



Delinquent Personal Property Tax Manual

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Table of Contents

Chapter 1: Delinquent Personal Property Taxes.....	5
Overview of Delinquent Personal Property Taxes.....	5
Outline of Current Collection Methods.....	5
Sequence of Collection Actions.....	7
Total Delinquent Tax Amount.....	8
Chart of Major Collections Actions	9
Chapter 2: Dates, Penalties, and Interest.....	10
Overview of Dates, Penalties, and Interest.....	10
Manufactured Homes.....	11
Leased Government Property.....	12
All Other Personal Property.....	13
Interest.....	14
Chapter 3: Mailing, Planning, and Phoning	16
Overview of Mailing, Planning, and Phoning	16
Notice of Delinquent Taxes.....	17
Collection Plan.....	25
Telephone Contact	28
Chapter 4: Tax Lien	30
Overview of Tax Lien	30
General Tax Lien Information	31
Guidelines for Filing a Tax Lien	33
Notice of Tax Lien	34
Renewal of Tax Lien.....	38
Transcription of Tax Lien	39
Release of Tax Lien	41
Partial Release of Tax Lien	43
Cost of Filing and Releasing Tax Lien.....	45
Property Exempt from Tax Lien	46
Notice of Foreclosure of Cancellation	47
Lien Search Certificate	48

Chapter 5: Revenue Recapture 49
 Overview of Revenue Recapture 49

Chapter 6: Levy and Seizure Authority 50
 Overview of Levy and Seizure Authority 50
 General Levy and Seizure Authority Information 50
 County Shares State’s Authority 51
 Three Levy and Seizure Methods 52
 Property Subject to Levy and Seizure..... 53
 Property Exempt from Levy and Seizure 56
 Maximum Amount of Levy and Seizure 57
 Notice and Demand for Payment..... 57
 Jeopardy Collection or Assessment..... 60
 Discovery of Taxpayer Assets 62

Chapter 7: Levy on Bank Accounts 63
 Overview of Levy on Bank Accounts 63
 Notice of Bank Levy 65
 Levy Questionnaire 67
 Exemption Notice 69
 Bank’s Responses to Levy 71
 Warning of Bank’s Liability 73
 Order Assessing Bank’s Liability..... 75
 Bank’s Setoff Rights 77
 Reduction/Release of Bank Levy..... 79

Chapter 8: Levy on Wages 81
 Overview of Levy on Wages..... 81
 Verification of Employment..... 84
 Notice of Intent to Levy on Wages..... 86
 Exemption Claim Form 87
 Notice of Wage Levy 89
 Wage Disclosure Form 91
 Wage Withholding Form..... 94
 Employer Honors Wage Levy 95
 Treasurer Monitors Employer’s Compliance 97
 Warning of Employer’s Liability 97

Order Assessing Employer’s Liability..... 99

Reduction/Release of Wage Levy 101

Chapter 9: Seizure and Sale of Property 104

Overview of Seizure and Sale of Property..... 104

Methods of Seizure and Sale 106

Property Subject to Seizure and Sale 107

Guidelines for Seizure and Sale..... 109

Maximum Amount of Seizure and Sale 110

Treasurer’s Warrant to Sheriff 111

Sheriff’s Seizure and Sale 113

Treasurer’s Management of Sale Revenue 114

Restrictions on Seizure and Sale 115

Chapter 10: Other Collection Methods 117

Overview of Other Collection Methods 117

Court Judgment 117

County Central Collection Agency..... 119

Cancellation of Delinquent Taxes 119

Chapter 11: Manufactured Home Taxes 121

Overview of Manufactured Home Taxes..... 121

Notice to Lender 122

Tax Escrow Accounts 125

Confession Of Judgment 129

Alternative Monthly Payment Plan..... 135

Oversized Load Moving Permit 136

Property Taxes Paid Before Title Transfer..... 137

Chapter 12: Distribution of Collections 139

Overview of Distribution of Collections 139

Chapter 1: Delinquent Personal Property Taxes

Overview of Delinquent Personal Property Taxes

This manual outlines and explains the actions a county treasurer may take to collect delinquent personal property taxes, including manufactured homes.

Personal property taxes become delinquent the day after they are due. The term “delinquent” applies to all of the steps in the collection of unpaid personal property taxes, from the day after they are due to the time when they are collected or canceled.

A penalty is charged on the unpaid taxes on the day they become delinquent. Interest is charged on the delinquent taxes, the penalty, and any costs beginning in January of the year following the year when the taxes were due and became delinquent.

With delinquent real property taxes, the tax lien attaches to the specific parcel of real property and the property can end up being automatically forfeited by the taxpayer. With delinquent personal property taxes, the tax lien attaches to the taxpayer and all of the personal and real property owned by the taxpayer. The tax lien follows the person and not the specific property on which the taxes were originally assessed.

Because there is no automatic forfeiture, the county treasurer must take an active role in the collection of delinquent personal property taxes. If the county treasurer does not take direct action to collect the delinquent taxes by having the taxpayer’s money or property confiscated, nothing will happen. The taxes will remain unpaid, and no property will automatically be available to sell in order to reimburse the local taxing districts for their lost tax revenue.

To assure that action is taken, Minnesota law gives the following mandate to the county treasurer:

If a tax assessed on personal property or manufactured homes and collectible under this chapter is not paid when due, the county treasurer shall, as soon as practicable, take action the county treasurer considers necessary and reasonable to collect the delinquent tax ([Minnesota Statute 277.21, subdivision 1](#)).

Outline of Current Collection Methods

The county treasurer is given the flexibility to use whatever methods are “necessary and reasonable” to collect delinquent personal property taxes (Minnesota Statute 277.21, subdivision 1). The treasurer may use some of the same methods that the Minnesota Department of Revenue uses to collect delinquent state taxes. Any one or any combination of the collection methods may be used.

The current methods of collection delinquent personal property taxes, including manufactured homes, are outlined below. All of the methods are modeled on similar methods used by the Department of Revenue, except number 7.

1. Billing the taxpayer by mail and telephone ([Chapter 3](#)).

2. Filing a notice of tax lien against the taxpayer's real and personal property without court judgment ([Chapter 4](#)).
3. Requesting the Department of Revenue to withhold the taxpayer's state tax refunds and lottery winnings over \$600 through Revenue Recapture ([Chapter 5](#)).
4. Levying on the taxpayer's bank accounts or wages without court judgment ([Chapters 6, 7, and 8](#)).
5. Seizing and selling the taxpayer's personal and real property without court judgment ([Chapter 6](#) and [9](#)).
6. Filing a court judgment against the taxpayer's property ([Chapter 10](#)).
7. Using the county central collection agency ([Chapter 10](#)).
8. Accepting payment under an alternative monthly payment plan ([Chapter 11](#)).
9. Writing off the total delinquent tax amount as uncollectible. ([Chapter 10](#))

In addition to the above methods, there are three additional methods for collecting delinquent personal property taxes on manufactured homes. They are outlined below.

1. The county treasurer may send a letter to the individual or organization that is financing the manufactured home, requesting help in collecting the delinquent taxes.
2. The county treasurer may require the taxpayer to pay the delinquent and current taxes due on the manufactured home under an escrow account ([Chapter 11](#)).
3. The county treasurer must accept payment of delinquent personal property taxes under a confession of judgment plan if the manufacture home is homesteaded ([Chapter 11](#)).

For more detailed information about these three special provisions for collecting delinquent personal property taxes on manufactured homes, see [Chapter 11](#) in this manual.

None of the other collection methods can be used by a county treasurer to collect the delinquent personal property taxes on a manufactured home as long as the taxpayer is making monthly payments under an escrow account or a confession of judgment. If the taxpayer fails to make the payments, the county treasurer may employ any of the other methods to collection the remaining delinquent taxes.

The purpose of the current provisions is to give the county treasurer the maximum amount of flexibility possible for collecting delinquent personal property taxes, including manufactured homes. The county treasurer is free to select the most efficient method of collection for each tax situation with the legal advice of the county attorney.

All of the current provisions for collecting delinquent personal property taxes, including manufactured homes, are outlined and explained in [Chapter 3](#) through [Chapter 11](#) in this manual.

Sequence of Collection Actions

Although not required to do so, some of the county treasurers may choose to follow the sequence of actions that are used by the Department of Revenue to collect most delinquent state taxes. The department usually follows a sequence of actions which begins with a mail billing and a filing of a tax lien, continues with a telephone billing and developing a collection plan, and ends with Revenue Recapture, a levy on the taxpayer's money, or the seizure and sale of the taxpayer's personal or real property, if necessary.

This sequence of actions reflects an increasingly severe use of the methods of collection. The purpose is to give the taxpayer the opportunity to pay the delinquent taxes voluntarily before using the enforced collection actions.

The sequence of actions that is used by the Department of Revenue is outlined below.

First Action: Notice of Delinquent Taxes

If the taxes are not paid when due, the department begins the collection process by billing the taxpayer by mail. The mail billing serves as a notice of delinquent taxes, a demand for payment, and a warning of what actions may be taken if the taxpayer does not voluntarily pay the total delinquent tax amount. See [Chapter 3](#) for more detailed information about this first action.

Second Action: Notice of Tax Lien

Within a few days after the mail billing, the department will usually file a notice of tax lien. The major purpose is to establish the priority of the state's interest in the taxpayer's real and personal property over any other creditors who may file liens later.

A notice of tax lien is also filed in preparation of seizing and selling the taxpayer's tangible personal property or real property. A notice of tax lien must be on record before seizing and selling property. A notice of tax lien does not have to be on record to exercise any of the other enforced collection actions; e.g., Revenue Recapture, escrowing, levying on bank accounts, or levying on wages. See [Chapter 4](#) for more detailed information about this second action.

Third Action: Telephone Contact and Collection Plan

If the taxes are not paid after mailing a notice of delinquent taxes and recording a tax lien, the department usually contacts the taxpayer by telephone and develops a collection plan. The purpose is to encourage payment and to discover information about the taxpayer in order to decide the best method of enforcing payment later. See [Chapter 3](#) for more detailed information about this third action.

Final Action: Use Enforced Collection Methods

If there still is no response from the taxpayer, the department will take action to enforce payment of the delinquent taxes. This includes offsetting the taxpayer's state tax refunds, lottery winnings over \$600, or other certain refunds under Revenue Recapture, levying on the taxpayer's bank accounts or wages, or seizing and selling the taxpayer's personal and real property. Seizing and selling property is obviously the most severe enforced collection action and is only used as a last resort.

See [Chapter 5](#) through [Chapter 9](#) for more detailed information about Revenue Recapture and the different methods of levying on or seizing and selling a taxpayer’s money or property.

Remember: Under the current law provisions, the county treasurer has the duty and the flexibility to choose any of the current methods of collecting delinquent personal property taxes, including manufactured homes. In some cases, it may be wise to make the decision with the legal advice of the county attorney.

Regardless of what methods are chosen, the important thing is for the county treasurer to take whatever action is “necessary and reasonable” to collect all delinquent personal property taxes, including manufactured homes ([Minnesota Statute 277.21, subdivision 1](#)).

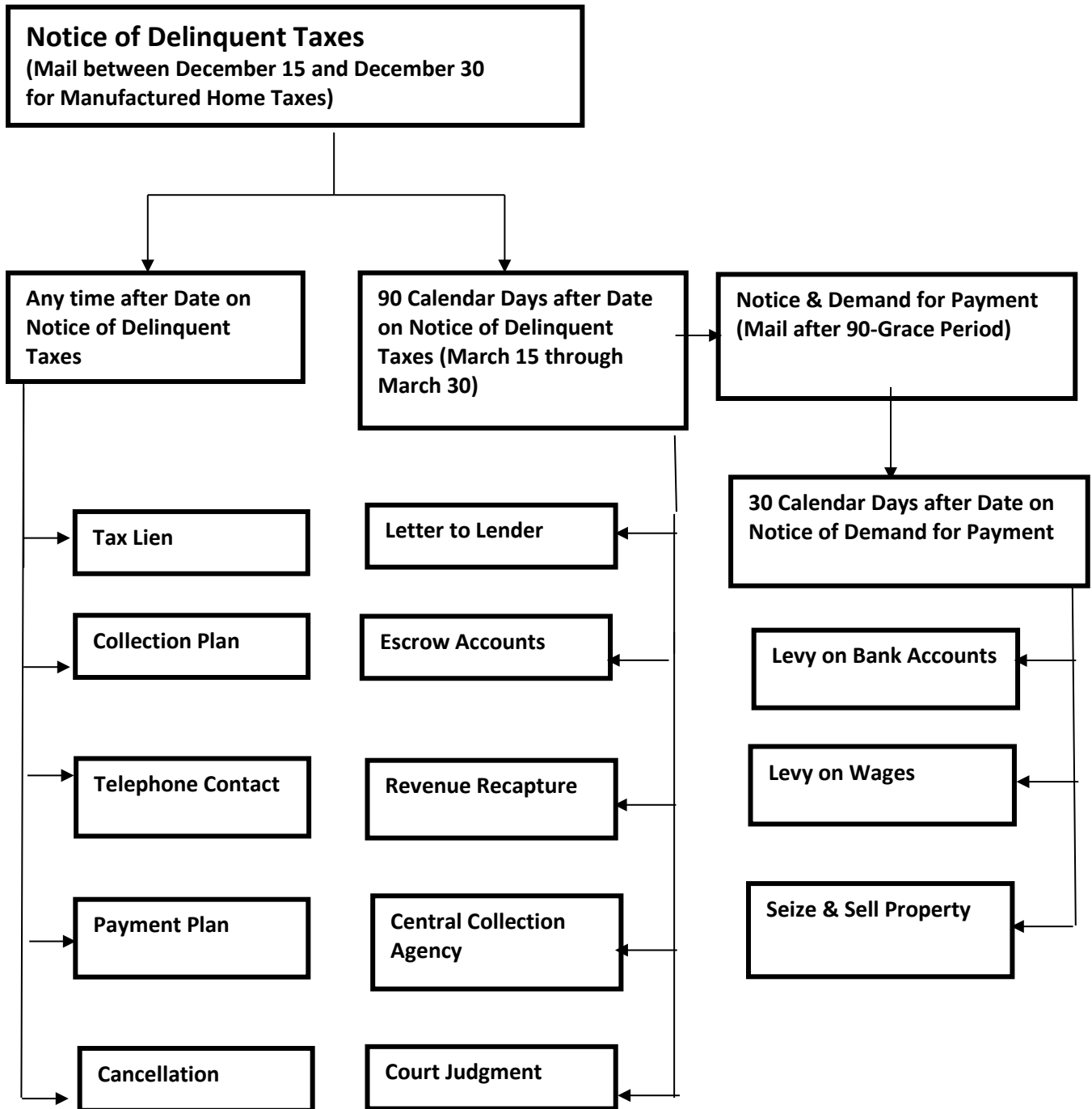
Total Delinquent Tax Amount

The total amount that a taxpayer must pay to remove a delinquent personal property tax liability will be referred to in this manual as the “total delinquent tax amount.”

The components that are or may be part of the total delinquent tax amount are outlined below.

- | | | |
|---|---|---|
| 1 | Unpaid Tax | This component is always part of the total delinquent tax amount. |
| 2 | Penalty on the Unpaid Tax | The component is always part of the total delinquent tax amount. |
| 3 | Interest | This component is always part of the total delinquent tax amount whenever the total is collected after the year in which the taxes were due. |
| 4 | Fee for Fling a Tax Lien and Releasing a Tax Lien | This component will be part of the total delinquent tax amount only if the county treasurer chooses to file a tax lien. There is a fee for filing a tax lien and another fee for releasing a tax lien. These fees are to be passed on to the taxpayer. |
| 5 | County Sheriff’s Fees | This component will be part of the total delinquent tax amount only if the county treasurer officially requests the county sheriff to act as the county treasurer’s agent in collecting the total delinquent tax amount due. The county sheriff has the authority to charge a fee for whatever action is taken. Those fees are to be passed on to the taxpayer. |
| 6 | Court Costs | This component will be part of the total delinquent tax amount only if the county treasurer chooses to obtain a court judgment against the taxpayer. The court has the authority to charge for entering a court judgment. The court costs are to be passed on to the taxpayer. |

Chart of Major Collections Actions



Chapter 2: Dates, Penalties, and Interest

Overview of Dates, Penalties, and Interest

This chapter outlines the due dates, delinquent dates, penalty rates, and interest rate that apply to the various types of personal property taxes, including manufactured homes.

The preliminary step in the process of collecting delinquent personal property taxes, including manufactured homes, is to determine when the taxes become delinquent, what penalty to charge after the taxes become delinquent, and when to charge interest on the unpaid taxes, penalties, and costs.

The term “delinquent” is defined differently for personal property taxes than it is for real property taxes. When real property taxes are not paid by the due date, they are referred to as being “late” and are subject to a penalty. They do not become officially delinquent until January of the year following the year when they are due.

In contrast, personal property taxes are declared delinquent the day after the due date. There is no equivalent period of time when they are referred to as late. The penalty is added to the unpaid taxes on the day when they become delinquent.

There is no one set of due dates, delinquent dates, and penalty rates for all personal property taxes. For example, taxes on manufactured homes are due at different times than other personal property taxes. Nonmunicipal utility companies and owners of elevators and warehouses located on leased railroad right-of-way land must pay their personal property taxes at a different time than parties leasing government property. The penalty is also different for delinquent taxes on leased government property than it is for all others.

In contrast to the variety of due dates, delinquent dates, and penalty rates, there is only one interest rate that is charged on all types of delinquent personal property taxes, including manufactured homes.

Multiple Tax Statements

By written resolution, a county board may grant the two-installment payment plan to a property owner who has been issued more than one personal property tax statement and the sum of all the taxes exceeds \$50.00 ([Minnesota Statute 277.01, subdivision 1](#)).

Partial Payments

The county treasurer may accept payments of more or less than the exact amount of a tax installment due. If the accepted payment is less than the amount due, the payments must be applied first to the penalty accrued for the year the payment is made ([Minnesota Statute 277.01, subdivision 2](#)).

The acceptance of partial payment of any tax does not constitute a waiver of the minimum payment required as a condition for filing an appeal under [Minnesota Statute 277.01](#) or any other law.

The acceptance of partial payment also does not affect the payment of taxes, penalties, interest, and costs in inverse order to that in which they were levied as required under [Minnesota Statute 280.39](#) (see the [Delinquent Real Property Tax and Tax Forfeiture Manual](#)).

Manufactured Homes

This section outlines the past and present due dates, delinquent dates, and penalties for personal property taxes on manufactured homes. Personal property taxes on manufactured homes are the only personal property taxes that are due in the same year that the property is assessed and the taxes are levied. The taxes are levied in the name of the owner of the manufactured home ([Minnesota Statute 273.125, subdivision 3](#)).

See [Chapter 1](#) (Introduction) and [Chapter 11](#) (Manufactured Homes) in this manual for additional information about the taxable status of manufactured homes.

Total Tax of \$50 or Less

The total personal property tax on a manufactured home must be paid in full on or before August 31, or 20 calendar days after the postmark date on the envelope containing the property tax statement, when the total tax is \$50.00 or less. Any amount of the tax remaining unpaid on September 1 becomes delinquent (Minnesota Statute 273.125, subdivision 3).

On September 1, a penalty of 8% must be added to the unpaid tax. At that time, the total delinquent tax amount due is the sum of the unpaid personal property tax plus the 8% penalty.

Total Tax over \$50

The total personal property tax on a manufactured home may be paid in two equal installments when the total tax is over \$50.00. The due dates, delinquent dates, and penalties for the two-installment plan are outlined below ([Minnesota Statute 273.125, subdivision 3](#)).

First Half

The first installment is due no later than August 31, or 20 calendar days after the postmark date on the envelope containing the property tax statement.

On September 1, any of the first-half taxes remaining unpaid become delinquent and are subject to an 8% penalty.

At that time, the total delinquent tax amount due is the sum of the unpaid 1st-half taxes plus the 8% penalty.

Second Half

The second installment is due no later than November 15.

On November 16, any of the second-half taxes remaining unpaid become delinquent and are subject to an 8% penalty.

At that time, the total delinquent tax amount due is the sum of the unpaid first-half taxes, unpaid second-half taxes, and the 8% penalty.

Leased Government Property

This section outlines the due dates, delinquent dates, and penalties for personal property taxes on leased government-owned property. This includes personal property taxes on improvements made to leased government-owned property ([Minnesota Statute 277.01, subdivision 3](#)).

The taxes on these types of personal property are due and become delinquent the year after the property is assessed and the taxes are levied. The taxes are levied in the name of the lessee; i.e., the party who is granted the lease.

See [Chapter 1](#) (Introduction) in this manual for additional information about the taxable status of leased government-owned property. That section contains examples of leased government-owned property, including improvements, whose personal property taxes are subject to the due dates, delinquent dates, and penalties described below.

Total Tax of \$50 or Less

When the total personal property tax levied on leased government-owned property, including improvements, is \$50 or less, the total tax must be paid in full by the later of May 15 or 20 calendar days after the postmark on the envelope containing the property tax statement ([Minnesota Statute 277.01, subdivision 1](#)).

Any amount of the total tax remaining unpaid on the later of May 16 or 21 calendar days after the postmark date on the envelope containing the tax statement becomes delinquent. On the delinquent date, the unpaid tax is subject to the same penalty rates as delinquent real property taxes. Any time after the delinquent date, the total delinquent tax amount due is the sum of the unpaid tax plus the appropriate penalty.

NOTE: See the [Delinquent Real Property Tax and Tax Forfeiture Manual](#) for information on the penalty rates for delinquent real property taxes. These penalty rates are authorized under [Minnesota Statute 279.01](#). These penalty rates can also be found in the schedule on the back of the property tax statement.

Total Tax over \$50

The total personal property tax levied on leased government-owned property, including improvements, may be paid in two equal installments when the total tax is over \$50.00 ([Minnesota Statute 277.01](#)).

First Half

The first installment is due by the later of May 15 or 20 calendar days after the postmark date on the envelope containing the tax statement.

On the later of May 16 or 21 calendar days after the postmark date, any unpaid 1st-half taxes become delinquent and are subject to the same penalty rates as delinquent real property taxes.

As of the delinquent date, the total delinquent tax amount due is the sum of the unpaid 1st-half taxes plus the appropriate penalty ([Minnesota Statute 277.01](#)).

Second Half

The second installment is due no later than October 15.

On October 16, any unpaid second-half taxes become delinquent and are subject to the same penalty rates as delinquent real property taxes.

As of the delinquent date, the total delinquent tax amount due is the sum of the unpaid 1st-half tax plus the appropriate penalty (Minnesota Statute 277.01).

All Other Personal Property

This section outlines the due dates, delinquent dates, and penalties for all personal property taxes except those on manufactured homes and leased government-owned property, including improvements ([Minnesota Statute 277.01](#)).

See [Chapter 1](#) (Introduction) in this manual for information about the taxable status of nonmunicipal utility properties and privately owned elevators and warehouses located on leased railroad right-of-way land.

Types of Personal Property

In most cases, this set of due dates, delinquent dates, and penalties applies to the personal property taxes levied on the types of personal property listed below.

1. Nonmunicipal utility companies and cooperatives
2. Privately owned elevators and warehouses located on leased railroad right-of-way land

These personal property taxes are due and become delinquent the year after the property is assessed and the taxes levied. The taxes are levied in the name of the nonmunicipal companies or cooperatives or the owners of the elevators and warehouses.

Total Tax Due on May 15

The total amount of these taxes must be paid in full by the later of May 15 or 20 calendar days after the postmark date on the envelope containing the tax statement. They cannot be paid in two equal installments.

The unpaid amount of these taxes becomes delinquent on the later of May 16 or 21 calendar days after the postmark date on the envelope containing the tax statement.

Penalty: 8%

When they become delinquent, a penalty of 8% of the unpaid personal property tax must be added to the unpaid tax. At that time, the total delinquent tax amount due is the sum of the unpaid personal property tax plus the 8% penalty. This is the same penalty rate used for delinquent personal property taxes on manufactured homes.

Interest

This section outlines the provisions for charging interest on delinquent personal property taxes, including manufactured homes. In contrast to the different delinquent dates and penalty rates, there is only one interest rate that applies to all types of delinquent personal property taxes. It is the same interest rate that is charged on delinquent real property taxes under [Minnesota Statute 279.03](#) ([Minnesota Statute 277.15](#)).

Basis of the Interest

An annual rate of interest must be charged on the sum of the following amounts which have accumulated up to the date of the payment (Minnesota Statute 279.03).

1. delinquent tax
2. penalty
3. county costs (e.g., the fees for filing and releasing a tax lien, sheriff's fees, and court costs)

Method of Charging Interest

Beginning with taxes payable in 1993, the county treasurer must charge interest on delinquent taxes regardless of whether or not a court judgment is obtained. The annual interest rate begins to accrue on January 1 of the year after the year when the taxes were due and not paid. The interest continues to accrue from January 1 through the month when the total delinquent tax amount is paid (Minnesota Statute 277.15).

The annual rate of interest must be prorated monthly. This means that 1/12 of the annual interest rate is charged for each month of the year the total delinquent tax amount due remains unpaid. A portion of a month is considered to be a whole month.

Adjusted Prime Rate

The annual interest rate that is to be used for all delinquent personal property tax purposes (including manufactured homes) must be calculated according to [Minnesota Statute 270C.40, subdivision 5](#). This is the adjusted prime rate charged by banks on bank-to-business loans. It is determined by the Board of Governors of the Federal Reserve System. This rate is subject to change on January 1st of each year (Minnesota Statute 277.15).

The adjusted prime rate that is to be used for delinquent personal property tax purposes (including manufactured homes) is subject to a 10% minimum and a 14% maximum. In other words, the rate cannot drop below 10% and cannot rise above 14% for delinquent tax purposes regardless of what the adjusted prime rate charged by banks may be for any given year.

Source of Adjusted Prime Rate

When it is known each year, the Property Tax Division of the Department of Revenue certifies the new adjusted prime rate for the next calendar year to each county treasurer and auditor in an official memorandum.

The new adjusted prime rate for the next calendar year will also be incorporated in an updated chart of accumulated interest rates for delinquent taxes and tax-forfeited land that will be provided with the official memorandum.

The chart allows the county treasurer to select the total amount of interest that must be charged on the total delinquent tax amount due through the month when payment is made.

A schedule of the interest rates imposed on delinquent personal property taxes appears on the next page.

Schedule of Adjusted Prime Interest Rates

A schedule of the adjusted prime interest rates that apply to delinquent personal property taxes, including manufactured homes, is listed below. The first column shows the year when the taxes were due. The second column shows the date when the tax rate begins and the year when the tax rate applies. The third column shows the tax rate that must be charged for any delinquent personal property taxes, including manufactured homes, paid during that year.

The county treasurer can find the rates as they are reported by the Department of Revenue on the [Interest Rates for Minnesota Counties](#) webpage.

Example: Calculation of Interest

The following worksheet shows the steps in calculating the interest for a hypothetical situation where the payable 2016 personal property taxes on a manufactured home remained unpaid along with the penalty and county costs until August 15, 2018.

1	Total Payable 2016 Property Tax Due	\$225.00
2	Total Penalty: 8% Rate	\$18.00
3	Total County Costs	\$30.00
4	Total Amount Subject to Interest (Line 1 + Line 2 + Line 3)	\$273.00
Taxpayer Pays Total Amount Due on August 15, 2018		
5	Annual Rate of Interest for 2017	10%
6	Total Interest Rate Charged for Year 2017 (10% Divided by 12 = 0.8333% Prorated Per Month) (0.8333% x 12 Months (January through December 2017))	10%
7	Annual Rate of Interest for 2018	10%
8	Total Interest Rate Charged for Year 2018 (10% Divided by 12 = 0.8333% Prorated Per Month) (0.8333% x 8 Months (January through August 2018))	6.6664%
9	Total Interest Charged on August 15, 2018 ((Line 6 + Line 8) x Line 4)	\$45.50
10	Total Delinquent Tax Amount Collected on August 15, 2018 (Line 4 + Line 9)	\$318.5

Chapter 3: Mailing, Planning, and Phoning

Overview of Mailing, Planning, and Phoning

Law requires the county treasurer to take whatever actions are “necessary and reasonable” to collect personal property taxes, including manufactured homes, as soon as possible after they become delinquent ([Minnesota Statute 277.21, subdivision 1](#)).

