

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 3198
Version: As introduced

DATE: March 23, 2010

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Subject: Property tax exemption for certain property leased to charter schools

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Overview

H.F. 3198 provides that any property that is leased or rented to a charter school is exempt from property taxation, provided that it is owned by a nonprofit corporation, school district or other private or public school, church, or unit of government, and provided that it is used for educational purposes.

Section

- 1 Property leased to charter schools.** Exempts property that is leased or rented to a charter school provided that it meets all of the following requirements:
- (1) The lease is for a period of at least 12 consecutive months;
 - (2) The property is owned by (i) a nonprofit 501(c)(2) or (3) corporation; (ii) a public school district, college, or university; (iii) a private academy, college, university, or seminary of learning; (iv) a church; or (v) the state or a political subdivision;
 - (3) The charter school must use the property to provide (i) direct instruction in any grade kindergarten through grade 12; (ii) special education for disabled children; or (iii) administrative services directly related to the educational program at that site; and
 - (4) Except for lease provisions that allow for shared use of the property by the charter school and another public or private school, church, state, or political subdivision, the charter school must have the exclusive right to use the property during the lease period.

Under current law there is not uniform treatment of property that is leased or rented to charter schools. H.F. 3198 clarifies and exempts property that is leased or rented to charter schools provided that they meet all of the above requirements.

Effective for assessment year 2010 and thereafter, for taxes payable in 2011 and thereafter.