent or more of the homestead dwelling or other structure, as established by the county assessor, is unintentionally or accidentally destroyed and the homestead is uninhabitable or the other structure is not usable.

(Continued…)

In our opinion, the mold damage does not meet the definition of a disaster as provided in Minnesota Statute 273.123. Therefore, the practice of dealing with mold damage through a disaster credit abatement instead of following Minnesota Statute 273.11, Subd. 21 is incorrect. However, the assessor could choose to abate the current year tax (2005 value) due to the presence of the mold. The new mold abatement in Minnesota Statute 273.11, Subd. 21, does not preclude the assessor from valuing the property at a reduced value due to damage.

You can use normal valuation principles to reduce the value of the taxpayer's mold damaged home. You can reduce the value without a completed application and before any work has begun to repair the damage just as you would for any other damaged property. Once the damage has been corrected, you should return the property to its full estimated market value. Then, you may grant the one-year abatement provided for in Minnesota Statute 273.11, Subd. 21. To receive the abatement, the homeowner must complete the application and provide the necessary documentation. I have enclosed a copy of the application for your convenience.

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

Sincerely,

JOAN SEELEN, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6114 Fax (651) 556-3128
E-mail: joan.seelen@state.mn.us

Enclosure (Application for Valuation Reduction for Homestead Property Damaged by Mold)

June 22, 2010

Greg Kramber
Wright County Assessor's Office
Greg.Kramber@co.wright.mn.us

Dear Mr. Kramber:

Thank you for your question concerning the value reduction for homestead property damaged by mold. You have a case where some property owners filed for the value reduction on property that was not homesteaded at the date of application. Below is a summary of the pertinent facts and dates as you have presented them to us.

January 2, 2008 – Property classified as residential homestead.
October, 2008 – Property purchased by Jason D. and Jason H. for mold remediation. They do not reside at the property.
January 2, 2009 – Property classified as residential non-homestead.
January 2, 2010 – Property classified as residential non-homestead.
May 28, 2010 – Jason D. and Jason H. file for value reduction due to mold.

You have asked if the property may qualify for the value reduction even though it was not homestead property at the date of application.

Property must be homestead in order to qualify for the value reduction for homestead property damaged by mold. Based on the information provided, the property in question has not been homesteaded since 2008. Therefore, we agree with your opinion that this property does not qualify for the value reduction.

Please be aware that this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well.

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

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

May 17, 2013

Jonathan Crowe
Olmsted County Assessor's Office
Crowe.jonathan@co.olmsted.mn.us

Dear Mr. Crowe:

Thank you for submitting your question to the Property Tax Division regarding a mold abatement situation in your county. You have provided the following:

> A property owner contacted you because they had mold issues in their homesteaded property. The mold was discovered June 30, 2010. The property owner started fixing/mitigating the problem in June of 2011. The mold was considered fully removed (cured) from the homesteaded property in June 2012. The property owner stated that the cost to cure the mold problem was $225,000. You were just made aware of the mold issue on May 15, 2013.
>
> You are asking how far back in the past a property owner can apply for a mold abatement and if this owner for the property in question is eligible to apply for a mold abatement.

Minnesota Statutes 273.11, subdivision 21 states:

> *"(a) The owner of homestead property may apply in writing to the assessor for a reduction in the market value of the property that has been damaged by mold. The notification must include the estimated cost to cure the mold condition provided by a licensed contractor. The estimated cost must be at least $20,000.* ***Upon completion of the work, the owner must file an application on a form prescribed by the commissioner of revenue, accompanied by a copy of the contractor's estimate.*** *" [Emphasis added]*

According to statute, there is no time limit for how long a property owner has to file for the mold abatement. However, the work needed to cure the mold must be completed before submitting the application (which must be submitted with documentation from a contractor outlining the cost to cure). Therefore, the property owner in question is eligible to apply for a mold abatement. 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 cost to cure.

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

Sincerely,

KELSEY JORISSEN, State Program Administrator
Information and Education Section
Property Tax Division

Open Space

February 11, 2004

Scott Renne
Minneapolis City Assessor
Room 100 – 309 2nd Avenue S
Minneapolis, MN 55405

Dear Mr. Renne:

John Hagen asked me to research and respond to your question regarding the Minnesota Open Space Property Tax Law in Section 2220 of the Property Tax Administrators' Manual. You questioned the use of "social" in the manual. While it isn't in current statute, we did some checking and found out the following information:

- In Laws 1997, Chapter 231, Article 2, Sections 14-16 (enclosed) the open space law was changed. The *Summary of 1997 Property Tax Laws*, published by the Department, noted the reason for the change as follows:

  "Sections 14-16 change the 'open space law' to include some indoor recreational and social spaces, in addition to the outdoor space covered by the previous law. (Amends M.S. 273.112, subdivisions 1-4).

  The name of the 'open space property tax law' law was changed to the 'recreational and social space property tax law.' The new expanded program includes establishments actively and exclusively devoted to indoor fitness, health, social, recreational, and related uses in which the establishment is owned and operated by a not-for-profit corporation.

  Sections 14-16 are effective beginning with taxes levied in 1997, payable in 1998."

- In Laws 1998, Chapter 389, Article 3, Sections 3-5 (enclosed), the open space law was changed to eliminate the "social uses" and "indoor" language. The *1998 Minnesota Property Tax Laws Summary*, published by the Department, explains the change as follows:

  "Sections 3 through 5 remove property devoted to indoor fitness, health, social or recreational use from the list of properties eligible for Open Space valuation. (Amends M.S. 273.112, subd. 2, 3 and 4).

  The 1997 Omnibus Tax Bill had made these properties eligible for Open Space treatment.

  Such properties if located within the seven county metro area, are instead eligible for a reduced class rate under changes in Article 2, Section 11 of this same bill…

  Sections 3 through 5 are effective for taxes assessed in 1998 and thereafter, payable in 1999 and thereafter."

Note: Article 2, Section 11 reduced class rates for class 4c(1) seasonal recreational residential property.

The manual updates reflecting changes made during the 1998 legislative session were mailed on September 3, 1998. Section 2220 (dated 07/98) was updated to eliminate the "social uses" and "indoor" language. While the updated section was included in the mailing, there was an oversight on our part as the 1997 version (dated 09/97) wasn't updated with the 1998 version in the PDF file of the manual that we maintain and post on our web site. We apologize for the oversight. We will be correcting it and reviewing the manual to determine if there are other sections that failed to be updated in the PDF file.

Sincerely,

JACQUELYN J. BETZ, Appraiser
Property Tax Division – Information and Education Section
Phone (651) 556-6099

Enclosures

November 13, 2008

Diane Swanson
Kandiyohi County
400 Benson Ave SW
Willmar MN 56201

Dear Ms. Swanson,

Thank you for your recent question concerning the Open Space property tax law. You have outlined the following scenario: A property owner has created a golf course on his farm for the purpose of offering a place for veterans and disabled veterans to golf. There are currently 55 members of this golf course. You have asked two questions, which are answered below.

Question One: Is the property eligible for Open Space deferral?
Answer: Unfortunately, we do not have enough information to definitively answer that question. First and foremost, to receive any benefit from the Open Space provision, the property must have a highest and best use that is something other than a golf course. This means that it must be worth more as a residential or commercial development, for example, than the current use of a golf course.

If that basic premise is met, Minnesota Statutes, section 273.112 outlines the requirements for Open Space eligibility:

Real estate shall be entitled to valuation and tax deferment under this section only if it is:
(a) actively and exclusively devoted to golf, skiing, lawn bowling, croquet, polo, or archery or firearms range recreational use or other recreational uses carried on at the establishment;
(b) five acres in size or more…
(c)(1) operated by private individuals…; or
(2) operated by firms or corporations for the benefit of employees or guests; or
(3) operated by private clubs having a membership of 50 or more or open to the public, provided that the club does not discriminate in membership requirements or selection on the basis of sex or marital status; and
(d) made available for use in the case of real estate devoted to golf without discrimination on the basis of sex during the time when the facility is open to use by the public or by members, except that use for golf may be restricted on the basis of sex no more frequently than one, or part of one, weekend each calendar month for each sex and no more than two, or part of two, weekdays each week for each sex.

The property owner must file application at least 60 days prior to the January 2 assessment date. An application is attached to this letter. Provided that the above requirements are met (five acres or more, operated by an individual or private club of more than 50 members, etc.), the property may qualify.

(Continued…)

Question Two: The property owner is in the process of trying to get approval for a cemetery to be incorporated into the gold course, for which he will have space for both urns and burial plots. Would a cemetery change Open Space eligibility?
Answer: Yes. Paragraph (a) of the above statute states that the property must be "exclusively devoted to" the purpose for which Open Space has been granted (in this case, a golf course). If the property in question were no longer exclusively used as a golf course, it would not qualify for Open Space deferral. However, the private cemetery may qualify for exemption from property tax under Minnesota Statutes, section 272.02, subdivision 58. Again, the owner of the property must make application for exemption to the county assessor.

We recommend that you ask the owner to complete the attached application and provide written documentation as to how the golf course will function, including rules, membership requirements, fee structure, etc.

If, after receiving the application, you have any further questions, please do not hesitate to contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

DEPARTMENT OF REVENUE

Platted Land
"Plat Law"

November 21, 2003

Steve Hurni
15085 Edgewood Road
Little Falls, MN 56345

Dear Steve:

Several months ago you asked a question regarding the re-platting of outlots and asked us if they would qualify for a new phase-in period under the plat law. As you are well aware, the only answer to questions such as this is – it depends. This should be reviewed on a case by case basis and should be left to the discretion of the county assessor.

In your example, you stated that a property owner platted a development in 2003 which contained 50 residential lots and one, 30-acre outlot. This outlot would likely be developed at a later date, possibly 2005 and would be divided into residential lots at that time. You have asked if the newly re-platted outlot would be eligible for a new seven year phase-in period. It appears to be logical and appropriate that you would grant a new phase-in period in this case.

However, that may not be the answer in all cases. For example, let's say that a development was platted and contained the same 50 lots, but the developer retained a three acre outlot for later development of four additional lots. Would a new phase-in period be appropriate in this case? Absolutely not. So, how many new lots must be created to gain a new phase-in period? Unfortunately, there is not a magic number of lots. Therefore, it is up to the county assessor to decide if the developer should be allowed a new phase-in period. The county assessor should also keep in mind that the intent of the plat law is to protect the developer from property taxes during the sales period of newly platted subdivisions.

This should not be confused with re-platting existing sites. These replats should not be granted new phase-in periods.

If you have further questions, please contact me.

Sincerely,

STEPHANIE L. NYHUS, Senior Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6109
e-mail: stephanie.nyhus@state.mn.us

"LuAnn Trobec" <luann.trobec@mcis.cog.mn.us>
Re: NP Law

Dear LuAnn:

Thank you for your question pertaining to newly platted land. You referenced a letter with my signature to Jim Borrett dated December 22, 2003, and you asked if there is any situation in which it would be appropriate to have homestead on a parcel that is under the plat law.

First, as an open-ended question, such as the one that you posed, is extremely difficult to answer, we must qualify our answer. We discussed the issue, and this letter only illustrates that situations exist in which it would be appropriate for a property to receive homestead without losing the plat deferment. This is not meant to be all inclusive, and we recognize that the potential exists for other situations in which homestead would apply to property receiving the plat deferment.

Two possible scenarios that we conjured up during our discussion include:

A farmer who is receiving an agricultural homestead, plats his property and continues to farm his land, the property would be eligible for the plat deferment until construction begins or the phase-in period expires.

Construction on property receiving the plat deferment begins after January 2 of one year and is completed in the same year. The owner can apply for and receive a mid-year homestead on the property, but the plat deferment would not be removed until January 2 of the following year.

Again, I stress that these may not be the only situations in which the deferment may continue as it is not feasible to imagine every possible scenario. If you have a specific situation in question, please provide the details to us, and we will provide a recommendation.

Sincerely,

JACQUELYN J. BETZ, Appraiser
Information and Education Section
Property Tax Division
Phone: (651) 556-6099
Fax: (651) 556-3128
E-mail: jacquelyn.betz@state.mn.us

June 3, 2005

Brian Koester
Benton County Assessor
Courthouse
531 Dewey Street PO Box 129
Foley, Minnesota 56329

Dear Brian:

Thank you for your e-mail regarding common areas of a subdivision. I apologize for the delay in answering your questions. It has been necessary for us to address numerous legislative issues during the session and this has unfortunately resulted in a backlog of unanswered letters.