As the basis of those “necessary and reasonable” actions, the intention of the legislature was to allow the county treasurer to use the major collection methods used by the Department of Revenue to collect delinquent state taxes.

The Department of Revenue begins the collection process by mailing out a notice of delinquent taxes, developing a plan of action, and following up with a telephone billing. A tax lien can be filed any time after the taxpayer has been notified about the delinquent taxes by mail. If none of these methods works, the Department of Revenue will proceed with more severe enforced collection actions.

Considering its interpretation of legislative intent, the Department of Revenue recommends that the county treasurer adopt the Department’s plan of mailing/planning/phoning as the first stage of collecting all delinquent personal property taxes, including manufactured homes. The three steps in the plan are summarized below and outlined in more detail in the following sections of this chapter.

Step 1: Mailing Notices of Delinquent Taxes

Statute provides the county treasurer with the general instructions for mailing a notice to each taxpayer who is responsible for the delinquent taxes on a manufactured home (Minnesota Statute 277.17, subdivision 1). This notice must be given before any enforced collection actions can be taken.

Although not required by statute, the Department of Revenue recommends that the county treasurer also mail a notice to all taxpayers that are responsible for delinquent taxes on personal property other than manufactured homes. This includes nonmunicipal utility property, leased government-owned property, and privately owned elevators and warehouses located on leased railroad right-of-way land. It is only fair that these taxpayers also be given the courtesy of receiving a notice before any enforced collection actions are taken by the county.

Step 2: Developing a Collection Plan

Although not required by statute, the Department of Revenue also recommends that the county treasurer develop a plan of action for collecting all delinquent personal property taxes, including manufactured homes. This should be done after the notices have been mailed. A specific plan should be devised for each taxpayer. This will allow the county treasurer to select the enforced collection action or actions that will work best for each taxpayer.

Step 3: Contacting Taxpayers by Telephone

Although not required by statute, the Department of Revenue also recommends that the county treasurer contact the taxpayers by telephone after the notices of delinquent taxes have been mailed and the collection plans have been developed. Personal contact by telephone gives the county treasurer another method of

motivating the taxpayers to pay their delinquent taxes in full or accept a payment plan. It also gives the county treasurer the chance to find out some information about the taxpayer that may be used later in the collection process.

Summary

The goal of this first stage of the collection process (mailing/planning/phoning) is to maximize the possibility of collecting the delinquent personal property taxes, including manufactured homes, from each taxpayer and to avoid having to use more severe enforced collection actions. This would be a benefit to both the taxpayers and the county.

Remember: Except for the notices for delinquent taxes on manufactured homes, the county treasurer is not required by statute to use the above three collection methods. However, the Department of Revenue highly recommends that the county treasurer at least use the notice of delinquent taxes method, and use it for all taxpayers. Developing collection plans and contacting taxpayers by telephone may be left to the discretion of the county treasurer. The use of all three of these collection methods would seem to conform with the overall intention of the Minnesota Legislature.

Notice of Delinquent Taxes

This section outlines the statutory provisions and Department of Revenue recommendations for the county treasurer to mail a notice of delinquent taxes to all taxpayers who are responsible for delinquent personal property taxes, including manufactured homes. This is the first step in the first stage of the collection process; i.e., the mailing/planning/phoning stage.

This section also contains a sample copy of the two notices of delinquent taxes that may be used by the county treasurer. One form is used for delinquent personal property taxes on manufactured homes. The other form is for all other delinquent personal property taxes. Use these forms to develop your own county notice of delinquent taxes.

Purpose of the Notice

The mailing of a notice of delinquent taxes serves three major purposes:

1. To notify the taxpayer of the total delinquent tax amount due at the time of the mailing
2. To demand immediate payment from the taxpayer
3. To warn the taxpayer about the enforced collection actions that may be taken if the total delinquent tax amount is not paid within 90 calendar days after the date on the notice of delinquent taxes

Schedule for Mailing Notices for Manufactured Homes

The county treasurer is required to mail at least one notice of delinquent taxes to each manufactured homeowner by December 31 of the year when the homeowner's taxes are due and become delinquent. In practice, this means that the county treasurer is given the freedom to decide how many notices will be mailed and when they will be mailed as long as at least one notice is mailed no later than December 31 ([Minnesota Statute 277.17, subdivision 1](#)).

Although not required by statute, the Department of Revenue recommends the following schedule for mailing out notices for delinquent manufactured home taxes. Under this schedule, the county treasurer would mail out only one notice each year. This is consistent with the requirement that county auditors mail out a single notice each year for delinquent real property taxes.

The single notice would be mailed no sooner than December 15 (30 calendar days after the second-half, November 15, deadline) and no later than December 31 (the statutory deadline). This would give each manufactured homeowner at least 30 calendar days and possibly 45 calendar days after the second-half due date to pay the total delinquent tax amount for that year before a notice would be mailed.

The single notice would cover all delinquent manufactured home taxes not paid by the first-half deadline (August 31) and the second-half deadline (November 15) plus the penalty for the year when the notice is prepared.

Schedule for Mailing Notices for All Other Property

Although not required by statute, the Department of Revenue recommends that the county treasurer also mail a notice of delinquent taxes to all taxpayers who are responsible for delinquent personal property taxes other than manufactured homes. This includes nonmunicipal utility property, leased government-owned property, and privately owned elevators and warehouses located on leased railroad right-of-way land.

It is only fair that these taxpayers also be given the courtesy of receiving a notice of delinquent taxes before any enforced collection actions are taken by the county. This is standard practice before collecting any other local or state delinquent taxes in Minnesota, for both real and personal property.

The schedule for mailing this notice should be the same as the schedule for mailing a notice of delinquent taxes to manufactured homeowners. Here are the two components of the schedule:

1. Only one notice should be mailed each year
2. The single notice should be mailed no sooner than 30 calendar days and no later than 45 calendar days after the last deadline for paying the taxes that year

This would treat all taxpayers equally regardless of which type of personal property taxes are delinquent.

The actual deadlines for mailing the notices of delinquent taxes will vary depending on the specific payment schedule for each type of personal property tax. The recommended deadlines for mailing the notices are outlined below.

Utilities and Elevators/Warehouses: Total Tax Due by May 15

The personal property taxes levied on nonmunicipal utility property and privately owned elevators and warehouses located on leased railroad right-of-way land are due in full by May 15. When any portion or all of these taxes become delinquent, the county treasurer should mail only one notice to each taxpayer of the year. The single notice should be mailed no earlier than June 15 and no later than June 30.

This gives each taxpayer at least 30 calendar days and possibly 45 calendar days after the due date to pay the delinquent taxes and penalty before a notice will be mailed.

See the section on [All Other Personal Property](#) in [Chapter 2](#) for more information about the due dates, delinquent dates, and penalties for personal property taxes on non-municipal utility properties and privately owned elevators and warehouses located on leased railroad right-of-way land.

Leased Government-Owned Property: First-Half Due by May 15 and Second-Half due by October 15

The personal property taxes levied on leased government-owned property are due in two equal installments: one-half by May 15 and the other half by October 15.

When a portion or all of these taxes remain unpaid after the second-half due date (October 15), the county treasurer should mail only one notice to each taxpayer for the year. The single notice should be mailed no earlier than November 15 and no later than November 30.

This gives the taxpayer at least 30 calendar days and possibly 45 calendar days after the second-half due date (October 15) to pay the total delinquent taxes and penalty for that year before notice will be mailed.

See the section on [Leased Government Property](#) in [Chapter 2](#) for more information about the due dates, delinquent dates, and penalty for personal property taxes on leased government-owned property.

Content of the Notice

The notice of delinquent taxes for manufactured homes and other personal property should contain the major types of information below. Only item number 5 is required by statute ([Minnesota Statute 277.17, subdivision 1](#)). Beyond that requirement, the statute makes the Department of Revenue responsible for prescribing the content of the notice of delinquent taxes for all counties in the state.

1. A section for the county treasurer to list the name and complete address (street or rural route and box number, city or town, and zip code) of the taxpayer.
2. A section for the county treasurer to list the property identification number, the type of personal property, the year or years when the taxes were due, and the billing date (the date when the notice of delinquent taxes is mailed).
3. A statement explaining the taxpayer's delinquent tax liability and informing the taxpayer that the total amount listed on the notice plus any additional costs and interest that may be added after the billing date must be paid to correct the delinquent tax liability.
4. A statement warning the taxpayer that a tax lien may be filed against the taxpayer's personal and real property any time after the billing date.
5. A statement warning the taxpayer that the county may exercise any of the enforced collection actions listed if the total amount due is not paid within 90 calendar days after the billing date.
6. A section for the county treasurer to break down the total delinquent tax amount due through the billing date into the following components: the unpaid tax, the penalty, the fee for recording a tax lien, the fee for releasing a tax lien, other collection costs, interest, and the total due.

7. A statement informing the taxpayer to contact the county treasurer's office for the total delinquent tax amount due on the day when the taxpayer will make payment and explaining how and where payment should be made to the county treasurer.
8. The printed name, title, address, and telephone number of the county treasurer.

Explanation of 90-Day Grace Period

The purpose of this subsection is to explain item number 5 in the previous subsection. Item number 5 refers to the list of enforced actions that may be taken by the county treasurer if the total delinquent tax amount is not paid within 90 calendar days after the billing date on the notice of delinquent taxes.

Statute forbids the county treasurer from taking the following actions to enforce payment of delinquent taxes on manufactured homes until 90 days after the billing date on the notice of delinquent taxes:

1. Establishing an escrow payment plan
2. Requesting the lender to help in the collection process
3. Levying and seizing the taxpayer's property ([Minnesota Statute 277.17](#)).

An exception is made for jeopardy collections ([Minnesota Statute 277.21](#)).

Although the statute is directed only to manufactured homes, the Department of Revenue believes the Minnesota Legislature intended the county treasurer to wait 90 calendar days after the billing date on the notice of delinquent taxes before enforcing the payment of all delinquent personal property taxes, not just those on manufactured homes.

The Department of Revenue's interpretation of how the legislature intended the 90-day grace period to affect the collection of delinquent personal property taxes, including manufactured homes, is summarized on the following pages.

Collection Methods Allowed Any Time After the First Notice

The following collection methods may be taken any time after the billing date on the notice of delinquent taxes. The county treasurer should not have to wait until after the 90-day grace period expires to use these methods. They do not involve the actual taking of money or property. They are not actions to enforce payment.

Developing a Collection Plan

This action may be taken any time after the billing date on the notice of delinquent taxes.

This applies to all delinquent personal property taxes, including manufactured homes.

Contacting the Taxpayer by Telephone

This action may be taken any time after the billing date on the notice of delinquent taxes. It serves as a follow-up to the mailing of the notice of delinquent taxes.

This applies to all delinquent personal property taxes, including manufactured homes.

Filing Notice of Tax Lien

The purpose of filing a notice of tax lien is to establish the priority of the county's interest in the taxpayer's property over any other creditor who may file a lien later. Therefore, a notice of tax lien should be filed as soon as possible after the billing date on the notice of delinquent taxes.

This applies to all delinquent personal property taxes, including manufactured homes.

Alternative Monthly Payment Plan

This action may be taken any time after the billing date on the notice of delinquent taxes. The county treasurer may choose to let the taxpayer pay the total delinquent tax amount under a payment plan.

This applies to all delinquent personal property taxes, including manufactured homes.

Cancellation

This action may be taken any time after the billing date on the notice of delinquent taxes.

This applies to all delinquent personal property taxes, including manufactured homes.

Collection Methods Allowed Only After 90-Day Grace Period

The following collection methods may not be initiated until the 90-day grace period has expired. These methods do involve the actual taking of money or property to pay the total delinquent tax amount. They are actions to enforce payment. They should not be used until the taxpayer has been given 90 calendar days to pay the total delinquent tax amount voluntarily.

Escrow Payments

Applies only to delinquent personal property taxes on manufactured homes.

Request Lender's Help

Applies only to delinquent personal property taxes on manufactured homes.

County Collection Agency

Applies to all delinquent personal property taxes, including manufactured homes.

Revenue Recapture

Applies to all delinquent personal property taxes, including manufactured homes.

Levy on Bank Accounts

Applies to all delinquent personal property taxes, including manufactured homes.

Levy on Wages – Levy on Bank Accounts was listed twice in 2002 manual

Applies to all delinquent personal property taxes, including manufactured homes.

Seize and Sell Personal or Real Property

Applies to all delinquent personal property taxes, including manufactured homes.

Obtain Court Judgment

Applies to all delinquent personal property taxes, including manufactured homes.

Form of the Notice

Expanding on the mandate in statute ([Minnesota Statute 277.17, subdivision 1](#)), the Department of Revenue has prescribed two forms for the notice of delinquent taxes. One form is for delinquent personal property taxes on manufactured homes. The other form is for all other delinquent personal property taxes.

A special form is needed for delinquent personal property taxes on manufactured homes because the notice of delinquent taxes for manufactured homes must specifically list the two extra methods of collection; i.e., escrow payments and help from the lender. The inclusion of these two collection methods is required by statute ([Minnesota Statute 277.17](#)). These two collection methods must not be included in the notice of delinquent taxes for all other personal property taxes.

State of Minnesota

Spruce County

Notice of Delinquent Taxes

Bradley and Theresa Whitley	Property ID#:	012-578-803
Pine Cove Mobile Home Park	Property Type:	Manufactured Home
342 Washington St	Tax Year(s):	2016
Applewood, MN 57252	Billing Date:	December 20, 2016

Manufactured home taxes levied in your name for the year(s) listed above were not paid when due and have become delinquent. The total amount listed below plus any additional costs and interest that may be added after the above billing date must be paid to correct this delinquency.

The county may file a tax lien on your real and personal property any time after the above billing date. You are required to pay the fee for recording and releasing the tax lien.

If payment in full is not received within 90 calendar days after the billing date, the county may take one or more of the following actions: (1) require escrow payments of the delinquent tax amount plus next year's taxes, (2) request the lender to help in the collection process, (3) take over your state tax refunds, lottery winnings over \$600, or certain other refunds, (4) impose a levy on money held for you or owed to you, (5) seize and sell your property, or (6) obtain a court judgment against your property.

Total Amount Due through the Above Billing Date

Manufactured Home Tax	\$287.75
Penalty	\$23.02
Fee for Recording Tax Lien	\$0.00
Fee for Releasing Tax Lien	\$0.00
Other Collection Costs	\$0.00
Interest	\$0.00
Total Tax Due	\$310.77

Contact the Spruce County Treasurer's office for the total amount due on the day when you will make payment. Make your check or money order payable to the Spruce County Treasurer. Include the property identification number listed above on your check or money order. Mail your payment to the address listed below.

Audrey Trudeau, Spruce County Treasurer
Spruce County Courthouse
234 W Broadway
Greenbriar, MN 56323
234-567-8910

State of Minnesota

Spruce County

Notice of Delinquent Taxes

Charles and Paula Jamison	Property ID#:	017-382-903
Rural Route #2, Box 45	Property Type:	Leased Government-Owned
Turtle Lake Township	Tax Year(s):	2016
Greenbriar, MN 56832	Billing Date:	November 23, 2016

Personal property taxes levied in your name for the year(s) listed above were not paid when due and have become delinquent. The total amount listed below plus any additional costs and interest that may be added after the above billing date must be paid to correct this delinquency.

The county may file a tax lien on your real and personal property any time after the above billing date. You are required to pay the fee for recording and releasing the tax lien.

If payment in full is not received within 90 calendar days after the billing date, the county may take one or more of the following actions: (1) take your state tax refunds, lottery winnings over \$600, or certain other refunds, (2) impose a levy on money held for you or owed to you, (3) seize and sell your property, or (4) obtain a court judgment against your property.

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Contact the Spruce County Treasurer’s office for the total amount due on the day when you will make payment. Make your check or money order payable to the Spruce County Treasurer. Include the property identification number listed above on your check or money order. Mail your payment to the address listed below.

Audrey Trudeau, Spruce County Treasurer
 Spruce County Courthouse
 234 W Broadway
 Greenbriar, MN 56323
 234-567-8910

Collection Plan

After the notices of delinquent taxes have been mailed, the county treasurer may choose to develop a collection plan for each taxpayer. This would complete the second step in the first stage of the collection process; i.e., the mailing/planning/phoning stage.

Planning a course of action would allow the county treasurer to analyze each delinquent tax liability with the following goals in mind:

- (1) to determine if each delinquent tax liability is collectible or not
- (2) to select the most efficient method or methods for collecting each delinquent tax liability that is collectible
- (3) to obtain information about each taxpayer's assets that may be levied on or seized and sold if necessary
- (4) to write off each tax liability that is uncollectible.

Remember: The current provisions do not require the county treasurer to develop a collection plan at any time during the collection proceedings. However, the Department of Revenue recommends that some form of this course of action be followed because it has proved effective in the collection of delinquent state taxes and should be equally effective for the county treasurer.

Application of the Collection Plan

The county treasurer may prepare a collection plan for any type of delinquent personal property tax any time after the billing date on the notice of delinquent taxes. This would include delinquent personal property taxes on manufactured homes.

If a collection plan were developed for a taxpayer who was required to escrow for delinquent manufactured home taxes or had confessed judgment, the county treasurer would be ready to implement the first stage of the plan if the taxpayer defaulted on the payments.

In all other cases, the county treasurer would be ready to put the plan into effect immediately after the 90-grace period following the billing date on the notice of delinquent taxes has expired and the total delinquent tax amount has not been paid.

Reviewing the Taxpayer's Account

In order to determine what collection action or actions to take, the county treasurer needs to understand the past history and the current status of the taxpayer's record. The major questions that can be asked to obtain this information are outlined and answered below.

Question #1: Who Is Liable and for What?

The county treasurer should verify that the taxpayer is responsible for the tax that is listed under the taxpayer's name. Information on the whereabouts of the taxpayer should be verified and updated. If the tax liability is for a business, it should be determined if the business is active or inactive.

The amount of the tax liability should be verified. The records should show that all responsible individuals have been assessed for their share of the tax liability. The tax liability may be accurate, but further investigation or adjustment may be necessary in some cases.

A check should be made to verify that the correct penalty has been added to the tax. The records should be reviewed to see if any payments or deposits have been made. If so, they should have been properly credited to the taxpayer's account.

Question #2: What Has Happened in the Past?

The county treasurer should find out if the taxpayer has been late in paying real or personal property taxes in the past. The records should be reviewed to see if the taxpayer has ever broken tax payment promises or defaulted on a tax payment plan. Any history of letting taxes go delinquent or letting a taxing authority seize and sell property in lieu of payment should also be uncovered.

The taxpayer's history is a good indication of what to expect in the present and future. It can also be used to determine whether or not to allow the taxpayer to pay the amount due under a payment plan.

Locating Taxpayer and Assets

If the investigation shows the taxpayer's address and phone number are no longer correct, the county treasurer will need to take whatever action is "necessary and reasonable" to locate the taxpayer. Action should also be taken to verify the taxpayer's employment, source of income, and the location of the taxpayer's assets if the information is not in the current records.

Some of the major sources for obtaining the above information are listed below. How many of these sources and in what order they are used will depend on how much information the county treasurer already has about the taxpayer. The county treasurer will also have to decide how much time and effort to spend on the search for each taxpayer.

1. IRS and State Income Tax Records
2. Unemployment Records with the Department of Economic Security
3. Mailing Addresses with the U.S. Postal Service
4. Department of Natural Resources (DNR) for Taxpayers Who Have Registered Boats, Snowmobiles, or All-Terrain Vehicles
5. Department of Public Safety, Division of Driver and Vehicle Services

For information about potential lenders for one or two manufactured homes, the county treasurer may call Kathy Wagner at 651-296-2902, and she will provide the name and address of any lenders over the telephone.

For a longer list of lenders, the county treasurer should send a written request to the address listed below. The information will be provided by return mail.

Department of Public Safety
Division of Driver & Vehicle Services
Attn: Records
445 Minnesota Street
St. Paul, Minnesota 55101

6. Credit Reports with TRW (Credit-Reporting Service)
7. Licensing Boards or Agencies for Professional, Licensed, or Regulated Occupations
8. Governments and Governmental Agencies Which Grant Operating Licenses to Businesses and/or Their Owners
9. Home or Employment Information from Union Offices
10. Personal and Legal Actions Recorded in Governmental Offices
11. Utility Companies, Trash Haulers, or Newspaper Subscription Offices
12. Credit Information from Neighborhood Businesses (Banks, Stores, Dry Cleaners, Gas Stations)
13. Townhouse Associations, Rental Agents, Apartment Managers or Caretakers
14. Membership Records in Local Churches
15. Former Employers, Relatives, Friends, and Neighbors
16. Secretary of State's Office, Uniform Commercial Code (UCC-1) Division

For information regarding creditors against personal property or for owners, call 651-296-2803 or 877-551-6767, email ucc.dept@state.mn.us, or go to <https://mbportal.sos.state.mn.us/Secured/SearchUCC>. For written communications, the address is:

Secretary of State
Business Services
60 Empire Dr, Suite 100
St. Paul, MN 55103

Review of Collection Options

The major enforced collection actions that are available to the county treasurer are outlined below. In developing a plan, the county treasurer should select the enforced collection action or actions from this list that will work best with each taxpayer. The chapter numbers that are listed indicate where more information about the actions can be found in the manual.

- | | | |
|---|-----------------------|---|
| 1 | Revenue Recapture | Chapter 5 |
| 2 | Levy on Bank Accounts | Chapter 6 and 7 |

3	Levy on Wages	Chapter 6 and 8
4	Seizure and Sale of Property	Chapter 6 and 9
5	County Central Collection Agency	Chapter 10
6	Court Judgment	Chapter 10
7	Write-Off as Uncollectible	Chapter 10
8	Confession of Judgment	Chapter 11
9	Escrow Payments	Chapter 11
10	Request Lender's Help	Chapter 11
11	Alternative Monthly Payment Plan	Chapter 11

Telephone Contact

After the notice of delinquent taxes has been mailed and a collection plan has been developed, the county treasurer may choose to contact the taxpayer by telephone. This would complete the last step in the first stage of the collection process; i.e., the mailing/planning/phoning stage.

Remember: The current provisions for collecting delinquent personal property taxes, including manufactured homes, do not require the county treasurer to contact each taxpayer by telephone. However, the Department of Revenue recommends that this course of action be considered because it has proved effective in the collection of delinquent state taxes and should be equally effective for the county treasurer.

Purpose of Telephone Contact

With a telephone call, the county treasurer can increase the possibility of achieving one or more of the results listed below.

1. Motivate the taxpayer to pay the total delinquent tax amount immediately.
2. Obtain personal and financial information that can be added to the collection plan.
3. Encourage the taxpayer to accept an alternative monthly payment plan if there is no chance to receive payment in full and the tax history and financial situation justify it.
4. Gain additional knowledge needed to decide which enforced collection action will work best with the taxpayer.

Reasons for No Telephone Contact

There are two times when the county treasurer should not make telephone contact with a taxpayer:

1. when the taxpayer is making payments under an escrow account
2. when the taxpayer is making payments under a confession of judgment.

If the taxpayer defaults on the payments, the county treasurer may employ any of the collection methods, including telephone contact.

Guidelines for Telephone Contact

If the taxpayer does not respond to the notice of delinquent taxes, the county treasurer may choose to follow-up with a telephone call.

- 1 The caller should prepare an opening statement and a course of action to propose before contacting a taxpayer by telephone. The opening statement should review the information presented in the notice of delinquent taxes and bring the taxpayer up to date. The course of action should be derived from a preliminary knowledge of the case and should be consistent with the county treasurer's collection plan.
- 2 The caller should anticipate the taxpayer's responses and be ready with counter-proposals or a firm stance, whichever has been determined to be appropriate based on preliminary knowledge of the case as part of the county treasurer's collection plan.
- 3 The caller should prepare fact-finding questions regarding the taxpayer's financial status, employment, and type and location of assets that can be used to verify the information in the county treasurer's collection plan or add to the information in the plan. All of this information will help in deciding whether or not to accept a payment plan instead of payment in full and which subsequent enforced collection action or actions would be most effective.
- 4 The caller should identify himself or herself and state that he or she is the county treasurer or works for the county treasurer.
- 5 The caller should confirm that the person on the telephone is the taxpayer.
- 6 The caller should clearly and concisely explain the reason for the telephone call.
- 7 The caller should motivate the taxpayer to pay in full in order to maintain a good credit rating, to avoid additional costs and possible interest, and to prevent enforced collection actions.
- 8 The caller should convince the taxpayer that it is to their benefit to comply with the county's request or proposal.
- 9 The caller should use fact-finding questions to build a bridge to an alternative monthly payment if the taxpayer cannot pay in full and to obtain the location of the taxpayer's assets that may be levied on or seized and sold if the taxpayer refuses to make payment. This information can be used to verify the information in the county treasurer's collection plan or add to the information in the plan.
- 10 The caller should solve the taxpayer's objections and come to an agreement to pay the amount due in full or under an alternative monthly payment plan with specific deadlines.
- 11 The caller should repeat the commitment made by the taxpayer and end the call.
- 12 The caller should always remain courteous but firm and in control during the telephone conversation.

Chapter 4: Tax Lien

Overview of Tax Lien

As part of the current collection methods, the county treasurer is given the option of filing a notice of tax lien against the real and personal property of any taxpayer whose personal property taxes, including manufactured homes, are delinquent. The notice of tax lien may be filed without obtaining a court judgment ([Minnesota Statute 277.20](#)).

The current tax lien provisions for delinquent personal property taxes are almost an exact duplicate of the tax lien provisions that have been used by the Department of Revenue for years.

[Minnesota Statute 270C.63](#) contains only the general provisions for the Department of Revenue to file a notice of tax lien. In order to put these general provisions into practice, the Department of Revenue had to produce a set of manuals with detailed rules, procedures, and forms for filing a notice of tax lien. These guidelines extend the general provisions of the statute.

Because Minnesota Statute 277.20 contains almost the same general provisions as [Minnesota Statutes 270C.63](#), the county treasurer is left with the same need for detailed rules, procedures, and forms for filing a notice of tax lien. In order to satisfy this need, the Department of Revenue recommends that the county treasurer follow the basic guidelines found in the Department's collection manuals. [Chapter 4](#) outlines some of these basic guidelines.

Tax Lien: Court Judgment Not Needed

Under the current provisions, the county treasurer may file a notice of tax lien without obtaining a court judgment. The change gives the county treasurer the freedom to file a notice of tax lien more quickly in order to protect the priority of the county's interest in a taxpayer's personal and real property. There is no requirement to wait until a court judgment can be entered.

However, if working through the court is desirable, the county treasurer may proceed against the taxpayer in a normal court action. If a favorable judgment is entered, a notice of tax lien will be filed and the county sheriff will enforce the judgment by seizing and selling the taxpayer's personal or real property and will turn over the proceeds to the county treasurer to pay the total delinquent tax amount. See [Chapter 10](#) for information about obtaining a court judgment.

Tax Lien: Authorization for Filing

The county treasurer is the county official who is authorized to file a notice of tax lien against a taxpayer's personal and real property for the purpose of collecting delinquent personal property taxes, including manufactured homes. The county treasurer may delegate this authority to another person ([Minnesota Statute 277.20, subdivision 7](#)).

