

## What is a property tax exemption?

A property receiving a property tax exemption does not pay general property taxes. However, property exempt from the general property tax may be required to pay for special assessments and services or, under certain circumstances, may be required to pay a portion of the income from the property in lieu of the general property tax.

## What kind of property may be eligible for a property tax exemption?

As a general rule, all property in the state of Minnesota is taxable, except tribal lands, unless the property is owned *and* used for a public purpose, education, or religious or charitable ministrations.

The following is a partial list of the types of property that may qualify for a property tax exemption:

- Public burying grounds
- Public schools
- Public hospitals
- Academies, colleges, universities, and seminaries of learning
- Churches, church property, and houses of worship
- Institutions or purely public charity
- Public property used exclusively for public purposes
- Personal property used primarily for the abatement and control of air, water, and land pollution
- Manure pits certified by the MPCA
- Electric power distribution lines
- Transitional housing
- Wind energy conversion systems
- Waste water treatment systems operated by a municipality

For a complete list of properties that may qualify for a property tax exemption, refer to Minnesota Statute Chapter 272, Section 02.

## How do I know if an organization qualifies as an institution of purely public charity?

This is a difficult question. However, in a 1975 court case, *Northstar Research Institute vs. County of Hennepin*, the Supreme Court of Minnesota established five factors that have been cited numerous times as guidelines for determining if an organization qualifies as an institution of purely public charity. These five factors have been expanded to six and have since been referred to as the *Northstar Factors*. The six factors are:

1. whether the stated purpose of the undertaking is to be helpful to others without immediate expectation of material reward;

2. whether the entity involved is supported by donations and gifts in whole or in part;
3. whether the recipients of the “charity” are required to pay for the assistance received in whole or in part;
4. whether the income received from gifts and donations and charges to users produces a profit to the charitable institution;
5. whether the beneficiaries of the “charity” are restricted or unrestricted and, if restricted, whether the class of persons to whom the charity is made available is one having a reasonable relationship to the charitable objectives; and,
6. whether the dividends, in form or substance, or assets upon dissolution are available to private interests.

## How do I apply for a property tax exemption?

All owners applying for a property tax exemption must file an application for exemption with the Bloomington City Assessor. Although churches, houses of worship, property used solely for educational purposes by academies, colleges, and seminaries of learning, and property owned by the State of Minnesota or any of its political subdivisions are not required to file the state application for exemption, the owner must make available to the assessor all necessary books and records relating to the ownership and use of the property which can help verify whether or not the property qualifies for exemption from the general property tax.

Documents that may be requested are:

- State Application for Property Tax Exemption
- Deed(s) to the property
- Articles of Incorporation
- A letter from the Internal Revenue Service granting tax exempt status under Internal Revenue Code 501(c)3
- Income & Expense statements and IRS Form 990 Return
- Leases or other agreements for space used by individuals or other entities
- A detailed written explanation of *all* intended uses of the property
- Other documents and records unique to a specific property

## When does a property tax exemption begin?

Property that is subject to the general property tax on January 2 and is *acquired and used* for an exempt purpose *before* July 1 of the same year will qualify for exemption for that assessment year and will not pay a general property tax the following year.

## When does a property tax exemption end?

Property that is exempt from the general property tax on January 2, and for any reason loses its exemption *before* July 1 of the same year, will be placed on the assessment roll for that year. Property taxes will be due and payable the following year.

## **Are all parcels owned by the same entity exempt from paying property taxes?**

Not necessarily. Each parcel must satisfy all of the requirements for exemption. Also, a parcel that is incidental to the operation of the organization may not be eligible for exemption. There must be a necessary, substantial, and continuing use of the parcel for an exempt purpose by the organization in order for the parcel to be considered for exemption.

## **Is there a cost to file for a property tax exemption?**

There is no cost to file for a property tax exemption. However, if an application is not filed in a timely manner, an abatement may have to be filed. See *Answers To Your Questions About Abatements*.

## **Can I be assured of receiving a property tax exemption?**

The city assessor, the county assessor, and the county board will consider your request for a property tax exemption. Each government entity has the authority to approve or deny the request for an exemption. Complete and accurate supporting documentation will aid in a decision in your favor.

## **How long does it take to process an exempt application?**

The length of time needed to process an exempt application depends on the complexity of the issues surrounding the ownership and use of the property. Exempt applications can be approved in as little as a week and as long as 3 months. Please be patient. Every effort will be made to process your application as soon as possible.

## **What happens if my request for a property tax exemption is not approved?**

Whether your request for an exemption from the general property tax is approved or not, you will be notified. You may also appeal the assessor's decision to the Local Board of Review or to the Minnesota Tax Court.

Assessing personnel are available to help answer your questions Monday through Friday, from 8:00 am. to 4:30 pm. Our phone numbers are listed below.

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