In your e-mail, you stated that Eagle View Commons is a residential subdivision in Benton County. There are 41 single family lots and seven outlots in the subdivision. Four of the seven outlots are identified in the subdivision covenant as being common areas. Ownership of those four outlots has been transferred to Eagle View Commons Association. As the lots in the subdivision are sold, they are transferred as the lot only and the new owner automatically becomes a member of the Eagle View Commons Association. You have asked if you should split the value of the Association-owned outlots among the individual lots that are being sold.

In our opinion, the common outlots should be valued at their market value and that value should be equally apportioned to the 41 lots in the subdivision. This way the proper classification such as homestead can be applied to both the individual lot as well as the owner's interest in the common area. In addition, the distribution of the common area valuation prevents problems in the event of nonpayment of property taxes.

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

Sincerely,

Stephanie L. Nyhus, Principal Appraiser
Information and Education Section

February 21, 2006

Doreen Pehrson
Nicollet County Assessor's Office
Courthouse 501 S. Front St.
St. Peter, Minnesota 56082

Dear Doreen:

Your question to Joan Seelen has been assigned to me for reply. Your question centered around the assessor's duties when existing subdivisions are replatted. You asked if a replat would trigger a new seven-year phase-in period or if adjustments should be made to the existing phase-in period.

In our opinion, if there is no land added or deleted from the original plat, no potential exists for a new phase-in period. The assessor should simply make any necessary adjustments to the existing plat's market values and phase-in amounts if necessary.

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

Sincerely,

Stephanie L. Nyhus, SAMA

PropTax Questions/PropTax/MDOR 11/13/2006 02:25 PM
Sent by: Jacquelyn Betz

"lisa braun" <lisa.braun@co.mille-lacs.mn.us>

Subject plat law

Lisa,

Thank you for your question regarding the plat law. I apologize for not responding to your question earlier. If a resort/recreational vehicle (RV) park is platted, you asked if the RV sites with sewer and water hookups would qualify for the plat law.

Minnesota Statutes, Section 273.11, subdivision 14b provides that *"All land platted on or after August 1, 2001, located in a nonmetropolitan county, and not improved with a permanent structure"* is subject to the plat law.

In our opinion, it was never contemplated that the plat law would apply to RV parks. If a permanent structure cannot be built on the property, it is our opinion that the property would not be eligible for the plat law.

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

Sincerely,

JACQUELYN J. BETZ, Appraiser
Information and Education Section
Property Tax Division
Phone: (651) 556-6099
Fax: (651) 556-3128
E-mail: jacquelyn.betz@state.mn.us

May 7, 2007

Chase Philippi, Property Appraiser
Wright County Assessor's Office
10 2nd St. NW, Room 240
Buffalo, MN 55313

Dear Mr. Philippi,

Your May 1 email to Stephanie Nyhus was referred to me for response.

Wright County has 28 vacant platted lots that you are valuing pursuant to Minnesota Statutes, section 273.11, subdivision 14b, (the plat law) which means that the value is phased in over a seven year period. You had established a "split value" of $2,600 and an estimated market value of $45,000 resulting in a "phase-in value" of $6,100 to be added to the split value each year for seven years. In the third year, the Local Board of Appeal and Equalization lowered the market value of each lot from $45,000 to $39,000. You asked how the plat law should work when the market value decreases, and if the phase-in amount should be adjusted.

On March 13, 2003, Stephanie responded to a series of questions from Larry Johnson at MCIS regarding the plat law and one question asked about procedures if the initial market value was lowered by the assessor. We are attaching Stephanie's letter in response and the spreadsheet she prepared showing the plat law with a decreasing market value.

We have advised counties that the phase-in amount does not change. The phase-in amount is established in the base year and remains constant. The result of a decreased market value is that the value is phased in faster but at a constant amount.

If you further questions, please contact us at proptax.questions@state.mn.us.

Sincerely,

Dorothy A. McClung
Property Tax Division

Enclosures

July 18, 2007

Ms. Wendy Iverson
Dodge County Assessor's Office
Courthouse
22 6th Street East
P.O. Box 18
Mantorville, Minnesota 55955

Dear Wendy:

Thank you for your recent e-mail regarding plat law. In the e-mail and in our telephone conversation of June 20, you outlined the following situation. South Fork manufactured home park in Kasson was originally a 53-acre property. Several years ago, a developer surveyed sites that were subsequently leased to manufactured home owners. The original parcel of property was never formally platted and had one parcel identification number for the entire parcel. The property was issued one tax statement. The developer has now decided to plat the 53-acre property into single family home sites. Current manufactured home owners who lease sites will be able to purchase the site on which their manufactured home sits. You have asked if the newly platted subdivision should qualify for plat law.

In our opinion, the newly platted sites do qualify for plat law. When the parcel was originally surveyed for sites for the manufactured homes, it was never formally platted into a subdivision. Rather, it was a single parcel with a single legal description and parcel identification number. Owners of manufactured homes simply leased a portion of the 53-acre property.

The newly platted lots will be eligible for the seven-year phase in period. However, any newly platted sites that are currently improved with manufactured homes will not be eligible for the phase-in. Those lots should go to full value for the first assessment following the split since they are already improved with a structure. The remaining lots should go to full value for the assessment following the year construction commences or at the end of the seven-year phase-in period, whichever occurs first.

If you have additional questions or concerns, please contact us at proptax.questions@state.mn.us.

Sincerely,

STEPHANIE L. NYHUS, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division

October 10, 2007

Sue Schulz
McLeod County Assessor
2383 Hennepin Ave. N.
Glencoe, MN 55336

Dear Ms. Schulz,

I am responding to your inquiry on plat deferral.

On March 13, 2003, Stephanie Nyhus responded to a series of questions from Larry Johnson at MCIS regarding the plat law. One question asked about the procedures if the initial market value was lowered by the assessor.

We are attaching the spreadsheet Stephanie prepared showing the plat law with a decreasing market value. At that time, we determined that if the market value decreases after the initial target value is established, the plat law phase-in should continue at its current "rate" until such time as the phase-in amount exceeds the new "target" value. The phase-in amount is established in the base year and remains constant. The result of a decreased market value is that the value is phased in faster but at a constant amount.

Please review the letter and spreadsheet and if you have further questions, please contact us at proptax.questions@state.mn.us.

Sincerely,

Dorothy A. McClung
Property Tax Division

July 16, 2008

Steve Hurni
15085 Edgewood Road
Little Falls, MN 56345

Dear Mr. Hurni:

Thank you for your question concerning the phase in value of platted land. You have inquired as to what will cause a property to lose the phase in.

Beginning with assessment year 2009, for both metropolitan and nonmetropolitan counties, vacant land that was platted on or after August 1, 2001, will lose the phase in if it is sold, transferred, or construction begins on the property before the expiration date of the phase in. In your letter, you used the following example:

> John Doe's *land* company transfers lots to John Doe's *building* company; no construction starts on the lots.

Despite the fact that no construction begins on the lots, they would still lose the phase in because the property/properties were transferred from one entity to another (*assuming the transfer occurred during the 2009 assessment year*).

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

Sincerely,

DREW IMES, State Program Administrator
Information Education Section
Property Tax Division

August 21, 2008

Farley R. Grunig
Jackson County Assessor
Courthouse
413 Fourth Street
Jackson, Minnesota 56143

Dear Mr. Grunig,

Thank you for your recent question concerning platted lands and plat law phase-in provisions. You have outlined the following situation: A city platted a residential subdivision in 2004 and recently sold a lot before July 1, 2008. That lot will become taxable for the 2008 assessment for taxes payable in 2009. You have asked if the lot should be valued at its full market value or at a reduced value reflecting the plat law phase-in provisions. You have also asked what is "year one" of the plat phase-in in this scenario.

As you are aware, all real property in Minnesota is taxable unless it is exempted by law, such as property used exclusively for public purposes. Minnesota Statutes, section 272.02, subdivision 39, states in part, "the holding of property by a political subdivision of the state for later resale for economic development shall be considered a public purpose." This includes holding the property for housing purposes.

Each parcel may retain its exemption as provided in Minnesota Statutes for the length of the holding period, unless ownership is transferred. Once the parcel is sold, the exemption will be lost. As you understand, if property is sold prior to July 1 it becomes taxable for that current assessment.

In our opinion, "plat law" is designed to protect developers from significant property tax increases during the time period it takes to market and sell the newly-platted lots. Since the lot in your example was exempt prior to being sold, it is not eligible for the plat law phase-in provisions. Therefore, this lot should be assessed at its full market value for the 2008 assessment.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

August 21, 2008

Steve Hurni
15085 Edgewood Road
Little Falls, MN 56345

Dear Mr. Hurni,

Thank you for your recent question concerning plat law. You have asked if a parcel is transferred on August 15, 2008, would that parcel become ineligible for plat deferral for the 2008 or 2009 assessment?

Minnesota Statutes, section 273.11, subdivision 14b, reads in part:

> *"...If the property is sold or transferred, or if construction begins before the expiration of the seven years in paragraph (b), that lot shall be eligible for revaluation in the next assessment year."*

This law is effective for the 2009 assessment year for taxes payable in 2010. If the parcel were to be sold, transferred, or have construction started after January 2, 2009, that parcel would go to full value for the 2010 assessment.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

October 15, 2008

Gary Griffin
Todd County Assessor's Office
Courthouse
221 1st Avenue South
Long Prairie, Minnesota 56347

Dear Mr. Griffin,

Thank you for your recent question concerning plat law. You have asked if a parcel is sold, would that parcel become ineligible for plat?

Minnesota Statutes, section 273.11, subdivision 14b, reads in part:

> *"...If the property is **sold** or transferred, or if construction begins before the expiration of the seven years in paragraph (b), that lot shall be eligible for revaluation in the next assessment year [emphasis added]."*

This law is effective for the 2009 assessment year for taxes payable in 2010. If the parcel were to be sold, transferred, or have construction started after January 2, 2009, that parcel would go to full value for the 2010 assessment.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

October 15, 2008

Judy K. Thorstad
Stevens County Assessor
P.O. Box 530
Morris, MN 56267

Dear Ms. Thorstad,

Thank you for your recent question concerning plat law and non-metro counties. You have asked which date a platted property would be need to be sold by before the plat law phase-in provision would be removed.

Minnesota Statutes, section 273.11, subdivision 14b, reads in part:

> *"...If the property is sold or transferred, or if construction begins before the expiration of the seven years in paragraph (b), that lot shall be eligible for revaluation in the next assessment year."*

If a platted property were sold anytime after the January 2, 2008 assessment, revaluation begins with the January 2, 2009 assessment date. Or, in other words, if a platted property were sold, transferred, or improved after the January 2 assessment date of any given year, the platted land would be revalued and the plat law deferral would expire for the very next assessment year.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

December 18, 2008

Susan Lohse
Grant County Assessor
P.O. Box 1007
Elbow Lake MN 56531

Dear Ms. Lohse,

Thank you for your recent question concerning plat law. You have asked whether any bare lot that was subject to plat law phase-in which was sold at any time between August 1, 2001 and 2008 would lose the phase-in beginning with the 2009 assessment, or if the law changes affected only those lots sold after January 2, 2009.

It is our understanding that changes made to Minnesota Statutes, section 273.11 subdivisions 14a and 14b affect all vacant platted properties that have sold, transferred, or had construction since August 1, 2001. In other words, if the lot sold, transferred, or construction began at any time since August 1, 2001, it shall go to full value for the 2009 assessment (taxes payable 2010).

If you have any further questions. Please do not hesitate to contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

December 19, 2008

Brad Averbeck
Department of Revenue Regional Representative
PO Box 84
Detroit Lakes, MN 56502

Dear Mr. Averbeck,

Thank you for your recent question concerning plat law phase-in. I apologize for the delay in response. You have asked the following questions: If a platted parcel sells in 2008, does the county pull the plat phase-in for the 2008 assessment or the 2009 assessment? If a parcel sold in 2005 and is still vacant, would the phase-in be pulled for that parcel as well?

In response to your question, we spoke with our attorneys. It is their understanding that changes made to Minnesota Statutes, section 273.11, subdivisions 14a and 14b represent new qualifications for which a parcel would qualify for plat phase-in provisions. For any parcel that was platted on or after August 1, 2001 which has sold, the parcel should go to full value for the next assessment year. In both of the scenarios you have outlined, the parcels should go to full value for the 2009 assessment year, taxes payable 2010.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

December 19, 2008

Julie Hackman
Olmsted County Assessor's Office
1st Floor, Government Center
151 4th Street SE
Rochester, Minnesota 55904-3716

Dear Ms. Hackman:

Thank you for your question concerning Plat Law. You have asked if developers can rescind their plat/s in order to benefit from lower taxes, and if so, can they get Plat Law again if the property is replatted.

