



BLUE EARTH COUNTY

BOARD OF COMMISSIONERS
BOARD WORK SESSION AGENDA
APRIL 28, 2020

9:00 AM 1. Property Tax Relief through Waived Late Payment Penalty Discussion
 Mr. Michael Stalberger, Property and Environmental Resources Director

* Face-to-face contact is being restricted at the Historic Courthouse. If you would like to listen to the County Board of Commissioners work session, there is a call-in option.

Dial in using your phone: 1 (224) 501-3412

Access Code: 454-466-957

MEMORANDUM



To: Blue Earth County Board of Commissioners
Bob Meyer, County Administrator

From: Michael Stalberger, Director
Blue Earth County Property and Environmental Resources Department

Date: April 28, 2020

Subject: Property Tax Relief through Waived Late Payment Penalty

The purpose of this memo is to provide the Blue Earth County Board with a proposed policy to provide property tax relief through a waived late payment penalty as a response to the COVID-19 pandemic. This information may assist the Board at its Work Session, and I have provided a draft resolution as well.

Health Pandemic Abatement Policy Basics

Under current law (Minnesota Statutes Chapter 279.01), Blue Earth County will utilize its authority to reduce penalties for the current year. This will be done through a Health Pandemic Abatement (“HPA”). The Board will delegate to the county treasurer the power to delay penalties associated with the late payments to July 15, 2020. Payments received (or postmarked) July 16 or later will have a modified penalty rate structure applied to them. This does not replace the county’s existing abatement for late payments; the HPA adds eligibility to that current abatement.

The purpose of the HPA is to acknowledge the unanticipated financial impact the COVID-19 pandemic is having on some of Blue Earth County’s taxpayers by providing flexibility for those taxpayers regarding their payment of what is referred to as the “first half” of the 2020 property taxes. The HPA policy attempts to balance this financial hardship with administrative ease and potential fiscal and cash flow consequences of delayed settlements to the County’s cities, townships, schools, and other tax authorities.

Health Pandemic Abatement Policy Specifics

This abatement policy will:

- Apply to all property types, with exclusions that will need to pay property taxes on time (May 15) or pay normal penalty rates, unless they qualify for the current abatement policy.
 - Excludes any parcel that has its property taxes escrowed.
 - Excludes any public utility class and railroad property (parcels where market values are determined or recommended by the State of Minnesota).
 - Excludes any parcel that has a first one-half property tax statement amount due that exceeds \$50,000.
- Encourage all individuals and business property owners are not experiencing financial hardship in Blue Earth County due to COVID-19, to pay their property taxes in a timely manner.
- Require a simple application, to be created by the Property and Environmental Resources (PER) Department. Details of the application include:
 - Available online or will be emailed out as requested.
 - In instances where a property owner is unable to submit the application electronically, PER Department staff may complete the application online via phone for taxpayers.

- Short and concise; it will only have the minimal (and non-confidential) information needed to administer the abatement and will include a statement from the submitter attesting to a hardship related to the Health Pandemic that results in the timely payment of their taxes being unjust and unreasonable.
- Self-certifying, meaning applicants will check boxes for their eligibility and PER Department staff will not be approving or denying – they will be administering the HPA as provided by the board resolution.
- PER Department staff will not be replying individually to applicants with an approval or denial; the online form will generate a “received” reply (if possible) or will answer questions as specifically addressed.
- The HPA application will need to be completed and received no later than May 15, 2020.
 - If an HPA application isn’t received timely and property tax payment is not received timely, normal processes, policy, and law will apply, including penalty being calculated and due.
- Property tax payments that qualify for delayed payment under the HPA that subsequently fail to make timely payment (July 15, 2020), will be subject to a modified penalty schedule.
 - The modified penalty schedule will be one-half (50%) of the statutorily-prescribed penalty schedule through September 30, 2020.
 - On October 1, 2020, the statutorily-prescribed penalty schedule will apply.
- Settlement of property taxes paid after the May 15 due date will be settled on a special (and accelerated) schedule to provide those funds to tax authorities.
 - For all tax receipts received after the traditional May 15 due date settlement through July 20, 2020, the county will make payment by July 31, 2020.

Additional Information

The following are guiding principles for the implementation and administration of the HPA:

- PER Department staff intends to administer the abatement fairly and uniformly in accordance with the Board’s resolution, but it will use discretion to ensure the intent of the Health Pandemic Abatement is applied.
- PER Department staff will maintain appropriate records to be able to report on the number of abatements granted, the amount of property taxes delayed, and other information for future reporting.
- Automatic Payment Plan (APP) – PER Department has contacted enrolled participants of the upcoming withdrawal of their first-half property taxes and amount as a proactive step to generate any questions or concerns with that participants’ abilities to pay in the event they need that withdrawal cancelled.
- PER Department staff will work with the Finance Department to settle property taxes to the county’s tax authorities (cities, towns, schools, etc.) as timely as possible.
- PER Department staff will not complete refunds to requests of already-paid taxes as a response to the HPA.
- PER Department staff will not be sending out new tax statements that show a new due date as the due date is not changing.

Draft Health Pandemic Abatement Resolution

Attached is a draft resolution attempting to incorporate the HPA policy specifics discussed above.

