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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 625

02/05/2015 Authored by Runbeck, Mahoney, Isaacson, Drazkowski and Johnson, S.,  
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to taxation; property; providing a lower rate of interest on the unpaid  
1.3 balance of the purchase price of tax forfeited lands; amending Minnesota  
1.4 Statutes 2014, sections 279.37, subdivision 2; 282.01, subdivision 4; 282.261,  
1.5 subdivision 2.

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

1.7 Section 1. Minnesota Statutes 2014, section 279.37, subdivision 2, is amended to read:

1.8 Subd. 2. **Installment payments.** (a) The owner of any such parcel, or any person to  
1.9 whom the right to pay taxes has been given by statute, mortgage, or other agreement, may  
1.10 make and file with the county auditor of the county in which the parcel is located a written  
1.11 offer to pay the current taxes each year before they become delinquent, or to contest  
1.12 the taxes under chapter 278 and agree to confess judgment for the amount provided, as  
1.13 determined by the county auditor. By filing the offer, the owner waives all irregularities  
1.14 in connection with the tax proceedings affecting the parcel and any defense or objection  
1.15 which the owner may have to the proceedings, and also waives the requirements of any  
1.16 notice of default in the payment of any installment or interest to become due pursuant to  
1.17 the composite judgment to be so entered. Unless the property is subject to subdivision 1a,  
1.18 with the offer, the owner shall (i) tender one-tenth of the amount of the delinquent taxes,  
1.19 costs, penalty, and interest, and (ii) tender all current year taxes and penalty due at the  
1.20 time the confession of judgment is entered. In the offer, the owner shall agree to pay the  
1.21 balance in nine equal installments, with interest as provided in section 279.03, payable  
1.22 annually on installments remaining unpaid from time to time, on or before December 31  
1.23 of each year following the year in which judgment was confessed.

1.24 (b) For property which qualifies under section 279.03, subdivision 2, paragraph (b),  
1.25 each year the commissioner shall set the interest rate for offers made under paragraph (a)

2.1 at the greater of five percent or two percent above the prime rate charged by banks during  
 2.2 the six-month period ending on September 30 of that year, rounded to the nearest full  
 2.3 percent, provided that the rate must not exceed the maximum annum rate specified under  
 2.4 section 279.03, subdivision 1a. The rate of interest becomes effective on January 1 of the  
 2.5 immediately succeeding year. The commissioner's determination under this subdivision is  
 2.6 not a rule subject to the Administrative Procedure Act in chapter 14, including section  
 2.7 14.386. If a default occurs in the payments under any confessed judgment entered under  
 2.8 this paragraph, the taxes and penalties due are subject to the interest rate specified in  
 2.9 section 279.03.

2.10 For the purposes of this subdivision:

2.11 (1) the term "prime rate charged by banks" means the average predominant prime  
 2.12 rate quoted by commercial banks to large businesses, as determined by the Board of  
 2.13 Governors of the Federal Reserve System; and

2.14 (2) "default" means the cancellation of the confession of judgment due to  
 2.15 nonpayment of the current year tax or failure to make any installment payment required by  
 2.16 this confessed judgment within 60 days from the date on which payment was due.

2.17 (c) The interest rate established at the time judgment is confessed is fixed for the  
 2.18 duration of the judgment. By October 15 of each year, the commissioner of revenue must  
 2.19 determine the rate of interest as provided under paragraph (b) and, by November 1 of each  
 2.20 year, must certify the rate to the county auditor.

2.21 (d) A qualified property owner eligible to enter into a second confession of judgment  
 2.22 may do so at the interest rate provided in paragraph (b).

2.23 ~~(e) Repurchase agreements or contracts for repurchase for properties being~~  
 2.24 ~~repurchased under section 282.261 are not eligible to receive the interest rate under~~  
 2.25 ~~paragraph (b).~~

2.26 ~~(f)~~ (e) The offer must be substantially as follows:

2.27 "To the court administrator of the district court of ..... county, I, .....,  
 2.28 am the owner of the following described parcel of real estate located in .....  
 2.29 county, Minnesota:

2.30 ..... Upon that real estate there are delinquent taxes for the year ....., and  
 2.31 prior years, as follows: (here insert year of delinquency and the total amount of delinquent  
 2.32 taxes, costs, interest, and penalty). By signing this document I offer to confess judgment  
 2.33 in the sum of \$..... and waive all irregularities in the tax proceedings affecting these  
 2.34 taxes and any defense or objection which I may have to them, and direct judgment to be  
 2.35 entered for the amount stated above, minus the sum of \$....., to be paid with this  
 2.36 document, which is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and