In our opinion, if no lots have been sold, the potential may exist to legally dissolve the plats and return the property to its original configuration. Dissolving the plats may or may not result in tax benefits for the developers/owners. In addition, the law does not prohibit the property from being replatted again in the future.

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

Sincerely,

DREW IMES, State Program Administrator
Information Education Section
Property Tax Division

January 21, 2009

Judith Friesen
Brown County Assessor
Courthouse Square
P.O. Box 248
New Ulm, Minnesota 56073

Dear Ms. Friesen,

Thank you for your recent question concerning plat law. We apologize for the delay in answering your question. You have outlined the following scenario: A woman and her sisters owned platted land. The woman has since bought the property from her sisters and is now 100 percent owner. You have asked if this constitutes a "transfer" in ownership which would require the parcel to go to full value for the 2009 assessment.

The answer is yes. The transfer of ownership from multiple individuals to one of the individuals as sole owner constitutes a transfer of ownership which requires the plat law deferral to be removed for the 2009 assessment.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

2009008

January 26, 2009

Susan E. Wiltse, SAMA
Faribault County Assessor
415 North Main Street, PO Box 130
Blue Earth, MN 56013

Dear Ms. Wiltse:

Thank you for your question concerning platted property in your county. You have a new plat in one of your cities that was recorded 10/28/08. You have asked when it should go on the tax rolls.

We believe that the property you are referring to is county-owned land that was exempt for assessment year 2008. Since the property was platted in October 2008 (after July 1, 2008), the property remains exempt for the 2008 assessment. Minnesota Statutes, section 273.11, subdivision 14b states that each lot in the plat should be assigned a market value based upon the highest and best use of the property as unplatted. In 2009, the platted property would go on the tax rolls at its estimated market value and a taxable market value calculated according to the seven year phase-in period found in Minnesota Statute 273.11, subdivision 14b, paragraph (b).

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

Sincerely,

DREW IMES, State Program Administrator
Information and Education Section
Property Tax Division

February 5, 2009

Julie Roisen
Blue Earth County Assessor
P.O. Box 3567
Mankato, MN 56002-3567

Dear Ms. Roisen,

Thank you for your recent plat law question. You have asked if platted out-lots would qualify for the phase-in.

Minnesota Statutes, section 273.11, subdivision 14b states, "**All** land platted on or after August 1, 2001, located in a nonmetropolitan county, and not improved with a permanent structure, shall be assessed as provided in this subdivision [emphasis added]." Therefore, any platted and unimproved land qualifies for plat phase-in. The absence of a road at this time to those sites does not disqualify them.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

February 9, 2009

Bob Hansen
Hubbard County Assessor
Courthouse
3rd & Court Street
Park Rapids, Minnesota 56470

Dear Mr. Hansen:

Thank you for your recent question concerning plat law. You have asked if "registered land surveys" qualify for the phase in of valuation under the plat law statutes.

As we understand, property in a registered land survey is unplatted. Minnesota Statutes 508.47, states that the "…registered land survey shall correctly show the legal description of the parcel of **unplatted** land represented by the said registered land survey" [emphasis added]. Only property that is platted may receive the phase in of valuation. Therefore, in our opinion, unless the property is platted, registered land surveys do not qualify for the phase in of valuation under the plat law statutes.

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

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

2009113

March 12, 2009

Gary Grossinger, SAMA
Stearns County Assessor
Admin Center Room 37
705 Courthouse Square
St. Cloud, Minnesota 56303

Dear Mr. Grossinger,

Thank you for your recent question concerning vacant platted land located in non-metropolitan counties. You have asked how the plat phase-in amount is appropriately calculated.

The assessor is to determine the market value of each individual platted lot based upon the highest and best use of the property as unplatted land. In establishing the market value of the property, the assessor shall consider the sale price of the unplatted land or comparable sales of unplatted land of similar use and with similar availability of public utilities. This market value is then increased each of the seven assessment years immediately following the final approval of the plat. One-seventh of the difference between the property's unplatted market value and the platted market value in each of the seven subsequent assessment years shall be added to the estimated market value of each lot based on the original year of platting.

For example, consider an agricultural piece of land is subdivided into 100 lots in 2009. The total EMV of this land as agricultural is $100,000 (or $1,000 per lot). For the 2010 assessment year, the EMV of each lot is $50,000. The value is phased in over a seven year period.

First, calculate the amount to be phased in:

$50,000	-	$1,000	=	$49,000
(EMV as platted land)		(2009 assessed EMV before platting)		(total amount to be phased in)

Next, calculate the amount to be phased in each year:

$49,000	/	7	=	$7,000
(total amount to be phased in)		(length of phase-in period)		(amount to be phased in each year)

Now, phase in one-seventh of the value ($7,000) each year for the next seven years. You should come up with the following values for each assessment year:

2009 assessment	$1,000	(initial EMV before platting)
2010 assessment	$8,000	($1,000 plus $7,000 annual phase in)
2011 assessment	$15,000	($8,000 plus $7,000 annual phase in)
2012 assessment	$22,000	($15,000 plus $7,000 " " ")
2013 assessment	$29,000	($22,000 plus $7,000 " " ")
2014 assessment	$36,000	($29,000 plus $7,000 " " ")
2015 assessment	$43,000	($36,000 plus $7,000 " " ")
2016 assessment	$50,000	(full value)

(Continued…)

In a declining market, it is possible that the phase-in value will be equal to or greater than the market value before the expiration of seven years. For example, if the EMV as platted property is $43,000 for the 2015 assessment, the phase-in is complete and the value of the lot is the EMV.

These values further assume that the lot has not been sold or transferred and that no construction began at any time during the seven year phase-in period. There is no "recalculation" of phase-in value if market values are declining. The phase-in value is based on the initial year of platting and does not change.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

April 7, 2009

Steve Hurni
Regional Representative
15085 Edgewood Road
Little Falls, MN 56345

Dear Mr. Hurni,

You have asked why the seven-year plat law phase-in amount would be recalculated if the estimated market value (EMV) is less than the base year. I apologize for the delay in response time.

Based upon my research, I can find no instance where we have ever advised a county or representative to recalculate the phase-in amount to any amount other than that derived from the year of initial platting. The phase-in amount is determined in the year of initial platting and does not change, regardless of fluctuations to the estimated market value during the seven-year phase-in. The same initial phase-in amount is added to the TMV each year during the seven-year phase in, whether the EMV increases or decreases from one assessment year to the other. In a declining market, this may result in a plat being phased in over a shorter time period than seven years.

For any counties you have told to recalculate the phase-in amount, it is imperative that you advise them to maintain the original phase-in amount from the year of platting.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

2009298

August 26, 2009

Steve Carlson
Polk County
612 N. Broadway, Suite 201
Crookston, MN 56716

Dear Mr. Carlson:

Thank you for your question concerning plat law. You are valuing a planned unit development and have asked if you should apply plat law to the units.

Minnesota Statutes 273.11, subdivision 14b, instructs assessors to utilize plat law for all land that is platted on or after August 1, 2001, located in a nonmetropolitan county, and not improved with a permanent structure. Any platted land that has been sold, transferred, or constructed upon after the time of the original platting should **not** be valued using plat law.

In many instances, the owner that originally plats the land will sell the platted property to a condominium/co-op/townhome management company. This sale or transfer of property would disqualify the platted land from being valued using plat law. We are not certain of the particular circumstances in the case you have asked about, but it is likely that the platted property has been sold or transferred since the original platting and is not eligible for plat law.

If the platted land in the planned unit development has not sold, transferred, or been constructed upon since the time of original platting, it would be appropriate to value it using plat law.

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

Sincerely,

DREW IMES, State Program Administrator
Information Education Section
Property Tax Division

2009436

November 13, 2009

Farley Grunig
Jackson County Assessor
Courthouse
405 Fourth Street
Jackson, MN 56143

Dear Mr. Grunig,

Recently, the Department of Revenue Property Tax Division met with members of MAAO to address administration of some 2009 legislative changes. At that meeting, the members of MAAO presented some concerns you had with the department's October 22 email concerning administrative plats and the 2b classification. They had asked us to address your concerns; your concerns are addressed below.

"…[T]here are lands that were platted along streams and rivers by the Federal Government as part of the original homesteading process… Typically these lots are steep and tree covered. Many have now become hunting lands. But they are platted so they don't qualify for 2b."
The original Homesteading Act of 1862 may have platted some lots; however we do not understand this 1862 Federal Government act to disqualify a property from the 2b classification. You note that many of these lands are used for hunting lands. It is the assessor's duty to determine the appropriate classification of these types of properties, which may be seasonal residential recreational properties as opposed to rural vacant land. However, a requirement or act by the federal government for a lot to be platted is not equal to a property owner platting a property for development or other purposes. If a lot is platted due to an act by the Federal Government, and not by a property owner, we would not assume that it is automatically disqualified from the 2b classification.

"**The DOR narrowly construes administrative plats to be those required by local ordinance. [Another] situation is County Auditor Plats. Again, this is a state law, not a local ordinance."**
The October 22 memo specifically addressed plats required by local ordinance; not plats required by any other body of government. However, it should be very clear that the department recognizes a difference between platting done by government requirement versus platting done by taxpayer choice. A plat required by the County Auditor would not automatically disqualify a property from the rural vacant land classification.

"To resolve this problem my suggestion would be to re-write the administrative plat email to define administrative plats to include wood lot plats done by a unit of government including the United States of America, to include drain lakebed plats, and to include County Auditor Plats done under MS 272.19. Not making this change is going to result in lands used for similar purposes having different classifications – and different eligibility for Green Acres – due to something that was beyond the intent of the law."
We would hope that the understanding is very clear that any plat required by a unit of government (as opposed to platting done by the choice of the taxpayer) would not automatically disqualify a property from the 2b classification. Further, we want to make note that the classification of 2b would not have any relation to Green Acres eligibility. Class 2b lands are not, under any circumstances, eligible for Green Acres.

If you have any further questions or concerns, please do not hesitate to contact us at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

July 31, 2012

Steve Hurni
Property Tax Compliance Officer
steve.hurni@state.mn.us

Dear Mr. Hurni,

Thank you for your recent email regarding platted land and the seven year phase in process. You have asked us the following question: If a city creates a "plat" and the lots are exempt, is it necessary for the county to do a seven year phase-in (as per plat law described in M.S. 273.11) for a plat that is exempt?

Because Minnesota Statutes require that "**all land** platted on or after August 1, 2001 [emphasis added]" be subject to the plat law phase-in, we do believe that plat phase-in values should be used even for properties that are exempt. Additionally, there are special circumstances that may arise that would reflect the seven year phase in value. For example, the city leasing the platted exempt property to a farmer would neither be a sale, transfer, or improvement on the land so it would qualify to be taxed as personal property based on the value (reflecting plat law if appropriate).

In other words, we feel that it is necessary to do a seven year phase in process with land that is platted and exempt.

If you have any additional questions or concerns please feel free to contact our division us at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

February 20, 2013

Dave Sipila
St. Louis County Assessor
sipilad@stlouiscountymn.gov

Dear Mr. Sipila:

Thank you for your question concerning plat deferral. An existing plat in the City of Hermantown has now been re-platted into a Common Interest Community (CIC). You have asked the following questions:

1) Do the parcels that were receiving the deferral continue to receive the deferral?
Lots in the plat may continue to receive the deferral so long as they were not sold or transferred and no construction has begun on the land.

2) If the re-platted CIC continues to receive the plat deferral, is it just a continuance of the current deferral for the remainder of the current 7 years or is it a start of a new 7-year plat deferral.
If there is no land added to or deleted from the original plat, no potential exists for a new phase-in period.

3) Three parcels are being consolidated into one parcel and platted as the common area of the CIC. Of the original three platted parcels, only two had been receiving the deferral. The parcel that was not receiving the deferral had an association structure on it that has now since been removed. Does the deferral apply to the commons element and if so, does that deferral for the commons now apply to CIC parcels that were not receiving a deferral due to a structure being present on the original plat?
Since the continuation of the deferral is based on the original plat, the value of the parcel that contained the association structure cannot be deferred. This issue is complicated by the fact that three parcels, including the parcel that contained the structure and did not qualify for plat deferral, have been consolidated into one parcel which is to be used as the common area of the CIC. In this case, it is our opinion that the common interest area parcel should not qualify for plat deferral because it contains the parcel that did not qualify for plat deferral due to the presence of a structure.

Also, please be aware that if the deed to the common interest parcel has been transferred to the association, constituting a transfer of property, plat deferral would no longer apply.

