

1.1 A bill for an act

1.2 relating to taxation; providing that certain elderly living facilities are exempt
1.3 from property taxation; providing an exemption for the purchase of materials
1.4 and supplies used in the construction of certain elderly living facilities from
1.5 sales taxation; amending Minnesota Statutes 2008, sections 272.02, by adding a
1.6 subdivision; 297A.71, by adding a subdivision.

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

1.8 Section 1. Minnesota Statutes 2008, section 272.02, is amended by adding a
1.9 subdivision to read:

1.10 Subd. 90. **Elderly living facility.** An elderly living facility is exempt from taxation
1.11 if it meets all of the following requirements:

1.12 (1) the facility consists of no more than 75 living units;

1.13 (2) the facility is located in a city of the first class with a population of more than
1.14 350,000;

1.15 (3) the facility is owned and operated by a nonprofit corporation organized under
1.16 chapter 317A;

1.17 (4) the owner of the facility is an affiliate of entities that own and operate assisted
1.18 living and skilled nursing facilities that:

1.19 (i) are located across a street from the facility;

1.20 (ii) are adjacent to a church that is exempt from taxation under subdivision 6;

1.21 (iii) include a congregate dining program; and

1.22 (iv) provide assisted living or similar social and physical support;

1.23 (5) the residents of the facility must be:

1.24 (i) at least 62 years of age; or

1.25 (ii) handicapped;

2.1 (6) at least 30 percent of the units in the facility are occupied by persons whose
2.2 annual income does not exceed 50 percent of median family income for the area or, in the
2.3 alternative, 40 percent of the units in the facility are occupied by persons whose annual
2.4 income does not exceed 60 percent of median family income for the area; and

2.5 (7) before the effective date of this subdivision, the facility has received design
2.6 approval from the city in which it is to be located.

2.7 In this subdivision, "affiliate" means any entity directly or indirectly controlling or
2.8 controlled by or under direct or indirect common control with an entity, and "control"
2.9 means the power to direct management and policies through membership or ownership
2.10 of voting securities.

2.11 The exemption provided in this subdivision applies to taxes levied in each year or
2.12 partial year of the term of the facility's initial permanent financing or 25 years, whichever
2.13 is later.

2.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.15 Sec. 2. Minnesota Statutes 2008, section 297A.71, is amended by adding a subdivision
2.16 to read:

2.17 Subd. 41. **Elderly living facility.** Purchases of materials and supplies used or
2.18 consumed in and equipment incorporated into the construction of an elderly living facility
2.19 is exempt from the tax imposed by this chapter if the facility meets all of the following
2.20 requirements:

2.21 (1) the facility is to consist of no more than 75 living units;

2.22 (2) the facility is to be located in a city of the first class with a population of more
2.23 than 350,000;

2.24 (3) the facility is to be owned and operated by a nonprofit corporation organized
2.25 under chapter 317A;

2.26 (4) the owner of the facility is to be an affiliate of entities that own and operate
2.27 assisted living and skilled nursing facilities that:

2.28 (i) are located across a street from the facility;

2.29 (ii) are adjacent to a church that is exempt from taxation under section 272.02,
2.30 subdivision 6;

2.31 (iii) include a congregate dining program; and

2.32 (iv) provide assisted living or similar social and physical support;

2.33 (5) the residents of the facility must be:

2.34 (i) at least 62 years of age; or

2.35 (ii) handicapped;

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3.1 (6) at least 30 percent of the units in the facility are to be occupied by persons whose
3.2 annual income does not exceed 50 percent of median family income for the area or, in the
3.3 alternative, 40 percent of the units in the facility are occupied by persons whose annual
3.4 income does not exceed 60 percent of median family income for the area; and

3.5 (7) before the effective date of this subdivision, the facility has received design
3.6 approval from the city in which it is to be located.

3.7 In this subdivision, "affiliate" means any entity directly or indirectly controlling or
3.8 controlled by or under direct or indirect common control with an entity, and "control"
3.9 means the power to direct management and policies through membership or ownership
3.10 of voting securities.

3.11 **EFFECTIVE DATE.** This section is effective for purchases made the day following
3.12 final enactment and thereafter.