3.1 interest stated above. I agree to pay the balance of the judgment in nine or four equal,  
 3.2 annual installments, with interest as provided in section 279.03, payable annually, on the  
 3.3 installments remaining unpaid. I agree to pay the installments and interest on or before  
 3.4 December 31 of each year following the year in which this judgment is confessed and  
 3.5 current taxes each year before they become delinquent, or within 30 days after the entry of  
 3.6 final judgment in proceedings to contest the taxes under chapter 278.

3.7 Dated ....., ....."

3.8 **EFFECTIVE DATE.** This section is effective for sales and repurchases occurring  
 3.9 after June 30, 2015.

3.10 Sec. 2. Minnesota Statutes 2014, section 282.01, subdivision 4, is amended to read:

3.11 Subd. 4. **Sale: method, requirements, effects.** The sale authorized under  
 3.12 subdivision 3 must be conducted by the county auditor at the county seat of the county in  
 3.13 which the parcels lie, except that in St. Louis and Koochiching Counties, the sale may  
 3.14 be conducted in any county facility within the county. The sale must not be for less than  
 3.15 the appraised value except as provided in subdivision 7a. The parcels must be sold for  
 3.16 cash only, unless the county board of the county has adopted a resolution providing for  
 3.17 their sale on terms, in which event the resolution controls with respect to the sale. When  
 3.18 the sale is made on terms other than for cash only (1) a payment of at least ten percent  
 3.19 of the purchase price must be made at the time of purchase, and the balance must be  
 3.20 paid in no more than ten equal annual installments, or (2) the payments must be made  
 3.21 in accordance with county board policy, but in no event may the board require more  
 3.22 than 12 installments annually, and the contract term must not be for more than ten years.  
 3.23 Standing timber or timber products must not be removed from these lands until an amount  
 3.24 equal to the appraised value of all standing timber or timber products on the lands at the  
 3.25 time of purchase has been paid by the purchaser. If a parcel of land bearing standing  
 3.26 timber or timber products is sold at public auction for more than the appraised value, the  
 3.27 amount bid in excess of the appraised value must be allocated between the land and the  
 3.28 timber in proportion to their respective appraised values. In that case, standing timber or  
 3.29 timber products must not be removed from the land until the amount of the excess bid  
 3.30 allocated to timber or timber products has been paid in addition to the appraised value of  
 3.31 the land. The purchaser is entitled to immediate possession, subject to the provisions of  
 3.32 any existing valid lease made in behalf of the state.

3.33 ~~For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price~~  
 3.34 ~~is subject to interest at the rate determined pursuant to section 549.09. The unpaid balance~~  
 3.35 ~~of the purchase price for sales occurring after December 31, 1990, is subject to interest~~

4.1 at the same rate as installment payments on confession of judgment for delinquent taxes  
4.2 determined in section 279.03, subdivision 1a 279.37, subdivision 2, paragraph (b). The  
4.3 ~~interest rate is subject to change each year on the unpaid balance in the manner provided~~  
4.4 ~~for rate changes in section 549.09 or 279.03, subdivision 1a, whichever, is applicable.~~  
4.5 ~~Interest on the unpaid contract balance on sales occurring before July 1, 1982, is payable~~  
4.6 ~~at the rate applicable to the sale at the time that the sale occurred.~~

4.7 **EFFECTIVE DATE.** This section is effective for sales occurring after June 30, 2015.

4.8 Sec. 3. Minnesota Statutes 2014, section 282.261, subdivision 2, is amended to read:

4.9 Subd. 2. **Interest rate.** The unpaid balance on any repurchase contract approved  
4.10 by the county board is subject to interest at the same rate as installment payments on  
4.11 confession of judgment for delinquent taxes determined in section 279.03, subdivision 1a  
4.12 279.37, subdivision 2, paragraph (b). ~~The interest rate is subject to change each year on the~~  
4.13 ~~unpaid balance in the manner provided for rate changes in section 279.03, subdivision 1a.~~

4.14 **EFFECTIVE DATE.** This section is effective for repurchases occurring after June  
4.15 30, 2015.