If you have any additional questions, please do not hesitate to contact the Property Tax Division of the Minnesota Department of Revenue at proptax.questions@state.mn.us.

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

May 13, 2013

Doreen Pehrson
Nicollet County Assessor
dpehrson@co.nicollet.mn.us

Dear Ms. Pehrson:

Thank you for submitting your question to the Property Tax Division regarding the calculation of the platted vacant land deferral ("plat law"). You have asked for information regarding the calculation of the plat deferral.

For affected properties, the assessor must determine the market value of each individual lot based upon the highest and best use of the property as unplatted land. In establishing the market value of the property, the assessor shall consider the sale price of the unplatted land or comparable sales of unplatted land of similar use and with similar availability of public utilities.

The market value determined in the above paragraph shall be increased as follows for each of the seven assessment years immediately following the final approval of the plat: one-seventh of the difference between the property's unplatted market value and the market value based upon the highest and best use of the land as platted property shall be added in each of the seven subsequent assessment years.

Any increase in market value after the first assessment year following the plat's final approval shall be added to the property's market value in the next assessment year. If construction begins, or if the property has been sold or transferred, before the expiration of the phase-in period, the lot is eligible for revaluation in the next assessment year.

For example, "Bowling Green" subdivision is located in Nicollet County. The subdivision was platted in September 2008. The value for the parcel was $100,000 in the year that it was platted into ten lots. The subsequent estimated market value of the lots was $50,000 for each lot.

Step 1 – Calculate the total amount to be phased in:

$50,000	-	$1,000	=	**$49,000**
(EMV as platted)		(2008 EMV before platting)		**(total amount to be phased in)**

Step 2 – Calculate the amount to be phased in each year:

$49,000	/	7 years	=	**$7,000**
(total phase-in)		(phase-in period)		**(phase-in amount per year)**

Step 3 – Phase in one-seventh of the value ($7,000) to the taxable market value for each of the next seven assessment years as follows:

Assessment Year	**TMV**	**EMV**
2008 Assessment =	$ 1,000 (initial EMV before platting)	$50,000
2009 Assessment =	$ 8,000	$50,000
2010 Assessment =	$15,000	$50,000
2011 Assessment =	$22,000	$50,000
2012 Assessment =	$29,000	$50,000
2013 Assessment =	$36,000	$50,000
2014 Assessment =	$43,000	$50,000
2015 Assessment =	$50,000 full value	$50,000

Continued…

...Continued from Page 1

Note: This example assumes there is no change in the market for residential lots during the phase-in period. It also assumes the lot was not sold or transferred and that no construction began on the land during the phase-in period.

The initially-calculated phase-in amount **does not change** even if the market changes. For example, a property's plat deferral may phase out sooner in a declining market.

Using the previous example of the Bowling Green subdivision located in a non-metro county, the assessor finds after two years that the estimated market value has decreased by 20 percent to $40,000. In this case, the plat will be at full value after six assessment years rather than seven assessment years.

Step 1 – Calculate the total amount to be phased in:

$50,000	-	$1,000	=	**$49,000**
(EMV as platted)		(2008 EMV before platting)		**(total amount to be phased in)**

Step 2 – Calculate the amount to be phased in each year:

$49,000	/	7 years	=	**$7,000**
(total phase-in)		(phase-in period)		**(phase-in amount per year)**

Step 3 – phase in one-seventh of the value ($7,000) for each of the next seven assessment years as follows:

Assessment Year	**TMV**	**EMV**
2008 Assessment =	$ 1,000 (initial EMV before platting)	$50,000
2009 Assessment =	$ 8,000	$50,000
2010 Assessment =	$15,000	$50,000
2011 Assessment =	$22,000	$40,000
2012 Assessment =	$29,000	$40,000
2013 Assessment =	$36,000	$40,000
2014 Assessment =	$40,000 full value	$40,000
2015 Assessment =	No Plat Law reduction – full EMV	Full EMV

As you can see in the above example, in a declining market, the time period for phasing in the market value will occur over a shorter time period.

I hope that this helps explain the calculation of plat deferral and phase-in. You are welcome to share this information with your computer software vendor as well.

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

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

August 1, 2013

Joyce Larson
Washington County Assessor's Office
Joyce.Larson@co.washington.mn.us

Dear Ms. Larson:

Thank you for submitting your question to the Property Tax Division regarding plat law.

Scenario: The parcel below was platted in 2011. Half of the value came from the original parcel that was classified as half residential and half agricultural. In 2012, the parcel was reclassified 4b(4) (unimproved residential land).

Parcel Number	Line #	Split Year EMV (2011)	Split Year State Class	1st Year Platted EMV (2012)	1st Year Platted State Class
05.027.21.11.0035	1	$10,000	4b4-Res NH	52,000	4b4-Res NH
	2	$10,000	2a-Non-HGA NH		
Total EMV		$20,000		52,000	

Question: Do we use the $10,000 or $20,000 taxable market value when calculating the plat exclusion?

Answer: The $20,000 taxable market value should be used when calculating the plat exclusion and phase-in amounts. The classification of the property prior to its platting does not affect the valuation for plat law purposes.

To calculate the phase-in amount, the first step is to calculate the total amount to be phased in. To do this, subtract the EMV of the property prior to platting from the EMV after platting:

52,000	-	20,000	=	32,000
(EMV as platted)	-	*(EMV prior to plat)*	=	*Amount to be phased in*

Next, divide that amount by the three years' phase-in.

32,000	/	3	=	10,700 (*rounded from 10,666)
Amount to be phased in	/	*years of exclusion*	=	*phase-in amount*

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

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

November 12, 2013

Ryan Kraft
Olmsted County Property Records and Licensing
151 4th St. SE
Rochester MN 55904
kraft.ryan@CO.OLMSTED.MN.US

Dear Mr. Kraft:

Thank you for submitting your question to the Property Tax Division regarding the platted vacant land exclusion (plat law). You have provided the following information and question.

Scenario:
A property owner in your county has filed a Tax Court petition on four vacant commercial lots. The property owner's attorney has requested that you recalculate the plat law value to coincide with the lower estimated market value.

Question:
Are assessors allowed to re-calculate the plat law phase-in value?

Answer:
No. The initial plat phase-in value should not be recalculated due to fluctuations in the market (either increasing or decreasing estimated market values). The process for determining the initial phase-in amount is covered in Minnesota Statutes, section 273.11. There is nothing in statute that allows for the phase-in value to be recalculated due to changes in the market.

This is also covered in the Property Tax Administrator's Manual, *Module 2 – Valuation* as follows:

> ***What happens in a declining market where the estimated market value decreases after the initial platting process?***
> ***Answer:*** The Department of Revenue has said in the past that the amount of the phase-in does not change. Rather, the time period for phasing in the market value will occur over a shorter time period. Using the previous example of the Bowling Green subdivision located in a non-metro county, the assessor finds after two years that the estimated market value has decreased by 20 percent to $40,000. In this case, the plat will be at full value after six assessment years rather than seven assessment years.
> **Step 1 – Calculate the total amount to be phased in:**
>
$50,000	-	$1,000	=	$49,000
(EMV as platted)		(2008 EMV before platting))		(total amount to be phased in)

> **Step 2 – Calculate the amount to be phased in each year:**
>
$49,000	/	7 years	=	$7,000
(total phase-in)		(phase-in period)		(phase-in amount per year)

Step 3 – phase in one-seventh of the value ($7,000) for each of the next seven assessment years as follows:

Assessment Year	TMV	EMV
2008 Assessment =	$ 1,000 (initial EMV before platting)	$50,000
2009 Assessment =	$ 8,000	$50,000
2010 Assessment =	$15,000	$50,000
2011 Assessment =	$22,000	$40,000
2012 Assessment =	$29,000	$40,000
2013 Assessment =	$36,000	$40,000
2014 Assessment =	$40,000 (full value)	$40,000
2015 Assessment =	No Plat Law reduction (full EMV)	Full EMV

The Property Tax Administrator's Manual is available online at: http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx. If you have any further questions, please contact our division at proptax.questions@state.mn.us.

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

Property Tax Division
600 North Robert Street
Mail Station 3340
St. Paul, MN 55146

Tel: 651-556-6340
Fax: 651-556-3128
TTY: Call 711 for Minnesota Relay
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MINNESOTA · REVENUE

May 28, 2015

Mike Moranz
Ramsey County Assessor's Office
Mike.Moranz@CO.RAMSEY.MN.US

Dear Mr. Moranz:

Thank you for submitting your question to the Property Tax Division regarding Plat Law. You have provided the following scenario and question.

Scenario:

- A parcel identified with lot, block, and subdivision, lots 34-40 (7 lots currently combined as 1 parcel) is being revised for development and split into 8 lots.
- The original plat was done in the late 1800s.

Question:
If land was already platted in the 1800s and there is a revision of the original plat, does the plat law apply or should the developer be taxed at full market value?

Answer:
It is the department's opinion that if there is no land added to or deleted from the original plat, no potential exists for a new phase-in period. Therefore, the land would be taxed at full market value.

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

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

January 21, 2020

Mark Krupski
Olmsted County Property Records & Licensing
krupski.mark@CO.OLMSTED.MN.US

Dear Mr. Krupski,

Thank you for submitting your question to the Property Tax Division regarding plat law. You have provided the following scenario and question:

Scenario:

- Entity A sells a newly platted property to Entity B by contract for deed.
- Entity A no longer qualified for the benefits of the 7-year phase-in period of the property's estimated market value.
- Entity B defaults on contract for deed and the property reverts to the original platting owner, Entity A.

Question: Is Entity A entitled to the 7-year plat law benefits as the original owner of the platted property?

Answer: No. Although legal ownership technically stays with the grantor until the contract for deed is fulfilled and the title is conveyed by deed to the buyer, in Minnesota the law gives significant recognition to the rights of the buyer. This recognition of the rights of the buyer extends so far as to give (or recognize) "equitable title" being in the buyer during the term of the contract. Consequently, for numerous purposes, Minnesota recognizes the buyer as the owner – i.e., the one who gets notice of an upcoming special assessment, the one who gets to claim homestead if they are the occupant, among others.

Your office was correct to cease the plat law phase-in and complete the revaluation process upon execution of the contract for deed due to the equitable title being recognized as that of the buyer. Minnesota Statutes 273.1, subdivision 14b identifies that the transfer of property is one reason to stop the phase-in period of the property's estimated market value. The law makes no exception for default of the buyer and the land reverting to the original owner.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

Rural Preserve

June 17, 2009

Lyn Regenauer
Chisago County Assessor's Office
Chisago Co. Govt. Center
313 N. Main St. Room 246
Center City, Minnesota 55012-9663

Dear Ms. Regenauer,

Thank you for your recent question regarding the new Rural Preserve Property Tax Program. You have asked if current Green Acres enrollees would need to withdraw their class 2b acres by August 16, 2010 to avoid a payback of deferred taxes, or if they may wait until enrollment in the Rural Preserve program.

For current Green Acres enrollees who want to enroll their land into the Rural Preserve program, we recommend that they grandfather their 2b acres until they are able to enroll them in the new Rural Preserve program (which will be available beginning with the 2011 assessment). Property owners have until the 2013 assessment to transition their 2b acres into Rural Preserve. If property owners transition their 2b acres enrolled in Green Acres into the Rural Preserve program immediately, there is no payback of Green Acres deferred taxes.

If property owners withdraw their class 2b acres prior to August 16, 2010 they will not have to pay deferred taxes on those acres, but those acres will be valued and taxed at their "highest and best use" value until the property owner is able to enroll them in the Rural Preserve program (no sooner than 2011). In that case, the property owner may face higher taxes as a result while waiting for the Rural Preserve program to be effective.

You have also asked if non-homestead Green Acres properties will be eligible for enrollment in the program. Minnesota Statutes, section 273.114 provides that either agricultural homesteads or properties that had been enrolled in Green Acres for the 2008 assessment year (but are non-homestead) are eligible for the Rural Preserve program.

Again, we would advise taxpayers who wish to eventually enroll in the Rural Preserve program to grandfather their 2b acres until they are able to make the transition. This will minimize any unforeseen tax increases in the meantime. Landowners must further be aware that they have until the 2013 assessment at the latest to transition their lands into Rural Preserve if they wish to avoid payback of deferred taxes.

Please do not hesitate to contact our division at proptax.questions@state.mn.us if you have further questions.

Very sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

March 15, 2010

A. Keith Albertsen
Douglas County Assessor
Keith.Albertsen@mail.co.douglas.mn.us

Dear Mr. Albertsen,

Thank you for your recent question regarding classification and special programs (Green Acres and Rural Preserve). Your questions are answered below.

