

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 5440

(SENATE AUTHORS: DRAZKOWSKI)

DATE
04/15/2024

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Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; property; modifying interest rate charged on confessions of
1.3 judgments for homestead property; amending Minnesota Statutes 2022, section
1.4 279.37, subdivision 2.

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

1.6 Section 1. Minnesota Statutes 2022, section 279.37, subdivision 2, is amended to read:

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

2.1 (b) For property which qualifies under section 279.03, subdivision 2, paragraph (b), each
 2.2 year the commissioner shall set the interest rate for offers made under paragraph (a) at the
 2.3 greater of five percent or ~~two percent above~~ the prime rate charged by banks during the
 2.4 six-month period ending on September 30 of that year, rounded to the nearest full percent,
 2.5 provided that the rate must not exceed the maximum annum rate specified under section
 2.6 279.03, subdivision 1a. The rate of interest becomes effective on January 1 of the immediately
 2.7 succeeding year. The commissioner's determination under this subdivision is not a rule
 2.8 subject to the Administrative Procedure Act in chapter 14, including section 14.386. If a
 2.9 default occurs in the payments under any confessed judgment entered under this paragraph,
 2.10 the taxes and penalties due are subject to the interest rate specified in section 279.03.

2.11 For the purposes of this subdivision:

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

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

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

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

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

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

2.27 "To the court administrator of the district court of county, I,, am
 2.28 the owner of the following described parcel of real estate located in county,
 2.29 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 in
 2.33 the sum of \$..... and waive all irregularities in the tax proceedings affecting these taxes and

3.1 any defense or objection which I may have to them, and direct judgment to be entered for
 3.2 the amount stated above, minus the sum of \$....., to be paid with this document, which
 3.3 is one-tenth or one-fifth of the amount of the taxes, costs, penalty, and interest stated above.
 3.4 I agree to pay the balance of the judgment in nine or four equal, annual installments, with
 3.5 interest as provided in section 279.03, payable annually, on the installments remaining
 3.6 unpaid. I agree to pay the installments and interest on or before December 31 of each year
 3.7 following the year in which this judgment is confessed and current taxes each year before
 3.8 they become delinquent, or within 30 days after the entry of final judgment in proceedings
 3.9 to contest the taxes under chapter 278.

3.10 Dated,"

3.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.