The execution of the notice of tax lien or any other documents affecting the notice of tax lien by the county treasurer or a delegate entitles them to be recorded. No other tangible proof, certification, or acknowledgment is necessary.

Tax Lien: 90-Day Grace Period

The county treasurer may file a notice of tax lien any time after the billing date on the notice of delinquent taxes. The county treasurer does not have to wait 90 calendar days after the billing date on the notice of delinquent taxes as is required before exercising any of the enforced collection actions. Filing a notice of tax lien is not an enforced collection action. It does not involve the actual taking of money or property from the taxpayer.

See the section on [Notice of Delinquent Taxes](#) in [Chapter 3](#) for more information about the 90-day grace period.

General Tax Lien Information

This section outlines some of the general information that the county treasurer needs to know in order to understand and administer the current provisions for filing a notice of tax lien without a court judgment. Some of the information is drawn from the general statutory provisions ([Minnesota Statute 277.20](#)). Some of the information is based on the Department of Revenue's collection manuals.

Definition and Purpose

A lien can be defined as the security interest that a creditor has in property that is owned by a debtor. Once a tax lien is recorded in the appropriate government office, the creditor has the legal right to seize and hold or sell the debtor's personal or real property as security or payment of an unpaid debt. Examples are mortgage liens, mechanics liens, and tax liens.

A tax lien creates a security interest for the county (creditor) in the personal and real property that is owned or held by the delinquent taxpayer (debtor). With a notice of tax lien on record, the county holds a degree of ownership in the taxpayer's personal and real property to the extent of the total delinquent tax amount. The notice of tax lien protects that degree of ownership from a competing creditor coming at a later date, seizing the same parcel of property, and claiming its total value.

In addition to creating a security interest, a notice of tax lien may also function as a motivational tool. After reading the notice of tax lien from the county treasurer, the taxpayer may decide to pay the total delinquent tax amount voluntarily rather than face enforced collection actions later. If this happens, the county saves the time, effort, and cost of having to exercise one or more of the enforced collection actions in order to satisfy the unpaid tax liability.

A notice of tax lien may also serve as a motivational tool in another way. Let's say the owner of a manufactured home is forced to pay the total delinquent tax amount under an escrow plan, offers to pay in installments under a confession of judgment, or agrees to pay under an alternative monthly payment plan. In this case, a notice of tax lien may be filed to act as collateral while the monthly payments are being made. The formal threat of losing personal or real property may prompt the taxpayer to continue to make the payments.

Creation

Except for the exemptions listed later in this chapter, all taxes on personal property, including those on manufactured homes, are a lien on all of the taxpayer's personal and real property located in Minnesota. The tax lien arises on January 2 of the year in which the tax is assessed and continues until the tax is paid ([Minnesota Statute 277.20, subdivision 1](#)).

Priority

The priority of a tax lien as against other liens on the same property is determined by the order in which each lien is recorded. The lien with an earlier recording date takes precedence over a lien with a later recording date. This is legally called “race-notice.”

When a parcel of property is seized and sold, the creditor with the first priority must be paid first from the sale revenue. Only after the creditor with first priority has been paid can any other creditors with less priority have a chance to benefit from any of the remaining sales revenue. See [Chapter 9](#) for more information concerning the county treasurer’s management of sale revenue.

Enforceability

The tax lien that automatically attaches on January 2 of the assessment year is not enforceable against any other creditor until a notice of tax lien has been recorded by the county treasurer ([Minnesota Statute 277.20, subdivision 2](#)).

This means that the priority of the county’s interest in a taxpayer’s personal and real property against any other creditors is not measured from the January 2 assessment date. The county’s priority does not begin until the date when the county treasurer’s notice of tax lien is recorded.

For example, if a lien for manufactured home taxes attached on January 2, 2018 (the assessment date), a bank recorded a mortgage lien on December 20, 2018, and the county treasurer’s notice of tax lien was recorded on December 28, 2018, the bank’s interest in the taxpayer’s property would have priority over the county. If the recording dates for the bank and the county were reversed, the county’s interest would have priority over the bank.

This is the primary reason why the county treasurer should be given the authority to file a notice of tax lien on the taxpayer’s property any time after the billing date on the notice of delinquent taxes. The priority of the county’s interest in a taxpayer’s personal and real property must be protected as soon as possible. This will help assure that the total delinquent tax amount can be paid from the sale revenue if the county treasurer decides later to seize and sell a taxpayer’s personal or real property.

Duration

The county treasurer may file a notice of tax lien anytime within five years after the date of assessment. The phrase “date of assessment” refers to January 2 of the year when the property was assessed for the purpose of imposing the tax that is delinquent. A tax lien is enforceable for ten years after the date when the notice of tax lien was recorded ([Minnesota Statute 277.20, subdivision 4](#)).

A notice of tax lien may be renewed for an additional ten years any time before the expiration of the original ten-year period. It may also be transcribed to another county anytime within ten years after the recording date in the original county (Minnesota Statute 277.20, subdivision 4).

Guidelines for Filing a Tax Lien

The filing of a notice of tax lien without a court judgment is one of the collection options granted to the county treasurer. The county treasurer should decide to use this option only after examining each tax situation and determining that filing a notice of tax lien is a reasonable way to collect the total delinquent tax amount.

There are certain conditions that should exist before the county treasurer would decide to file a notice of tax lien. These conditions are outlined below.

Taxpayer's Financial Condition

The Department of Revenue recommends that a notice of tax lien be filed as soon as possible after the billing date on the notice of delinquent taxes if the county treasurer knows that one or more of the financial conditions listed below exists. Developing a collection plan will allow the county treasurer to know whether or not these conditions exist.

1. The total delinquent tax amount is equal to or more than the minimum amount that is set by the county before a notice of tax lien can be filed. Each county should decide what that minimum amount is.
2. The taxpayer owns enough equity value in personal and real property to cover part or all of the total delinquent tax amount if the property is seized and sold.
3. The taxpayer's equity value in personal and real property will not be absorbed by other creditors with higher security interests or higher lien priorities.

If it cannot be determined for sure whether or not any of the above conditions exists, the county treasurer should assume their existence and file a notice of tax lien as soon as possible after the billing date on the notice of delinquent taxes. This should be done especially if the county treasurer wants the option of seizing and selling the taxpayer's personal or real property in the future.

The county treasurer may not want to file a notice of tax lien if it is known for sure that none of the above conditions exists. There is no reason to file a notice of tax lien to protect the county's interest in the taxpayer's personal and real property if the taxpayer does not have enough equity value in the property to make it worthwhile to seize and sell.

Other Tax Conditions

Another reason for filing a notice of tax lien is to motivate the taxpayer to pay the delinquent taxes in full or to continue making payments under an escrow account, confession of judgment, or other installment plan. Some of the conditions that should exist before using a notice of tax lien as a motivational tool are listed below.

1. The taxpayer refuses to cooperate or respond to the notice of delinquent taxes or the telephone contact.
2. The taxpayer fails to fulfill a promise to pay or provide financial information to aid in the collection process.

3. The taxpayer offers to make installment payments under a confession of judgment or an alternative monthly payment plan.
4. The taxpayer fails to pay current personal property taxes, including manufactured homes, when due.

Even if the financial conditions do not exist, the county treasurer could use the filing of a notice of tax lien to motivate certain taxpayers. However, the notice of tax lien may not have much clout if the taxpayer does not have enough equity value in personal or real property to worry about losing it.

Notice of Tax Lien

This section focuses on a set of questions that must be answered in order for the county treasurer to prepare and file a notice of tax lien:

1. Where is the notice filed?
2. Who is to receive copies of the notice?
3. What information should be contained in the notice?
4. What is the form of the notice?

The answers to these key questions are outlined below.

Filing Location

The guidelines for deciding where to file a notice of tax lien for different types of property and property ownership are outlined below. They are derived from both the tax lien provision for personal property ([Minnesota Statute 277.20, subdivision 2](#)) and the guidelines contained in the Department of Revenue's collection manuals.

Abstract Real Property: All Types of Ownership

The notice of tax lien should be filed in the county recorder's office in the county in which the abstract real property is located when both of the following conditions exist:

1. The taxpayer owns abstract real property in Minnesota
2. The county treasurer wants the tax lien to be specifically attached to the abstract real property.

This guideline applies to all tax liens that are attached to abstract real property located in Minnesota regardless of who owns the property:

- Individual residents of Minnesota
- Individuals who live outside of Minnesota
- Corporations, partnerships, or other organizations

Registered Property (Torrens): All Types of Ownership

The notice of tax lien should be filed in the office of the registrar of titles in the county in which the registered property is registered when both of the following conditions exist:

1. The taxpayer owns registered property located in Minnesota
2. The county treasurer wants the tax lien to be attached to the registered property

This guideline applies to all tax liens that are attached to registered property regardless of who owns the property:

- Individual residents of Minnesota
- Individuals who live outside of Minnesota
- Corporations, partnerships, or other organizations

Personal Property: Ownership by Individual Residents

The notice of tax lien should be filed in the county recorder's office in the county where the taxpayer lives when all of the following conditions exist:

1. The taxpayer is an individual resident of Minnesota
2. The taxpayer owns personal property located in Minnesota
3. The county treasurer wants the tax lien to be specifically attached to the personal property

Personal Property: Ownership by Individual Nonresidents

The notice of tax lien should be filed in the Secretary of State's office when both of the following conditions exist:

1. The taxpayer is an individual living outside of Minnesota
2. The county treasurer wants the tax lien to be specifically attached to the taxpayer's personal property

Personal Property: Ownership by an Organization

The notice of tax lien should be filed in the Secretary of State's office when both of the following conditions exist:

1. The taxpayer is a corporation, partnership, or other organization
2. The county treasurer wants the tax lien to be specifically attached to the taxpayer's personal property

Secretary of State's Address

The address for mailing a notice of tax lien to the Secretary of State's office:

Secretary of State
Uniform Commercial Code (UCC) Division
180 State Office Building
Rev. Dr. Martin Luther King, Jr. Blvd.
St. Paul, MN 55155-1299

Index for State Tax Liens

All notices of tax lien filed with the county recorder must be recorded in the same index that is used to record state notices of tax lien from the Department of Revenue under [Minnesota Statutes 270C.63](#). The index must include the name of the county for which the notice of tax lien is filed ([Minnesota Statute 277.20, subdivision 2](#)).

Official Copies

The current tax lien provisions in [Minnesota Statute 277.20](#) do not specify how many copies of the notice of tax lien must be prepared and what should be done with each of them.

In the absence of statutory requirements, the Department of Revenue recommends that the county treasurer follow the Department of Revenue's guidelines for preparing the required number of copies of the state's notice of tax lien.

The guidelines for preparing the required copies are listed below along with a short explanation of how they could be used at the county level.

Temporary Accounting Copy

This is a copy of the original notice of tax lien that is prepared by the county treasurer's office. It serves as the document of record in the county treasurer's office while a copy of the original notice is being filed with the appropriate recording office.

Copy for Recorder, Registrar of Titles, or Secretary of State

This is a copy of the original notice of tax lien that must be filed with the appropriate recording office or offices.

Taxpayer Copy

This is a copy of the original notice of tax lien that must be mailed to the taxpayer or taxpayers listed on the notice. This copy should be mailed as soon as possible after a copy of the original notice is prepared and filed with the appropriate recording office.

Receipt and Recorded Copy

This is the receipt that is filled out by the appropriate recording office and the copy of the recorded noticed of tax lien that is returned to the county treasurer. This recorded copy, along with the receipt, replaces the temporary accounting copy as the document of record in the county treasurer's office.

Contents

The current tax lien provisions provide only two types of information that must be contained in the notice of tax lien. Otherwise, the statute gives no indication of what information should be included in the notice of tax lien ([Minnesota Statute 277.20](#)).

Remember: The law requires the county treasurer to take whatever action is “necessary and reasonable” to collect delinquent personal property taxes, including those for manufactured homes ([Minnesota Statute 277.21, subdivision 1](#)). As part of those actions, the county treasurer is expected to use the same collection methods used by the Department of Revenue to collect delinquent state taxes, including a tax lien.

In the absence of statutory requirements and acting on legislative intent, the Department of Revenue recommends that the county notice of tax lien contain the same basic information found in the state’s notice of tax lien. This should assure that the county notice of tax lien is just as enforceable as the state’s notice that has been used for years.

The major types of information that are derived from the state’s notice of tax lien are listed below along with the two types of information required under Minnesota Statute 277.20.

1. A statement declaring that a tax lien has been filed by the county against all the taxpayer’s personal and real property located in the county for the total amount of unpaid tax, penalty, recording fees, sheriff fees, court costs, and interest.

This blanket statement refers to the original lien that attached to all of the taxpayer’s personal and real property on January 2 of the assessment year. The recording of the notice of tax lien establishes the priority of the county’s interest in all of the taxpayer’s personal and real property for the total delinquent tax amount. It allows the county treasurer to seize and sell as much of the taxpayer’s personal and real property as needed to pay the total delinquent tax amount.

2. The name and address of the party or parties listed in the tax rolls as the taxpayer or taxpayers of record. This information must be identical to the information used on the property tax statement and the notice of delinquent taxes.
3. The property identification number, the personal property type, and the date when the notice of tax lien was filed.
4. A section for the description of property. In most cases, this section should be left blank. Then the county treasurer is free to seize and sell any of the taxpayer’s property under the blanket lien described above. If a specific property is described, the tax lien can be enforced only against that property and no others. In other words, any specific description overrides the blanket lien described above.

In the case of registered property (Torrens), this section must contain the number of the certificate of title of the property if the tax lien is attached to the whole parcel. If the tax lien is not placed on the whole parcel, the description should clearly identify what portion of the property is covered by the lien. A legal description can be substituted for the number of the certificate of title ([Minnesota Statute 508.63](#)).

5. The date when the property was assessed and the date when the taxes were due.

6. A breakdown of the total delinquent tax amount due through the filing date: unpaid tax, penalty on unpaid tax, fee for recording a tax lien, fee for releasing a tax lien, other collection costs, interest, and total due.
7. The signature of the county treasurer, the printed name of the treasurer, the title of the county treasurer, the telephone number of the county treasurer's office, and the date of the signature. (This information may be for the county treasurer's delegate.)
8. A statement informing the taxpayer that the total amount due plus any additional fees, costs, and/or interest that may accrue after the notice of tax lien was filed must be paid before the county will release the tax lien.

Suggested Form

The current tax lien provisions do not contain any requirements or guidelines for the format of the notice of tax lien. The Department of Revenue recommends that the county treasurer use two forms: one for delinquent personal property taxes on manufactured homes and one for all other delinquent personal property taxes.

Renewal of Tax Lien

The county treasurer is authorized to renew a previously recorded notice of tax lien. The original notice of tax lien is enforceable for ten years after the date of recording. With the renewal, the county treasurer can extend the statute of limitations on the original notice of tax lien for another 10 years ([Minnesota Statute 277.20, subdivision 4](#)). The major guidelines for filing a notice of renewal of tax lien are outlined below.

Filing Location

The basic guideline for where to file a notice of renewal of tax lien is simple: file the renewal notice in the same places where the original notice of tax lien was filed.

See the previous section for an outline of the guidelines for where to file a notice of tax lien and use them when filing a notice of renewal of tax lien.

Official Copies

The county treasurer should prepare the same number of copies of the renewal notice and handle them in the same way that is recommended for the original notice of tax lien.

See the previous section for an outline of the guidelines for the official copies of the notice of tax lien and follow them when preparing and handling copies of the renewal notice.

Note: A copy of the notice of renewal of tax lien must be sent to the taxpayer.

Contents

The current tax lien provisions ([Minnesota Statute 277.20](#)) are silent on the question of what types of information should be included in the notice of renewal of tax lien.

Based once again on legislative intent, the Department of Revenue is convinced that the county notice of renewal of tax lien should contain the same types of information that can be found in the state’s renewal notice. Those types of information are outlined below.

- A statement declaring that a tax lien filed by this county against all property and property rights of the property owner or owners named below and located in the county for the total amount of unpaid tax, penalty, recording fees, sheriff fees, court costs, and interest listed below is hereby renewed.
- The name and address of the party or parties listed in the tax rolls as the taxpayer or taxpayers of record. This information must be identical to the information used on the notice of tax lien.
- The property identification number, the personal property type, and the date when the notice of renewal of tax lien was filed.
- The date when the original notice of tax lien was recorded.
- The document number, the volume number, and the page number of the original notice of tax lien.
- The date when the property was assessed and the date when the taxes were due.
- The total delinquent tax amount due as of the date when the notice of renewal of tax lien was filed.
- The signature, printed name, title, and telephone number of the county treasurer or county treasurer’s delegate.
- The date when the notice of renewal of tax lien was signed by the county treasurer or the county treasurer’s delegate.
- A statement informing the taxpayer that the total amount due plus any additional fees, costs, and/or interest that may accrue after the notice of renewal of tax lien was filed must be paid before the county will release the tax lien.

Suggested Form

The current tax lien provisions ([Minnesota Statute 277.20](#)) do not contain any requirements or guidelines for the format of the notice of renewal of tax lien. The Department of Revenue recommends that the county treasurer use two forms: one for delinquent personal property taxes on manufactured homes and one for all other delinquent personal property taxes.

Transcription of Tax Lien

The county treasurer has the authority to transcribe a tax lien to another county anytime within ten years after the date of the recording of the notice of tax lien ([Minnesota Statute 277.20, subdivision 4](#)).

The major guidelines for filing a notice of transcription of tax lien are outlined below.

Definition and Purpose

For the purpose of filing tax liens, the term “transcription” can be defined as the process by which the county treasurer attaches a tax lien on all of the taxpayer’s personal and real property located in another county using the recording date of the original notice of tax lien.

The transcription of tax lien does not extend the ten-year time period during which the original notice of tax lien is enforceable. In other words, the transcription of tax lien is enforceable for the same period of time that the original notice of tax lien is enforceable regardless of when the transcription is recorded.

A county treasurer may choose to file a transcription of tax lien when the taxpayer owns personal or real property in a different county. The value of the property on which the tax lien is attached in the home county may not be high enough to cover the total delinquent tax amount. To secure the balance of the tax liability, a county treasurer may transcribe the tax lien to another county and attach it to the taxpayer’s personal and real property located in that county.

Filing Location

Although not explicitly covered in the current tax lien provisions (Minnesota Statute 277.20, subdivision 4), it is safe to assume that the guidelines for where to file a notice of transcription of tax lien are the same as they are for filing a notice of tax lien.

See the section on [Notice of Tax Lien](#) for an outline of the guidelines for where to file a notice of tax lien and follow them when filing a notice of transcription of tax lien.

Official Copies

The county treasurer should prepare the same number of copies of the transcribed notice and handle them in the same way that is recommended for the original notice of tax lien.

See the section on [Notice of Tax Lien](#) for an outline of the guidelines for the official copies of the notice of tax lien and follow them when preparing and handling copies of the transcribed notice.

Note: A copy of the notice of transcription of tax lien must be sent to the taxpayer.

Contents

The current tax lien provisions ([Minnesota Statute 277.20](#)) do not provide an answer to the question: What types of information should be included in the notice of transcription of tax lien?

Relying on legislative intent, the Department of Revenue recommends that the county treasurer’s notice of transcription of tax lien be modeled on the state’s transcribed notice. The basic types of information that are contained in the state’s notice are outlined below.

- A statement declaring that the county treasurer’s county hereby notifies the other county that it has filed a tax lien against all property and property rights of the property owner or owners named below for the total amount of unpaid tax, penalty, recording fees, sheriff fees, court costs, and interest listed on the notice.

- The name and address of the party or parties listed in the tax rolls as the taxpayer or taxpayers of record. This information must be identical to the information used on the notice of tax lien.
- The property identification number, the personal property type, and the date when the notice of transcription of tax lien was filed.
- A section for the name of the county where the notice of transcription of tax lien is being recorded.
- A section for the name of the home county where the notice of tax lien is on record.
- A section for listing information about the notice of tax lien on record: date of recording, document number, volume and page number, date of assessment of the tax, and the total amount of tax due as of the date when the notice of transcription of tax lien is filed.
- The signature, printed name, title, and telephone number of or the county treasurer's delegate.
- A statement informing the taxpayer that the total amount due plus any additional fees, costs, and/or interest that may accrue after the notice of transcription of tax lien was filed must be paid before the county will release the tax lien.

Suggested Form

The current tax lien provisions ([Minnesota Statute 277.20](#)) do not contain any requirements or guidelines for the format of the notice of transcription of tax lien. The Department of Revenue recommends that the county treasurer use two forms: one for delinquent personal property taxes on manufactured homes and one for all other delinquent personal property taxes.

Release of Tax Lien

The county treasurer is required to file a notice of release of tax lien upon full payment of the total delinquent tax amount. "Full payment" may come voluntarily from the taxpayer or from a levy on the taxpayer's money or the seizure and sale of the taxpayer's personal or real property.

The current tax lien provisions provide only an indirect reference to a notice of release of tax lien (Minnesota Statute 277.20). As a result, the guidelines for preparing and filing a release and the suggested format is modeled on the Department of Revenue's procedures and forms.

Verification of Tax Payment

Before filing a notice of release of tax lien, the county treasurer should make sure that the payment of the total delinquent tax amount is in cash or some form of secured funds. The following are examples of secured funds:

- certified checks
- bank drafts
- travelers checks
- money orders
- cashier's checks.

If payment is made with unsecured funds, the county treasurer should verify that the unsecured funds have cleared the bank before filing a notice of release of tax lien. Examples of unsecured funds are personal checks and payroll checks. Verifying the unsecured funds before filing a release will prevent the need to file another tax lien if the funds do not clear the bank.

Filing Location

Although not explicitly stipulated in the current tax lien provisions, the county treasurer can assume that a notice of Release of Tax Lien must be filed in the same governmental office or offices that the original notice of tax lien, notice of renewal of tax lien, and/or notice of transcription of tax lien were filed.

See previous sections earlier in this chapter for an outline of the guidelines for where to file a tax lien, a renewal, and a transcription and follow them when filing a notice of release of tax lien.

Official Copies

In the absence of any statutory guidelines ([Minnesota Statute 277.20](#)), the Department of Revenue recommends that the county treasurer prepare the same number of copies of a notice of release of tax lien and handle them in the same way that is recommended for the original notice of tax lien.

See the section on [Notice of Tax Lien](#) for an outline of the guidelines for the official copies of the notice of tax lien and use them when preparing and handling copies of a notice of release of tax lien.

Note: A copy of the notice of release of tax lien must be sent to the taxpayer.

Contents

The current tax lien provisions (Minnesota Statute 277.20) do not provide any help in deciding what types of information should be included in a notice of release of tax lien. Nor is there any suggested format for the release.

Considering legislative intent, the Department of Revenue suggests that the county's notice of release of tax lien should contain the same types of information that are required in the state's release of tax lien. Those types of information are outlined below.

- A statement declaring that a tax lien filed by this county against all property and property rights of the property owner or owners named below is hereby released.
- The name and address of the party or parties listed in the tax rolls as the taxpayer or taxpayers of record. This information must be identical to the information used on the notice of tax lien.
- The property identification number, the property type, and the date when the notice of release of tax lien was filed.
- A section for listing information about the original tax lien on record: date of recording, document number, volume and page number, and date of assessment of the tax.

- The signature, printed name, title, and telephone number of the county treasurer or the county treasurer's delegate.
- The date when the notice of release of tax lien was signed by the county treasurer or the county treasurer's delegate.

Suggested Form

The current tax lien provisions (Minnesota Statute 277.20) do not contain any requirements or guidelines for the format of the notice of transcription of tax lien.

Partial Release of Tax Lien

The county treasurer may choose to file a notice of partial release of tax lien upon partial payment of the total delinquent tax amount for which a notice of tax lien was recorded. The Department of Revenue uses two types of partial releases: one for a specific individual and another for a specific piece of property.

The current tax lien provisions ([Minnesota Statute 277.20](#)) provide only an indirect reference to a release of tax lien. There is no reference at all to a partial release of tax lien. As a result, the guidelines for preparing and filing a notice of partial release of tax lien and the suggested format are modeled on the procedures and forms used by the Department of Revenue.

Specific Individual

The partial release of a tax lien for a specific individual can only occur when there is more than one taxpayer who has been declared liable for the total delinquent tax amount. This will be evidenced by more than one taxpayer of record being listed on the county tax lists for the property in question and on the notice of tax lien.

In this case, one of the taxpayers may contact the county treasurer and request a partial release from the tax lien for one or more of the reasons listed below.

- The taxpayer is not liable for any of the total delinquent tax amount.
- The taxpayer has already paid the appropriate share of the tax liability.
- The taxpayer agrees to make partial payment for the appropriate share of the tax liability.

When either of the first two reasons has been verified or the partial payment has been accepted, the county treasurer must file a notice of partial release of tax lien. The balance of the tax liability will continue to be covered by the original notice of tax lien on record. When the remaining balance is paid, the county treasurer must file a notice of release of tax lien as outlined in the previous section.

Specific Property

There are two situations where the county treasurer may choose to file a notice of partial release of tax lien for a specific piece of property. These two situations are outlined below.

County Receives the Total Sale Price

In this situation, the county treasurer and the taxpayer set up a payment plan where the taxpayer agrees to sell a piece of property and convey the total sale price to the county as partial payment of the total delinquent tax amount.

The county treasurer would usually accept this plan because it assures partial payment of the total delinquent tax amount without the county having to go through the time and effort of seizing and selling the property itself.

If the plan is accepted, the county treasurer should attend the closing for the sale of the property with the taxpayer and the buyer. The buyer would pay the total sale price to the county treasurer. In turn, the county treasurer would file a notice of partial release of tax lien with respect to only the specific property that is described on the release form.

County Receives a Percentage of the Total Sale Price

As part of the payment plan in this situation, the county treasurer agrees to all of the following terms:

1. The taxpayer sells a specific property
2. The taxpayer conveys a designated percentage of the total sale price to the county treasurer as partial payment of the total delinquent tax amount
3. The taxpayer retains the rest of the total sale price.

If this plan is accepted, the county treasurer should follow the same procedures as described above for the first situation.

County's Interest

The county treasurer should not be rushed into a decision to grant a partial release of a tax lien by the taxpayer or anyone else (buyer, attorney, or lending institution). All of the parties should note that the county requires at least one week to determine the county's interest in the transaction.

Before agreeing to file a partial release, the county treasurer should complete the following tasks to ensure the county's interests.

1. Determine the priority of any other secured interests in the property
2. Determine the fair market value of the property
3. Obtain a copy of the closing statement to verify the taxpayer's equity in the property and the amount of money to be paid to the taxpayer
4. Grant the partial release only upon receipt of the county's total interest in the taxpayer's equity in the property

Verification of Tax Payment

The county treasurer should follow the same guidelines for verifying the partial payment of a tax liability before granting a partial release of tax lien as would be followed for granting a full release.

See the previous section for an explanation of the guidelines for verifying full payment and follow them when accepting partial payment.

Filing Location

Although [Minnesota Statute 277.20](#), is silent on the subject, the county treasurer should file a notice of partial release of tax lien in the same governmental offices as the original notice of tax lien was filed.

See the section on [Notice of Tax Lien](#) for an outline and explanation of the guidelines for where to file a notice of tax lien and use them when filing a notice of partial release of tax lien.

Official Copies

The current tax lien provisions (Minnesota Statute 277.20) do not specify how many copies of the notice of partial release of tax lien must be prepared and what should be done with each of them.

In the absence of any statutory requirements, the Department of Revenue recommends that the county treasurer follow the Department's guidelines for preparing the required number of copies of the notice of tax lien when preparing a notice of partial release of tax lien. See [Notice of Tax Lien](#) for an outline of those guidelines.