1. If a property had previously been classified as agricultural homestead and had been extended Green Acres, but upon review was re-classified due to not meeting the requirements for an agricultural homestead, can that property be enrolled into Rural Preserve?
Answer: No. To qualify for valuation and deferral under the Rural Preserve program, a property must be either a) an agricultural homestead or b) previously enrolled in Green Acres under 2006 statute. Under 2006 statute, Green Acres required the property have at least ten acres used for agricultural purposes. We assume that these properties in question are being reclassified because they do not meet the 10-acre threshold for agricultural homestead purposes. Therefore, they do not meet the requirements for Green Acres under 2006 statute and may not be enrolled in Rural Preserve. As you are aware, these properties were improperly receiving Green Acres deferral and so they may not be enrolled into Rural Preserve.

2. If a homestead property is enrolled in Rural Preserve, how is the home to be treated? Is it eligible for Rural Preserve valuation?
Answer: For classification (and subsequent valuation and taxation purposes), Minnesota Statutes, section 273.13, subdivision 23 provides

"An agricultural homestead consists of class 2a agricultural land that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class 2a land under the same ownership. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a or 1b property under subdivision 22."

Also, Minnesota Statutes, section 273.114, subdivision 3 (Rural Preserve, Determination of Value) provides the following:

"Notwithstanding sections 272.03, subdivision 8, and 273.11, the value of any real estate that qualifies under subdivision 2 must, upon timely application by the owner in the manner provided in subdivision 5, not exceed the value prescribed by the commissioner of revenue for class 2a tillable property in that county. <u>The house and garage, if any, and the immediately surrounding one acre of land and a minor, ancillary nonresidential structure, if any, shall be valued according to their appropriate value</u> [emphasis added]."

In other words, the house, garage, and immediately surrounding one acre of land has the same class rate as class 1a or 1b property (whichever is appropriate) and is not eligible for valuation or deferral as Rural Preserve property. This is the same as homesteads are treated for Green Acres purposes.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

August 3, 2010

A. Keith Albertsen
Douglas County Assessor
keith.albertsen@mail.co.douglas.mn.us

Dear Mr. Albertsen,

Thank you for your recent email requesting clarification on application deadlines for the Rural Preserve program. You have asked for clarification regarding properties transitioning from Green Acres to Rural Preserve. You noted both the May 1, 2011 and May 1, 2013 application deadlines.

May 1, 2011 is the date that the first applications for Rural Preserve will be due. The program is first available for the 2011 assessment, for taxes payable 2012. As 2011 is the first year that taxpayers can apply for valuation deferral under this program, May 1, 2011 is the first application deadline. The May 1 application deadline will be the same for each year a property owner seeks to apply.

For properties transitioning from Green Acres, property owners may place acreage into Rural Preserve from Green Acres while avoiding the typically-required payback of deferred taxes under the Green Acres program. However, this option for a "free" transition will expire with the 2013 assessment. This means that applications for Rural Preserve must be made by May 1, 2013 to avoid the payback of taxes that had been deferred under Green Acres.

Therefore, the final application deadline for property owners to transition their Green Acres land into Rural Preserve without a payback is May 1, 2013. However, they may make this transition anytime before then, with first applications (for the 2011 assessment) being due by May 1, 2011.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

May 5, 2011

Mike Sheehy
Pine County Assessor
mike.sheehy@co.pine.mn.us

Dear Mr. Sheehy,

Thank you for your recent question to the Property Tax Division outlining the transfer of property enrolled in Green Acres, and eligibility for continued deferral and possible enrollment into Rural Preserve. You have outlined the following scenario: Three siblings and their spouses jointly owned farm property that has been enrolled in Green Acres. For the 2011 assessment, both the class 2a agricultural and 2b rural vacant land continue to be enrolled. However, one of the siblings no longer desires to have ownership interest in the property. The property is non-homesteaded, and you have asked if there would need to be a payback due to this ownership transfer, and also if the class 2b property would be eligible for enrollment in Rural Preserve going forward.

To address your first question, the change in ownership of the property from three siblings to two siblings would technically require a reapplication for benefits of Green Acres under the "new" ownership, but not necessarily a repayment of taxes deferred under the program. Minnesota Statutes, section 273.111, subdivision 11a allows for the new property owner to apply for continued deferral under Green Acres within 30 days of the transfer in ownership. As you are aware, the class 2b property cannot now be enrolled in Green Acres.

For purposes of enrolling in Rural Preserve, the class 2b property must be contiguous to the class 2a agricultural property that had been properly enrolled in Green Acres for the 2007 assessment under the same ownership if it is non-homestead. Based on the situation you have outlined, the class 2a property was properly enrolled in Green Acres for the 2007 assessment, and although only two of the previous three owners continue to be enrolled in Green Acres, we would consider this difference in ownership not significant enough to preclude the owners from applying for Rural Preserve tax deferral on the class 2b rural vacant land.

In other words, based on the information you have provided, the remaining two siblings may apply for both Green Acres and Rural Preserve tax deferral on their classes 2a and 2b lands respectively. If the owners qualify for continued deferral under Green Acres on their class 2a land, that 2a land would be considered land that had been properly enrolled under that ownership for the 2007 assessment and therefore the class 2b land would be eligible for Rural Preserve deferral even though the property is non-homestead.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

June 30, 2011

Jeanne Henderson
Sherburne County Assessor's Office
jeanne.henderson@co.sherburne.mn.us

Dear Jeanne,

Thank you for your question regarding termination of Rural Preserve covenants under Minnesota Laws 2011, Chapter 13, section 6. This section provides, "Any covenants entered into in order to comply with the requirements of Minnesota Statutes 2010, section 273.114, subdivision 5, are terminated."

There are neither guidelines nor a process for terminating these covenants, they are simply terminated at the effective date of the above language (April 16, 2011). No additional action is necessary by property owners, County Assessors, County Recorders, or others to this end. The Minnesota Bar Association maintains a manual entitled "Minnesota Title Standards: Examination of Title" that will eventually contain a notice that these covenants were terminated by law.

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

Thank you!

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

September 1, 2011

Brenda Shoemaker
Otter Tail County Assessor's Office
bshoemak@co.ottertail.mn.us

Dear Ms. Shoemaker,

Thank you for your recent question regarding class 2b lands on properties that were previously enrolled in Green Acres. You are in the process of reviewing applications for Rural Preserve for class 2b properties for which the owner had opted out of Green Acres prior to August 16, 2010. You have asked for verification that the property owners would pay at the estimated market value or "highest and best use" value for 2011 based on the 2010 assessment, but that those lands are eligible for a lower value for the 2011 assessment if they apply and qualify for Rural Preserve deferral by August 1, 2011.

You are correct. The 2011 Regular Session Property Tax Law Summary describes the provision enacted in Minnesota Laws 2011, Chapter 13, section 5:

> *"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.*** *[Emphasis added.]"*

Therefore, the taxes payable in 2011 based on the 2010 assessment year are not lowered to reflect this enrollment, which affects taxes payable in 2012.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

October 11, 2011

Lyn Regenauer
Chisago County Assessors Office
ljregen@co.chisago.mn.us

Dear Ms. Regenauer,

Thank you for your recent question to the Information and Education Section regarding the Rural Preserve Program. You have asked if Rural Preserve property tax deferral is to be removed if a property becomes non-homestead after enrollment.

The Property Tax Administrator's Manual, *Module 2 – Valuation*, outlines the cases in which deferred taxes are due under the Rural Preserve program as follows:

"Three years' deferred taxes (current year's deferred amount and two prior years) and deferred special assessments are therefore due when the property owner requests removal from the program, or if the property becomes:

a. *any classification other than 2b rural vacant land;*
b. *non-homestead (does not apply to properties qualifying for Rural Preserve due to enrollment in Green Acres for taxes payable in 2008); or*
c. *no longer contiguous to Green Acres property under the same ownership."*

In other words, if a property becomes non-homestead, and if the property was not enrolled in Rural Preserve due to having been continuously enrolled since its deferral under Green Acres prior to 2008 law changes, deferred taxes are due. The Property Tax Administrator's Manual is available online:

http://taxes.state.mn.us/property_tax_administrators/pages/other_supporting_content_propertytaxadministratorsmanual.aspx

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

October 26, 2011

Julie Greene
Ottertail County Assessor's Office
jgreene@co.ottertail.mn.us

Dear Ms. Greene,

Thank you for your recent question to the Property Tax Division regarding classification and tax deferral programs. You have asked for clarification on eligibility for Rural Preserve enrollment on a property in your county. You have outlined the following: A property contains both 2a and 2b land. The property receives 2a classification on a portion that is enrolled in CRP. [Note: In your email, you stated that it contains "both 1a and 2b land" and that the land enrolled in CRP is class 1a. We are assuming, for purposes of this letter, that you meant to say the CRP land is class 2a. Class 1a property is residential homestead property, while class 2a is agricultural land and includes land enrolled in CRP. If we were mistaken in this interpretation, please let us know.] You have stated that the CRP land may be eligible for Green Acres, but would not receive a value benefit. You have asked if the 2b portion would be eligible for Rural Preserve, and if enrollment in CRP would qualify the property for Green Acres. We will answer the two questions separately.

1. Is the land enrolled in CRP eligible for Green Acres enrollment?
As provided in Minnesota Statutes, section 273.111, subdivision 3, paragraph (d), the land may be eligible for Green Acres provided that it is not enrolled in a perpetual easement and provided that the appropriate classification of the acres in CRP is as class 2a agricultural land. The primary use of the property must be for agricultural purposes (in this case, the primary use must be CRP). This is also stated in the Property Tax Administrator's Manual, Module 2 – Valuation:

> *"CRP, CREP, RIM, and other similar federal or state conservation programs may also qualify for the agricultural classification, but to be eligible for Green Acres the land must have been in agricultural use before enrollment in the conservation program, and perpetual RIM does not qualify."*

2. Is the 2b portion of this property eligible for Rural Preserve?
Class 2b property is eligible for enrollment in Rural Preserve under the specific requirements of Minnesota Statutes, section 273.114, subdivision 2.

> *"Class 2b property that had been properly enrolled under section 273.111 for taxes payable in 2008, or that is part of an agricultural homestead under section 273.13, subdivision 23, paragraph (a), at least a portion of which is enrolled under section 273.111, is entitled to valuation and tax deferment under this section if:*
> *(1) the property is contiguous to class 2a property enrolled under section 273.111 under the same ownership;*
> *(2) there are no delinquent property taxes on the land; and*
> *(3) the property is not also enrolled for valuation and deferment under section 273.111 or 273.112, or chapter 290C or 473H."*

In other words, the property owner requirements fall into two groups:

1. Property owners who had been properly enrolled in Green Acres for taxes payable in 2008 (i.e. under 2006 statutory requirements, whether the property is currently homesteaded or not); or
2. Owners of agricultural homestead property, at least part of which is enrolled in Green Acres.

As for the land itself, class 2b property that had been enrolled in Green Acres for taxes payable in 2008 and that is contiguous to class 2a property enrolled in Green Acres **OR** class 2b property that is a contiguous part of an agricultural homestead, at least a part of which is currently enrolled in Green Acres, may qualify. For property qualifying due to prior enrollment in Green Acres, this means property that had been properly enrolled in Green Acres for the 2007 assessment year, taxes payable in 2008.

There is no minimum eligible acreage size for enrollment in Rural Preserve. The property as a whole must be primarily devoted to agricultural use, and must meet the Green Acres requirements. Any class 2b acreage that is contiguous to the class 2a land under the same ownership that is enrolled in Green Acres qualifies for Rural Preserve enrollment, regardless of size.

This is also stated in the Property Tax Administrator's Manual, Module 2:

> *"For farm property owners who are not currently enrolled in Green Acres but have an agricultural homestead, the owners would need to apply for both programs. It is possible that there is no deferral provided under Green Acres for some property owners if the highest and best use value does not exceed the Green Acres indicated value. However, the property must meet the requirements for, and be enrolled in, Green Acres (e.g. the property is primarily devoted to agricultural use)* - whether or not there is a valuation benefit to Green Acres enrollment - *to be eligible for Rural Preserve enrollment."*

If you determine that the property qualifies for Green Acres (whether there is an actual value benefit from Green Acres or not), the property owner may apply for both Green Acres and Rural Preserve. The property must qualify for Green Acres prior to enrolling in Rural Preserve and the ownership requirements as outlined above must also be met. It is possible for a property to be enrolled in both programs but only receive a value benefit from one.

The Property Tax Administrator's Manual is available online at: http://taxes.state.mn.us/property_tax_administrators/pages/other_supporting_content_propertytaxadministratorsmanual.aspx.

