



# Board of County Commissioners Agenda Request

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Agenda Item #

**Requested Meeting Date:** July 25, 2017

**Title of Item:** Legislative Update

<input checked="" type="checkbox"/> REGULAR AGENDA <input type="checkbox"/> CONSENT AGENDA <input type="checkbox"/> INFORMATION ONLY	<b>Action Requested:</b> <input type="checkbox"/> Approve/Deny Motion <input type="checkbox"/> Adopt Resolution (attach draft)	<input type="checkbox"/> Direction Requested <input checked="" type="checkbox"/> Discussion Item <input type="checkbox"/> Hold Public Hearing* <small>*provide copy of hearing notice that was published</small>
<b>Submitted by:</b> Mike Dangers		<b>Department:</b> County Assessor
<b>Presenter (Name and Title):</b> Mike Dangers, County Assessor		<b>Estimated Time Needed:</b> 20 minutes
<b>Summary of Issue:</b> This is a brief summary of legislative changes that affect property assessment. I don't intend to go into great detail on any one item but if the Board would like more information, a follow up presentation could be done.  Please see the attached memo.		
<b>Alternatives, Options, Effects on Others/Comments:</b>		
<b>Recommended Action/Motion:</b>		
<b>Financial Impact:</b> Is there a cost associated with this request? <input type="checkbox"/> Yes <input type="checkbox"/> No What is the total cost, with tax and shipping? \$ Is this budgeted? <input type="checkbox"/> Yes <input type="checkbox"/> No <i>Please Explain:</i>		



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## MEMO

July 18, 2017

To: Board of County Commissioners  
Jessica Seibert, County Administrator

From: Mike Dangers, County Assessor 

Re: Legislative Update

On July 13, the Minnesota Department of Revenue published its 2017 Property Tax Law Summary that details the changes in Minnesota Statutes as a result of the 2017 legislative sessions in Minnesota. This Summary is extensive and can be found at this web address:  
[http://www.revenue.state.mn.us/local\\_gov/prop\\_tax\\_admin/Pages/lawssummary.aspx](http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/lawssummary.aspx)

Since this Summary has lots of information that does not pertain to Aitkin County, and it may be difficult to understand, I have put together a shorter list of the major changes below:

**State General Tax Changes:** As you likely already know, the first \$100,000 of market value on commercial and industrial property does not pay State General Tax starting for 2018 payable. Also, the State Levy for this type of property was reduced by about 4% and frozen going forward. Previously there was an automatic inflator that increased the Levy each year. Since the size of the tax base is being reduced due to the elimination of the first \$100,000 of each commercial and industrial property in the whole State, the State General Tax Rate will likely increase even with the reduction of the Levy. We will not know until very late this year what the new State General Tax Rate will be. At the time of this presentation, I plan to share a rough estimate of the tax impact assuming no rate changes.

**Assessor Licensure Changes:** Previously, appraisers and assessors that did field appraisal work for local governments in Minnesota had to obtain the Accredited Minnesota Assessor licensure by July 2019. Now they have until July 2022 to get the new license or get a waiver approved by the

State Board of Assessors. This waiver may be very difficult to obtain since a long comprehensive exam is required. There are several other required criteria with these waivers that make them undesirable that I can go over if more information is needed.

**American Legion and VFW Tax Break:** Property owned by these veterans' organizations now have a lower classification tax rate. Previously, it was 1.5% and now it is 1.0% which is similar to residential property.

**Property on Leased Campsites:** Aitkin County has hundreds of leased campsites on resort property that have trailers and buildings on them. Previously, any value of less than \$1000 was exempt in this situation. Now, values less than \$10,000 are exempt. This is viewed as a positive change by staff since the tax generated on these low value improvements are minimal. The time saved can be put towards more important matters.

**School District Bond Agricultural Credit:** Previously, most agricultural homestead property had to pay for school district building bonds at the same rate as other classes of property. Now, this type of property will get a credit equal to 40% of the tax that they pay for these bond levies. This would have a big impact on those areas that pass a school building bond and the larger the bond, the larger the credit. In some parts of the State, farms have been paying for the majority of the school building projects and that prompted this legislation.

**Sustainable Forest Incentive Act:** This had numerous changes this year. Around 40,000 privately-owned acres in Aitkin County are enrolled in this forestry program that pays \$7 per acre every year to the property owner in exchange for their promise to practice good forestry. Each of these properties has a covenant recorded. Now, the program involves a higher rate per acre that pays for longer term covenants of up to 50 years in length. Also, the DNR is now involved in enforcement of the program and will penalize owners that violate the terms of the covenant.

**Paperwork Reduction:** There are several law changes this year that will result in less paperwork including the following:

- Disabled veterans that had to apply every year for the value exclusion will no longer need to do this.
- Local boards of appeal no longer need to send a form every year saying they have a trained member.
- Farm homesteads held in most trusts will not have to file certain annual forms with the Dept of Ag.
- County boards of appeal don't have to send their minutes to the Dept of Revenue every year.
- Payoffs of most contract for deed properties no longer need to file a certificate of real estate value.

**Spouses of Disabled Veterans Who Passed Away:** There are many disabled military veterans that qualify for a special tax reduction in Aitkin County. In many cases, this meant no property taxes on the homestead parcel. When the veteran passes away, and their spouse retains the property, the spouse can qualify for a continuation of this benefit. The spouses had to reapply each year for this and if they forgot a year or if they forgot to apply in the first place, the spouse was no longer eligible for the program. Now the program will allow spouses that previously missed out on applying a second chance to apply. It also eliminates the need for annual applications.

**PILT Payment Increases:** The rate increases on certain types of PILT lands is increasing from \$1.50 to \$2.00 per acre per year. This should result in an approximate \$280,000 annual payment increase for Aitkin County.

**New Mobile Home Park Classification:** There is a new classification for mobile home parks. Currently parks have a class rate of 1.25% which is between commercial and residential. Now if the owner or manager completes continuing education hours and gets a certain certificate, the property could qualify for a 1.00% rate.

**New Training Requirements:** The Department of Revenue can now require Local and County Boards of Appeal and Equalization to take up to 2 hours of additional training beyond the current requirements if the DOR believes that a Board is not performing its functions in a uniform and equitable manner. It can also now require other property tax administrators to take additional training up to an additional 32 hours.

**Reassessment Orders:** The Department of Revenue has had the power to order a jurisdiction to reassess their property for years. Now the law has changed to allow them to order reassessments on any identified set of parcels through the State Board of Equalization. Historically, this practice has been very unusual but not unheard of.