Cost of Filing and Releasing Tax Lien

In order to have a tax lien released, the total delinquent tax amount must be paid in full. The total delinquent tax amount is determined at the time when the taxpayer voluntarily makes full payment or the county treasurer confiscates the taxpayer's assets in lieu of the taxpayer's payment. The components of "the total delinquent tax amount" are outlined below.

Unpaid Personal Property Tax

This is the total tax that was levied on the taxpayer's personal property, announced to the taxpayer with a mailed property tax statement, and not paid by the due date. This includes the total tax levied on manufactured homes. This is the major component of every total delinquent tax amount regardless of whether a tax lien is filed or not.

Penalty on the Unpaid Personal Property Tax

This is the percentage of the unpaid personal property tax that is automatically added to the unpaid tax on the day after the tax is due. This is a basic component that is part of every total delinquent tax amount regardless of whether a tax lien is filed or not.

Fees for Recording and Releasing Tax Liens

The fees for recording and releasing tax liens will not be part of the total delinquent tax amount unless the county treasurer chooses to file a notice of tax lien.

The fee for recording each notice of tax lien, each notice of renewal of tax lien, and each notice of transcription of tax lien is \$15 each. The fee for recording each notice of partial release of tax lien and the final notice of release of tax lien is also \$15 each ([Minnesota Statute 277.20, subdivision 2](#)).

The county treasurer is exempt from paying the \$15 fee when any type of tax lien is recorded. The \$15 fee for each recording of a tax lien and the \$15 fee for each release of a tax lien must be paid by the county treasurer when the release is recorded by the county treasurer.

The county treasurer is authorized to collect the \$15 fee for each recording and the \$15 fee for each release as part of the total delinquent tax amount.

The \$15 fee for recording the notice of tax lien and the \$15 fee for the final notice of release of tax lien should be listed on the notice of tax lien because they are known for sure when the notice is prepared and filed.

The other types of notices and releases will probably be filed after the original notice of tax lien is prepared and filed. As a result, they may not be listed on the original notice of tax lien, but their fees must be added to the total delinquent tax amount that must be paid before the tax lien can be released.

Interest on the Unpaid Tax, Penalty, and Costs

Interest always becomes part of the total delinquent tax amount when the amount due is not paid during the taxes payable year. Interest must be charged from January 1 of the year after the year when the taxes were due through the month when the total delinquent tax amount is paid in full. Interest must be calculated on the sum of the unpaid tax, penalty, and county costs at the time of payment.

County Sheriff's Costs for Seizure and Sale of Property

If the county treasurer chooses to involve the county sheriff in the seizure and sale of the taxpayer's property, the county sheriff must be paid for the costs of seizing, hauling, storing, and selling the property. After the sale, the county sheriff will withhold an amount from the sale revenue to pay for the costs before sending the remaining balance to the county treasurer.

Court Costs

If the county treasurer chooses to obtain a court judgment against the taxpayer, the court must be paid for the costs of entering the judgment. The costs will be paid from the sale revenue when the county sheriff enforces the judgment by seizing and selling the taxpayer's property.

Property Exempt from Tax Lien

Personal property taxes, including manufactured homes, become a lien on all of the taxpayer's real and personal property in Minnesota as of January 2 of the assessment year and continue until the taxes are paid ([Minnesota Statute 277.20, subdivision 1](#)).

Once the notice of tax lien is filed, the tax lien is enforceable against all of the taxpayer's real property located in Minnesota. It is also enforceable against all of the taxpayer's personal property located in Minnesota except for the types of personal property exempt from any lien or seizure and sale under [Minnesota Statutes 550.37, 550.38, and 550.39](#) ([Minnesota Statute 277.20, subdivision 3](#)).

Note: Manufactured homes that are owned by the taxpayer and taxed as personal property are subject to the tax lien even though they are otherwise exempt under [Minnesota Statute 550.37](#).

You can review the types of personal property that are exempt from the tax lien in [Minnesota Statutes 550.37](#), [550.38](#), and [550.39](#).

Adjustment to Dollar Limits on Property Exemptions

[Minnesota Statute 550.37, subdivision 4a](#), requires that the dollar limitations on property exemptions, excluding the dollar limitations in [Minnesota Statute 550.37, subdivisions 5 and 7](#), be adjusted in even numbered years based on the percentage change in the Implicit Price Deflator for the Gross National Product. No adjustment is made unless the percentage of change between the index for December of the preceding year and the reference base index, calculated to the nearest whole percentage point, is 10% or more.

The Minnesota Department of Commerce announces the dollar limits on property exemptions every even numbered year in an April issue of the State Register. The changes become effective on July 1 of the year in which they are announced. The dollar limits are then updated in the next edition of Minnesota Statutes.

Copies of the State Register should be available in the county library. This information may also be found on the Department of Administration's web page: <https://mn.gov/admin/bookstore/>

Notice of Foreclosure of Cancellation

If a mortgage foreclosure or a cancellation of a contract for deed sale is started against the taxpayer's real property on which a tax lien has been attached, a notice of foreclosure or cancellation must be mailed to the county treasurer at least 25 calendar days before the foreclosure sale or the date of cancellation ([Minnesota Statute 277.20, subdivision 6](#)).

A notice does not have to be mailed to the county treasurer if the notice of tax lien was recorded less than 31 days before the foreclosure sale or the date of cancellation.

Upon the request of the agent who mailed the notice, the county treasurer is required to send the agent a receipt for the notice within one business day after receiving the notice.

The notice must contain the following information.

1. The name and address of the taxpayer.
2. A copy of the notice of mortgage foreclosure or contract for deed cancellation.
3. A copy of the Notice of Tax Lien that was recorded by the county treasurer.
4. The total unpaid balance of the mortgage or contract for deed.
5. A legal description of the real property.

The notice of mortgage foreclosure or contract termination allows the county treasurer to evaluate whether or not it would be cost effective to redeem the real property in order to preserve the county's security interest

under the tax lien. If the county's notice of tax lien was recorded earlier in time than the mortgage or contract for deed, the county's tax lien is automatically preserved.

Lien Search Certificate

Any person may request and receive a lien search certificate from the county recorder, registrar of titles, or the Secretary of State ([Minnesota Statute 277.20, subdivision 8](#)).

The lien search certificate must provide the requesting person with the following information.

1. A list of all liens and other documents affecting any lien that have been recorded after December 31, 1989.
2. The name of each person against whom a lien or other document affecting any lien has been recorded after December 31, 1989.
3. The date and hour when each lien or other document affecting any lien was recorded after December 31, 1989.

The fees for issuing a lien search certificate are contained in [Minnesota Statutes 336.9-525](#) and [357.18](#). Upon request, the recording officer must provide a copy of any notice of lien or other document affecting any lien for a fee of \$1.00 per page.

Chapter 5: Revenue Recapture

Overview of Revenue Recapture

Revenue Recapture is a special procedure for the state government, the University of Minnesota, and certain local governmental units to collect debts by having the Department of Revenue withhold the debtor's tax refunds, lottery winnings over \$600, or certain other refunds and mail them to the creditor agency.

Delinquent personal property taxes, including manufactured homes, are debts owed to the county. The county, as a local governmental unit, is an eligible creditor under the Revenue Recapture Act. Therefore, the county treasurer may collect delinquent personal property taxes, including manufactured homes, through the Revenue Recapture program. This collection method involves the cooperation of the Department of Revenue and the county treasurer.

In general, here is how Revenue Recapture works:

- The county treasurer files a claim with the Department of Revenue for the total delinquent tax amount owed by a taxpayer.
- The Department of Revenue withholds the amount of the county's claim from the taxpayer's state tax refunds, lottery winnings over \$600, or certain other refunds and transmits that amount to the county treasurer.
- The county treasurer uses the money to pay all or a part of the total delinquent tax amount.

Similar to the other enforced collection actions, the county treasurer cannot file a claim against a taxpayer's state tax refunds, lottery winnings over \$600, or certain other refunds with the Department of Revenue until the 90-day grace period following the billing date on the Notice of Delinquent Taxes has expired. See the section [Explanation of 90-Day Grace Period](#) for information about the 90-grace period.

You can find more information about the program on the Department of Revenue's [Revenue Recapture](#) webpage. You can also email revenue.recapture@state.mn.us or call 651-556-3037.

Chapter 6: Levy and Seizure Authority

Overview of Levy and Seizure Authority

At this point in the collection process, the county treasurer has mailed the notice of delinquent taxes, probably filed a notice of tax lien, developed a collection plan, and followed up with a telephone call. The 90-day grace period following the date on the notice of delinquent taxes has expired, and the taxpayer still has not volunteered to pay the total delinquent tax amount. What does the county treasurer do now?

The county treasurer is solely responsible for enforcing the payment of the total delinquent tax amount. If the county treasurer does not take direct action, nothing will happen. The total delinquent tax amount will simply remain unpaid.

To assure that action is taken, [Minnesota Statute 277.21, subdivision 1](#), provides that:

If a tax assessed on personal property or manufactured homes and collectible under this chapter is not paid when due, the county treasurer shall, as soon as practicable, take action the county treasurer considers necessary and reasonable to collect the delinquent tax.

To fulfill this mandate, the law gives the county treasurer several options to enforce payment of the total delinquent tax amount without obtaining a court judgment.

This chapter outlines the general levy and seizure authority that is available to the county treasurer. These general provisions apply to the specific methods of levying on a taxpayer’s bank accounts ([Chapter 7](#)), levying on a taxpayer’s wages ([Chapter 8](#)), and seizing and selling a taxpayer’s personal and real property ([Chapter 9](#)).

General Levy and Seizure Authority Information

This section outlines some of the general information that the county treasurer needs to understand before deciding to enforce the payment of the total delinquent tax amount by levying on a taxpayer’s money or seizing and selling a taxpayer’s property without obtaining a court judgment. This information applies to all of the specific methods of levying on money and seizing and selling property.

Definition: “Levy” vs. “Seize”

Most of us are accustomed to using the term “levy” to mean the assessment of a property tax or the tax itself. In the legal world of creditors and debtors, the term “levy” refers to the authority of a creditor to “seize” a debtor’s assets so they can be sold and the money can be used to pay the outstanding debts. In this context, the terms “levy” and “seize” usually are synonymous.

In this manual, the terms “levy” and “seize” will be used separately to describe two of the major types of enforced collection actions available to the county treasurer. The term “levy” will refer to the county treasurer’s option to direct a third party to confiscate a taxpayer’s money and send it to the county treasurer. The term “seize” will refer to the county treasurer’s option of confiscating a taxpayer’s personal or real property so it can be sold and the proceeds can be used to pay the total delinquent tax amount. The compound term “seize and sell” will sometimes be used to describe the complete process.

[Chapters 7](#) and [8](#) focus on the rules, procedures, and forms for levying on a taxpayer's bank accounts and wages, respectively. These are probably the county treasurer's most convenient and effective methods of levying on a taxpayer's money. A bank levy and a wage levy can be accomplished indirectly through written communications with the bank and the employer. It does not require personal contact with the taxpayer.

[Chapter 9](#) covers the rules, procedures, and forms for seizing and selling a taxpayer's personal or real property. This is undoubtedly the most severe method of enforced collection. It usually involves the personal seizure and sale of physical objects that are in the possession of the taxpayer. Therefore, it is probably the method that will be used only as a last resort by the county treasurer.

Court Judgment not Needed for Levy or Seizure

The county treasurer is authorized to levy on or seize and sell a taxpayer's money or property without obtaining a court judgment. The change gives the county treasurer the freedom to act quickly and independently. There is no requirement to wait until a court judgment can be entered.

However, if a court judgment is deemed desirable, the county treasurer may proceed against the taxpayer with a court action. If a favorable judgment is entered, the county sheriff must enforce the judgment by levying on the taxpayer's money or seizing and selling the taxpayer's personal or real property and must turn over the proceeds to the county treasurer to pay all or part of the total delinquent tax amount. See the section on [Three Levy and Seizure Methods](#) and [Chapter 10](#) for information about when it is appropriate to obtain a court judgment.

Duration of Levy and Seizure Authority

The county treasurer may levy on or seize and sell a taxpayer's money or property anytime within five years after the date of assessment. The phrase "date of assessment" refers to January 2 of the year when the property was assessed for the purpose of imposing the tax that is delinquent ([Minnesota Statute 277.21](#)).

If a notice of tax lien has been recorded, the county treasurer may exercise the levy and seizure authority anytime within the 10-year period the lien is enforceable. If the notice of tax lien is extended for another ten years, the levy and seizure authority is also extended for that same 10-year period. If a court judgment has been entered, the levy and seizure authority extends throughout the statutory period of enforcement of the judgment.

County Shares State's Authority

In general, the current law intends for the county treasurer to use the same basic methods of levying on or seizing and selling a taxpayer's money or property as have been used by the Department of Revenue to collect delinquent state taxes for years.

As proof of this legislative intent, the current levy and seizure provisions for the county treasurers ([Minnesota Statute 277.21](#)) are almost an exact duplicate of the levy and seizure provisions in [Minnesota Statute 270C.67](#) that are used by the Department of Revenue.

In addition to its own levy and seizure provisions, [Minnesota Statute 277.21](#) also grants the county treasurers the powers of [Minnesota Statutes, Chapter 550](#) to levy on or seize and sell a taxpayer's money or property, as

well as the extra levy and seizure powers granted to the Department of Revenue in [Minnesota Statutes 270C.68](#), [270C.70](#) and [290.92](#) ([Minnesota Statute 277.21](#)).

[Minnesota Statutes 270C.67](#), [270C.68](#), [270C.70](#) and [290.92](#), along with [Minnesota Statutes, Chapter 550](#), contain only the general provisions for the Department of Revenue to levy on or seize and sell a taxpayer's money or property. In order to put these general provisions into practice, the Department of Revenue had to develop a set of collection manuals with detailed rules, procedures, and forms that extend the general provisions in the statutes.

Because [Minnesota Statute 277.21](#) contains almost the same general provisions as [Minnesota Statute 270C.67](#) and also references [Minnesota Statutes, Chapter 550](#) as well as in [Minnesota Statutes 270C.68](#), [270C.70](#), and [290.92](#), the county treasurer is left with the same need for detailed rules, procedures, and forms for levying on or seizing and selling a taxpayer's money or property. In order to satisfy this need, the Department of Revenue recommends that the county treasurer follow the rules, procedures, and forms found in the Department's collection manuals.

The outline of the rules, procedures, and forms for levying on or seizing and selling a taxpayer's money and property (which are presented in [Chapters 6](#), [7](#), [8](#) and [9](#) of this manual) are based on the appropriate statutes and the Department of Revenue's collection manuals.

Three Levy and Seizure Methods

In order to enforce the payment of delinquent personal property taxes, including manufactured homes, the county treasurer may levy on or seize and sell a taxpayer's money or property in one or more of the three ways outlined below. All three methods are part of the general levy and seizure authority granted to the county treasurer in [Minnesota Statute 277.21](#).

Method #1: County Treasurer Acts Independently

Under the first method, the county treasurer may personally levy on or seize and sell a taxpayer's money or property under the administrative authority of the county treasurer's office. The county treasurer does not have to issue a warrant requiring the county sheriff's action. The county treasurer does not have to obtain a court judgment. The county treasurer may simply act alone ([Minnesota Statute 277.21](#)).

The Department of Revenue recommends that this personal method of levying on or seizing a taxpayer's money or property be used only when there is no danger of physical harm to the county treasurer.

For example, the county treasurer can levy on a taxpayer's bank accounts ([Chapter 7](#)) or wages ([Chapter 8](#)) without danger of physical harm because there is no personal contact with the taxpayer. All of the actions can be accomplished through written communications with the bank or the employer.

When there is any possibility of physical harm, the county treasurer should use method #2 that is explained below.

Method #2: County Treasurer Issues Warrant to Sheriff

Under the second method, the county treasurer still may act under the administrative authority of the county treasurer's office. However, instead of taking personal action, the county treasurer may issue a warrant to the

county sheriff. The county sheriff is required to levy on or seize and sell the taxpayer's money or property as the county treasurer's agent and as specifically commanded in the warrant ([Minnesota Statute 277.21](#)).

No court judgment is needed. The county sheriff is required to perform the levy or seizure and sale under the authority of the county treasurer's warrant. The county treasurer's warrant is just as binding on the county sheriff as any warrant from the court.

The Department of Revenue recommends that the county treasurer use the services of the county sheriff whenever there is danger of physical harm. For example, the county sheriff should act as the county treasurer's agent to seize and sell a taxpayer's personal property; e.g., a boat, a snowmobile, or a manufactured home. These actions require personal contact with a potentially hostile taxpayer. The county sheriff is specifically trained and equipped to deal with this situation.

Method #3: County Treasurer Obtains Court Judgment

Under the third method, the county treasurer may choose not to act under the administrative authority of the county treasurer's office. Instead, the county treasurer may choose to act through the judicial authority of the court. The county treasurer may request the county attorney to bring a court action against the taxpayer for the total delinquent tax amount. If a favorable judgment is entered, the county sheriff is required to enforce the judgment by levying on or seizing and selling the taxpayer's money or property.

The Department of Revenue recommends that the county treasurer only use the third method to levy on or seize and sell the money or property of a taxpayer who lives outside the state of Minnesota. For all other tax cases, the county treasurer should use method #1 or method #2. See [Chapter 10](#) for more information about the use of a court judgment.

County Treasurer Holds Levy and Seizure Authority

Remember: The county treasurer is given the authority and responsibility to enforce the payment of delinquent personal property taxes, including delinquent manufactured homes personal property taxes, by Minnesota Statute 277.21. If the taxpayer does not voluntarily pay the delinquent tax amount, the county treasurer must take action or the amount due will never be collected.

Under Minnesota Statute 277.21, the county treasurer must make the decision to levy on or seize and sell a taxpayer's money or property. The decision rests with the county treasurer regardless of whether the county treasurer acts personally, issues a warrant to the county sheriff to act, or obtains a court judgment for the county sheriff to act. In all cases, the county treasurer must make the first move or nothing will happen.

Property Subject to Levy and Seizure

In general, the county treasurer is authorized to levy on or seize and sell as much of a taxpayer's money or property as is needed to pay the total delinquent tax amount. The levy and seizure authority also extends to the taxpayer's rights to obtain money or property in the future ([Minnesota Statute 277.21](#)).

Exception: The county treasurer's levy and seizure authority does not extend to the types of property exempt under [Minnesota Statute 550.37](#), [550.38](#), and [550.39](#). However, manufactured homes otherwise exempt under [Minnesota Statute 550.37](#), are subject to the county treasurer's seizure and sale authority. See the next section for more detailed information about these exceptions.

Levy Authority: Money on Deposit or Owed to the Taxpayer

Except for the statutory exemptions, the county treasurer may levy on any of the taxpayer's money sources; i.e., money held on deposit by a third party or money owed to the taxpayer by a third party. Some of the major money sources that the Department of Revenue levies on under [Minnesota Statute 270C.67](#) are listed below. The county treasurer has the authority to levy on these same money sources under [Minnesota Statute 277.21](#).

1. A Levy on a Taxpayer's Bank Accounts.

This levy requires a bank, a savings and loan association, a credit union, or any other financial institution to withdraw a taxpayer's money on deposit and send it to the county treasurer. Any financial institution that fails to comply with a bank levy is personally liable for the amount of the claim. See [Chapter 7](#) for detailed information about the rules, procedures, and forms for exercising this levy authority.

2. A Levy on a Taxpayer's Wages.

This levy requires an employer to withhold an authorized amount from an employee's wages and send it to the county treasurer. The employer must continue to withhold money each pay period until the total delinquent tax amount is paid. Any employer that fails to comply with a wage levy is personally liable for the amount of the claim. See [Chapter 8](#) for detailed information about the rules, procedures, and forms for implementing this levy authority.

3. A Levy on a Taxpayer's Interest in a Contract for Deed as Vendor

This levy requires the buyer under a contract for deed (vendee) to send the installment payments to the county treasurer instead of the seller who is the delinquent taxpayer. The vendee must continue to send the payments to the county treasurer until the total delinquent tax amount is paid or until the contract is satisfied. Any vendee who fails to comply with a contract for deed levy is personally liable for the amount of the claim.

4. A Levy on the Contents of a Taxpayer's Cash Drawer

This levy requires the taxpayer to turn over the contents of a cash register, a safe, a vault, cash box, or any other type of cash receptacle to the county treasurer. Because a cash drawer levy requires personal contact with the taxpayer, the Department of Revenue recommends that the county treasurer use the county sheriff to levy on a taxpayer's cash drawer.

Seizure Authority: Personal and Real Property

Except for the statutory exemptions, the county treasurer may seize and sell any of the taxpayer's tangible personal property or real property. Tangible personal property refers to material objects that are movable. Real property refers to land, anything growing on the land, and anything permanently constructed on the land.

1. The Seizure/Sale of the Taxpayer's Manufactured Home

This refers to the taxpayer's manufactured home on which the delinquent personal property taxes were assessed. It does not include the leased land on which the manufactured home is located.

2. The Seizure/Sale of the Taxpayer's Motor Vehicles

This includes automobiles, pickup trucks, trucks, vans, recreational vehicles, four-wheel drive vehicles, tractors, grain combines, lawn mowers, snow blowers, and airplanes.

3. The Seizure/Sale of the Taxpayer's Recreational Equipment

This includes motor homes, motorboats, sailboats, canoes, snowmobiles, motorcycles, motorbikes, motor scooters, shotguns, rifles, revolvers, pistols, fishing tackle, fishing rods, fishing reels, bows and arrows, video cameras, and golf clubs.

4. The Seizure/Sale of the Taxpayer's Domestic Animals

This includes dairy cattle, beef cattle, horses, sheep, goats, pigs, chickens, and pet-shop animals.

5. The Seizure/Sale of the Taxpayer's Home Appliances

This includes refrigerators, freezers, portable microwave ovens, portable room heaters, washers, dryers, television sets, stereo systems, and videocassettes.

6. The Seizure/Sale of the Taxpayer's Home Furniture

This includes sofas, upholstered chairs, TV recliners, dining room tables, hutches, lamp tables, coffee tables, lamps, dinette sets, dressers, bureaus, and desks.

7. The Seizure/Sale of the Taxpayer's Office Equipment

This includes personal computers, printers, copiers, typewriters, word processors, filing cabinets, desks, and chairs.

8. The Seizure/Sale of the Taxpayer's Movable Equipment and Machinery Used in Commercial and Industrial Operations.

9. The Seizure/Sale of the Taxpayer's Real Property

This includes any land, anything growing on the land, and anything permanently constructed on the land.

Guidelines for Levying on or Seizing Assets

There are two conditions that should exist before the county treasurer considers levying on or seizing and selling a taxpayer's money or property. If these two conditions do not exist, the county treasurer should not take action against the taxpayer's assets even though they are subject to the levy and seizure authority.

1. Condition #1: Taxpayer's Interest in the Assets

The taxpayer's interest in the money or property must be large enough to pay the total delinquent tax amount or at least a large portion of it. Before taking action, the county treasurer should make sure that the money or property has not been pledged to someone else.

Information on Uniform Commercial Code (UCC-1) financial statements can be obtained from the Secretary of State’s Office. The county recorder’s office has information about any security or lien interests in the taxpayer’s property.

2. Condition #2: Convertibility of Property into Cash

Obviously, this condition does not apply to a levy on the taxpayer’s money that is already in the form of cash. It does apply to the taxpayer’s personal and real property that must be easily and inexpensively convertible into cash so that the county treasurer can pay the total delinquent tax amount. If it cannot be easily and inexpensively converted into cash, the property is valueless to the county treasurer.

NOTE: The information needed to know whether or not these two conditions exist can be obtained as part of the research done for the collection plan. See [Chapter 3](#) for information about the process of developing a collection plan for each taxpayer.

Property Exempt from Levy and Seizure

The county treasurer is authorized to levy on or seize and sell all of the taxpayer’s money or property except for the types of property exempt from levy and seizure under [Minnesota Statutes 550.37](#), [550.38](#), and [550.39](#) ([Minnesota Statute 277.21](#)).

NOTE: Manufactured homes that are owned by the taxpayer and taxed as personal property are subject to the county treasurer’s seizure and sale authority even though they are otherwise exempt under [Minnesota Statute 550.37](#).

You can review the types of personal property that are exempt from levy and seizure in [Minnesota Statutes 550.37](#), [550.38](#), and [550.39](#). They are the same types of property that are also exempt from a tax lien under [Minnesota Statute 277.20, subdivision 3](#).

Adjustment to Dollar Limits on Property Exemptions

[Minnesota Statute 550.37, subdivision 4a](#), requires that the dollar limitations on property exemptions, excluding the dollar limitations in [Minnesota Statute 550.37, subdivisions 5](#) and [7](#), be adjusted in even numbered years based on the percentage change in the Implicit Price Deflator for the Gross National Product. No adjustment is made unless the percentage of change between the index for December of the preceding year and the reference base index, calculated to the nearest whole percentage point, is 10% or more.

The Minnesota Department of Commerce announces the dollar limits on property exemptions every even numbered year in an April issue of the State Register. The changes become effective on July 1 of the year in which they are announced. The dollar limits are then updated in the next edition of Minnesota Statutes.

Copies of the State Register should be available in the county library. This information may also be found on the Department of Administration’s web page: <https://mn.gov/admin/bookstore/>

Maximum Amount of Levy and Seizure

This section defines the maximum amount that a county treasurer can levy on a taxpayer's money or realize from the seizure and sale of a taxpayer's personal or real property. It also explains how any excess money from a levy or seizure must be handled.

Levy or Seizure for the Total Delinquent Tax Amount

The county treasurer is authorized to levy on or seize and sell as much of a taxpayer's money or property as is needed to pay the total delinquent tax amount. For any given tax situation, the total delinquent tax amount may equal all or some of the components outlined below ([Minnesota Statute 277.21](#)).

1. The unpaid tax itself.
2. The penalty on the unpaid tax.
3. The fees for recording, transcribing, renewing, and releasing a tax lien.
4. The interest that has accrued up to the time of the levy or seizure.
5. The county sheriff's costs for seizing and selling property.
6. The court costs for entering a tax judgment.

Distribution of any Excess Amount

Any excess money from a levy or seizure and sale that remains after paying the total delinquent tax amount must be paid to the taxpayer. In short, the county treasurer is only allowed to retain the exact amount of money from any levy or seizure and sale that is needed to pay the total delinquent tax amount.

Notice and Demand for Payment

Before any of the taxpayer's money or property can be levied on or seized and sold, the county treasurer must send a notice and demand for payment to the taxpayer. This is a generic notice that only has to be sent to each taxpayer one time. After this one-time notice is sent, the county treasurer may exercise one or more of the methods of levying on or seizing and selling a taxpayer's money or property without giving further notice ([Minnesota Statute 277.21](#)).

The rules, procedures, and the form that must be used to prepare and mail the notice and demand for payment are outlined below. Some of these are derived directly from Minnesota Statute 277.21, and others are based on the Department of Revenue's collection manuals.

Time Restrictions on Levy and Seizure

There are two time restrictions that control when a county treasurer may begin to levy on or seize and sell a taxpayer's money or property.

1. Time Restriction #1: The 90-day Grace Period

The county treasurer cannot mail the notice and demand for payment before the 90-day grace period following the billing date on the notice of delinquent taxes has expired. See [Chapter 3](#) of this manual for detailed information about the 90-day grace period.

2. Time Restriction #2: The 30-day Waiting Period

After the 90-day grace period has expired and the notice and demand for payment has been mailed, the county treasurer cannot begin to levy on or seize and sell a taxpayer's money or property until 30 calendar days after the billing date on the notice and demand for payment ([Minnesota Statute 277.21, subdivision 2](#)).