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

Sincerely,

ANDREA FISH, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

October 18, 2012

Jennifer Flicek
Le Sueur County
jflicek@co.le-sueur.mn.us

Dear Ms. Flicek:

Thank you for your recent question submitted via the Department of Revenue website, which was forwarded to the Information and Education Section of the Property Tax Division for response. You have asked, "Is there a document out there that will [make] null and void the Rural Preserve Covenants that were recorded before the program was changed?"

Rural Preserve covenants were terminated under Minnesota Laws 2011, Chapter 13, section 6. This section provides, "Any covenants entered into in order to comply with the requirements of Minnesota Statutes 2010, section 273.114, subdivision 5, are terminated." There are neither guidelines nor a process for terminating these covenants, they are simply terminated at the effective date of the above language (April 16, 2011). No additional action is necessary by property owners, County Assessors, County Recorders, or others to this end. The Minnesota Bar Association maintains a manual entitled "Minnesota Title Standards: Examination of Title" that will eventually contain a notice that these covenants were terminated by law.

If you have additional questions or concerns, as a property tax administrator, you may contact us directly via proptax.questions@state.mn.us rather than submitting questions via the website, property tax administrators. We are better able to quickly respond to your questions via that email address.

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

May 24, 2022

Dear Jo,

Thank you for contacting the Property Tax Division regarding Green Acres and Rural Preserve. You provided us with the following scenario and questions.

Scenario:

- A property owner would like to transfer a 30-acre parcel to his son
- The property is non-homestead
- All 30 acres were in Green Acres prior to 2008 under the current owner
- 10 acres are tillable and were enrolled in Green Acres in 2006
- 20 acres classified as 2b were enrolled in Rural Preserve in 2012

Question One: Can the parcel continue to qualify for Green Acres or Rural Preserve after the transfer?

Answer: For both programs, the new owner would need to apply and qualify to continue enrollment. The two programs have different statutory language regarding sale or transfer of land when it is not part of an agricultural homestead.

For the portion enrolled in Green Acres, assuming all other qualification are met, Minnesota Statutes 273.111, Subd. 3 states that if the land has been in the possession of the applicant's parent for a period of at least seven years prior to application, it could continue to qualify under the new owner (son). From the information provided, it appears this requirement is met.

For the portion enrolled in Rural Preserve, the new owner would need to meet the agricultural homestead and contiguous Green Acres property enrollment requirements to qualify for Rural Preserve. The property would **not** have been assessed under Green Acres for taxes payable in 2008 **for the new owner**, so that provision would not apply. Therefore, the 2b acres would no longer qualify for Rural Preserve and would be subject to the additional taxes outlined in statute.

Question Two: Minn. Stat. § 273.111, subd. 11a paragraph (b)(1) states that the "death of a property owner when a surviving owner retains ownership of the property" does not constitute a change of ownership for property qualifying for Green Acres and Rural Preserve. Does this only apply to surviving spouses who retain ownership? Would a grantee of a transfer on death deed be considered a "surviving owner"?

Answer: No, a grantee under a transfer on death deed would be considered a change in ownership. Surviving spouses with ownership interests are an example of one qualifying factor however the specific language also relates to properties with multiple owners at the time of one of the owner's deaths, such as a property owned by multiple siblings and one of the siblings passes away. In this case, if the new owner obtains ownership as a grantee of a transfer on death deed, or any other type of transfer, then it would not fall under this exception because it is a change in ownership.

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

Sincerely,

Information & Education Section
Property Tax Division
Phone: 651-556-6922

MINNESOTA · REVENUE

September 9, 2014

Bryan Eder
Olmsted County Assessor's Office
eder.bryan@co.olmsted.mn.us

Dear Mr. Eder:

Thank you for submitting your question to the Property Tax Division regarding the "This Old House" program. You have provided the following question.

Question: What is for the sunset date or phase out schedule for the "This Old House" program?

Answer: As you are aware, the "This Old House" legislation in Minnesota Statute 273.11, subdivision 16 provided for a ten-year window when improvements could qualify for the special program. That ten-year period applied to improvements made between January 1993 through December 2002.

Improvements adding equal or less than $10,000 of market value would be set to phase in for the 2015 assessment, for taxes payable in 2016.

Improvements greater than $10,000 of market value would phase in for the 2018 assessment, for taxes payable in 2019.

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

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

DEPARTMENT OF REVENUE

Valuation Methods

Property Tax Division Mail Station 3340 Fax: (651) 297-2166
St. Paul, MN 55146-3340 Phone: (651) 296-0336
e-mail: john.hagen@state.mn.us

May 1, 2002

Marty Schmidt
Crow Wing County Assessor
Courthouse
326 Laurel Street
Brainerd, Minnesota 56401

Dear Marty:

Thank you for your email regarding a property owner who had trees blown down by a tornado in the summer of 2001.

In that email, you described a property owner of 80 acres who requested a reduction in his valuation because trees on his property were damaged and blown down, which made it difficult to access the property. The owner claimed that he wasn't able to find a logger willing to clean up the downed trees. You further stated in your email that you do not have any sales data that would support a reduction in his valuation.

As you indicated to the landowner, there are no property tax relief programs available for damage incurred to land or, for that matter, trees located on land. We would agree with your contention that aggregated sales data would not support a reduction in value. Additionally, the damage caused by the tornado and winds is indeterminable.

Most importantly, as you are very aware, valuation for property tax purposes is based on mass appraisal. Mass appraisal techniques do not recognize specific land attributes such as trees that could potentially be identified by a fee appraisal. Let me use two examples to illustrate this:

Example one: A lakeshore property is platted into 10 lots. The property was farmed before it was platted. One of the lots contains a large oak tree, and the remaining nine lots contain no trees. In all likelihood, nine of the lots would sell for the same price. However, the lot containing the oak tree would, undoubtedly, sell for more. A private appraiser might recognize this value added by the tree. The assessor definitely would not. Likewise, if the tree were to be destroyed by lightening, it would not affect the assessor's value.

Example two: A 40-acre tract of land is heavily wooded with mature white pines. A neighboring 40-acre tract of land also is covered with white pine although it is not as heavily wooded, and the trees are not mature. A well-informed, knowledgeable seller likely would sell the heavily wooded 40 acres with the mature trees for more than the other 40 acres. The seller would factor the stumpage value of the mature timber into his sale price.

(Continued…)

A fee appraiser hired to establish the value of the properties might come to a similar value conclusion. An assessor valuing the property would not recognize the difference in value between the two 40-acre tracks of land. Neither would the assessor alter the value if a tornado came through and damaged some of the trees on one or both of the parcels. A mass appraisal property tax assessment evens out the peaks and valleys that exist on some properties. It does not differentiate between heavily wooded and more lightly wooded or mature and immature trees. Because the value established by the assessor does not reflect these variations, reduction is not appropriate when a change occurs.

While we, like you, are sympathetic to the property owner's predicament, there is not currently any law or assessment practice that would support a reduction in his valuation or property taxes.

Very truly yours,

JOHN F. HAGEN, Manager
Information and Education Section

January 25, 2006

John Keefe
Chisago County Assessor
Chisago Co. Govt. Center
313 N. Main St. Room 246
Center City, Minnesota 55012-9663

Dear John:

Your e-mail to John Hagen has been forwarded to me for reply. You have the following situation:

Lot 3 House & Garage	Lot 2 Vacant lot with beach

Lakeshore

- Both lots 2 and 3 were previously owned by a single taxpayer.
- Recently, the taxpayer sold lot 3 with an exclusive and permanent easement to use the beach located on lot 2.
- The easement states that "…so long as the easement is in effect, the real estate property taxes assessed against lot 2 shall be apportioned between the owners of lots 2 and 3 as if the property were subdivided and the property covered by the easement owned outright."

You have asked how to value the 120 feet of lakeshore on lot 2 – as part of lot 2 where the beach is located or as part of lot 3 where the owners have the exclusive easement.

We are assuming that the easement that grants access to the beach on lot 2 to the owners of lot 3 has been recorded and is noted as a deed restriction on the deeds of both lots. Given these assumptions, it is our opinion that the lakeshore should be valued as part of lot 2. There is an easement for those persons living on lot 3 to access the beach located on lot 2 but the owners of lot 2 still actually own the lakeshore. Any apportionment of the tax attributed to lot 2 is between the taxpayers.

Please understand that this opinion is made using only the facts provided. If the facts were to change in any way, our opinion would be subject to change as well. If you have further questions, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

STEPHANIE NYHUS, Principal Appraiser
Information and Education Section
Property Tax Division
Phone: (651) 556-6109 Fax: (651) 556-3128
E-mail: stephanie.nyhus@state.mn.us

March 8, 2007

A. Keith Albertsen
Douglas County Assessor
Courthouse
305 8th Avenue West
Alexandria, Minnesota 56308

Dear Keith:

Your e-mail has been assigned to me for reply. You outlined the following situation. An individual in Douglas County conveyed his farm to the Minnesota Department of Natural Resources and retained a life estate on the building site and 20 acres. You have asked how to value the property when it will revert to the state of Minnesota upon the death of the life estate holder.

As you are aware, ordinarily when property is owned by a unit of government and used for a public purpose, the property would be exempt from property tax. However, when such property is leased, loaned or otherwise made available for use by private individuals, the property should be assessed and taxed as if the user was the owner of the property. In other words, in this case, you should ignore the fact that the state of Minnesota holds a remainder interest in the property when the life estate terminates. The property should be valued, using normal methodology, as if the life estate does not exist and the holder of the life estate should be taxed as if he were the owner of the property.

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

Sincerely,

Stephanie L. Nyhus, SAMA
Principal Appraiser
Information and Education Section
Property Tax Division

October 10, 2007

Larry Johnson
Lead Programmer/Analyst
MCIS
413 SE 7th Ave.
Grand Rapids MN 55744

Dear Mr. Johnson,

I am responding to your recent inquiry asking our opinion of whether a taxable parcel can have a value of less than $100.00 on its tax record. We can think of no circumstance that would warrant a tax value of less than $100.00.

Minnesota Statutes, section 273.11, subdivision 1, basically says that all property shall be valued at market value and that any market value less than $100.00 shall be rounded up to $100.00. It is hard to imagine any taxable parcel in Minnesota having a market value less than $100.00. It may be possible for a parcel that is contaminated to have a market value less than $100.00 or even less than zero if the cost of remediation equals or exceeds the original, uncontaminated market value. But even under this circumstance, section 273.11 requires a county to carry a value of $100.00.

If you, or any of your member counties, have any specific examples of values less than $100.00, we would be happy to review the examples to see if some other statute could supersede section 273.11.

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

Sincerely,

Dorothy A. McClung
Property Tax Division

2009071

February 9, 2009

Jack Renick
Lake County Assessor
601 3rd Ave
Two Harbors, MN 55616

Dear Mr. Renick:

Thank you for your questions concerning a timeshare development in Lake County. You have presented us with the following scenario and questions:

> A timeshare development has split a two level unit into 16 interval interests; 8 two bedroom upper level units and 8 one bedroom lower level units. The legal description of the units does not distinguish between unit types.

Question 1: As the legal description does not distinguish between unit types, should our appraisal make this distinction?
Yes. The legal description does pertain to the separate units therefore each unit should be appraised separately according to its unique characteristics and should, because it is a timeshare, be classified seasonal residential recreational (SRR).

Question 2: The covenant for the development specifies that the owner of each interval interest shall pay an equal share of expenses to include real property taxes. Would this be the responsibility of the developer or association or does the county have to split the taxes equally?
Each parcel (floor) should be assessed separately and receive a tax statement. It is the responsibility of the developer to make certain that the taxes are paid; how the taxes are apportioned to the timeshare owners is not the responsibility of the county.

Please be aware that this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well.

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

Sincerely,

DREW IMES, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

April 2, 2012

Dave Sipila
St. Louis County Assessor
sipilad@stlouiscountymn.gov

Dear Mr. Sipila:

Thank you for your question concerning the valuation of a parcel of property with multiple undivided interests. According to the information you provided, an 80-acre parcel of land has been divided into a number of undivided interests. The holders of the undivided interests in the property have built numerous structures (e.g. a residential home) on the parcel.

You have asked how to appropriately value this property. Currently, the assessed value of each structure is assessed to the undivided interest of the property owner who built it.

According to a Minnesota Attorney General's Opinion from 1967, sending separate tax statements to property owners that have requested separate statements for undivided property interests is an obligation of the county, not merely a courtesy the county can bestow if so inclined. This opinion has been summarized as follows:

> Any person holding an undivided interest in any property within the state may pay taxes on that undivided interest (see for instance MS 281.06), and, in view of the county treasurer's duty to furnish tax statements to taxpayers, persons who pay taxes on an undivided interest and who request a separate tax statement therefore would be so entitled, and a county auditor would be required to take whatever steps necessary in order that the county treasurer be able to furnish such statements [*Op.Atty.Gen., 21F, Mar. 20, 1967]*.

