HOUSE RESEARCH

Bill Summary =

FILE NUMBER: H.F. 1562 **DATE:** April 14, 2004

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Subject: Disqualifies certain property from Green Acres; allows municipalities to

establish program for treatment of certain vacant commercial property

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Overview

Disqualifies certain property from the property tax benefits of the "Green Acres" program if the area surrounding it is highly developed and is generally served by infrastructure. Effective for assessment year 2004, taxes payable in 2005 and thereafter.

Also allows a municipality to establish a program to reclassify from class 3 to class 5, certain commercial industrial property that has been vacant for at least three or five years, along with other specific factors. Effective for the 2005 assessment, taxes payable in 2006 and thereafter.

Both of these provisions apply only to property located outside of the seven county metropolitan area.

Section

- Green acres; requirements. Disqualifies certain urban property from the green acres program due to the changes in section 2.
- Effective for assessment year 2004 and thereafter, for taxes payable in 2005 and thereafter.

 Green acres; certain urban property not eligible. Provides that property located outside of the seven county metropolitan area, does not qualify for property tax deferment under the

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green acres program if it meets both of the following:

- the property is surrounded on all sides by platted property, some of which is improved with structures; and
- the property is generally served by infrastructure, including streets, curb, gutter, public sewer, and water.
- Effective for assessment year 2004 and thereafter, for taxes payable in 2005 and thereafter. 3 **Additional taxes.** Makes conforming changes due to the change made in section 2. Also adds a definition of "timely paid" as 30 days from the date of the notification of additional taxes from the county.
- Effective for assessment year 2004 and thereafter, for taxes payable in 2005 and thereafter. **Special assessments.** Makes conforming changes due to the change made in section 2. 4
- Effective for assessment year 2004 and thereafter, for taxes payable in 2005 and thereafter, 5 Class 5. Provides that property classified under a "vacant commercial industrial program" established in section 6, is class 5 property, instead of class 3 property. This will result in the property not receiving the reduced class rate that applies to the lower tier of commercial/industrial property for class 3.
 - Effective for assessment year 2005, taxes payable in 2006 and thereafter.
- Vacant commercial industrial properties. Authorizes cities that are located outside of the 6 seven county metropolitan area to establish a program to classify certain vacant land.
 - **Subd. 1. Authority.** Authorizes a city to establish, by ordinance, a program for the reclassification of class 3 properties, as class 5 properties, to encourage redevelopment, better utilization of property, and elimination of blighting influences. Provides that the property may be reclassified under the program only if the property has been vacant, as defined in subdivision 3, clauses (1) to (3), for three or more years prior to the current assessment year, or under subdivision 3, clause (4), for five or more consecutive years prior to the current assessment year.

Subd. 2. Minimum requirements. Requires the program to provide:

- standards for determining whether a property is vacant;
- written assessment notice by the city or county to the property owner informing the owner that the property will be reclassified,
- opportunity for the property owner to appeal the reclassification to the board of equalization;
- timely notice to the county assessor that the property has been reclassified, is a city

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assessor has reclassified the property; and

• any other provisions that the city determines are necessary or appropriate to the operation of the program to achieve its purposes.

Subd. 3. Definition of vacant. Provides that a program established under this section may treat a property as vacant, if the property is:

- (1) condemned, dangerous, or having multiple building code violations;
- (2) condemned and illegally occupied;
- (3) either occupied or unoccupied, during which time the enforcement officer for the municipality has issued multiple orders to correct nuisance conditions; or
- (4) unoccupied and not utilized for a commercial or industrial purpose.

The municipality shall give notice to the property owner requiring (i) the property to be occupied, any of the conditions in clauses (1) to (3) be remedied, and the property must be used for a commercial or industrial purpose for at least 180 days during the next 12-month period, or (ii) the property may be reclassified to class 5 property.

Subd. 4. Application outside the metropolitan area. Limits application of this section to cities located outside the seven county metropolitan area.

Effective for assessment year 2005 and thereafter, for taxes payable in 2006 and thereafter.