In summary, the county treasurer must wait at least 120 calendar days after the billing date on the notice of delinquent taxes before starting to levy on or seize and sell a taxpayer's money or property. The 120-day waiting period is the sum of the 90 calendar days following the billing date on the notice of delinquent taxes and the 30 calendar days following the date on the notice and demand for payment. Exception: Jeopardy collection (See [Chapter 6](#)).

Mail Notice Only Upon Intention to Levy or Seize

The question arises, why do we need a notice and demand for payment when we have already mailed a notice of delinquent taxes earlier? The answer is, they both serve a different legal purpose as required under [Minnesota Statute 277.17, subdivision 1](#), and [Minnesota Statute 277.21, subdivision 2](#), respectively.

The purpose of mailing a notice of delinquent taxes is to announce for the first time that the taxpayer has failed to pay the tax liability on time. The taxpayer is also warned that, if the total delinquent tax amount is not paid within 90 calendar days, the county treasurer may take action to enforce payment.

The purpose of mailing a notice and demand for payment is to announce that the taxpayer has failed to pay the tax liability within the 90-day grace period. The taxpayer is warned this time that, if the total delinquent tax amount is not paid within 30 calendar days, the county treasurer will take action to levy on or seize and sell the taxpayer's money or property without further notice.

In short, the county treasurer must mail a notice of delinquent taxes whether or not the county treasurer intends to enforce payment. On the other hand, the county treasurer should not mail a notice and demand for payment unless the county treasurer fully intends to exercise at least one of the methods of levying on or seizing and selling the taxpayer's money or property after the 30-day waiting period expires.

One Notice Covers All Levies and Seizures

Again, the notice and demand for payment is a generic notice. This means that the county treasurer only needs to send one notice and demand for payment to each taxpayer. The one-time notice warns the taxpayer that, if the total delinquent tax amount is not paid within 30 calendar days, the county treasurer will exercise one or more of the methods of levying on or seizing and selling the taxpayer's money or property without giving further notice.

For example, if the county treasurer fully intends to levy on the taxpayer's bank accounts and mails a notice and demand for payment based on that intention, the county treasurer is not limited to the bank levy after the 30-day waiting period expires. The county treasurer may exercise a bank levy and have the county sheriff seize and sell the taxpayer's snowmobile without further notice. Or the county treasurer can decide instead to seize and sell the taxpayer's snowmobile and forget the bank levy without giving the taxpayer further notice.

Content of the Notice

[Minnesota Statute 277.21, subdivision 2](#), contains only three types of information that must be contained in the Notice and Demand for Payment. Otherwise, the statute gives no indication of what information should be included in the notice.

The Department of Revenue recommends that the county notice and demand for payment contain the same basic information as the Department of Revenue's notice and demand for payment. The state's notice complies with the statutory requirements and adds other information intended to complete the communication with the taxpayer.

The major types of information that are required under Minnesota Statute 277.21, subdivision 2, or contained in the state's notice and demand for payment are listed below.

1. A section for the county treasurer to list the name and complete address (street or rural route and box number, city or town, and zip code) of the taxpayer.
2. A section for the county treasurer to list the property identification number, the type of personal property, the date when the notice and demand for payment was mailed, and the total delinquent tax amount due as of the mailing date.
3. A statement declaring that the balance due has not been paid.
4. A statement warning the taxpayer that the balance due plus any additional costs and interest added after the mailing date must be paid in full within 30 calendar days of the billing date on the notice to avoid collection action which may include levying on bank accounts and wages and seizing and selling personal and real property.
5. A statement explaining the conditions under which the county treasurer cannot levy or seize the taxpayer's money or property.
6. A statement about the taxpayer's right to request that any seized property be put up for sale within 60 calendar days of the request.
7. A statement about the alternatives available to the taxpayer to prevent a levy or seizure.
8. A statement informing the taxpayer to contact the county treasurer's office for the total delinquent tax amount due on the day when the taxpayer will make payment and explaining how and where payment should be made to the county treasurer.
9. The printed name, title, address, and telephone number of the county treasurer.

Suggested Form for the Notice

The Department of Revenue recommends that the county treasurer use two forms: one for delinquent personal property taxes on manufactured homes and one for all other delinquent personal property taxes.

There are only two major differences in the two forms. The first difference is the reference to either personal property taxes or manufactured home taxes. The second difference is the statutory reference to [Minnesota](#)

[Statute 277.23](#) for the confession of judgment installment plan for manufactured home taxes on homesteaded property. This statutory reference must not be used for taxes on manufactured homes that are not homesteaded or taxes on personal property other than manufactured homes.

Jeopardy Collection or Assessment

If the county treasurer determines that the collection of delinquent taxes or current taxes is in jeopardy, the county treasurer may immediately levy on or seize a taxpayer's money or property. This may be done without any regard for notices that would otherwise have to be mailed or deadlines and due dates that would otherwise have to be observed ([Minnesota Statute 277.21, subdivisions 2 and 4](#)).

In the case of delinquent taxes or current taxes that have already been calculated, this is called a "jeopardy collection." For current taxes that have not been calculated yet, this action is referred to as a "jeopardy assessment."

The rules, procedures, and forms that must be followed in exercising a jeopardy collection or assessment are outlined below. They are based on the provisions in Minnesota Statute 277.21, subdivisions 2 and 4, and the Department of Revenue's collection manuals.

Immediate Levy or Seizure Without Time Restrictions

If the county treasurer has reason to believe that a collection is in jeopardy, the county treasurer may exercise a jeopardy collection anytime during the collection process. The county treasurer does not have to wait for any of the actions and deadlines outlined below to be completed.

1. The county treasurer does not have to wait until a notice of delinquent taxes is mailed.
2. The county treasurer does not have to wait for the 90-day grace period following the billing date on the notice of delinquent taxes to expire.
3. The county treasurer does not have to mail a notice and demand for payment and wait for 30 calendar days.

In the case of a jeopardy levy, the county treasurer can legally be levying on the taxpayer's bank accounts or wages on the same day that the notice and demand for immediate payment is prepared and mailed. In some cases, the notice of levy may be sent to the bank or employer before the taxpayer receives the notice and demand for immediate payment.

For a jeopardy seizure, the county treasurer or the county sheriff, whoever is executing the seizure, should serve the notice and demand for immediate payment to the taxpayer in person before seizing any property. If the taxpayer pays the total delinquent tax amount at that time, no seizure is necessary. If the taxpayer refuses to pay or is not home, the notice should be left on the taxpayer's premises, and the property should be seized immediately.

Evidence Supporting a Jeopardy Collection

Before a jeopardy collection can be considered, the county treasurer must have reasonable grounds to believe that one or more of the conditions outlined below exist.

1. A taxpayer is about to leave the county or the state.

2. A taxpayer is about to move money or property out of the county or state.
3. The collection of the total delinquent tax amount will be jeopardized by the notices and waiting periods required by other collection methods.

When there is reason to believe that a collection is in jeopardy, the county treasurer must gather evidence to support a jeopardy collection. The evidence must be in the form of written documents and records. Personal observations must be put in writing for future reference. The written evidence may be needed to justify the jeopardy collection in an administrative review or in the Tax Court.

Administrative and Judicial Review Process

Although the following rules and procedures contained in [Minnesota Statute 270C.36](#) are not required of the county treasurer under [Minnesota Statute 277.21](#), the Department of Revenue recommends that the county treasurer follow them if a jeopardy collection is made.

These rules and procedures are followed by the Department of Revenue when exercising a jeopardy collection. The suggested form of the notice and demand for immediate payment that is mailed to or served on the taxpayer as part of the jeopardy collection process contains references to these rules and procedures.

1. Within 5 calendar days after a jeopardy collection is made, the taxpayer should be sent a written statement of the information relied on to make the jeopardy collection. The statement should list all items of evidence showing a jeopardy situation exists.
2. The taxpayer's request for an administrative review by the county treasurer's office must be made within 35 calendar days after the jeopardy collection.
3. The administrative review must determine whether the amount of the jeopardy levy or seizure is reasonable.
4. The administrative decision may be appealed to the Tax Court.
5. The county treasurer must be able to show that delay would have jeopardized the collection.
6. The taxpayer must prove that there was no reason for a jeopardy collection.
7. The Tax Court will decide in favor of either the county treasurer or the taxpayer.
8. The Tax Court's decision may not be appealed.

Jeopardy Assessment

If the collection of personal property taxes, including manufactured homes, are in jeopardy before the taxes are calculated for the current tax year, the county treasurer may immediately exercise a jeopardy assessment with the help of the county auditor. The rules, procedures, and forms for a jeopardy collection apply to a jeopardy assessment as well ([Minnesota Statute 277.21, subdivision 2](#)).

To initiate a jeopardy assessment, the county auditor must immediately determine the amount of the current year's tax by applying the latest available levy rate and market values and notify the county treasurer of the amount of tax in jeopardy.

Upon receipt of the tax amount from the county auditor, the county treasurer may immediately levy on or seize the taxpayer's money or property without regard to prior notice or due date. Similar to a jeopardy collection, the county treasurer must send the taxpayer a notice and demand for immediate payment as soon as possible after the levy or seizure action.

When a jeopardy assessment is made, the taxpayer may file an appeal with the Tax Court within 30 calendar days after the notice is issued by the county treasurer. The notice must advise the taxpayer of the right of appeal. If a timely appeal is made, no sale may be made unless the taxes remain unpaid for a period of more than 30 calendar days after final determination by the Tax Court ([Minnesota Statute 277.21, subdivision 4](#)).

Notice and Demand for Immediate Payment

When the decision has been made to execute a jeopardy collection or assessment, the county treasurer must send a notice and demand for immediate payment to the taxpayer as soon as possible. However, the county treasurer does not have to wait to perform the jeopardy collection or assessment until the notice is mailed. In fact, if it is sent by U.S. mail, the notice may reach the taxpayer after the jeopardy collection or assessment has actually taken place.

Because of the jeopardy situation, the notice does not contain the restriction on the seizure of property while a tax appeal is pending under [Minnesota Statutes, Chapter 278](#) or [Minnesota Statute 273.125](#). In the case of a jeopardy assessment, the notice must advise the taxpayer of the right to appeal the assessment in the tax court.

Be sure to not include a reference to [Minnesota Statute 277.23](#) for a notice sent regarding a manufactured home.

Discovery of Taxpayer Assets

During the 30-day period following the date on the notice and demand for payment, the county treasurer should try to find out where the taxpayer has money on deposit, who the taxpayer's employer is, and what types of personal and real property the taxpayer owns. If the county treasurer has already uncovered the taxpayer's assets when the collection plan was developed, this step may be used to verify that the earlier information is still valid. (See [Chapter 3](#) for information about the collection plan.)

If this research is successful, the county treasurer will be ready to levy on the taxpayer's bank accounts or wages or seize and sell the taxpayer's personal or real property immediately after the 30-day waiting period following the date on the notice and demand for payment expires.

The sources of information that were used to develop the collection plan can also be used to help discover the taxpayer's assets. See [Chapter 3](#) for an outline of those sources. Some additional sources are listed below.

1. Motor vehicle records lien information on the vehicles registered. They usually provide the name and address of the financial institution where a loan was taken on a vehicle. This may also be the bank where the taxpayer has money on deposit.
2. The Department of Revenue may have records of the taxpayer's assets for the purpose of collecting delinquent state taxes.
3. Copies of the taxpayer's checks that were used in the past to pay personal or real property taxes to the county. This will show which banks the taxpayer had checking accounts in earlier.
4. Canceled checks made out to the taxpayer from the county treasurer may have been cashed at the taxpayer's usual bank.

Chapter 7: Levy on Bank Accounts

Overview of Levy on Bank Accounts

The county treasurer’s authority to levy on a taxpayer’s bank accounts is one of the most convenient and efficient methods of enforcing payment of delinquent personal property taxes, including manufactured homes. It is comparable to Revenue Recapture and levying on a taxpayer’s wages. All three of these enforced collection methods may be exercised by the county treasurer without a court judgment, without the county sheriff, and without personal contact with the taxpayer.

General Levy and Seizure Provisions

Before initiating the process of levying on a taxpayer’s bank accounts, the county treasurer must review the general levy provisions which are outlined in [Chapter 6](#). A thorough knowledge of these provisions is necessary because they apply to all types of levying on and seizing and selling a taxpayer’s money and property. These provisions must be understood and followed when levying on a taxpayer’s bank accounts.

Definition of Terms

The phrase “levy on a taxpayer’s bank accounts” is used in this manual to refer to the county treasurer’s authority to require a bank to withdraw a specified amount of money from a taxpayer’s accounts on deposit with the bank and send it to the county treasurer. The county treasurer will use the money to pay the total delinquent tax amount owed by the taxpayer. This enforced collection method will also be referred to as a “bank levy.”

The term “bank” is used to refer to all types of financial institutions where the taxpayer does or may have money on deposit; e.g., banks, savings and loan associations, and credit unions.

Bank Levy Authority

The county treasurer’s authority to levy on a taxpayer’s bank accounts is derived from the general levy and seizure authority contained in [Minnesota Statute 277.21](#). Under [subdivision 1](#), the county treasurer is required to take whatever action is “necessary and reasonable” to collect delinquent personal property taxes, including manufactured homes. The county treasurer may define a bank levy as a necessary and reasonable method of collection just as the Department of Revenue has done for years.

The county treasurer also is allowed to levy and seize the taxpayer’s property under the authority of Minnesota Statute 277.21. Under subdivision 1, the term “levy” is defined to include “the power of distraint and seizure by any means.” Levying on a taxpayer’s bank accounts is surely a legitimate means of distraint and seizure since it has been used for years by the Department of Revenue to collect delinquent state taxes.

Although the general levy provisions are contained in [Minnesota Statute 277.21](#), most of the rules, procedures, and forms for levying on a taxpayer’s bank accounts that are presented in this chapter are modeled on the Department of Revenue’s interpretation of [Minnesota Statute 270C.67](#) that is the basis of [Minnesota Statute 277.21](#). The source for this information is the Department of Revenue’s collection manuals.

No Bank Levy During 90-Day Grace Period

Like the other enforced collection actions, the process of levying on a taxpayer's bank accounts can begin only after the 90-day grace period following the billing date on the notice of delinquent taxes has expired.

Exception: If it is determined that a tax collection is in jeopardy, the county treasurer may immediately exercise a bank levy without waiting for the 90-day grace period to expire.

See [Chapter 3](#) of this manual for detailed information about the 90-day grace period. See [Chapter 6](#) for an outline and summary of the provisions for exercising a jeopardy collection.

Major Steps for Bank Levy

The process of levying on a taxpayer's bank accounts can be reduced to the major steps outlined below. Each step is covered in the section that is listed in parentheses. Again, the steps cannot begin until after the 90-day waiting period following the billing date on the notice of delinquent taxes has expired.

1. [Notice and Demand for Payment](#)

As the first step in the process, the county treasurer must mail a notice and demand for payment to the taxpayer at least 30 calendar days before levying on the taxpayer's bank accounts.

The rules, procedures, and forms for mailing a notice and demand for payment to the taxpayer are covered in [Chapter 6](#). Please study them thoroughly before executing a levy on a taxpayer's bank accounts. They will not be repeated in this chapter.

2. [Jeopardy Collection or Assessment](#)

If a tax collection is in jeopardy, the county treasurer may mail a notice and demand for immediate payment to the taxpayer and may immediately serve a notice of bank levy on the bank without regard for any deadlines, waiting periods, or further notice to the taxpayer. This step will be taken only in exceptional situations. It is not part of the regular process of levying on a taxpayer's bank accounts.

The rules, procedures, and forms for executing a jeopardy collection or assessment are covered in [Chapter 6](#). Please study them thoroughly before executing a jeopardy levy on a taxpayer's bank accounts. They will not be repeated in this chapter.

3. [Discovery of the Taxpayer's Money on Deposit](#)

During the 30-day period following the billing date on the notice and demand for payment, the county treasurer should attempt to discover which banks hold the taxpayer's money on deposit. If the county treasurer already did this when the collection plan was developed, this step can be used to verify that the earlier information is still valid. This information is helpful, but not necessary to complete the bank levy process.

The sources that will help the county treasurer discover where the taxpayer has money on deposit are presented in [Chapter 6](#). Please refer to those sources before executing a bank levy. The information will not be repeated in this chapter.

4. [Notice of Bank Levy](#)

When the 30-day period following the date on the notice and demand for payment has expired and the taxpayer has not paid or made arrangements to pay the total delinquent tax amount, the county treasurer may serve a notice of bank levy on each of the banks where the taxpayer is known to have money on deposit or to all of the banks in the cities surrounding the taxpayer's home or work place, if it is not known specifically which banks hold the taxpayer's money.

Repeat: Unless it is a jeopardy collection or assessment, the notice of bank levy cannot be served until 30 calendar days after the date on the notice and demand for payment.

5. [Levy Questionnaire](#) and [Exemption Notice](#)

The county treasurer must enclose a levy questionnaire and an exemption notice with each notice of bank levy that is served on a bank.

6. [Exemption Notice to the Taxpayer](#)

After serving a notice of bank levy along with a levy questionnaire and an exemption notice on a bank, the county treasurer must mail a copy of the exemption notice to the taxpayer.

7. [Warning of Bank's Possible Liability](#)

If a bank does not comply with the notice of bank levy, the county treasurer must send a warning letter to the bank. The warning letter informs the bank that it will be personally liable for the amount of the bank levy plus a 25% penalty if it fails to withhold the amount of the bank levy from the taxpayer's accounts or show reason why it does not have to do so.

8. [Order Assessing the Bank's Liability](#)

If a bank still does not respond to the warning letter, the county treasurer must serve on the bank an order assessing the bank for the amount of the bank levy plus a 25% penalty.

9. [Bank Claims Setoff Rights for the Levy Amount](#)

If the bank attempts to set off the taxpayer's funds covered by the bank levy and the setoff is not legally justified, the county treasurer must send to the bank a final demand for the amount of the bank levy.

10. [Reduction of Bank Levy And Release of Bank Levy](#)

If all or a part of the total delinquent tax amount is collected by some method other than the bank levy, the county treasurer must send to the bank a notice of bank levy reduction or a notice of bank levy release.

Notice of Bank Levy

When the 30-day period following the date on the notice and demand for payment has expired, the county treasurer may serve a notice of bank levy on each bank where the taxpayer does or may have money on deposit. Each bank has 10 calendar days from the date on the notice of bank levy to honor the levy.

The rules, procedures, and the form for preparing and serving a notice of bank levy that are presented in this section are taken from [Minnesota Statute 277.21](#) and the Department of Revenue's collection manuals.

Method of Service

The county treasurer must serve a notice of bank levy on a bank by one of the following methods: (1) first class mail, (2) personal service by the county treasurer, (3) personal service by an employee of the county treasurer's office, or (4) personal service by an agent of the county treasurer ([Minnesota Statute 277.21, subdivision 16](#)).

Method of Selecting Banks

The service of a notice of bank levy could be completed more efficiently if the county treasurer knew where the taxpayer had money on deposit. It would be even better if the numbers of the bank accounts were known. Then the county treasurer would only have to levy on those specific accounts in those specific banks.

Fortunately, the county treasurer is not required to know this information in order to exercise a bank levy. Following the lead of the Department of Revenue, the county treasurer has the authority to serve a notice of bank levy on any bank located in the area surrounding the taxpayer's home or work place without knowing if the taxpayer has money on deposit there or the number of the accounts that might be there.

In fact, the county treasurer may go beyond that and serve a notice of bank levy on any bank located in Minnesota where there is reason to believe that the taxpayer may have money on deposit. The bank does not have to be located in the area surrounding the taxpayer's home or work place.

The banks that do have the taxpayer's money on deposit must comply with the bank levy or show reason why they do not have to comply. The banks that do not hold any money for the taxpayer must fill out and return the levy questionnaire to prove that.

If it turns out that the taxpayer has money on deposit in more than one bank and each bank honors the levy, the county treasurer will probably receive more money than is needed to pay the total delinquent tax amount due. This does not cause a problem. The county treasurer simply keeps the amount needed to pay the tax liability and returns the rest of the money to the other banks to be deposited back in the taxpayer's accounts.

NOTE: In no case, can a bank refuse to comply with a notice of bank levy because the county treasurer did not include the numbers of the taxpayer's accounts in the notice.

Types of Bank Accounts Subject to the Levy

Following the model of the Department of Revenue, the county treasurer may levy on the types of money accounts outlined below. Each of these types of accounts is listed in section I of the levy questionnaire.

1. Checking accounts
2. Savings accounts
3. Certificates of deposit
4. Trust accounts
5. Individual Retirement Accounts (IRAs)

Content of the Notice of Bank Levy

[Minnesota Statute 277.21](#) is silent about the content of the notice of bank levy. Therefore, the Department of Revenue recommends that the county treasurer's notice of bank levy be modeled on the notice that is used by the state. The major types of information contained in the state's notice are outlined below.

1. The date when the notice of bank levy was prepared.
2. The name and complete address (street, city, state, zip code) of the bank.
3. The name and complete address (street or rural route and box number, city or town, state, zip code) of the taxpayer.
4. The property identification number, the personal property tax type, and the total delinquent tax amount due when the notice of bank levy was prepared.
5. A statement announcing that the balance due still remains unpaid after serving a notice and demand for payment to the taxpayer.
6. A statement announcing that, pursuant to Minnesota Statute 277.21, the county treasurer is levying on the taxpayer's bank accounts for the balance due.
7. A statement announcing that the bank is obligated under Minnesota Statute 277.21 to return the completed levy questionnaire and to withdraw from the taxpayer's bank accounts an amount needed to satisfy the balance due and deliver that amount to the county treasurer no later than 10 calendar days after the date on the notice of wage levy.
8. A statement announcing that failure to comply with this levy will result in the bank's personal liability for the balance due plus a 25% penalty as authorized under Minnesota Statute 277.21.
9. A statement announcing that the bank is relieved from any obligation to the taxpayer as a result of complying with this levy.
10. The name, signature, date of the signature, and address and telephone number of the county treasurer.

Levy Questionnaire

The county treasurer must enclose a levy questionnaire with each notice of bank levy that is served on a bank. The bank is required to complete and return the levy questionnaire to the county treasurer within 10 calendar days after the date on the notice of bank levy.

The guidelines and the form that are presented in this section are derived entirely from the Department of Revenue's collection manuals. [Minnesota Statute 277.21](#) does not contain any information about the levy questionnaire.

Purpose of the Levy Questionnaire

The purpose of the levy questionnaire is to obtain detailed information about the taxpayer’s assets that are being held by the bank. This is the kind of detailed information that the county treasurer probably would not have access to in any other way. The major types of information are outlined below.

1. The levy questionnaire provides the county treasurer with a complete picture of the taxpayer’s money, safe deposit box, stocks, bonds, notes, deeds, or debentures that are being held by the bank. This information may be used in the present to obtain all or part of the delinquent tax amount due. Or the information can be kept on record and used to collect delinquent personal property taxes, including manufactured homes, in the future.
2. The levy questionnaire provides the county treasurer with detailed information about any setoffs claimed by the bank itself. The term “setoff” refers to the bank’s claim against any of the taxpayer’s assets that have priority over the bank levy. This information will help the county treasurer decide whether or not to exercise a final demand for payment if the bank’s setoff is not legal. (See the section [Bank’s Setoff Rights](#) for more information about setoffs.)
3. The levy questionnaire provides the county treasurer with detailed information about any third parties who may have an adverse interest in the taxpayer’s assets; e.g., security interests and liens. This information will let the county treasurer know if the county can claim all of the assets or if the assets must be shared by a third party or parties. It will also show the priority of each claim.
4. The levy questionnaire provides the county treasurer with the name and title of the bank official who is responsible to the bank for complying with the bank levy. This person’s name may come in handy in the future if the county treasurer wants to communicate with the bank by phone or mail.

Content of the Levy Questionnaire

[Minnesota Statute 277.21](#) does not contain any information about the content of the levy questionnaire. Therefore, the Department of Revenue recommends that the county treasurer’s levy questionnaire be modeled on the levy questionnaire that is used by the state. The major types of information contained in the state’s levy questionnaire are outlined below.

1. A section for the county treasurer to enter the name and complete address (street or rural route and box number, city or town, state, zip code) of the taxpayer.
2. A statement requiring the bank to complete and return the levy questionnaire within 10 calendar days in the self-addressed and stamped envelope to the county treasurer at the address listed on the bottom of the notice of bank levy.
3. A section for the bank to enter the name of the bank and the name and official title of the person at the bank who is responsible to the bank for complying with the levy.
4. A statement for the bank to certify whether or not the taxpayer did have money on deposit with the bank on the date when the bank received the county treasurer’s notice of bank levy. The date when the notice of bank levy was received must be listed in the appropriate blanks provided on the levy questionnaire.

5. A section for the bank to list the types of accounts in which the taxpayer has money on deposit, the account number, and the dollar amount on deposit in each account.
6. A section for the bank to check whether or not the taxpayer has a safety deposit box.
7. A section for the bank to describe any personal property, instruments, or papers in which the taxpayer has an interest and are being held by the bank.
8. A section for the bank to certify to any amount of the taxpayer's assets against which the bank has any setoff rights, defense, lien, or other claim. A statement requiring the bank official to list the time and date of each setoff and announcing that a setoff must have been exercised before the notice of bank levy was served.
9. A section for the bank to list any amounts claimed by third parties who may have an adverse interest in the taxpayer's assets. The nature of each third party's interest and which assets are subject to the interest must also be included.
10. A final section where the bank official signs the form, prints the bank official's name, lists the title of the bank official, and lists the date of the signature.

Exemption Notice

The county treasurer is responsible for informing the taxpayer and the bank about the types of money on deposit that are exempt from a bank levy. This is done with an exemption notice. The rules, procedures, and form for preparing and mailing an exemption notice that are presented in this section are based solely on the Department of Revenue's collection manuals. [Minnesota Statute 277.21](#) does not contain any information about the exemption notice.

Recipients of the Exemption Notice

The exemption notice must be delivered to the two parties outlined below.

1. A copy of the exemption notice must be delivered to each bank that is receiving a notice of bank levy. The exemption notice must be delivered to each bank along with the notice of bank levy and the levy questionnaire.
2. A copy of the exemption notice that is delivered to each bank must be mailed to the taxpayer. The exemption notice should be mailed to the taxpayer immediately after the notice of bank levy is delivered to the bank.

Purpose of the Exemption Notice

The exemption notice serves the major purposes that are outlined below.

1. The exemption notice serves as a notification to the taxpayer that a notice of bank levy has been delivered to the named bank and what the consequences of the notice of bank levy are.

2. The exemption notice informs the taxpayer and the bank which of the money funds on deposit in the bank are exempt from the bank levy. It also shows which exemptions have a time restriction and how long that restriction is for specific types of exemptions.
3. The exemption notice provides a tear-off form for the taxpayer to claim an exemption with the county treasurer and requires the taxpayer to enclose documentation with the form.
4. The exemption notice requires the taxpayer to list the name and address of the taxpayer's employer if the source of the exemption is wages.

Time Limits on Exemptions

As a general rule, all of the taxpayer's money on deposit that can be traced to any of the sources listed on the exemption notice are exempt from a bank levy. Except for wage deposits, there is no time limit on this exemption as long as the funds are traceable to the exempt source. The exemptions that have a time limit and those without a time limit are outlined below. They are also listed on the exemption notice.

1. All of the taxpayer's money on deposit which can be traced to the following sources are exempt from a bank levy for only 20 calendar days after the date of deposit: (a) 75% of the wage earner's after-tax earnings, (b) all of the wage earner's after-tax earnings below 40 times the federal minimum wage.
2. All of the taxpayer's money on deposit which can be traced to the following sources are exempt from a bank levy for only 60 calendar days after the date of deposit: (a) all wages of a taxpayer who is receiving relief based on need or has received relief based on need within the last six months, (b) all wages of a taxpayer who has been an inmate of a correctional institution within the last six months.