As we understand it, St. Louis County has already decided that it is going to provide each undivided owner of a parcel with a tax statement for his/her portion of the entire tax on the parcel. This practice is permitted and acceptable. However, the question remains as to how to allocate the value of the parcel to the various ownership interests to determine the separate tax amounts.

In our opinion, the appropriate method of valuing the property is to value the property as a whole, including all land and structures and then allocate the entire value to the undivided interests in proportion to each owner's percentage interest in the parcel. This is the method indicated in Minnesota Statutes 281.06 and 281.07. If the county chooses an alternate method it can be done only if all the owners get advance notice of the method to be used and agree to it. Thereafter, any changes in methodology or ownership would similarly require notice and unanimous agreement by all the owners (see Minnesota Statutes 281.10 and 281.11).

In sum, the current method being utilized by St. Louis County to value the undivided interests in the parcel may be appropriate if the owners of the property have been notified of the method

used and have agreed to it. If the county wishes to change from the current method being used, all owners of an undivided interest in the property will need to be notified and unanimous agreement by all the owners will need to be made before the change in methodology may occur.

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

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

September 22, 2014

Lori Schwendemann
Lac qui Parle County Assessor's Office
lori.schwendemann@lqpco.com

Dear Ms. Schwendemann,

Thank you for contacting the Property Tax Division regarding conservation easements. You provided us with the following information.

Scenario:

- US Fish and Wildlife recently recorded a couple of perpetual easements for habitat protection in your county.
- One of the easements has a tributary on it.
- The other easement is not located near a body of water.
- You contacted US Fish and Wildlife regarding the second easement.
- They stated that the easements are habitat easements, which protect the upland and wetlands, and provide habitat for wildlife.

Question: Does this type of easement qualify the property to be eligible for a value reduction?

Answer: According to the information you provided it appears that this easement is used for the protection of habitat, not for water quality or quantity purposes. Since it appears to be not for water quality or quantity purposes, and it is not clearly along a riparian buffer, it is our opinion that you could not reduce the value of this property due to the easement.

Please note that our opinion is based solely on the information provided. If any of the facts are misinterpreted, or if any of the facts change, our opinion is subject to change as well. If you have any additional questions or concerns please feel free to contact our division at proptax.questions@state.mn.us

Sincerely,

JESSI GLANCEY, State Program Administrator Senior
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

September 30, 2014

Steve Hurni
Property Tax Compliance Officer
Minnesota Department of Revenue
steve.hurni@state.mn.us

Dear Steve:

Thank you for submitting your question to the Property Tax Division regarding valuation of lands that are under conservation easements.

Question 1 : Has the Department of Revenue established a consistent measurable amount to use if there are riparian buffers covered by conservation easements (e.g. 100 feet, 200 feet, etc.) in order to determine whether the presence of an easement may qualify a property for reduced value?

Answer: No, we do not have a set measurement for riparian buffers in order to determine qualifications for reduced value. Any acreage of land encumbered by an easement on a riparian area for water quality or quantity protection purposes for which the market indicates a reduced value due to the presence of the easement may qualify for such a reduction.

Question 2: Is it correct that easements along a ditch are not eligible for a reduced value?

Answer 2: No, that is not correct. A qualifying easement may include area along a ditch, and if the market indicates a value reduction is applicable, then one may be applied. I have attached the most recent guidance we sent out regarding valuation of lands encumbered by conservation easements.

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

Sincerely,

ANDREA FISH, Supervisor
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

October 15, 2014

Jason McCaslin
Watonwan/Jackson County Assessor
Jason.McCaslin@co.watonwan.mn.us

Dear Mr. McCaslin:

Thank you for submitting your question to the Property Tax Division regarding the valuation of property subject to a conservation easement.

Scenario: Some landowners are applying for Wellhead Protection Easements in order to protect drinking water which is stated as a priority in the Watonwan County Water Plan. The easement contract states that the easement is for water quality control and the land is eligible for water quality practices. The County Water Plan shows the county has a goal of protecting land in the wellhead protection zone by way of easements for groundwater quality. The area in question does not reside along a lake, river, or stream.

Question: Would it be acceptable to reduce the value of property that has a Wellhead Protection Easement because the easements are for water quality control?

Answer: In our opinion, it would not be appropriate to reduce the value of these properties due to the presence of a Wellhead Protection Easement. Based upon the information provided, it is our understanding that these easements are not RIM easements for the protection of surface water quality or quantity. In other words, these easements are not creating riparian buffers along lakes, rivers, or streams. Minnesota Statute 273.117 states that "*easements covering riparian buffers along lakes, rivers, and streams*" or "*easements in a county that has adopted, by referendum, a program to protect farmland and natural areas since 1999*" may be considered for a value reduction. The scenario you have outlined does not fit into either of these categories. Therefore, it is our opinion that this particular easement does not qualify for reduced value.

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

Sincerely,

Drew Imes, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

April 14, 2015

Brad Averbeck
Property Tax Compliance Officer
brad.averbeck@state.mn.us

Dear Mr. Averbeck:

Thank you for submitting your question to the Property Tax Division regarding conservation easements. You have provided the following scenario and question

Scenario: There are parcels that have been put into Wetland Reserve Program (WRP) and Reinvest in Minnesota (RIM) easements; both recorded in July 2014. The WRP easement states the "purpose and intent" of WRP, among other things, is "water quality improvement".

Question: Is this property eligible for a value reduction consistent with other easement property under Minnesota Statutes, section 273.117?

Answer: Yes, the property may qualify for a value reduction if the market indicates such a reduction is warranted.

For water quality or quantity control easements along a lake, river, stream, or – in some cases – a ditch or other body of water, 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.

In this scenario and from the documents you have provided, it does appear to specifically identify "water quality improvements" as one of the purposes of the easement. Additionally, the pictures provided appear to show that the easement covers a wetland area. Therefore, it is the Department of Revenue's opinion that this easement may be eligible for a value reduction as outlined in Minnesota Statute 273.117 if the market indicates that a reduction is warranted.

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

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

MINNESOTA · REVENUE

December 17, 2015

Steve Hurni
Property Tax Compliance Officer
steven.hurni@state.mn.us

Dear Mr. Hurni:

Thank you for submitting your question to the Property Tax Division regarding timeshare valuation and classification. You have provided the following question:

Question: Should counties be tracking the interval ownership of timeshares in their tax systems or just the unit ownership?

Answer: There is no need for counties to track interval ownership for either classification or valuation purposes.

The department has been asked how to value and classify timeshares or interval interests in the past. Typically, the covenant for the development will specify that each owner of an interval interest will pay a certain share of expenses and property taxes based on their percentage of ownership in the timeshare. It is not the responsibility of the county to split the taxes to the owners of the timeshares; splitting the taxes is the responsibility of the developer.

Typically, the units are classified as seasonal residential recreational non-commercial property. Each parcel or unit should be assessed and taxed using normal methodology. It is then up to the developer to apportion the taxes to the timeshare owners and make sure that the taxes are paid.

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

Sincerely,

Ricardo Perez
State Program Administrator
Property Tax
Phone: 651-556-4753
Email: proptax.questions@state.mn.us

February 3, 2016

Eric Christensen
Kittson County Assessor's Office
echristensen@co.kittson.mn.us

Dear Mr. Christensen,

Thank you for submitting your question to the Property Tax Division regarding valuation and conservation easements. You have asked the following questions:

Context: Minnesota Statute 273.117 prohibits reductions in value for lands that enter into conservation easements after May 23, 2013 but provides for 2 exceptions.

Question 1: How does the statute apply to land where other water is present but the control of the quantity or quality of the water is not the primary purpose of the conservation easement?

Answer 1: If the easement was recorded after May 23, 2013 and it is not for the stated purpose of water quality or quantity controls, there is no eligibility for value reduction.

Question 2: Does the statute prohibit or require property value reductions for easements dated after May 23, 2013?

Answer 2: The statute prohibits reductions in value for lands that enter into conservation easements after May 23, 2013. There are two noted exceptions to this prohibition which then allow for but do not require property value reductions:

- Conservation easements in a county that has adopted, by referendum, a program to protect farmland and natural areas since 1999; or
- Conservation easements or restrictions covering riparian buffers along lakes, rivers, and streams that are used for water quantity or quality control.

If the easement was entered into after May 23, 2013, then a property value reduction is prohibited unless one of those two exceptions applies. If one of them applies, then a property value reduction may be applied if the market indicates it should be.

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

Sincerely,

Jeff Holtz
Senior State Program Administrator
Information & Education Section
Property Tax Division
Phone: 651-556-4861
Email: proptax.questions@state.mn.us

July 25, 2016

Shaun Beck
Wadena Assessor's Office
Shaun.beck@co.wadena.mn.us

Dear Mr. Beck,

Thank you for submitting your question to the Property Tax Division regarding travel trailers. You have submitted the following scenarios and question:

Scenario 1:

- A travel trailer is sitting in the yard of a property that has a house and garage.
- The tabs on the travel trailer are over 3 years old.
- The couple who own it have said they have not gone camping with it in the last couple years.

Scenario 2:

- A travel trailer is on a 40 acre piece of land.
- The trailer has tabs that are over 3 years old.
- There are trees growing around the trailer and it appears to not have been used for years.
- You presume it was at one time used as a hunting cabin.

Question: When a travel trailer does not have current registration and does not appear to be used, is it subject to property tax? What is considered a dwelling place?

Answer: As you stated, travel trailers that are not displaying current license plates or tabs on the assessment date of January 2 are subject to property tax if they are used as human dwelling places.

Several criteria may be helpful for making this determination. Whether or not the trailer is being maintained to function as a place where dwelling can occur, if it is being used or maintained for storage purposes instead of as a dwelling, or if it is not being maintained at all are all pieces of information to consider. Ultimately, it is up to the assessor to determine if the property should be considered a human dwelling place.

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

Sincerely,

Jeff Holtz
Senior State Program Administrator
Information & Education Section
Property Tax Division
Phone: Division or Personal Phone
Email: proptax.questions@state.mn.us

March 30, 2017

Prism Team
DataAnalysis.MDOR@state.mn.us

Dear Prism Team,

Thank you for submitting your question to the Information & Education Section. You have provided the following questions:

Question 1: How are new parcel improvements defined?

Answer: New improvements are the assessor's estimate of value to new or previously unassessed improvements made to a property.

Question 2: If a $30,000 structure is demolished and replaced by a structure of lower value ($20,000), is the $20,000 treated as a new improvement value?

Answer: No, since the new improvement is less than the existing structure, the value would appear as a negative net value. Negative net values are not allowed; therefore, the value of the new improvement should be reflected in the overall value of the property.

Question 3: Can there be a negative net value?

Answer: No, a negative net value is not appropriate; if an improvement has a negative net value, we would recommend reporting the value as zero.

Question 4: Does the demolition value need to be known for sales ratio purposes?

Answer: No, demolition service cost is not a factor of determining a property's value.

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

Sincerely,

Gary Martin
State Program Administrator
Property Tax Division
Information & Education
Phone: 651-556-6091

May 11, 2018

Alison Fox
Dakota County Assessor's Office
Alison.fox@co.dakota.mn.us

Dear Ms. Fox,

Thank you for submitting your question to the Property Tax Division regarding the valuation of agricultural land covered by an agricultural conservation easement. You have provided the following scenario and question:

Scenario:

- Several parcels were entered into a perpetual agricultural conservation easement beginning in 2011.
- One parcel is now fully prairie grass and no longer farmed.
- One parcel has been split between prairie grass and active farming.

Question1: Should the county value the prairie grass areas as if there is no easement, or would consideration be given to the permanent easement and the soil values be lowered?

Answer: Minnesota Statute 273.117 prohibits an assessor from reducing the value of property subject to a conservation easement with the following exceptions:

> (1) conservation restrictions or easements covering riparian buffers along lakes, rivers, and streams that are used for water quantity or quality control;
> (2) easements in a county that has adopted, by referendum, a program to protect farmland and natural areas since 1999; or
> (3) conservation restrictions or easements entered into prior to May 23, 2013.

It appears from the information provided that the agricultural conservation easement was entered into prior to May 23, 2013, in which case any reduction in value would be at the discretion of the assessor. This type of easement allows the grantor the right to continue farming the property, and the conversion from agricultural uses to prairie grass appears to be voluntary. Other market conditions that could impact valuation may or may not be materially impacted by this agricultural conservation easement. That determination would need to be made by the assessor based on county standards and procedures.

