

MINNESOTA · REVENUE

Mortgage and Deed Tax Memo (2nd Version)

DATE: July 11, 2008

TO: Mortgage and Deed Tax Contacts

FROM: Lance Staricha, Attorney
Appeals and Legal Services

QUESTIONS: Bill Lonergan
(651) 556-4721

SUBJECT: **2008 Law Changes; Mortgage Registry and Deed Taxes**

Hennepin county and Ramsey county deed and mortgage taxes.

(1) Minn. Stat. § 383A.80, subd. 4, was amended to reinstate the Ramsey county deed and mortgage tax through December 31, 2012. Effective May 31, 2008. 2008 Minn. Laws, Chapter 366, Article 9, Section 10.

(2) Minn. Stat. § 383B.80, subd. 4, was amended to reinstate the Hennepin county deed and mortgage tax through December 31, 2012. Effective May 31, 2008. 2008 Minn. Laws, Chapter 366, Article 9, Section 13.

(Proposals in 2008 to authorize county deed and mortgage taxes for other counties, including Anoka, Dakota, and St. Louis counties, were not enacted.)

Deed tax; Transfer-on-death deeds. Minn. Stat. § 287.22, was amended by adding the new clause (15), to provide that transfer-on-death deeds defined under Minn. Stat. § 507.071 (also enacted this year) are exempt from the deed tax imposed under Minn. Stat. § 287.21. Effective for documents recorded on August 1, 2008 or thereafter. 2008 Minn. Laws, Chapter 341, Article 2, Section 4.

Deed tax; Exemption for redeeming debtors. Minn. Stat. § 287.22, clause (12), was amended to clarify the exemption from deed tax for a debtor who redeems their property from a mortgage or other lien foreclosure sale. The exemption previously used the word *lienee* (i.e., the owner of the encumbered property) to describe the exempt party, but that term has undergone a change of usage in recent years. This change will ensure that the exemption only applies if a person who owned the property prior to a foreclosure, or their assignee, heir, personal representative, or successor, redeems it; not a junior creditor. Effective March 8, 2008. 2008 Minn. Laws, Chapter 154, Article 14, Section 3.

Deed tax; Changes related to the electronic recording of real estate documents. Minn. Stat. § 287.08; § 287.241, subd. 1; and § Minn. Stat. § 287.25, were amended to provide that the county treasurer shall affix their endorsement that the deed tax has been paid, and of the tax amount, to an electronic document by use of an electronic method; and, that no actual signature by the treasurer will be required in the case of electronic documents. The method for paying the tax must be arranged in advance between the submitter and the county. Minn. Stat. § 287.241, subd. 2, was amended to require that documents submitted electronically must include the certificate of value number assigned by the electronic certificate of value system established by the department of revenue. Effective August 1, 2008. 2008 Minn. Laws, Chapter 238, Article 3, Sections 3-5.

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Deed tax; Deeds to governmental subdivisions for a "public use." Minn. Stat. § 287.2205, was amended to clarify that the deed tax on conveyances of tax-forfeited land to a governmental subdivision for authorized public uses, without the payment of monetary consideration, is \$1.65. Effective March 8, 2008. 2008 Minn. Laws, Chapter 154, Article 14, Section 3.

Deed tax; Electronic certificate of value system numbers. Minn. Stat. § 287.241, subd. 2, was amended, to require that documents subject to the deed tax that are submitted electronically must include the certificate of value number assigned by the electronic certificate of value system established by the department of revenue. Effective August 1, 2008. 2008 Minn. Laws, Chapter 238, Article 3, Section 4.

Deed tax; References to *Internal Revenue Code*.

(1) Minn. Stat. § 287.20 was amended, by adding the new subd. 10, to provide that -- for the purposes of the Minnesota deed tax under Minn. Stat. § 287.21 to § 287.31 -- the phrase *Internal Revenue Code* has the meaning given in Minn. Stat. § 289A.02, subd. 7. Effective May 31, 2008. 2008 Minn. Laws, Chapter 366, Article 11, Section 16. (Minn. Stat. § 289A.02, subd. 7, was amended in 2008 to provide that the phrase *Internal Revenue Code* means the *Internal Revenue Code of 1986, as amended through February 13, 2008*. Effective March 8, 2008. 2008 Minn. Laws, Chapter 154, Article 4, Section 1.)

(2) Minn. Stat. § 287.20, subds. 3a and 9 were amended so that the phrase *Internal Revenue Code*, as it appears in the deed tax definitions for *Designated transfer* and *Reorganization*, has the meaning given in Minn. Stat. § 289A.02, subd. 7. There are three references to the *Internal Revenue Code* in subds. 3a and 9. Prior to this change, each reference was to the *Internal Revenue Code of 1986 as amended through December 31, 2004*. Effective May 31, 2008. 2008 Minn. Laws, Chapter 366, Article 11, Section 16. (Minn. Stat. § 289A.02, subd. 7, was amended in 2008 to provide that the phrase *Internal Revenue Code* means the *Internal Revenue Code of 1986, as amended through February 13, 2008*. Effective March 8, 2008. 2008 Minn. Laws, Chapter 154, Article 4, Section 1.)

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