Relief based on need includes Minnesota Family Investment Program (MFIP), Emergency Assistance (EA), Work First Program, Medical Assistance (MA), General Assistance (GA), General Assistance Medical Care (GAMC), Emergency General Assistance (EGA), Minnesota Supplemental Aid (MSA), MSA Emergency Assistance (MSA-EA), Supplemental Security Income (SSI), and Energy Assistance.

3. There is no time limitation on the exemption for a taxpayer's money on deposit as long as it can be traced to one of the following sources: (a) Social Security benefits, (b) Unemployment or workers' compensation or veteran's benefits, (c) accident, disability, or retirement pensions or annuities; (d) life insurance proceeds; (e) the earnings of a minor child of the taxpayer and any child support paid to the taxpayer; and (f) money from a claim for damage to or destruction of exempt property.

In most cases, the amount of a taxpayer's money on deposit that is exempt from a bank levy is probably going to be small, if any. The possibility of an exemption should surely not stop the county treasurer from levying on a taxpayer's bank accounts. The county treasurer should complete the bank levy and leave the burden of proof for exemptions with the taxpayer.

Content of the Exemption Notice

There is no information in [Minnesota Statute 277.21](#) about the content of the exemption notice. Therefore, the Department of Revenue recommends that the county treasurer's exemption notice be modeled on the form that is used by the state. The major types of information contained in the state's exemption notice are outlined below.

1. The name and complete address (street or rural route and box number, city or town, state, zip code) of the taxpayer.
2. The date (month/day/year) when the exemption notice was delivered and mailed.
3. A statement notifying the taxpayer that a notice of bank levy has been delivered to the named bank and that the bank is required to withdraw an amount from the taxpayer's accounts necessary to pay the total delinquent tax amount due.
4. A statement announcing to the taxpayer that the money on deposit is exempt from the bank levy if it can be traceable to the sources listed on the exemption notice.
5. A section explaining the time limits on some of the exemptions after the date when the money was deposited in the bank.
6. A tear-out form with instructions that the taxpayer can use to claim an exemption from the bank levy.
7. A statement announcing that the taxpayer must enclose documentation with the tear-out exemption form.
8. A statement announcing that the taxpayer must list the Case Number and the name of the county if the source of an exemption is a type of relief based on need.
9. A statement announcing that the taxpayer must list the name and address of the taxpayer's employer if the source of an exemption is wages.
10. A blank space for the taxpayer's signature and date of signature.

Bank's Responses to Levy

Each bank that receives a notice of bank levy must respond to the county treasurer within ten (10) calendar days after the date on the notice of bank levy. There are several different ways that each bank may respond to a bank levy. Four of the most common ways of responding are outlined below.

Response #1: Bank Honors Levy

In the vast majority of cases, the bank will honor the county treasurer's levy if the bank is holding money on deposit for the taxpayer. The bank will honor the levy in full or in part depending on how much money the taxpayer has on deposit.

The bank will honor the levy in full if the taxpayer has enough money on deposit to satisfy the total amount of the levy. The bank will withdraw that amount from the taxpayer's accounts and mail a check for that amount to the county treasurer along with a completed levy questionnaire. The total delinquent tax amount will be paid in full, and the county treasurer will send the bank a release of levy.

If the taxpayer does not have enough money on deposit to satisfy the total amount of the levy, the bank will only be able to honor the levy in part. The bank will withdraw the total amount on deposit and mail a check for that amount to the county treasurer along with a completed levy questionnaire. The county treasurer will send

the bank a release of levy. Because the levy satisfies only part of the total delinquent tax amount, the county treasurer will have to collect the balance by some other method.

NOTE: As stated in the notice of bank levy, a bank is not liable to the taxpayer for honoring a bank levy from the county treasurer. The taxpayer cannot bring legal action against the bank for the amount withdrawn from the taxpayer's money accounts and mailed to the county treasurer ([Minnesota Statute 277.21, subdivision 15](#)).

Response #2: No Money on Deposit

When the county treasurer sends a notice of bank levy to banks that are not known to have money on deposit for the taxpayer, this is the way that some, but hopefully not all, of the banks may respond. A bank may send the levy questionnaire back to the county treasurer with zeroes in all of blanks for the types of money accounts. This certifies that the taxpayer does not have money on deposit in the bank.

A bank may even call the county treasurer to say that the taxpayer does not have any money on deposit in their institutions. They may also ask what to do now? The county treasurer should ask them to complete and mail the levy questionnaire as written proof that the taxpayer does not have any money on deposit.

After receiving these types of responses, the county treasurer can either leave the bank levy in place to pick up money deposited later by the taxpayer or send the bank a release of levy. In either case, the county treasurer should begin to pursue one of the other methods of enforcing payment of the total delinquent tax amount.

Response #3: Bank Claims Setoff Rights

Only on rare occasions will a bank respond to the county treasurer's levy on a taxpayer's bank accounts by claiming setoff rights to all or part of the taxpayer's money on deposit. This response means that the bank claims a legal interest in the taxpayer's money on deposit that has priority over the county treasurer's levy interest. See [Bank's Setoff Rights](#) for more information about a bank's setoff rights and what the county treasurer can legally do about a bank's claim.

Response #4: Bank Fails to Honor Levy

Once in a while, a bank may not respond to a bank levy at all or may explicitly refuse to honor a bank levy. A bank may not complete and return the levy questionnaire, may not withdraw the taxpayer's money and send it to the county treasurer, or both. Fortunately, the current levy provisions give the county treasurer the authority to counteract this lack of response or refusal to comply.

As stated in the notice of bank levy, the county treasurer can hold any bank personally liable for the amount of the bank levy if the bank fails to honor the levy. The bank itself can be required to pay the amount of the bank levy plus a 25% penalty.

The county treasurer must complete the major steps outlined below in order to force a bank to comply with the levy or pay the amount of the bank levy plus the 25% penalty itself.

1. If the bank does not complete and return the levy questionnaire and does not remit the taxpayer's money on deposit, the county treasurer must send the bank a warning letter. (See the next section.)

2. If the bank completes and returns the levy questionnaire that shows that the taxpayer has money on deposit, but fails to remit the money, the county treasurer must send the bank a warning letter. (See this next section.)
3. If the bank does not respond to the warning letter, the county treasurer must serve the bank with an order assessing personal liability on the bank that is outlined in the section [Order Assessing Bank's Liability](#).

Warning of Bank's Liability

If a bank fails to respond to a bank levy or refuses to honor a bank levy within ten (10) calendar days after the date on the notice of bank levy, the county treasurer should warn the bank of its personal liability for the amount of the bank levy. This is done by mailing a warning letter to the bank ([Minnesota Statute 277.21, subdivision 8](#)).

The rules and regulations that are presented in this section are based on Minnesota Statute 277.21, subdivision 8.

Definition of Failure to Honor a Bank Levy

A bank's failure to honor a bank levy is indicated by any one of the situations outlined below.

1. The bank does not complete and return the levy questionnaire and does not withdraw the required money from the taxpayer's deposits and send it to the county treasurer within 10 calendar days after the date on the notice of bank levy.
2. The bank completes and returns the levy questionnaire that indicates that the taxpayer has money on deposit, but does not withdraw the required money and send it to the county treasurer within 10 calendar days after the date on the notice of bank levy.

If either one of the above situations exists, the county treasurer should send the bank a warning letter immediately after the 10-day grace period expires.

Total Amount of Bank's Liability

As stated in the notice of bank levy, the county treasurer can hold the bank personally liable for the amount of the bank levy if the bank fails to respond to or refuses to honor the bank levy. The bank can be required to pay the sum of the two amounts listed below.

1. Total Amount of the Bank Levy

The bank can be held personally responsible for the total amount of the bank levy that should have been withdrawn from the taxpayer's money accounts. When collected, the county treasurer must credit this amount against the total delinquent tax amount owed by the taxpayer ([Minnesota Statute 277.21, subdivision 8](#)).

2. Penalty Equal to 25% of the Bank Levy

In addition to the total amount of the bank levy, the bank must pay a penalty equal to 25% of the bank levy. When collected, the county treasurer must not credit this amount against the total delinquent tax amount owed by the taxpayer ([Minnesota Statute 277.21, subdivision 9](#)).

In the absence of any statutory guidelines for how it should be handled, the Department of Revenue recommends that the 25% penalty be distributed along with the other penalties for late payment of taxes under [Minnesota Statute 276.131](#).

Content of the Warning Letter

The Department of Revenue recommends that the county treasurer's warning letter be based on the letter that is used by the state. The major types of information that should be contained in the county treasurer's warning letter are outlined below.

1. The name and complete address (street, city, state, zip code) of the bank.
2. The name and complete address (street or rural route and box number, city or town, state, zip code) of the taxpayer.
3. The property identification number, the property type, the date when the warning letter was mailed, and the total amount of the bank levy as listed on the notice of bank levy.
4. A statement reminding the bank that, on (list the date on the notice of bank levy), a notice of bank levy was sent to your financial institution for the amount of the taxpayer's money on deposit needed to pay the total delinquent tax amount listed on the warning letter. A levy questionnaire was enclosed with the notice of bank levy.
5. A statement announcing that, as of the date on the warning letter, the county treasurer has not received the amount of the bank levy or the completed levy questionnaire.
6. A statement warning the bank that failure to honor the levy will result in an order of assessment against the bank for the amount of the levy plus a 25% penalty for failure to honor the levy as authorized under [Minnesota Statute 277.21, subdivisions 8, 9, and 10](#).
7. A statement warning the bank that, if there is no response within ten (10) calendar days after the date on the warning letter, enforced collection actions will be initiated against the bank.
8. A statement reminding the bank that the levy amount or the completed levy questionnaire should be sent to the address listed at the bottom of the warning letter.
9. The signature, printed name, address, and telephone number of the county treasurer and the date of the signature.

Order Assessing Bank’s Liability

If a bank fails to respond to the warning letter (see previous section) within 10 calendar days after the date on the warning letter, the county treasurer should first contact the bank in person or by telephone. If the bank does not respond within ten (10) days after the personal contact, the county treasurer should assess the bank for the amount of the bank levy plus the 25% penalty. This is done by serving an order of assessment against the bank ([Minnesota Statute 277.21, subdivision 8](#)).

The county treasurer’s authority to hold the bank personally responsible for the bank levy is contained in [Minnesota Statute 277.21, subdivisions 8, 9, and 10](#).

Contact Bank Before Serving Order of Assessment

If the bank has not responded to the warning letter within ten (10) calendar days after the date on the warning letter, the county treasurer should contact the bank in person or by telephone before serving the order of assessment on the bank. The personal contact should involve the three actions outlined below.

1. The county treasurer should verify that the bank did receive the notice of bank levy and determine the status of the bank levy.
2. The county treasurer should request immediate compliance with the bank levy and keep a record of the request.
3. The county treasurer should warn the bank of its personal liability for failure to honor the bank levy.

Serve Assessment Order on Bank

If the bank does not respond within ten (10) days after the personal contact, the county treasurer should prepare an order of assessment in the name of the bank. The signed order of assessment along with a copy of the original notice of bank levy should be personally served on the bank. If personal service is not possible, the order of assessment and the copy of the notice of bank levy must be served on the bank by certified mail with return receipt requested.

The bank has 10 calendar days after the date on the order of assessment to respond to the county treasurer. If the bank levy is not honored or a written protest is not received within that time, the county treasurer should start an enforced collection action against the bank’s assets with the help of the county attorney.

If the bank voluntarily complies with the county treasurer’s bank levy within the 10-day grace period, the county treasurer should not start enforced collection action against the bank’s assets. Compliance is indicated by any one of the actions outlined below.

1. The bank returns the levy questionnaire that certifies that the taxpayer does or does not have money on deposit with the bank.
2. If the taxpayer’s money on deposit is equal to or more than the bank levy, the bank submits only the amount of the deposits needed to satisfy the bank levy.

3. If the taxpayer’s money on deposit is less than the bank levy, the bank submits the total amount on deposit that satisfies part of the bank levy.

Content of the Order of Assessment

The Department of Revenue recommends that the county treasurer’s order of assessment contain the same basic information as the Department of Revenue’s order. [Minnesota Statute 277.21](#) provides the authority for the county treasurer to execute an order of assessment. However, the statute does not contain any information about the content of the order.

The major types of information contained in the state’s order are outlined below.

1. The name and complete address (street, city, state, zip code) of the bank.
2. The name and complete address (street or rural route and box number, city or town, state, zip code) of the taxpayer.
3. A statement announcing that the bank is liable for the amount of the levy plus a 25% penalty for failure to honor the bank levy.
4. A statement listing the statute ([Minnesota Statute 277.21, subdivisions 8, 9, and 10](#)) which authorizes the county treasurer to assess the bank for the amount of the bank levy and the 25% penalty.
5. A breakout of the amount of the bank levy, the amount of the 25% penalty, and the total assessment under this order.
6. A statement announcing that the bank may submit a written protest to the county treasurer explaining why the bank is not liable for the total assessment. The protest must be received within ten (10) calendar days after the date on the order of assessment.
7. A statement announcing that, if the written protest is not received within the 10-day period, the bank’s only recourse is to appeal directly to the Minnesota Tax Court within 60 calendar days after the expiration of the 10-day period to submit the written protest.
8. A statement informing the bank where to obtain the forms for the Tax Court appeal.
9. A statement warning the bank that collection action can still be taken against the bank even though an appeal is pending.
10. The name, signature, date of signature, and address of the county treasurer.

Copy of Original Notice of Bank Levy

The Department of Revenue recommends that the county treasurer enclose a copy of the original notice of bank levy with the order of assessment that is mailed to the bank. If this is done, the bank cannot claim that it does not have a copy of the notice of bank levy. There also cannot be any doubt about the mailing of the notice of bank levy or the date of the mailing.

Bank's Setoff Rights

After being served the notice of bank levy and the levy questionnaire, a bank may claim its legal right to set off the taxpayer's money on deposit in order to defeat the bank levy. The bank may submit a claim of setoff rights by filling out the appropriate section of the levy questionnaire that is mailed to the county treasurer.

NOTE: The possibility of a bank claiming setoff rights is remote. Therefore, it should not prevent the county treasurer from deciding to levy on a taxpayer's bank accounts.

[Minnesota Statute 277.21, subdivision 14](#), contains the provisions for the county treasurer to determine the validity of a bank's claim of setoff rights. The following interpretation of these statutory provisions is based on the Department of Revenue's interpretation of the state's similar provisions under [Minnesota Statute 270C.67](#). The county treasurer's provisions are taken almost verbatim from the state's provisions.

Definition: Bank's Setoff Rights

The term "setoff" refers to the process by which a bank applies the money in an individual's account toward the balance of any outstanding loan or loans owed by the individual to the bank.

When it claims setoff rights over the taxpayer's money on deposit, the bank is really saying that its legal interest in the taxpayer's money has priority over the county treasurer's interest with the bank levy. The bank should make this claim by filling out section IV of the levy questionnaire.

Priority: Bank's Setoff Rights vs. Treasurer's Bank Levy

Minnesota Statute 277.21, subdivision 14, provides the method to decide who has priority over the taxpayer's money on deposit in the bank; i.e., the bank's setoff rights or the county treasurer's bank levy. The decision is based on which of the conditions outlined below exists.

1. If the bank's setoff was exercised before the county treasurer's notice of bank levy was served, the bank's claim has priority over the county treasurer's bank levy.
2. If the county treasurer's notice of bank levy was served before the bank's setoff, the county treasurer's bank levy has priority over the bank's setoff right.

Burden of Proof

The burden of proof lies with the bank. As stated in section IV of the levy questionnaire, the bank must submit proof that the date when the setoff was asserted and formalized by notice to the taxpayer was prior to the date when the notice of bank levy was served on the bank. If the date of the setoff and the date of the bank levy were the same, the bank must provide proof that the setoff was exercised earlier in the day than the service of the notice of bank levy.

In addition to providing valid proof, the bank's evidence must be verified by the sworn statement of a responsible officer of the bank.

The bank's evidence and sworn statement should be submitted along with the levy questionnaire to the county treasurer.

County Treasurer’s Response

The county treasurer must respond to a bank’s claim to offset the taxpayer’s money on deposit in one of the two general ways outlined below.

1. If the bank provides evidence proving the priority of the bank’s setoff rights and a sworn statement of a responsible bank official verifying the evidence, the county treasurer must accept the priority of the bank’s setoff.

If the bank’s setoff covers all of the taxpayer’s funds on deposit, there will be nothing left for the bank levy. In this case, the county treasurer must respond by sending a release of levy to the bank (see the next section).

If the bank’s setoff covers only part of the taxpayer’s funds on deposit, the county treasurer must respond by reducing the original amount of the bank levy to the amount not covered by the bank’s setoff. This is done by mailing the bank a Reduction of Levy (see the next section).

2. If the bank does not provide valid proof and a sworn statement or if the county treasurer determines that the bank’s evidence does not prove that the bank’s setoff has priority, the county treasurer must deny the bank’s claim. This is done by mailing a notice of final demand for payment to the bank.

If the bank submits the required evidence and sworn statement, the county treasurer must respond as indicated in subsection number 1. above. If the bank does not respond, the county treasurer should follow up with a [Warning Letter](#) and an [Order of Assessment](#).

Notice of Final Demand for Payment

The form and content of the notice of final demand for payment are modeled entirely on the Department of Revenue’s collection manuals. [Minnesota Statute 277.21](#) is silent on the question of what form the county treasurer’s response to an invalid setoff claim should take.

The major types of information contained in the state’s notice of final demand for payment are outlined below.

1. The date when the notice of final demand for payment was mailed.
2. The name and complete address (street, city, state, zip code) of the bank.
3. The name and complete address (street or rural route and box number, city or township, state, zip code) of the taxpayer.
4. A statement informing the bank that the county treasurer is aware of the bank’s claim to set off the taxpayer’s money on deposit that was the object of the county treasurer’s bank levy.
5. A statement informing the bank that [Minnesota Statute 277.21, subdivision 14](#), grants the county treasurer’s bank levy priority over any unexercised right of setoff claimed by the bank.
6. A statement informing the bank that the priority of its right of setoff over the bank levy must be substantiated by evidence of the time and date when the taxpayer was notified of the setoff and by the sworn statement of a responsible officer of the bank.

7. A statement informing the bank that it must comply with the bank levy unless it can prove that it exercised its right of setoff prior to the service of the bank levy.
8. The signature, printed name, address, and telephone number of the county treasurer and the date of the signature.

Reduction/Release of Bank Levy

[Minnesota Statute 277.21](#) does not contain any provision for the county treasurer to use for reducing or releasing a bank levy. The authority for the state to reduce or release a levy is contained in [Minnesota Statute 270C.7109](#).

Even though there is no specific statutory authority, the county treasurer is still required legally to reduce or release a bank levy in the same way a tax lien must be reduced or released. Therefore, the Department of Revenue recommends that the county treasurer perform these actions under the authority of Minnesota Statute 270C.7109.

The interpretation of the statute for reducing or releasing a bank levy that is presented in this section is derived from the Department of Revenue's collection manuals.

Conditions for Reducing/Releasing Bank Levy

The county treasurer must reduce or release a bank levy on all or part of the taxpayer's money on deposit when one or more of the conditions outlined below exist.

1. Total Delinquent Tax Amount Paid in Full or in Part

If part of the total delinquent tax amount that is the object of the bank levy is collected indirectly from the bank or directly from the taxpayer, the county treasurer must reduce the bank levy by the amount collected. In this case, the bank levy will remain in place for the amount of the total delinquent tax amount not yet collected. Once the remaining balance is collected, the bank levy can be released.

If all of the total delinquent tax amount that is the object of the bank levy is collected indirectly from the bank or directly from the taxpayer, the county treasurer must release the bank levy. In this case, releasing the levy means that there is no longer a bank levy on the taxpayer's money on deposit.

2. Release will Facilitate Collection of Total Delinquent Tax Amount

In this situation, the taxpayer volunteers to pay the total delinquent tax amount in full or sign an installment agreement only if the county treasurer releases the bank levy.

3. Total Delinquent Tax Amount Paid under Installment Plan

If the taxpayer agrees to pay the delinquent tax amount under an installment plan, the county treasurer must release the bank levy. An example is a confession of judgment for the total delinquent tax amount on a manufactured home that is receiving homestead treatment (see [Chapter 11](#)). If the taxpayer defaults on the payments, the county treasurer can always reinstate the bank levy.

Content of the Reduction/Release of Bank Levy

The Department of Revenue recommends that the county treasurer's reduction of bank levy and release of bank levy contain the same basic information as the Department of Revenue's forms. The state's forms comply with the statutory requirements under Minnesota Statute 270C.7109

The major types of information that are contained in the state's forms are listed below.

1. The date when the reduction of levy or release of levy was prepared and mailed.
2. The name and complete address (street, city, state, zip code) of the bank.
3. The name and complete address (street or rural route and box number, city or town, state, zip code) of the taxpayer.
4. A statement reminding the bank that, on (list the date on the notice of bank levy), the amount of the bank levy was (list the exact amount).
5. For a reduction of the bank levy, a statement announcing that the bank levy that was served on the bank is reduced to (list the balance of the total delinquent tax still not paid).
6. For a release of the bank levy, a statement announcing that the bank levy that was served on the bank is released in full.
7. The signature, printed name, address, and telephone number of the county treasurer and the date of the signature.

Chapter 8: Levy on Wages

Overview of Levy on Wages

The county treasurer's authority to levy on a taxpayer's wages is one of the most convenient and efficient methods of enforcing payment of delinquent personal property taxes, including manufactured homes. It is comparable to Revenue Recapture and levying on a taxpayer's bank accounts. All three of these enforced collection methods may be exercised by the county treasurer without a court judgment, without the county sheriff, and without personal contact with the taxpayer.

General Levy and Seizure Provisions

Before initiating the process of levying on a taxpayer's wages, the county treasurer must review the general levy provisions which are outlined in [Chapter 6](#). A thorough knowledge of these provisions is necessary because they apply to all types of levying on and seizing and selling a taxpayer's money and property. These provisions must be understood and followed when levying on a taxpayer's wages.

Definition of Terms

The phrase "levy on a taxpayer's wages" is used in this manual to refer to the county treasurer's authority to require a taxpayer's employer to withhold a specified amount of money from the taxpayer's wages each pay period and send it to the county treasurer until the total delinquent tax amount is paid. This enforced collection method will also be referred to as a "wage levy."

The term "wages" is used to refer to all types of compensation due to the taxpayer for personal services rendered to an employer; e.g., wages, salary, tips, commissions, and bonuses.

Wage Levy Authority

The county treasurer's authority to levy on a taxpayer's wages is contained in [Minnesota Statute 277.21, subdivision 3](#), where it says that the county treasurer has the powers given to the commissioner of revenue in [Minnesota Statute 270C.69](#). Minnesota Statute 277.21, subdivision 3, also grants the county treasurers the powers of [Minnesota Statutes, Chapter 550](#) to levy on or seize a taxpayer's wages.

The rules, procedures, and forms for levying on a taxpayer's wages that are presented in this chapter are based on the Department of Revenue's interpretation of Minnesota Statute 270C.70. The source for this information is the Department of Revenue's collection manuals.

No Wage Levy During 90-day Grace Period

Similar to the other enforced collection actions, the process of levying on a taxpayer's wages cannot start until the 90-day grace period following the billing date on the notice of delinquent taxes has expired.

Exception: If it is determined that a tax collection is in jeopardy, the county treasurer may immediately exercise a wage levy without waiting for the 90-day grace period to expire.

See [Chapter 3](#) of this manual for detailed information about the 90-day grace period. See [Chapter 6](#) for an outline and summary of provisions for exercising a jeopardy collection.

Major Steps for Wage Levy

The major steps in the process of levying on a taxpayer's wages are outlined below. Each step is covered in the Section that is listed in parentheses.

1. [Verification of Employment](#)

During the 90-day grace period following the billing date on the notice of delinquent taxes, the county treasurer should identify the taxpayer's current employer. This can be done as part of the development of the collection plan or after the decision to execute a wage levy. In any case, a wage levy cannot be executed without identifying the taxpayer's current employer.

The sources that will help the county treasurer identify the taxpayer's employer are presented in [Chapter 3](#). Please refer to those sources before executing a wage levy. The information will not be repeated in this chapter.

2. [Notice and Demand for Payment](#)

After the 90-day grace period following the billing date on the notice of delinquent taxes has expired, the county treasurer must mail a notice and demand for payment to the taxpayer at least 30 calendar days before levying on the taxpayer's wages. The 30-day waiting period can run concurrently with the 30-day waiting period after the date on the notice of intent to levy as long as both notices have the same date and are mailed on the same day.

The rules, procedures, and forms for mailing a notice and demand for payment to the taxpayer are covered in [Chapter 6](#). Please study them thoroughly before executing a levy on a taxpayer's wages. They will not be repeated in this chapter.

3. [Notice of Intent to Levy on Wages](#)

After the 90-day grace period following the date on the notice of delinquent taxes has expired, the county treasurer must mail a notice of intent to levy on wages to the taxpayer at least 30 calendar days before a wage levy can be served on the taxpayer's employer. The notice of intent should be enclosed in a separate envelope, but it should have the same date and be mailed on the same day as the notice and demand for payment. This will allow the 30-day waiting period for each notice to run concurrently.

After the 30-day waiting period expires, the county treasurer may require the taxpayer's employer to withhold an authorized amount of the taxpayer's wages for up to one year without further notice to the taxpayer. The county treasurer may extend the wage levy by another year by sending a continuation notice to the taxpayer.

4. [Exemption Claim Form](#)

The county treasurer must enclose an exemption claim form with each notice of intent to levy on wages that is delivered to a taxpayer.

5. [Notice of Wage Levy](#)

When the 30-day period following the same date on the notice and demand for payment and the notice of intent to levy on wages has expired without any response from the taxpayer, the county treasurer may serve a notice of wage levy on the taxpayer's employer. The employer must honor the wage levy starting with the next pay period and continue to honor it until notified by the county treasurer otherwise.

Repeat: Unless it is a jeopardy collection or assessment, the notice of wage levy cannot be served on the employer until 30 calendar days after the same date on the notice and demand for payment and the notice of intent to levy on wages.

6. [Wage Disclosure Form](#)

The county treasurer must enclose a wage disclosure form with each notice of wage levy that is served on an employer. The employer has 10 calendar days to complete the wage disclosure form and return a copy of the form to the county treasurer. The amount of the taxpayer's wages that must be withheld each pay period and submitted to the county treasurer is determined by completing the calculation steps in the wage disclosure form.

7. [Wage Withholding Form](#)

The county treasurer must enclose three copies of the wage withholding form with each notice of wage levy that is served on an employer. The employer must submit the money withheld from the taxpayer's wages with this Form within 10 calendar days after each pay period.

8. [Employer Honors Wage Levy](#)

The employer will honor the wage levy by returning the completed wage disclosure form and submitting the wages withheld from the employee each pay period with the wage withholding form. The county treasurer must monitor the process to be sure that the employer continues to send the required amount each pay period and credit each payment against the total delinquent tax amount owed by the taxpayer. When the amount of the wage levy plus accrued interest has been paid, the county treasurer must send the employer a release of wage levy.

9. [Warning of Employer's Liability](#)

If the employer does not honor the wage levy, the county treasurer must send to the employer a warning letter. The warning letter informs the employer that the employer will be personally liable for the amount of the wage levy if one or both of the following actions are not performed: (a) the completed wage disclosure form must be returned within 10 calendar days after the date on the notice of wage levy, and (b) the authorized withholdings must be submitted within 10 calendar days after the first pay period following the date on the notice of wage levy.

10. [Order Assessing Employer's Liability](#)

If the employer does not respond to the warning letter, the county treasurer must send to the employer an order assessing the employer for the amount of the wage levy.

