

# HOUSE RESEARCH

## Bill Summary

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**Version:** As introduced

**Authors:** Hausman

**Subject:** Exempting certain qualifying property used for educational instruction

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### Overview

Exempts a certain property used for educational instruction for taxes payable in 2005. It has already been exempted for taxes payable in 2006 and thereafter. Effective the day following final enactment.

#### Section

**1 Property used for educational instruction.** Exempts a certain property from taxation for the 2004 assessment, taxes payable in 2005, that:

- 1. is used to provide direct educational instruction for grades 7 through 12;
- 2. is located in a city of the first class that has a population greater than 250,000 but less than 350,000;
- 3. was purchased after July 1, 2004, by a 501(c)(3) nonprofit; and
- 4. is leased and operated by two nonprofit corporations organized under chapter 317A.

Background: Great River School leased the building and paid \$28,292 in property taxes for the second half of 2004. However, due to some unintended circumstances, the operators were not able to finalize the purchase of the building until July 14, 2004. Minnesota

**Section**

Statutes, section 272.02, subdivision 38, paragraph (b), provides that in order to be exempt for the current assessment year (for taxes payable in the following year), the property must be exempted before July 1. Hence, this building remained taxable for the 2004 assessment, taxes payable in 2005, since the sale occurred July 14. The 2005 taxes are about \$57,000 (the taxes are based upon a commercial classification). This bill exempts the Great River School building from 2005 taxes.

This exemption is for the Great River School, which is one of five "Star Schools," selected by the University of Minnesota with start-up funding by the Bill and Melinda Gates Foundation. It is the first public high school in the Midwest offering the Montessori curriculum. Its charter sponsor is Hamline University. It is located in St. Paul.

Effective the day following final enactment.