RESOLUTION NO. _____

**RESOLUTION OF BLUE EARTH COUNTY BOARD OF COMMISSIONERS
REQUESTING THAT THE BLUE EARTH COUNTY TREASURER
ABATE THE PENALTY ON LATE PAYMENT OF CERTAIN
PROPERTY TAXES FOR TAXES PAYABLE IN 2020**

WHEREAS, Minnesota Governor Tim Walz has issued a series of Emergency Executive Orders which include, among many others, a “Stay at Home” order which temporarily requires non-critical workers to stay safe at home, and several orders that require the temporary closure of certain non-critical businesses, all of which are significant, but necessary, community mitigation strategies to slow the transmission of COVID-19, reduce illness and deaths, and limit the economic impacts of the outbreak; and

WHEREAS, Blue Earth County desires to provide temporary relief to its residents and businesses within the County that have been directly or indirectly impacted by the economic pressures caused by the COVID-19 pandemic; and

WHEREAS, all levels of government are looking for ways to reduce the impact of the COVID-19 pandemic on the economy in general and on individuals, businesses, and property owners in Blue Earth County and across the state and nation; and

WHEREAS, the due date for payment of the first one-half of property taxes (May 15, 2020) may not be changed locally; and

WHEREAS, pursuant to Minn. Stat. § 279.01, subd. 2, the County Board may, with the concurrence of the County Treasurer, abate the penalty for late payment of property taxes; and

WHEREAS, the County Board finds that adhering to the statutory due date for payment of the first one-half of property taxes may result in additional negative impact and be unjust and unreasonable; and

WHEREAS, the County Board finds that temporary payment relief through abatement of the penalty for a time period may provide flexibility for affected owners; and

WHEREAS, the County Board finds that imposing the full penalty for any late payment of property taxes in 2020 even after the temporary payment relief would be unjust and unreasonable, and further finds that partially abating the penalties associated with any extended late payment of property taxes in 2020 furthers the economic interests of the County and its residents and business owners; and

WHEREAS, the Blue Earth County Treasurer has indicated that he concurs with the Board’s findings and its desire to temporarily delay and partially abate the penalty for late payment of taxes in 2020; and

WHEREAS, not all individuals and business property owners are experiencing financial hardship in Blue Earth County due to COVID-19, and those who can, should, pay their property taxes in a timely manner. Certain individuals and business property owners who utilize escrow payments must continue to pay as scheduled. Certain individuals and business property owners who are excluded from this temporary payment relief must continue to pay as scheduled; and

WHEREAS, counties collect and disburse property taxes not only for counties, but also for all cities, townships, school districts, and special taxing districts and the state of Minnesota. Cash flow and operations of all local government is set around the collection dates for property taxes. The County Board acknowledges the seriousness of any delay of collection of property taxes and will work to minimize this impact; and

THEREFORE, BE IT RESOLVED, fair and efficient administration of temporary payment relief through abatement of the penalty for a time period would be facilitated by a short application to be completed by individuals and business property owners. The County Treasurer is directed to implement this application and undertake such actions and require such assistance as needed to accomplish this Resolution action to the extent practicable and allowed by law.

BE IT FURTHER RESOLVED, by the Blue Earth County Board of Commissioners as follows:

1. Pursuant to Minn. Stat. § 279.01, subd. 2, the County Board hereby delegates to the Blue Earth County Treasurer the power to abate the penalty provided in Minn. Stat. § 279.01 for the late payment of property taxes payable in 2020, to the extent provided for in this Resolution.
2. The County Board further directs that the Blue Earth County Treasurer impose the following modified penalties for late payment of property taxes due and payable in 2020 to the extent provided for in this Resolution:
 - a. For taxes paid May 16, 2020 through July 15, 2020: a penalty of 0% of the unpaid tax otherwise due and owing.
 - b. For taxes paid July 16, 2020 through September 30, 2020: a penalty of one-half (50%) the statutorily-prescribed penalty on the unpaid tax otherwise due and owing.
 - c. For taxes paid on or after October 1, 2020: the penalty otherwise imposed by law.
3. The following property classes and circumstances are excluded from the temporary payment relief provided in this Resolution and tax due and owing on the following must be paid as imposed by law:
 - a. Any parcel that has its property taxes escrowed.
 - b. Any public utility class and railroad class property (parcels where market values are determined or recommended by the State of Minnesota).
 - c. Any parcel that has a first one-half property tax statement amount due that exceeds \$50,000.
4. The County Treasurer will undertake such actions to create a simple application as required by this Resolution, and such application must be completed no later than May 15, 2020, in order to be eligible for temporary payment relief provided in this Resolution.
5. The County Board further directs that the settlement of property taxes payed after the May 15, 2020, due date will be settled on a special schedule to provide those funds to tax authorities no later than July 31, 2020, if at all practicable.
6. This Resolution does not limit the authority of the County Board or the Treasurer to abate taxes or property values, taxes, penalty, or interest as otherwise provided by law.

Adopted this ____ day of May, 2020.

Attest:

Vance Stuehrenberg, Chair
Blue Earth County Board of Commissioners

Robert Meyer
County Administrator