

**SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION**

S.F. No. 51

(SENATE AUTHORS: REST, Dibble, Frentz, Weber and Nelson)

DATE	D-PG	OFFICIAL STATUS
01/16/2025	Introduction and first reading Referred to Taxes	

1.1 A bill for an act

1.2 relating to taxation; property; allowing property tax abatement for land bank

1.3 property; amending Minnesota Statutes 2024, sections 469.1812, by adding a

1.4 subdivision; 469.1813, subdivisions 1, 6, by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2024, section 469.1812, is amended by adding a subdivision

1.7 to read:

1.8 Subd. 2a. **Land bank organization.** "Land bank organization" means an organization

1.9 that, at least in part, acquires, holds, or manages vacant, blighted, foreclosed, or tax-forfeited

1.10 property for future development, redevelopment, or disposal, and that is either:

1.11 (1) a nonprofit organization exempt from federal income taxation under section 501(c)(3)

1.12 of the Internal Revenue Code whose governing board members are elected or appointed by

1.13 the state of Minnesota, any political subdivision of the state of Minnesota, or an agency of

1.14 the state of Minnesota or its political subdivisions, or are elected or appointed officials of

1.15 the state of Minnesota or any of its political subdivisions; or

1.16 (2) a limited liability company of which a nonprofit organization described in clause (1)

1.17 is the sole member.

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

1.19 Sec. 2. Minnesota Statutes 2024, section 469.1813, subdivision 1, is amended to read:

1.20 Subdivision 1. **Authority.** The governing body of a political subdivision may grant a

1.21 current or prospective abatement, by contract or otherwise, of the taxes imposed by the

1.22 political subdivision on a parcel of property, which may include personal property and

2.1 machinery, or defer the payments of the taxes and abate the interest and penalty that otherwise
2.2 would apply, if:

2.3 (1) it expects the benefits to the political subdivision of the proposed abatement agreement
2.4 to at least equal the costs to the political subdivision of the proposed agreement or intends
2.5 the abatement to phase in a property tax increase, as provided in clause (2)(vii); and

2.6 (2) it finds that doing so is in the public interest because it will:

2.7 (i) increase or preserve tax base;

2.8 (ii) provide employment opportunities in the political subdivision;

2.9 (iii) provide or help acquire or construct public facilities;

2.10 (iv) help redevelop or renew blighted areas;

2.11 (v) help provide access to services for residents of the political subdivision;

2.12 (vi) finance or provide public infrastructure;

2.13 (vii) phase in a property tax increase on the parcel resulting from an increase of 50
2.14 percent or more in one year on the estimated market value of the parcel, other than increase
2.15 attributable to improvement of the parcel; ~~or~~

2.16 (viii) stabilize the tax base through equalization of property tax revenues for a specified
2.17 period of time with respect to a taxpayer whose real and personal property is subject to
2.18 valuation under Minnesota Rules, chapter 8100.;

2.19 (ix) provide for the development of affordable housing to households at or below 80
2.20 percent of area median income as estimated by the United States Department of Housing
2.21 and Urban Development for the political subdivision in which the project is located; or

2.22 (x) allow the property to be held by a land bank organization for future development.

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

2.24 Sec. 3. Minnesota Statutes 2024, section 469.1813, subdivision 6, is amended to read:

2.25 Subd. 6. **Duration limit.** (a) A political subdivision may grant an abatement for a period
2.26 no longer than 15 years, except as provided under ~~paragraph~~ paragraphs (b) and (c). The
2.27 abatement period commences in the first year in which the abatement granted is either paid
2.28 or retained in accordance with section 469.1815, subdivision 2. The subdivision may specify
2.29 in the abatement resolution a shorter duration. If the resolution does not specify a period of
2.30 time, the abatement is for eight years. If an abatement has been granted to a parcel of property
2.31 and the period of the abatement has expired, the political subdivision that granted the

3.1 abatement may not grant another abatement for eight years after the expiration of the first
3.2 abatement. This prohibition does not apply to improvements added after and not subject to
3.3 the first abatement. Economic abatement agreements for real and personal property subject
3.4 to valuation under Minnesota Rules, chapter 8100, are not subject to this prohibition and
3.5 may be granted successively.

3.6 (b) A political subdivision proposing to abate taxes for a parcel may request, in writing,
3.7 that the other political subdivisions in which the parcel is located grant an abatement for
3.8 the property. If one of the other political subdivisions declines, in writing, to grant an
3.9 abatement or if 90 days pass after receipt of the request to grant an abatement without a
3.10 written response from one of the political subdivisions, the duration limit for an abatement
3.11 for the parcel by the requesting political subdivision and any other participating political
3.12 subdivision is increased to 20 years. If the political subdivision which declined to grant an
3.13 abatement later grants an abatement for the parcel, the 20-year duration limit is reduced by
3.14 one year for each year that the declining political subdivision grants an abatement for the
3.15 parcel during the period of the abatement granted by the requesting political subdivision.
3.16 The duration limit may not be reduced below the limit under paragraph (a).

3.17 (c) An abatement under subdivision 1, clause (2), items (ix) and (x), may be granted for
3.18 a period no longer than five years. This limit also applies if the resolution does not specify
3.19 a period of time.

3.20 **EFFECTIVE DATE.** This section is effective for abatement resolutions approved after
3.21 the day following final enactment.

3.22 Sec. 4. Minnesota Statutes 2024, section 469.1813, is amended by adding a subdivision
3.23 to read:

3.24 Subd. 11. **Repayment.** A land bank organization receiving an abatement under
3.25 subdivision 1, clause (2), item (ix) or (x), must repay the abatement with interest if the land
3.26 for which the abatement was granted is used for a purpose other than the purpose given by
3.27 the land bank organization prior to redevelopment, as determined by the governing body
3.28 of the political subdivision that granted the abatement. This subdivision applies immediately
3.29 after the abatement under this section expires and land is subject to repayment under this
3.30 subdivision for the same number of years that the abatement was granted. Interest under
3.31 this section is payable at the rate determined in section 270C.40, subdivision 5.

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