Question 2: If there is no easement, but the tillable area is replaced with prairie grass, does the property qualify for the Ag classification?

Answer: Classification is based on use. Minnesota Statute 273.13 Subdivision 23 states the three main requirements for a property to be classified as agricultural are:

1. At least 10 contiguous acres must be used to produce agricultural products in the preceding year (or be qualifying land enrolled in an eligible conservation program, or be used for intensive livestock or poultry confinement);
2. The agricultural products are defined by statute; and
3. The agricultural product must be produced for sale.

If an Ag property no longer meets these requirements, then the assessor must change the classification to reflect the property's current use.

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

DEPARTMENT OF REVENUE

Wetlands

July 5, 2005

Kent Wolf
MN DNR Forester
14583 Co Rd 19
Detroit Lakes, MN 56501

Dear Mr. Wolf:

Thank you for your question regarding the sustainable forest incentive act (SFIA) program and wetlands being placed in the Fish and Wildlife Service Wetlands Easement (FWSWE) program. You indicate you are working with two landowners who wish to place their wetlands in the FWSWE program.

Regarding the first landowner, you ask if the acres that they have enrolled in the FWSWE program need to be delineated and deducted from the eligible SFIA acres.

The second landowner wants to put their wetlands that are currently enrolled in the SFIA program into the FWSWE program. You ask if they can enroll their SFIA enrolled land into the FWSWE program. If they cannot, is there a way to remove their wetland acres from the SFIA program so they can be placed into FWSWE program.

We're not exactly sure how the FWSWE program works, but our sense is that if it works similar to Reinvest in Minnesota (RIM), Conservation Reserve Enhancement Program (CREP), or Conservation Reserve Program (CRP), in which the landowner receives a payment in return for restricting their land while in these programs, the same land cannot be enrolled in sustainable forest incentive act (SFIA) program. One of the eligibility requirements for the SFIA program is that the land cannot be enrolled in RIM, CREP, CRP, Green Acres or Ag Preserves.

In our opinion, the first landowner needs to exclude the acres they have enrolled in the Fish and Wildlife Service Wetlands Easement (FWSWE) program from the eligible acres they wish to enroll in SFIA.

As you know, when someone enrolls their land into SFIA, they agree to be enrolled in the program for a minimum of eight years. The second landowner may choose to cancel enrollment from the SFIA program after four years by filing a written request with the department. Once filed, the cancellation will take effect four years from the date of the landowner's written request. They will be eligible to continue to receive incentive payments during the four-year period. Then, if they so desire, if they still want to put their wetlands into the FWSWE program, they can.

(Continued…)

If you want to pursue exactly how the FWSWE program works and what it does, we could reconsider our opinion.

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

Sincerely,

JOAN SEELEN, Appraiser
Information and Education Section
Property Tax Division
Phone (651) 556-6114
Fax (651) 556-3128
E-mail: joan.seelen@state.mn.us

February 14, 2007

Sue Schulz
McLeod County Assessor
Courthouse
830 11th Avenue E.
Glencoe, Minnesota 55336

Dear Ms. Schulz:

Thank you for your letter regarding wetland exemption. You outlined the following situation. One of your taxpayers enrolled in a Reinvest in Minnesota (RIM) program for wetland restoration. He has questioned whether his restored wetland is eligible for exemption.

Unfortunately, there is no way for us to answer your question definitively, but we can offer you some guidance. Minnesota Statute 272.02, subdivision 11 states that for a wetland to qualify for exemption from property tax, it must:

1. Be a type 3, 4, or 5 wetland (as defined in United State Fish and Wildlife Service Circular No. 39 (1971 Edition)); or

2. Be located within a wetland preservation area; or

3. Meet the requirements dictated in Minnesota Statutes, Section 272.02, subdivision 11 clause (ii) of the statutory definition of land eligible for the exemption, which is as follows:

> *"…land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice…"Wetlands" under clauses (i) and (ii) include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands, but do not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms."*

If a wetland meets any of the above requirements, it would qualify for exemption from property tax. If you need assistance in determining a particular wetland's eligibility, we suggest that you contact the Waters Division of the Minnesota Department of Natural Resources since this is their specialty.

(Continued…)

If the wetland does not qualify for exemption from property tax, it may qualify for valuation of restored or preserved wetland as outlined in Minnesota Statutes, section 273.11, subdivision 11 which states in part that:

> *"Wetlands restored by the federal, state, or local government, or by a nonprofit organization, or preserved under the terms of a temporary or perpetual easement by the federal or state government, must be valued by assessors at their wetland value. 'Wetland value' in this subdivision means the market value of wetlands in any potential use in which the wetland character is not permanently altered. Wetland value shall not reflect potential uses of the wetland that would violate the terms of any existing conservation easement, or any one-time payment received by the wetland owner under the terms of a state or federal conservation easement. Wetland value shall reflect any potential income consistent with a property's wetland character, including but not limited to lease payments for hunting or other recreational uses…For purposes of this subdivision, 'wetlands' means lands transitional between terrestrial and aquatic systems where the water table is usually at or near the surface or the land is covered by shallow water. For purposes of this definition, wetlands must have the following three attributes:*
>
> > *(1) have a predominance of hydric soils;*
> > *(2) are inundated or saturated by surface or ground water at a frequency and duration sufficient to support a prevalence of hydrophytic vegetation typically adapted for life in saturated soil conditions; and*
> > *(3) under normal circumstances support a prevalence of such vegetation.*

Hopefully we have provided enough guidance to assist you with this issue. If you have further questions or concerns, please direct them to us at proptax.questions@state.mn.us.

Sincerely,

STEPHANIE NYHUS, SAMA
Information and Education Section
Property Tax Division

May 8, 2009

Pat Walters
Winona County Assessor's Office
Courthouse
171 West 3rd Street
Winona, Minnesota 55987

Dear Ms. Walters:

Thank you for your question concerning wetlands and property tax exemption. You have a taxpayer in your county that believes they are eligible for wetland exemption. You have inquired as to what options are available for the property tax exemption of wetlands.

Minnesota Statute 272.02, subdivision 11, provides for the property tax exemption of wetlands. In sum, the statute provides for the exemption of the following:

1. *All types 3, 4, and 5 wetlands, as defined by the United States Fish and Wildlife Service, not included within the definition of public waters, that are ten or more acres in size in unincorporated areas or 2-1/2 or more acres in incorporated areas.*
2. *Land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice.*
3. *Land in a wetland preservation area under sections 103F.612 to 103F.616.*

In order to enroll land as a Wetland Preservation Area (number 3 above), a property owner must apply to the county on a form provided by the Board of Water and Soil Resources. The land must also meet other specific guidelines such as being located in a high priority wetland area indentified in a comprehensive local water plan and be located in a high priority wetland region designated by the Board of Water and Soil Resources. The specific requirements and details of the application process can be found in Minnesota Statute 103F.612.

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

Sincerely,

DREW IMES, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA ▪ REVENUE

February 8, 2011

Russ Nygren
Morrison County Assessor's Office
Russn@co.morrison.mn.us

Dear Mr. Nygren:

Thank you for your question concerning the assessment of wetland property. You have provided us with the following question:

> How do you assess a 40-acre parcel which has 7 acres under water, and the water is determined to be public water. Should those 7 acres be exempt?

If the wetlands are considered "Public Waters Wetlands" as described in Minnesota Statutes, section 103G.005, subdivision 15a, the seven acres of wetland property may be considered exempt. "Public water wetlands" include wetland types 3, 4, and 5 as classified by the U.S. Fish and Wildlife Service. These types of wetlands are usually completely covered in water and are specifically stated in 272.02, subdivision 11 as being exempt. The MN DNR should have an inventory of wetlands that are classified as wetland types 3, 4, and 5 that you can reference to help determine how to assess the seven acres of wetland property. In order to be exempt the wetlands must be ten or more acres in size in unincorporated areas or 2-1/2 or more acres in size in incorporated areas.

If you determine that the wetland property does not qualify for exemption, the property would most likely be considered class 2b rural vacant land as "waste" and valued accordingly.

Please be aware that this opinion is based solely on the information provided. If any of the facts of the situation were to change, our opinion would be subject to change as well.

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

Sincerely,

Drew Imes, State Program Administrator
Information Education Section
Property Tax Division

MINNESOTA · REVENUE

March 28, 2014

Mark Vagts
Waseca County Assessor
Mark.vagts@co.waseca.mn.us

Dear Mr. Vagts:

Thank you for your question to the Property Tax Division regarding conservation easements. You have provided the following scenario and question.

Scenario: In Waseca County, there is a parcel of farmland that was recently put into Wetland Reserve Program (WRP) and Reinvest in Minnesota (RIM) easements; both are recorded 1/22/2014. You have attached the WRP easement, and it states the "purpose and intent" of WRP, among other things, is "water quality improvement".

Question: Is this property eligible for a value reduction consistent with other easement property under Minnesota Statutes, section 273.117?

Answer: Yes, the property may qualify for a value reduction if the market indicates such a reduction is warranted.

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.

In this scenario and from the documents you have provided, it does appear to specifically identify "water quality improvements" as one of the purposes of the easement. Therefore, it is the Department of Revenue's opinion that this easement may be eligible for a value reduction as outlined in Minnesota Statute 273.117.

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

Sincerely,

Ricardo Perez, State Program Administrator
Information and Education Section
Property Tax Division

MINNESOTA · REVENUE

October 2, 2014

Dave Sipila
St. Louis County Assessor's Office
sipilad@StLouisCountyMN.gov

Dear Mr. Sipila:

Thank you for submitting your question to the Property Tax Division regarding the valuation of wetlands.

Scenario
Wetland is being preserved by a conservation easement to the State of Minnesota.

Question
Do wetlands that are preserved by a conservation easement to the State of Minnesota fall under Minnesota Statute 273.11, subdivision 11 for valuation purposes, or can you consider other factors in the value, e.g. credits?

Answer
Wetlands preserved by an easement to the State of Minnesota would fall under the provision and should be valued as stated in Minnesota Statute 273.11. In September 1991, the Department of Revenue issued a bulletin to all assessors regarding proper valuation of wetlands and included those preserved under the terms of easements to the federal, state or local government. In that bulletin, the department stated that this provision applied to taxable wetlands that have been either:

1. restored (through plugging of tile lines or similar action) by the government (state, federal, or local) or by a nonprofit organization; **or**
2. preserved wetlands under the terms of a temporary or perpetual easement by the federal or state government (i.e. CRP, RIM, Water Bank, U.S. Fish and Wildlife easements, etc.)

The scenario you provided would fall under the second statement of wetlands being preserved under the terms of an easement by the state government and are to be valued at their "wetland value." This includes if the state has granted an easement to a private entity that is not otherwise exempt. The statute continues:

> "*Wetland value shall not reflect potential uses of the wetland that would violate the terms of any existing conservation easement, or any onetime payment received by the wetland owner under the terms of a state or federal conservation easement. Wetland value shall reflect any potential income consistent with a property's wetland character, including but not limited to lease payments for hunting or other recreational uses.*"

You can find more information regarding valuation of preserved wetlands in the Property Tax Administrator's Manual, *Module 2-Valuation* which can be found on our website at:
http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/ptamanual.aspx.

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

Sincerely,

Emily Hagen, State Program Administrator
Information and Education Section
Property Tax Division

April 12, 2019

Dawn Swisher
Ottertail County Assessor's Office
dswisher@co.ottertail.mn.us

Dear Ms. Swisher,

Thank you for submitting your question to the Property Tax Division regarding wetland valuation. You have provided the following scenario and question:

Scenario:

- 105.6 acres of a property are enrolled in a Perpetual Conservation Easement for Wetland Bank with the Board of Water and Soil Resources.
- Part of the easement requires the property owners to establish and maintain an "upland buffer" to protect the wetlands areas within the easement.

Question: Given that preserved wetlands in an easement are valued at their "wetland value" by statute, what portion of the property should be valued as wetland?

Answer: Minnesota Statutes 273.11, subdivision 11 states that wetlands in an easement by the state government must be valued at their wetland value. The statute defines wetlands as lands that are transitional between terrestrial and aquatic systems, and makes no mention of upland buffers that may otherwise be required in such an easement. Because the buffer is not wetlands, it should not be valued as such.

It is important to note that while the buffer should not be valued as wetlands, the buffer's requirement as part of the easement should be considered when valuing that portion of the property. The appraiser should use their best judgement in determining how the easement and surrounding wetland affects the value of the remaining land.

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