



# Policy 8003 Conveyance of Tax-Forfeited Property to Local Government Units

**Version:** 0.00

**Effective Date:** 10/29/2024

**Board or Administrative:** Board

## Policy Statement

It is the policy of Dakota County to support the acquisition of tax-forfeited properties by local government units when such units intend to put the properties to an authorized public use by recommending to the Minnesota Department of Revenue that local government units be permitted to acquire such properties for no consideration. The Dakota County Board of Commissioners also supports the acquisition of tax-forfeited properties by local units of government for less than market value if the local unit of government files a specific plan to correct a blight or to develop affordable housing. Generally, acquisition of tax forfeited properties by local government units for other purposes will be recommended only upon payment of the market value.

In accordance with Minnesota Statute, the county auditor must first hold a public auction within six months of a property forfeiting. If the property is not sold at public auction, the property remains in tax forfeiture status which will allow for a local government unit to acquire.

## Definitions

- *The County:* refers to the officers, employees, agencies, and facilities of Dakota County government.
- *The County Board:* refers to the Dakota County Board of Commissioners.
- *Affordable Housing:* Rental housing that meets all of the requirements for a low income housing credit under section 142(d) of the Internal Revenue Code, regardless of whether the project actually receives a housing credit, including maximum income and rent limits established annually by the U.S. Department of Housing and Urban Development (HUD).
- Owner-occupied housing that meets the definition of “housing project” under Minnesota Statutes §469.1761, Subdivision 2, which provides that 95 percent of the housing units must be initially purchased and occupied by individuals and families whose household income is less than or equal to the income requirements for qualified mortgage bond projects under Section 143(f) of the Internal Revenue Code. Maximum initial sale price limits must ensure homes are affordable to homebuyers at these incomes.

- *Authorized Public Purpose*: Use of the parcel for purposes authorized by law but not characterized by access to the property by the general public (e.g., restricted public employee parking, water retention ponds, easements, etc.)
- *Authorized Public Use*: Use of the parcel for purposes authorized by law and characterized by access to the parcel by the general public (e.g., public park, public building, public parking lot, public road or street, public trail) or by provision of direct benefit to the general public (public sewer or water improvement, public utility, open space). Acquiring for an authorized public use is the only instance a parcel may be conveyed for no consideration.
- *Correction of Blight*: The restoration of structure(s) in a dilapidated state or the environmental remediation of contaminated environmental media in accordance with Minnesota Pollution Control Agency or Dakota County Environmental Management Department standards.
- *Local Government Unit*: A city, township, economic development authority, port authority or housing redevelopment authority located within Dakota County, the County of Dakota, and the Dakota County Community Development Agency.
- *Market Value*: An estimate of the full and actual market value of the parcel as determined by the Dakota County Board of Commissioners with the assistance of the Dakota County Assessor and the Dakota County Property Taxation and Records Director.
- *Minimum Bid*: the sum of delinquent taxes, special assessments, penalties, interests, and costs assigned to the parcel.

## Source

Minnesota Chapter §282

Dakota County Board Resolution No. 00-598, adopted November 14, 2000

Dakota County Board Resolution No. 06-325, adopted August 22, 2006

Dakota County Board Resolution No. 14-411, adopted August 23, 2014

## General

Real property is forfeited to the State of Minnesota when real estate taxes are not paid. Tax forfeiture of property results in a reduction of the total property taxes collected by the county, city or township, school district, and special taxing districts. Tax-forfeited lands may be conveyed by deed executed by the Minnesota Commissioner of Revenue upon recommendation and action of the county board, as prescribed by law.

Under Minnesota Statutes, before the public auction, the county auditor must provide notice to the commissioner of natural resources of the forfeiture of any lands eligible to be withheld or withdrawn from sale. Notice must be provided within 30 days of either the filing of the certificate of forfeiture pursuant to section 281.23, subdivision 9, or the date the property is vacated by the occupant, whichever is later. Within 30 days of this notice, the commissioner of natural resources must notify the county auditor of a decision to withhold or withdraw a property from the sale under section

282.005.

The Commissioner of Natural Resources must condemn property withheld or withdrawn from sale according to the procedures set forth in Minnesota Statutes Chapter 117. All proceeds from the condemnation proceedings or a property withheld or withdrawn from sale are transferred to the county auditor. All proceeds up to the value of the minimum bid are transferred to the County's forfeited tax sale fund. Any proceeds in excess of the minimum bid must be made available for claims pursuant to section 282.005, subdivision 6.

For properties that are not withheld or withdrawn from sale by the commissioner, the county auditor must hold a public auction within six months of a property forfeiting. If the property is not sold at public auction, the property remains in tax forfeiture status. If a local government unit or state agency wishes to acquire a tax-forfeit property, it may request a six-month hold on the property. Requests shall be made to the Dakota County Property Taxation and Records Department. The County of Dakota, as a government unit in Dakota County, has the authority to request a six-month hold on tax-forfeit property. The Property Taxation and Records Department confirms to the requesting entity the start date of the six-month hold period. If the requesting entity does not complete the application process for acquisition within six months of the start date, the entity is barred from making additional requests to withhold that property for a period of 18 months from the start date.

Upon receipt of a completed application for acquisition from a local government unit or a state agency to acquire tax-forfeit property, the matter will be placed on the agenda of the Dakota County Board of Commissioners. If the application is to acquire property for an authorized public use, the County Board may approve the acquisition for no consideration. If the application is to acquire property for the correction of blight or for the development of affordable housing, the County Board may approve the acquisition for less than market value. If the application is for other than an authorized public use and other than for the correction of blight or the development of affordable housing, the County Board may approve the acquisition only upon payment of the market value.

In the event of two or more applications for the same property, all applications shall be placed on the agenda for the Dakota County Board of Commissioners to determine which, if any, to approve.

Pursuant to the authority granted by Minn. Stat. §383D.41, Subd. 8, Dakota County shall offer the Dakota County Community Development Agency non-conservation, tax-forfeit property prior to making the same available to other units of local government in Dakota County or state agencies, unless otherwise directed by the Dakota County Board of Commissioners.

## Procedures

Procedures will be maintained by Public Services & Revenue Administration. Procedures and forms can be found by following the link to the [Policy Procedures page](#).

## History

Version	Revision Date
1.0	11/14/2000
1.1	08/01/2006
1.2	09/23/2014
2.0	10/15/2020

## Related Policies

- None

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## Approval

Resolution No. and Date (Board Policies)