11. [Reduction of Wage Levy and Release of Wage Levy](#)

When part of the total delinquent tax amount is collected by a method other than the wage levy, the county treasurer must send a reduction of wage levy to the employer. When the total delinquent tax amount is collected in full through the wage levy or by other means, the county treasurer must send a release of wage levy to the employer.

Verification of Employment

During the 90-day grace period following the billing date on the notice of delinquent taxes, the county treasurer should identify the taxpayer's current or last known employer and obtain employment information about the taxpayer from the employer.

Purpose of Identifying Taxpayer's Employer

The purpose of identifying the taxpayer's employer is obvious: the county treasurer needs to know where the taxpayer is currently working before a wage levy can be used to collect the total delinquent tax amount. If the taxpayer is unemployed or a current employer cannot be identified, the county treasurer must choose another method of enforcing payment. No employer, no wage levy.

Sources for Identifying Taxpayer's Employer

The sources that may help the county treasurer identify the taxpayer's employer are the same as some of those used to develop the collection plan. See [Chapter 3](#) for an outline of those sources. Please refer to those sources before attempting to identify a taxpayer's employer.

Employment Information

When the taxpayer's current or last known employer has been identified, the county treasurer should ask the employer the major questions outlined below in order to obtain the employment information needed to begin the process of levying on the taxpayer's wages after the 90-day grace period has expired.

1. Is the taxpayer currently working for the employer?
2. If currently working for the employer, is the employer's most recent address and telephone number for the taxpayer the same as the one the county treasurer has on record?
3. If currently working for the employer, what is the taxpayer's work status: full time or part time? How many hours per week if full time? How many hours per week if part time?
4. If not currently working for the employer, what was the date of the termination, if the taxpayer did work for the employer in the past?
5. If not currently working for the employer, what is the name and address of the taxpayer's present employer, if known?

Methods of Obtaining Employment Information

In order to obtain employment information about the taxpayer, the county treasurer may contact the employer by telephone or mail.

If contact is made by telephone, the county treasurer should ask the major questions outlined above and record the employer's responses in writing. The time and date of the telephone contact should be included on the written record.

Instead of using the telephone, the county treasurer may send the employer a letter requesting current employment information. The major questions should be listed on the letter. The employer should answer the questions in writing on the letter and return the letter to the county treasurer. The contents of the letter are listed in the following subsection.

Note: Employment information is not needed to execute a wage levy.

If an employer refuses to answer the major questions over the telephone or does not return the Letter with the information requested, the county treasurer may still serve a wage levy on the employer after the 90-day grace period has expired and the other preliminary procedures in the process have been completed.

Content of the Employment Information Letter

The Department of Revenue recommends that the county treasurer's letter requesting current employment information contain the same basic information as the Department of Revenue's letter. The state's letter complies with the statutory requirements under [Minnesota Statute 270C.69](#).

The major types of information that are contained in the state's Letter are outlined below.

1. The date (month/day/year) when the Letter was mailed.
2. The name and complete address (street or rural route and box number, city or town, state, zip code) of the employer.
3. The name and complete address (street or rural route and box number, city or town, state, zip code) of the taxpayer.
4. A section for the employer to answer each of the major questions that are outlined in this section.
5. A statement announcing that a self-addressed and stamped envelope is enclosed for the employer to mail the completed letter to the county treasurer.
6. A statement requesting the employer to complete and return the letter to the county treasurer within 10 calendar days after the date on the letter.
7. The name, title, address, and telephone number of the county treasurer.

Notice of Intent to Levy on Wages

After the 90-day grace period following the billing date on the notice of delinquent taxes has expired and the taxpayer's employer has been identified, the county treasurer must mail a notice and demand for payment and a notice of intent to levy on wages to the taxpayer before a notice of wage levy can be served on the taxpayer's employer.

The rules, procedures, and the form for preparing and mailing a notice and demand for payment are covered in [Chapter 6](#). Please study them thoroughly before executing a levy on a taxpayer's wages. They will not be repeated in this chapter.

The rules, procedures, and the form for preparing and mailing a notice of intent to levy on wages are outlined in this section. They are based on the interpretation of [Minnesota Statute 270C.69](#) which is contained in the Department of Revenue's collection manuals.

Concurrent 30-day Waiting Period

The question arises: Does the county treasurer have to mail the notice and demand for payment first, wait 30 calendar days, mail the notice of intent to levy on wages, and wait another 30 calendar days before serving a wage levy on the employer? In other words, does the county treasurer have to wait a total of 60 days before actually levying on the taxpayer's wages?

No. The 30-day waiting periods for each of the notices may run concurrently. In order for this to happen, the county treasurer must prepare the two notices at the same time, put the same date on each notice, place each notice in a separate envelope, and mail them on the same day. Then the county treasurer has to wait only 30 calendar days from the date on the two notices before serving the wage levy on the employer.

Duration of the Notice of Intent to Levy on Wages

The notice of intent to levy on wages extends for one year after the date on the notice of intent. This means that the county treasurer can require the taxpayer's employer to withhold an authorized amount from the taxpayer's wages each pay period for up to one year without giving the taxpayer any further notice.

Continuation of the Original Notice

If the total delinquent tax amount is not paid in full from the wages withheld during the first year, the county treasurer may extend the wage levy for another year by sending the taxpayer a continuation notice. The county treasurer may extend the wage levy as many times as needed to pay the total delinquent tax amount owed by the taxpayer.

The county treasurer must enclose a copy of the exemption claim form with each continuation notice that is mailed to the taxpayer. See the next section for information about the exemption claim form.

A suggested form for the continuation notice is presented at the end of this section. Use the suggested form to develop your own county continuation notice.

Content of the Notice of Intent to Levy on Wages

The Department of Revenue recommends that the county treasurer's notice of intent to levy on wages contain the same basic information as the Department of Revenue's notice of intent. The state's notice of intent complies with the statutory requirements under [Minnesota Statute 270C.69](#).

The major types of information that are contained in the state's notice of intent are listed below.

1. The name and complete address (street or rural route and box number, city or town, state, zip code) of the taxpayer.
2. The taxpayer's property identification number, the property type, the date when the notice of intent was mailed, and the total delinquent tax amount owed as of the date when the notice of intent was prepared and mailed.
3. A statement reminding the taxpayer of the total delinquent tax amount remaining unpaid as of the date when the notice of intent was prepared and a demand for payment.
4. A statement warning the taxpayer that a wage levy will be served on the taxpayer's employer if the total amount due is not paid within 30 calendar days after the date on the notice of intent.
5. A statement announcing that the taxpayer may avoid a wage levy by paying the total amount due in full or entering into an installment payment agreement.
6. A statement announcing that the taxpayer may request a review of the action taken if a wage levy is served and the taxpayer disagrees with the amount of the levy.
7. A statement explaining the specific situations when certain wages are exempt from a wage levy.
8. A statement informing the taxpayer to complete the enclosed exemption claim form and mail it to the county treasurer if the taxpayer wishes to claim an exemption.
9. A statement informing the taxpayer how and when to make payment in full in order to avoid a bank levy.
10. The signature, printed name, address, and telephone number of the county treasurer and the date of the signature.

Exemption Claim Form

The county treasurer must enclose an exemption claim form with each notice of intent to levy on wages that is mailed to a taxpayer. In order to qualify for the wage levy exemption, the taxpayer must complete and return the exemption claim form to the county treasurer within 10 calendar days after the date on the notice of intent.

The rules, procedures, and the form for preparing and mailing an exemption claim form are outlined in this section. They are based on the interpretation of [Minnesota Statute 270C.69](#) which is contained in the Department of Revenue's collection manuals.

Types and Duration of Wage Levy Exemptions

The taxpayer can claim an exemption from a wage levy when one or more of the conditions outlined below exists. These wage levy exemptions are granted under [Minnesota Statute 550.37](#) as referenced in [Minnesota Statute 270C.69](#).

1. Receipt of Relief Payments Based on Need

If the taxpayer is presently receiving relief based on need,* the county treasurer cannot serve a wage levy on the taxpayer's employer until 6 months after the date when the taxpayer stops receiving the relief payments.

If the taxpayer is not presently receiving relief based on need, but has received relief based on need* within the last 6 months, the county treasurer cannot serve a wage levy on the taxpayer's employer until 6 months after the taxpayer stopped receiving the relief payments.

In each of the above cases, the taxpayer must grant the county treasurer the right to verify with the relief agency when the relief payments ended. After receiving an exemption claim form, the county treasurer must contact the relief agency to confirm the exemption.

* Relief based on need includes only Minnesota Family Investment Program (MFIP), Emergency Assistance (EA), Work First Program, Medical Assistance (MA), General Assistance (GA), General Assistance Medical Care (GAMC), Emergency General Assistance (EGA), Minnesota Supplemental Aid (MSA), MSA Emergency Assistance (MSA-EA), Supplemental Security Income (SSI), and Energy Assistance.

2. Recent Confinement in a Correctional Institution

If the taxpayer has been an inmate of a correctional institution within the last 6 months, the county treasurer cannot serve a wage levy on the taxpayer's employer until 6 months after the date when the taxpayer was released from the institution.

In the above case, the taxpayer must grant the county treasurer the right to verify with the correctional institution when the taxpayer was released. After receiving an exemption claim form, the county treasurer must contact the correctional institution to confirm the exemption.

Content of the Exemption Claim Form

The Department of Revenue recommends that the county treasurer's exemption claim form contain the same basic information as the Department of Revenue's Form. The state's Form complies with the statutory requirements under [Minnesota Statute 270C.69](#).

The major types of information that are contained in the state's form are listed below.

1. The name and complete address (street or rural route and box number, city or town, state, zip code) of the taxpayer.
2. The taxpayer's property identification number, the property type, the date when the exemption claim form was mailed (same date as notice of intent to levy on wages), and the total delinquent tax amount owed as of the date when the notice of intent and the exemption claim form were prepared and mailed.

3. A statement informing the taxpayer that the following form must be completed, signed, dated, and returned to the county treasurer within 10 calendar days after the date of the above forms in order to claim an exemption from the wage levy.
4. A statement certifying that, under the penalty of perjury, the taxpayer's wages are exempt from the wage levy for the reasons listed below.
5. A section for the taxpayer to claim each of the three types of exemptions and list the relief program, the case number, and the county for an exemption based on relief and the name and location of the correctional institution for an exemption based on confinement.
6. A statement authorizing any agency that provided the taxpayer with relief based on need or any correctional institution where the taxpayer was an inmate to disclose whether or not the taxpayer received relief or was an inmate.
7. The signature of the taxpayer and the date of the signature.

Notice of Wage Levy

When the 30-day waiting period after the same date on the notice and demand for payment and the notice of intent to levy on wages has expired without any response from the taxpayer, the county treasurer must serve the notice of wage levy on the taxpayer's employer.

The county treasurer must enclose a wage disclosure form and three copies of the wage withholding form with the notice of wage levy that is served on the taxpayer's employer. See the section on [Wage Disclosure Form](#) and [Wage Withholding Form](#) for information about these two forms, respectively.

The rules, procedures, and the form for preparing and mailing a notice of wage levy are outlined in this section. They are based on the interpretation of [Minnesota Statute 270C.69](#) which is contained in the Department of Revenue's collection manuals.

Method of Service

The county treasurer must serve a notice of wage levy on the taxpayer's employer by one of the following methods: (1) first class mail, (2) personal service by the county treasurer, (3) personal service by an employee of the county treasurer's office, or (4) personal service by an agent of the county treasurer.

Priority of Wage Levy

The county treasurer's wage levy has priority over any other wage levies (except for court ordered child support levies), private judgment garnishments, or wage assignments that are served on the taxpayer's employer after the county treasurer's notice of wage levy has been served. This means that the taxpayer's employer must honor the county treasurer's wage levy in full before honoring any of the other claims (except for court ordered child support levies).

Any wage levy, private judgment garnishment, or wage assignment that was served on the taxpayer's employer before the county treasurer's notice of wage levy is served has priority over the county treasurer's wage levy for up to 70 calendar days after the date of service. This means that the employer does not have to honor the

county treasurer's wage levy during the 70-day grace period unless the earlier claims are satisfied before the 70-day grace period expires.

If the earlier claims are satisfied before the 70-day grace period expires, the county treasurer's wage levy must be honored immediately and has priority over any claims that may be filed later (except for court ordered child support levies).

If the 70-day grace period expires before the earlier claims have been satisfied, the county treasurer's wage levy must be honored immediately and has priority over the earlier claims (except for court ordered child support levies) and any claims which may be filed later (except for court ordered child support levies).

Note: State and federal wage levies to recover taxes are continuous. They are not subject to the 70-day limit. Therefore, the county treasurer's wage levy does not have priority over an earlier filed state or federal wage levy after the 70-day grace period expires and the state or federal wage levy has not yet been satisfied.

After receiving the county treasurer's notice of wage levy, the taxpayer's employer is required to notify the county treasurer of any other claims that were served prior to the receipt of the notice of wage levy. The notification must include the amount of the earlier claims and the date of service. The notification must be made as part of the wage disclosure form that is enclosed with the notice of wage levy.

Content of the Notice of Wage Levy

The Department of Revenue recommends that the county treasurer's notice of wage levy contain the same basic information as the Department of Revenue's notice. The state's notice complies with the statutory requirements under [Minnesota Statute 270C.69](#).

The major types of information that are contained in the state's notice are listed below.

1. The name and complete address (street or rural route and box number, city or town, state, zip code) of the taxpayer's employer.
2. The name and complete address (street or rural route and box number, city or town, state, zip code) of the taxpayer.
3. The taxpayer's property identification number, the type, the date when the notice of wage levy was mailed, and the total delinquent tax amount owed as of the date when the notice of wage levy was prepared and mailed.
4. A statement requiring the employer to withhold the amount determined on the calculation worksheet in the wage disclosure form from the total amount due to the taxpayer each pay period beginning with the next pay period after the date on the notice of wage levy.
5. A statement informing the employer that any wage levy, private judgment garnishment, or wage assignment that was served on the employer before the county treasurer's wage levy has priority over the county treasurer's wage levy for up to 70 calendar days after the date of service. When the 70 calendar days expire or if the earlier claim is satisfied before the 70 calendar days expire, the county treasurer's wage levy must be honored immediately.

6. A statement informing the employer that the county treasurer's wage levy has priority over any wage levy, private judgment garnishment, or assignment of wages that is served on the employer after the county treasurer's wage levy with the exception of a court ordered child support levy.
7. A statement requiring the employer to provide the county treasurer with the following information on the final wage disclosure form when the taxpayer's employment is terminated: (a) the date of termination, and (b) the total amount withheld as of the termination date.
8. A statement requiring the employer to complete the wage disclosure form enclosed with the notice of wage levy and return it to the county treasurer within 10 calendar days after the date on the notice of wage levy.
9. A statement warning the employer that failure to comply with any of the requirements stated in the notice of wage levy will result in the employer's personal liability for the total delinquent tax amount listed on the notice of wage levy plus any accrued interest.
10. A statement requiring the employer to submit the authorized amount withheld from the taxpayer's wages each pay period along with a completed Wage Withholding Form to the county treasurer within 10 calendar days after each pay period ends.
11. A statement informing the employer not to include the amount of wages withheld under the county treasurer's wage levy with the regular Quarterly Withholding (MW-1) Statement and not to report them on the taxpayer's W-2 statement at the end of the year.
12. A statement requiring the employer to continue to withhold the authorized amount from the taxpayer's wages until notified by the county treasurer otherwise.
13. The signature, printed name, address, and telephone number of the county treasurer and the date of the signature.

Wage Disclosure Form

The county treasurer must enclose a wage disclosure form with the notice of wage levy that is served on the taxpayer's employer. See the previous section for information about the notice of wage levy.

The rules, procedures, and the form for preparing and mailing a wage disclosure form to the taxpayer's employer are outlined in this section. They are based on the interpretation of [Minnesota Statute 270C.69](#) which is contained in the Department of Revenue's collection manuals.

Purpose of wage Disclosure Form

The wage disclosure form is vital to the completion of the wage levy. It serves as the worksheet for calculating the amount of the taxpayer's wages that must be withheld each pay period and submitted to the county treasurer. If the taxpayer's employer fails to complete the calculation worksheet on the wage disclosure form, the amount to be withheld each pay period cannot be known, and the employer cannot comply with the wage levy.

Deadline for Returning Wage Disclosure Form

The taxpayer's employer must complete the wage disclosure form and return it to the county treasurer within 10 calendar days after the date on the notice of wage levy.

If the taxpayer's employer does not complete the wage disclosure form and return it to the county treasurer within the 10-day grace period, the employer may be held personally liable for the amount of the wage levy plus any accrued interest.

Major Components of Wage Disclosure Form

After receiving the wage disclosure form, the taxpayer's employer may need to contact the county treasurer for help in filling out the calculation worksheet on the form. In fact, a statement in the form encourages the employer to contact the county treasurer for help.

Here are some of the major components of the calculation worksheet on the wage disclosure form that may need to be explained to the employer.

1. Disposable Earnings

The term "disposable earnings" refers to the total wages which the taxpayer receives from the employer minus the following deductions required by law to be withheld from the total wages: (a) federal income taxes, (b) state income taxes, (c) Social Security (F.I.C.A.), and (d) Medicare.

These deductions have priority over the county treasurer's wage levy. They must be withheld first from the taxpayer's total wages. The remaining balance of the taxpayer's total wages ("disposable earnings") is used in the calculation worksheet to determine the amount to be withheld each pay period under the wage levy.

2. Minimum Wage

The term "minimum wage" refers to the current federal hourly minimum wage. Since July 24, 2009, the federal minimum wage has been \$7.25 per hour.

The amount of the taxpayer's disposable earnings that is equal to the minimum wage is not subject to the county treasurer's wage levy. The minimum wage is subtracted from the taxpayer's disposable earnings as one of the steps in the calculation worksheet.

3. Setoffs

The term "setoff" refers to any legal claim that the employer has against the taxpayer's wages. The legal claim allows the employer to subtract a specific amount from the taxpayer's wages each pay period. For example, the employer may have given the taxpayer an advance on future wages, and the advance is being paid back a little each pay period.

The amount of the taxpayer's wages that is setoff for the employer has priority over the county treasurer's wage levy if the setoff was legally recorded before the wage levy was served. The setoff must be subtracted as one of the last steps on the calculation worksheet to determine the amount to be withheld each pay period under the wage levy.

The county treasurer should respond to a claim for setoff rights by the employer in the same way as the county treasurer responds to a bank claim for setoff rights. See Section 7680 for detailed information on how and when to respond to a setoff claim.

4. Adverse Interests

The term “adverse interest” refers to any legal claim which a party other than the employer has against the taxpayer’s wages. Examples are other wage levies, private judgment garnishments, and assignments of wages. Examples of other wage levies are a federal government wage levy, a state government wage levy, and a court ordered child support levy.

See the previous section for a detailed explanation of when an adverse interest has priority over the county treasurer’s wage levy and when it does not.

Communication between Treasurer and Employer

In most cases, the correct amount to be withheld from the taxpayer’s wages each pay period will have to be negotiated between the employer and the county treasurer. The employer has access to the employment information, and the county treasurer has knowledge of the statutory requirements. Somehow these two sources of information must come together to determine the authorized amount of the taxpayer’s wages to be withheld. This can be done in several ways.

The negotiations may begin with the employer calling the county treasurer for help in completing the calculation worksheet. The employer may need help in defining some of the major components used in the worksheet and in deciding what numbers should be entered on certain lines of the worksheet. This will give the county treasurer the chance to resolve any misunderstandings or errors before the wage disclosure form is returned to the county treasurer.

If the employer completes and returns the wage disclosure form without requesting any help, the county treasurer should review the Form and proof the numbers and the calculations for each step in the worksheet. If there is any reason to believe that the authorized amount to be withheld is incorrect, the county treasurer will have to initiate the negotiations by contacting the employer. The two parties should discuss the steps in the calculation worksheet and make any corrections necessary.

If there were errors in one or more of the steps in the calculation worksheet and the authorized amount to be withheld was incorrect, the county treasurer should send the employer a new wage disclosure form. The employer should enter the correct numbers on the calculation worksheet and return the Form to the county treasurer. The original incorrect wage disclosure form should be destroyed.

Formula for Calculating Amount to be Withheld

The basic formula for calculating the amount to be withheld from the taxpayer’s wages is outlined below. Each of the steps in the formula is calculated in the worksheet that is the major part of the wage disclosure form.

The authorized amount to be withheld equals:

1. The lesser of: (a) 25% of disposable earnings, or

- (b) Disposable earnings minus 40 times the hourly federal minimum wage times the number of work weeks in the pay period
- 2. PLUS:
 - (a) Other money due taxpayer from employer, and
 - (b) Value of taxpayer’s personal property held by employer
- 3. MINUS:
 - (a) Employer setoffs, and
 - (b) Adverse interests

In most cases, the authorized amount that the county treasurer can expect to receive under a wage levy will be 25% of the taxpayer’s disposable earnings.

This is true because, in most cases, the following conditions will exist: (1) 25% of the disposable earnings will be less than the disposable earnings minus the federal hourly minimum wage, (2) the employer will not owe the taxpayer any other money, (3) the employer will not be holding any personal property for the taxpayer, and (4) there will not be any setoffs or adverse interests.

Wage Withholding Form

The county treasurer must enclose three copies of a wage withholding form with the notice of wage levy that is served on the taxpayer’s employer. See the section [Notice of Wage Levy](#) for information about the notice of wage levy.

The rules, procedures, and the form for preparing and mailing a wage withholding form to the employer and for completing and returning it to the county treasurer are outlined in this section. They are based on the interpretation of [Minnesota Statute 270C.69](#) which is contained in the Department of Revenue’s collection manuals.

Purpose of Wage Withholding Form

The wage withholding form serves two purposes. First, it functions as the receipt for the amount of withholdings that the taxpayer’s employer submits to the county treasurer. It provides the employment information that the county treasurer needs to identify the purpose for the check that is enclosed with the form. This purpose is served each time the employer submits a check in compliance with the wage levy.

The second purpose will only be served if the taxpayer’s employment is terminated before the total delinquent tax amount due is paid through the wage levy. If the taxpayer’s employment is terminated, the employer must use the form to indicate the date of the termination and the total amount withheld up to the termination date. There are sections on the form for this purpose.

Deadline for Submitting Wage Withholding Form

The taxpayer’s employer is required to complete a wage withholding form after the pay period, attach the check for the amount of withholdings for the pay period to the form, and submit both to the county treasurer within 10 calendar days after the pay period expires. The process must begin with the first pay period following the date on the notice of wage levy.

If the taxpayer's employer does not complete the Wage Withholding Form and return it to the county treasurer along with the withholding check within the 10-day grace period, the employer may be held personally liable for the amount of the wage levy plus any accrued interest.

Content of the Wage Withholding Form

The Department of Revenue recommends that the county treasurer's wage withholding form contain the same basic information as the Department of Revenue's Form. The state's form complies with the statutory requirements under [Minnesota Statute 270C.69](#).

The major types of information that should be included in the county treasurer's wage withholding form are listed below.

1. The name and complete address (street or rural route and box number, city or town, state, zip code) of the taxpayer's employer.
2. The name and complete address (street or rural route and box number, city or town, state, zip code) of the taxpayer.
3. The date when the pay period for which the wages are being withheld and submitted ended.
4. The total authorized amount withheld from the taxpayer's wages for the designated pay period.
5. A section for the employer to list the date of the termination and the total amount of wages withheld to the date of termination if the taxpayer's employment was terminated during or at the end of the designated pay period.
6. The total amount of the remittance by check.
7. A statement reminding the employer not to include the regular amount of income tax withholdings with this remittance.
8. A statement instructing the employer to make out the check or money order to the county treasurer and send the check and completed Wage Withholding Form to the county treasurer at the address listed on the bottom of the form.
9. The signature and printed name of the employer's representative and the date of the signature.

Employer Honors Wage Levy

In most cases, the taxpayer's employer will honor the county treasurer's wage levy. In order to honor the wage levy, the employer must perform the required actions that are stated in the notice of wage levy. The three major actions that must be completed by the taxpayer's employer are outlined below.

Action #1: Complete and Return Wage Disclosure Form

After receiving the notice of wage levy, the first thing the taxpayer's employer must do to comply with the wage levy is to complete the wage disclosure form and return it to the county treasurer within 10 calendar days after the date on the notice of wage levy.

The taxpayer's employer must complete the calculation worksheet in order to determine the authorized amount to be withheld from the taxpayer's wages each pay period. Without knowing how much to withhold, there is no way the employer can honor the wage levy.

See previous sections for information and a suggested form for the notice of wage levy and the wage disclosure form.

Action #2: Withhold and Remit Authorized Wages

The second thing the taxpayer's employer must do to comply with the wage levy is to withhold the authorized amount from the taxpayer's wages beginning with the first pay period following the date on the notice of wage levy. A check for the authorized amount must be attached to a completed wage withholding form and submitted to the county treasurer within 10 calendar days after the pay period ends.

The employer must continue to perform the above action for each subsequent pay period until the county treasurer notifies the employer otherwise. The county treasurer's notification will be made with a reduction or release of wage levy.

The employer should keep a record of the authorized amount withheld each pay period for any future communications with the taxpayer or the county treasurer.

See the previous section for information.

Action #3: Notification of Employee's Termination

The third action that the taxpayer's employer must perform in order to be in compliance with the wage levy is only going to be required one time, if at all. If the taxpayer's employment is terminated before the amount of the wage levy is paid in full, the employer must notify the county treasurer of the termination date and the total amount withheld through the termination date.

The notification of termination must be made on the final wage withholding form that is submitted to the county treasurer.

No Discharge Because of Wage Levy

There is one action that the taxpayer's employer must not perform in order to be in compliance with the wage levy. The employer must not discharge the taxpayer just because the county treasurer served a notice of wage levy on the employer.

Discharging the taxpayer for no other reason than the service of the wage levy would constitute a failure to comply with the wage levy and may result in the actions outlined below.

1. The taxpayer may bring a civil action against the employer within 90 calendar days after the termination. The court may order the reinstatement of the taxpayer. The employer must pay the taxpayer twice the wages lost as a result of the illegal termination ([Minnesota Statute 571.927](#) as referenced in [Minnesota Statute 270C.69](#)).
2. The county treasurer may hold the employer personally responsible for the wage levy.

Treasurer Monitors Employer’s Compliance

The county treasurer has several duties to perform when the taxpayer’s employer complies or fails to comply with the wage levy. Some of the major actions are listed below.

1. The county treasurer must help the employer complete the calculation worksheet on the wage disclosure form if the employer requests it.
2. The county treasurer must proof the steps in the calculation worksheet on the wage disclosure form when received from the employer and negotiate with the employer to make any necessary corrections.
3. The county treasurer must monitor the time after receiving the wage disclosure form to be sure that the employer submits a check and a completed wage withholding form for the pay period following the date on the notice of wage levy.
4. The county treasurer must keep record of each payment received from the employer and credit each amount received against the total delinquent tax amount owed by the taxpayer.
5. If the employer fails to comply with the wage levy, the county treasurer must take the appropriate actions as outlined in the following sections. Failure to honor a wage levy occurs when (a) the employer does not submit a completed wage disclosure form, (b) the employer does not start withholding, or (c) the employer stops withholding.
6. If part of the total delinquent tax amount owed is collected from a source other than the wage levy, the county treasurer must reduce the amount of the original wage levy to the remaining balance of the tax liability. This is done by sending a reduction of wage levy to the employer (see the section on [Reduction/Release of Wage Levy](#)).
7. When the total delinquent tax amount owed is collected from a source other than the wage levy or the total amount of the wage levy plus any accrued interest is paid from the employer’s withholdings, the county treasurer must notify the employer to stop withholding any more money from the taxpayer’s wages. This is done by sending a release of wage levy to the employer (see the section on [Reduction/Release of Wage Levy](#)).

