

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: May 4, 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 in establishing this policy, 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 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).
- Any parcel that has a first one-half property tax statement amount due that exceeds \$50,000 will need to meet three additional requirements to be eligible.
 - Document and certify a direct economic impact caused by the COVID-19 pandemic.
 - Experience a full or partial reduction or suspension of services or operations as a result of the subsequent “Stay at Home” order.
 - Experience a reduction in gross receipts of at least 25% in any 30-day period from March 1, 2020, to May 15, 2020 as compared to the same 30-day period in 2019.
- Encourage all individual business property owners who 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/mailed out as requested.
 - In instances where necessary, 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 unless they are a qualifying property with a first one-half property tax statement amount due that exceeds \$50,000; staff will also 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.