

# Property Tax Exemptions

All real property in the state is taxable except Indian lands and other property specifically exempted by the State Constitution or by statute. Because there is a **presumption** that real property is taxable, exemptions are strictly construed and the **burden of proof** is on the taxpayer to show that it qualifies for exemption.

## Minnesota Constitution, Art. X

- Public burying grounds
- Public school houses
- Public hospitals
- Academies, colleges, universities, all seminaries of learning
- Churches, church property, and houses of worship
- Institutions of purely public charity
- Public property used exclusively for any public purpose

**Minnesota Statutes § 272.02** sets forth more than 80+ specific categories of property exempt from taxation. Among the most commonly relied upon

- \* Public burying grounds
- \* Public schoolhouses
- \* Public hospitals
- \* Education institutions: academies, colleges, and universities, and all seminaries of learning
- \* Churches, church property, and houses of worship
- \* Institutions of purely public charity

Statute details factors to be considered

Review committee composed of government and non-profit entities

- \* Public Property exclusively used for public purposes

### **Requirements for Exemption:**

- 1) Ownership by an exempt entity (A lease of the property may trigger a tax. The property will lose its exemption when leased unless the lessee and its use independently qualify for exemption. Also, if any exempt real property is leased, loaned or otherwise made available and used by a private individual, association or corporation in connection with a business conducted for profit, a tax is imposed.)  
**and**
- 2) Use for an exempt purpose: “Devoted to” and “Reasonably necessary for”.
  - a. The property must be used for the purpose for which the entity applying for the exemption was organized.
  - b. Pro-rata Exemption: Portions of the property may be devoted to activities which are commercial, making those portions taxable, without loss of the tax exemption for the remainder of the property.

### **Applications for Exemption**

Applications for exemption are made to the Assessor’s Office. After exemption has been granted, every three years a statement of exemption must be filed on or before February 1, except for churches and houses of worship and property solely used for educational purposes by academies, colleges, universities or seminaries of learning and property owned by the State of Minnesota or any political subdivision thereof.

### **Timing**

Assessments occur on January 2 each year for taxes payable in the following year. The ownership and use requirements must be met **each year** on January 2 for the exemption to continue for that year’s assessment.

If ownership changes mid-year, there is a specific statute that governs when the exemption becomes effective or is ended. Minn. Stat. § 272.02, subd. 38. If the property loses its exemption prior to July 1 of that year it is placed on the current assessment rolls for that year as taxable property. Property subject to tax on January 2 that is acquired before July is exempt for that assessment year if the property is to be used for one of the exempt purposes under subdivisions 2 to 8 of section 272.02.