Warning of Employer’s Liability

If the taxpayer’s employer fails to honor a wage levy, the county treasurer should take the actions authorized by law to force the employer to comply with the wage levy. The first step is to mail a warning letter to the employer.

The rules, procedures, and the form for preparing and mailing a warning letter are outlined in this section. They are based on [Minnesota Statute 277.21, subdivision 8](#), and the Department of Revenue’s interpretation of the equivalent statute that applies to the state’s warning letter in [Minnesota Statute 270C.69](#). The form and content of the warning letter are derived solely from the Department of Revenue’s collection manuals.

NOTE: See the section on [Employer Honors Wage Levy](#) for the actions that must be performed by the employer in order to comply with the wage levy. If any of these actions is not performed, the employer has failed to honor the wage levy.

Total Amount of Employer’s Liability

As stated in the notice of wage levy, the county treasurer may hold the employer personally liable for the amount of the wage levy if the employer fails to honor the wage levy. If ordered by the county treasurer, the employer must pay the sum of the two amounts listed below.

1. Total Amount of the Wage Levy

The employer must pay the total amount of the wage levy that should have been withheld from the taxpayer’s wages (Minnesota Statute 277.21, subdivision 8). When collected, the county treasurer must credit this amount against the total delinquent tax amount owed by the taxpayer.

2. Penalty Equal to 25% of the Wage Levy

In addition to the total amount of the wage levy, the employer must pay a penalty equal to 25% of the wage levy. When collected, the county treasurer must not credit this amount against the total delinquent tax amount owed by the taxpayer ([Minnesota Statute 277.21, subdivision 9](#)).

In the absence of any statutory guidelines for how it should be handled, the Department of Revenue recommends that the 25% penalty be distributed along with the other penalties for late payment of taxes under [Minnesota Statute 276.131](#).

Content of the Warning Letter

The Department of Revenue recommends that the county treasurer’s warning letter contain the same basic information as the Department of Revenue’s letter. The state’s letter complies with the statutory requirements under [Minnesota Statute 270C.69](#).

The major types of information that should be contained in the county treasurer’s warning letter are listed below.

1. The name and complete address (street or rural route and box number, city or town, state, zip code) of the employer.
2. The name and complete address (street or rural route and box number, city or town, state, zip code) of the taxpayer.
3. The property identification number, the property type, the date when the warning letter was mailed, and the total delinquent tax amount due on the date when the warning letter was prepared and mailed.

4. A statement reminding the employer that, on (list the date on the notice of wage levy), a notice of wage levy was sent to the employer requiring the withholding of an authorized amount from the taxpayer's wages needed to pay the taxpayer's tax liability. A wage disclosure form was enclosed with the notice of wage levy.
5. A statement announcing that, as of the date on the warning letter, the employer has failed to comply with one or more of the requirements stated on the notice of wage levy.
6. A statement warning the employer that failure to honor the wage levy will result in an order of assessment against the employer for the amount of the levy plus a 25% penalty for failure to honor the levy as authorized under [Minnesota Statute 277.21](#).
7. A statement warning the employer that, if there is no response within 10 calendar days after the date on the warning letter, enforced collection actions will be initiated against the employer.
8. A statement reminding the employer that the completed wage disclosure form or the authorized withholding should be sent to the address listed at the bottom of the warning letter.
9. The signature, printed name, address, and telephone number of the county treasurer and the date of the signature.

Order Assessing Employer's Liability

If the taxpayer's employer fails to respond to the [Warning Letter](#) within 10 calendar days after the date on the warning letter, the county treasurer should first contact the employer in person or by telephone.

If the taxpayer's employer does not respond within 10 days after the personal contact, the county treasurer should assess the employer for the amount of the wage levy plus the 25% penalty. This is done by serving an order of assessment against the employer. A copy of the original notice of wage levy must be enclosed with the order of assessment.

The rules, procedures, and the form for preparing and mailing an order of assessment are outlined in this section. They are based on the interpretation of [Minnesota Statute 270C.69](#) which is contained in the Department of Revenue's collection manuals.

Contact Employer Before Serving Order of Assessment

If the taxpayer's employer has not responded to the warning letter within 10 calendar days after the date on the warning letter, the county treasurer should contact the employer in person or by telephone before serving the order of assessment on the employer. The personal contact should involve the three actions outlined below.

1. The county treasurer should verify whether or not the employer received the notice of wage levy, the wage disclosure form, and the three copies of the wage withholding form.
2. If the employer did not receive the notice and the enclosed forms, the county treasurer should prepare, date, and send a new notice of wage levy, a wage disclosure form, and three copies of the wage withholding form.

3. If the employer did receive the notice and the enclosed forms, the county treasurer should request immediate compliance with the wage levy and keep a record of the request. If the employer is confused about what to do, the county treasurer should provide whatever help is necessary to clarify the issues and persuade the employer to honor the wage levy.
4. The county treasurer should warn the employer of its personal liability for failure to honor the wage levy.

Serve Assessment Order on Employer

If the taxpayer's employer does not respond within 10 calendar days after the personal contact, the county treasurer should prepare an order of assessment in the name of the employer. The signed order of assessment along with a copy of the original notice of wage levy should be personally served on the employer. If personal service is not possible, the order of assessment and the copy of the original notice of wage levy must be sent to the employer by certified mail with return receipt requested.

NOTE: The county treasurer must serve the order of assessment on the employer no later than 60 calendar days after the notice of wage levy was served on the employer. However, if the employer initially honors the wage levy and later stops complying, the 60-day period can be extended from the date compliance stopped.

The taxpayer's employer has 10 calendar days after the date on the order of assessment to respond to the county treasurer. If the wage levy is not honored or a written protest is not received within that time, the county treasurer should start an enforced collection action against the employer with the help of the county attorney.

If the employer honors the wage levy within the 10-day grace period after receiving the order of assessment, the county treasurer should not start an enforced collection action against the employer.

If the employer submits a written protest within the 10-day grace period after receiving the order of assessment, the county treasurer should review the protest. If the employer has proven that the amount of the wage levy was incorrect or was totally invalid, the county treasurer should reduce the amount of the wage levy accordingly or release it entirely.

The county treasurer may start an enforced collection action against the employer even if the employer has appealed directly to the Minnesota Tax Court.

Content of the Order of Assessment

The Department of Revenue recommends that the county treasurer's order of assessment contain the same basic information as the Department of Revenue's order. The state's order complies with the statutory requirements under [Minnesota Statute 277.21](#).

The major types of information contained in the state's order are outlined below.

1. The name and complete address (street or rural route and box number, city or town, state, zip code) of the employer.

2. The name and complete address (street or rural route and box number, city or town, state, zip code) of the taxpayer.
3. The property identification number, the property type, the date when the order of assessment was mailed, and the total delinquent tax amount due on the date when the Order was prepared and mailed.
4. A statement announcing that the employer is liable for the amount of the wage plus the 25% penalty for failure to honor the notice of wage levy.
5. A statement listing the statute ([Minnesota Statute 277.21](#)) which authorize the county treasurer to assess the employer for the amount of the wage levy and the 25% penalty.
6. A breakout of the amount of the wage levy, the 25% penalty, and the total assessment under this order.
7. A statement announcing that the employer may submit a written protest to the county treasurer explaining why the employer is not liable for the total assessment. The protest must be received within 10 calendar days after the date on the order of assessment.
8. A statement announcing that, if the written protest is not received within the 10-day period, the employer's only recourse is to appeal directly to the Minnesota Tax Court within 60 calendar days after the expiration of the 10-day period to submit the written protest.
9. A statement informing the employer where to obtain the forms for the Tax Court appeal.
10. A statement warning the employer that collection action can still be taken against the employer even though an appeal is pending.
11. The signature, printed name, address, and telephone number of the county treasurer and the date of the signature.

Copy of Original Notice of Wage Levy

The Department of Revenue recommends that the county treasurer enclose a copy of the original notice of wage levy with the order of assessment that is mailed to the employer. If this is done, the employer cannot claim that it does not have a copy of the notice of wage levy. There also cannot be any doubt that the notice of wage levy was mailed or the date of the mailing.

Reduction/Release of Wage Levy

Even though there is no specific statutory authority, the county treasurer is still required legally to reduce or release a wage levy in the same way a tax lien must be reduced or released. Therefore, the Department of Revenue recommends that the county treasurer perform these actions under the authority of [Minnesota Statute 270C.7109](#).

The interpretation of the statute and the form for reducing or releasing a wage levy that are presented in this section are derived from the Department of Revenue's collection manuals.

Conditions for Reducing/Releasing Wage Levy

The county treasurer must reduce or release a wage levy on all or part of the taxpayer's authorized withholdings when one or more of the conditions outlined below exist.

1. Total Delinquent Tax Amount Paid in Full or in Part

If part of the total delinquent tax amount owed is collected by some method other than the wage levy, the county treasurer must reduce the wage levy by the amount collected. In this case, the wage levy will remain in place for the amount of the total delinquent tax amount not yet collected. Once the remaining balance is collected, the wage levy can be released.

If all of the total delinquent tax amount that is the object of the wage levy is collected by some method other than the wage levy, the county treasurer must release the wage levy. In this case, releasing the wage levy means that there is no longer a levy on the taxpayer's wages.

2. Release Will Facilitate Collection of Total Delinquent Tax Amount

In this situation, the taxpayer agrees to pay the total delinquent tax amount in full or sign an installment agreement only if the county treasurer releases the wage levy. When the taxpayer actually pays the amount due in full, the county treasurer must release the wage levy. This means that there is no longer a levy on the taxpayer's wages.

3. Total Delinquent Tax Amount Paid under Installment Plan

If the taxpayer agrees to pay the total delinquent tax amount under an installment plan, the county treasurer must release the wage levy. This means that there is no longer a levy on the taxpayer's wages. An example is a confession of judgment for the total delinquent tax amount on a manufactured home that is receiving homestead treatment ([Minnesota Statute 277.23](#)).

If the taxpayer defaults on the installment agreement, the county treasurer may serve another wage levy on the taxpayer's employer.

Content of the Reduction/Release of Wage Levy

The Department of Revenue recommends that the county treasurer's Reduction of Wage Levy and Release of Wage Levy contain the same basic information as the Department of Revenue's forms. The state's forms comply with the statutory requirements under [Minnesota Statute 270C.7109](#), as referenced in [Minnesota Statute 270C.69](#).

The major types of information that are contained in the state's forms are listed below.

1. The date when the reduction of wage levy or release of wage levy was prepared.
2. The name and complete address (street or rural route and box number, city or town, state, zip code) of the employer.
3. The name and complete address (street or rural route and box number, city or town, state, zip code) of the taxpayer.

4. A statement reminding the employer that, on (list the date on the notice of wage levy), the amount of the wage levy was (list the exact amount).
5. For a reduction of the wage levy, a statement announcing that the wage levy that was served on the employer is reduced to (list the balance of the total delinquent tax amount still not paid).
6. For a release of the wage levy, a statement announcing that the wage levy that was served on the employer is released in full.
7. The name, signature, address, and telephone number of the county treasurer, and the date of the signature.

Chapter 9: Seizure and Sale of Property

Overview of Seizure and Sale of Property

The county treasurer has the authority to seize and sell the taxpayer’s personal and real property in order to pay the total delinquent tax amount owed by the taxpayer. This is the most severe enforced collection action that is available to the county treasurer. Therefore, it is the collection method that probably should be used only as a last resort.

There is another reason why the county treasurer should only use the seizure and sale authority occasionally. In many cases, the costs of seizing, hauling, storing, and selling the property will be greater than the amount of the total delinquent tax amount owed by the taxpayer. To avoid this possibility, the county treasurer will have to use the seizure and sale authority selectively.

NOTE: The county treasurer may not seize and sell the types of personal and real property that are exempt. You can review the types of personal property that are exempt from levy and seizure in [Minnesota Statutes 550.37](#), [550.38](#), and [550.39](#).

General Levy and Seizure Provisions

Before seizing and selling a taxpayer’s personal and real property, the county treasurer must review the general levy and seizure provisions that are outlined in [Chapter 6](#). These provisions must be understood and followed when seizing and selling a taxpayer’s personal and real property.

Definition of Terms

In this manual, the terms “seize” and “sale” will refer to the county treasurer’s option of confiscating a taxpayer’s personal and real property so it can be sold and the proceeds can be used to pay the total delinquent tax amount owed by the taxpayer. The terms “seize and sell” and “seizure and sale” will be used to describe the complete process.

Seizure and Sale Authority

The county treasurer’s general authority to seize and sell a taxpayer’s personal and real property is contained in [Minnesota Statute 277.21](#). Under [Minnesota Statute 277.21, subdivision 3](#), the county treasurer is granted all of the powers in [Minnesota Statutes, Chapter 550](#), for the purpose of seizing and selling a taxpayer’s personal and real property, as well as the extra levy and seizure powers granted to the Department of Revenue in Minnesota Statute 270C.68, 270C.70, and [290.92](#). The seizure may be made without first obtaining a court judgment. The seal of the court under [Minnesota Statute 550.04](#) is not needed by the county treasurer.

The specific rules, procedures, and forms for seizing and selling a taxpayer’s personal and real property that are presented in this [Chapter 9](#) are modeled on the Department of Revenue’s interpretation of [Minnesota Statute 270C.67](#), [270C.68](#), [270C.70](#) and Minnesota Statutes, Chapter 550. Minnesota Statute 270C.67 is the basis of [Minnesota Statute 277.21](#). The source for this information is the Department of Revenue’s collection manuals.

No Seizure and Sale during 90-day Grace Period

Like the other enforced collection actions, the process of seizing and selling a taxpayer's personal and real property can begin only after the 90-day grace period following the billing date on the notice of delinquent taxes has expired.

Exception: If it is determined that a tax collection is in jeopardy, the county treasurer may immediately seize and sell a taxpayer's personal and real property without waiting for the 90-day grace period to expire.

See [Chapter 3](#) of this manual for detailed information about the 90-day grace period. See [Chapter 6](#) for an outline and summary of the provisions for exercising a jeopardy collection.

Major Steps for Seizure and Sale

The process of seizing and selling a taxpayer's personal and real property can be reduced to the major steps outlined below. The steps cannot begin until after the 90-day grace period following the billing date on the notice of delinquent taxes has expired.

1. [Notice and Demand for Payment](#)

As the first step in the process, the county treasurer must mail a notice and demand for payment to the taxpayer at least 30 calendar days before seizing and selling the taxpayer's personal and real property.

The rules, procedures, and forms for mailing a notice and demand for payment to the taxpayer are covered in [Chapter 6](#). Please study them thoroughly before seizing and selling a taxpayer's personal and real property. They will not be repeated in this chapter.

2. [A Jeopardy Collection or Assessment](#)

If a tax collection is in jeopardy, the county treasurer may mail a notice and demand for immediate payment to the taxpayer and may immediately seize and sell a taxpayer's personal and real property without regard for any deadlines, waiting periods, or further notice to the taxpayer. This step will be taken only in exceptional situations. It is not part of the regular process of seizure and sale.

The rules, procedures, and forms for executing a jeopardy collection or assessment are covered in [Chapter 6](#). Please study them thoroughly before executing a jeopardy seizure and sale. They will not be repeated in this chapter.

3. [Discovery of the Taxpayer's Property](#)

During the 30-day period following the billing date on the notice and demand for payment, the county treasurer should attempt to discover what personal and real property is owned by the taxpayer and where it is located. If the county treasurer already did this when the collection plan was developed, this step can be used to verify that the earlier information is still valid. This information is needed to complete the seizure and sale process.

The sources that will help the county treasurer discover the taxpayer's personal and real property are presented in [Chapter 6](#). Please refer to those sources before executing a seizure and sale. The information will not be repeated in this chapter.

4. [Notice of Tax Lien](#)

Once the total delinquent tax amount is collected or canceled, the county treasurer must remove the tax lien from the records by recording a notice of release of tax lien.

The rules, procedures, and forms for recording a notice of tax lien and a notice of release of tax lien are presented in [Chapter 4](#). Please study them thoroughly before seizing and selling a taxpayer's personal and real property. They will not be repeated in this chapter.

5. [County Treasurer's Warrant](#)

When the 30-day period following the date on the notice and demand for payment has expired, the county treasurer may issue a warrant to the county sheriff. The warrant requires the county sheriff to seize and sell the taxpayer's personal or real property that is described on the warrant in order to pay the total delinquent tax amount and the sheriff's costs.

Repeat: Unless it is a jeopardy collection or assessment, the county treasurer's warrant may not be issued to the county sheriff until 30 calendar days after the date on the notice and demand for payment.

Methods of Seizure and Sale

In order to enforce the payment of delinquent personal property taxes, including manufactured homes, the county treasurer has the authority to seize and sell a taxpayer's personal and real property in any one of the three ways outlined below. All three methods are part of the general seizure and sale authority granted to the county treasurer by [Minnesota Statute 277.21](#).

Method #1: County Treasurer Acts Independently

Under the first method, the county treasurer may personally seize and sell a taxpayer's personal and real property under the administrative authority of the county treasurer's office. No warrant needs to be issued to the county sheriff; no court judgment needs to be obtained. The county treasurer may simply perform the actions alone ([Minnesota Statute 277.21, subdivision 1, 2, and 3](#)).

The Department of Revenue does not recommend that the county treasurer use this method of seizure and sale. The seizure and sale of property involves personal contact with a potentially hostile taxpayer. The county treasurer also does not have the means of hauling, storing, and selling the property. Therefore, the county treasurer would be wise not to perform these actions personally.

Method #2: County Treasurer Obtains Court Judgment

With this second method, the county treasurer may choose to act through the judicial authority of the court instead of acting under the administrative authority of the county treasurer's office. The county treasurer may request the county attorney to bring a court action against the taxpayer for the total delinquent tax amount owed by the taxpayer (Minnesota Statute 277.21, subdivision 1, 2, and 3).

If a favorable judgment is entered, a writ of execution will be issued to the county sheriff. Acting on the writ of execution, the county sheriff will enforce the court judgment against the taxpayer by seizing and selling the taxpayer's property as authorized under [Minnesota Statutes, Chapter 550](#). The county sheriff will withhold an

amount collected from the sale for administrative costs and send the balance to the county treasurer to pay the total delinquent tax amount.

The Department of Revenue recommends that the county treasurer only use this second method to seize and sell the property of a taxpayer who lives outside the state of Minnesota. See [Chapter 10](#) for more information about the use of a court judgment.

Method #3: County Treasurer Issues Warrant to Sheriff

Under the third method, the county treasurer may also act under the administrative authority of the county treasurer's office. However, instead of taking personal action, the county treasurer may issue a warrant to the county sheriff. The county sheriff is required to seize and sell the taxpayer's personal and real property as the county treasurer's agent ([Minnesota Statute 277.21, subdivision 13](#)).

No court judgment is needed. The county sheriff is required to perform the seizure and sale under the authority of the county treasurer's warrant. The county treasurer's warrant is just as binding on the county sheriff as any writ of execution from the court.

The Department of Revenue recommends that the county treasurer always use the services of the county sheriff to seize and sell property for two reasons: (1) the county sheriff is specifically trained and armed to deal with a potentially hostile taxpayer, and (2) the county sheriff has the equipment and the experience to seize, haul, store, and sell a taxpayer's property.

Once again, the county treasurer should be selective in using the county sheriff to seize and sell property because of the high costs of completing the process.

The Department of Revenue recommends that the county treasurer consult with the county sheriff before deciding to issue a warrant to the county sheriff. A seizure and sale must be a cooperative action between the county treasurer and the county sheriff. Each one should understand the other's legal rights and responsibilities.

Property Subject to Seizure and Sale

In general, the county treasurer is authorized to seize and sell as much of a taxpayer's personal and real property as is needed to pay the total delinquent tax amount. The seizure and sale authority also extends to the taxpayer's rights to obtain property in the future ([Minnesota Statute 277.21](#)).

Exception: The county treasurer's seizure and sale authority does not extend to the types of property exempt under [Minnesota Statutes 550.37](#), [550.38](#), and [550.39](#). However, manufactured homes otherwise exempt under [Minnesota Statute 550.37](#) are subject to the county treasurer's seizure and sale authority. See [Chapter 6](#) for more detailed information about these exceptions.

Seizure and Sale: Personal Property

Except for the statutory exemptions, the county treasurer may seize and sell any of the taxpayer's tangible personal property. Tangible personal property refers to material objects that are movable. Examples of the most common types of tangible personal property are listed below.

Tangible personal property is the most likely type of property that the county treasurer will seize and sell. Tangible personal property is easier to seize and sell than real property. Compared to real property, the value of used tangible personal property is closer to the total delinquent tax amount owed by most taxpayers, especially owners of manufactured homes.

1. The Seizure/Sale of the Taxpayer's Manufactured Home

This refers to the taxpayer's manufactured home on which the delinquent personal property taxes were assessed. It does not include the leased land on which the manufactured home is located.

Although legally justified, the county treasurer may be reluctant to seize and sell a manufactured home that serves as the taxpayer's only residence. However, the county treasurer can more easily use this authority to seize and sell a manufactured home that has been abandoned by the taxpayer.

2. The Seizure/Sale of Motorized Equipment

For seizure and sale purposes, the term "motorized equipment" is used to include automobiles, pickup trucks, trucks, vans, SUVs, motor homes, recreational vehicles, snowmobiles, motorcycles, motorbikes, motor scooters, four-wheel drive vehicles, tractors, grain combines, lawn mowers, snow blowers, boat outboard motors, motorboats, and airplanes.

3. The Seizure/Sale of Non-Motorized Equipment

For seizure and sale purposes, the term "non-motorized equipment" is used to include fishing boats, fishing tackle, fishing rods, fishing reels, sailboats, canoes, water skis, snow skis, shotguns, rifles, revolvers, pistols, bows and arrows, cameras, video cameras, and golf clubs.

4. The Seizure/Sale of Domestic Animals

This includes dairy cattle, beef cattle, horses, sheep, goats, pigs, chickens, and pet-shop animals.

5. The Seizure/Sale of Home Appliances

This includes refrigerators, freezers, portable microwave ovens, portable room heaters, washers, dryers, radios, television sets, portable stereo systems, videocassette recorders, DVD players, and computers.

6. The Seizure/Sale of Home Furniture

This includes sofas, upholstered chairs, TV recliners, dining room tables, hutches, lamp tables, coffee tables, lamps, dinette sets, dressers, bureaus, and desks.

7. The Seizure/Sale of the Taxpayer's Office Equipment

This includes personal computers, printers, copiers, typewriters, word processors, filing cabinets, desks, and chairs.

8. The Seizure/Sale of Movable Equipment and Machinery Used in Commercial and Industrial Operations.

Seizure and Sale: Real Property

Except for the statutory exemptions, the county treasurer may seize and sell any of the taxpayer's real property. Real property is defined as land, anything growing on the land, and anything permanently constructed on the land.

In most cases, the county treasurer may not have the opportunity to seize and sell real property. Most delinquent personal property taxes are on manufactured homes that are homesteaded and which are assessed as personal property since they are located on land that is leased by the owner of the manufactured home. Therefore, most taxpayers with delinquent personal property taxes probably do not own real property.

However, if a taxpayer with delinquent personal property taxes also owns real property other than the real property where the taxpayer's personal property is located, the opportunity is there for the county treasurer to seize and sell real property.

Guidelines for Seizure and Sale

The first thing that must be done before seizing a taxpayer's property is to verify that the property is actually owned by the taxpayer. This can be done as part of the research conducted for developing the collection plan. See [Chapters 3](#) and [6](#) for the sources to use to verify the taxpayer's ownership.

Once the taxpayer's ownership has been confirmed, there are two financial conditions that should exist before the county treasurer considers seizing and selling a taxpayer's personal and real property. If these two financial conditions do not exist, the county treasurer should not take action against the taxpayer's property even though it is subject to the seizure and sale authority.

Condition #1: Taxpayer's Interest in the Assets

The taxpayer's equity interest in the property must be large enough to pay the total delinquent tax amount (or at least a large portion of it); the costs of seizing, hauling, storing, and selling the property; and the sheriff's administrative costs.

Before taking action, the county treasurer should make sure that the property has not been pledged to someone else and the value of the property at public auction will pay the total delinquent tax amount (or at least a large portion of it) and the above costs.

Information on Uniform Commercial Code (UCC-1) financial statements for personal property can be obtained from the Secretary of State's Office. Call the Uniform Commercial Code Division at (651) 296-2803 or 1 (877) 551-6767. The county recorder's office has information about any security or lien interests in the taxpayer's real property.

Condition #2: Convertibility of Property into Cash

Assuming that the first condition is met, the taxpayer's personal and real property must be easily and inexpensively convertible into cash so that the county treasurer can pay the total delinquent tax amount and the

above costs. If it cannot be easily and inexpensively converted into cash, the property is valueless to the county treasurer.

NOTE: The information needed to know whether or not these two conditions exist can also be obtained as part of the research conducted for the collection plan. See [Chapters 3](#) and [6](#) for the sources to use to verify the existence of these two conditions.

Maximum Amount of Seizure and Sale

This section covers the maximum amount that a county treasurer can realize from the seizure and sale of a taxpayer's personal and real property.

The Total Delinquent Tax Amount

The county treasurer is authorized to seize and sell as much of a taxpayer's personal and real property as is needed to pay the total delinquent tax amount that is listed on the warrant to the county sheriff. For any given tax situation, the total delinquent tax amount will equal the sum of the components listed below ([Minnesota Statute 277.21, subdivision 1](#) and [13](#)).

1. The Unpaid Tax Itself

This will always be the major component of the total delinquent tax amount for which the taxpayer's property is being seized and sold.

2. The Penalty on the Unpaid Tax

This will always be a component of the total delinquent tax amount for which the taxpayer's property is being seized and sold.

3. The Fees for Recording and Releasing the Tax Lien

This may be a component of the total delinquent tax amount for which the taxpayer's property is being seized and sold if a notice of tax lien is on record before a seizure and sale is performed. There may also be the fees for transcribing, renewing, or partially releasing the tax lien if the county treasurer took any of these actions before the warrant was issued to the county sheriff.

4. The Interest Accrued on the Unpaid Tax, Penalty, and Costs

This will always be a component of the total delinquent tax amount for which the taxpayer's property is being seized and sold. The exact amount of interest for each seizure and sale situation will depend on how soon after the required waiting period the county treasurer issues the warrant to the county sheriff.

County Sheriff's Costs

Assuming that the county treasurer exercises the seizure and sale authority by issuing a warrant to the county sheriff, the county sheriff will seize and sell enough of the taxpayer's personal and real property that is described on the warrant to pay the amounts listed below.

1. The total delinquent tax amount listed on the warrant.
2. The costs of seizing, hauling, storing, and selling the property.
3. The sheriff's administrative costs.

When the sale is completed, the county sheriff will keep an amount for the costs of (2) and (3) above and send the balance to the county treasurer.

Treasurer's Warrant to Sheriff

When the 30-day period following the date on the notice and demand for payment has expired, and the taxpayer's property ownership has been verified, the county treasurer may issue a warrant to the county sheriff ([Minnesota Statute 277.21, subdivision 13](#)).

The county treasurer's warrant commands the county sheriff to seize and sell the taxpayer's property described on the warrant, withhold an amount from the sale revenue to pay the total costs, and return the warrant and the balance of the sale revenue to the county treasurer within 120 calendar days after the date on the warrant.

The rules, procedures, and the form for preparing and issuing a warrant to the county sheriff that are presented in this section are taken from Minnesota Statute 277.21, subdivision 13, and the Department of Revenue's collection manuals.

Note: A warrant can be served on the county sheriff of any county in the state of Minnesota where property of the taxpayer is located. The county treasurer is not limited to the county sheriff of his/her own county.

Method of Issuing the Warrant

The county treasurer must issue a warrant to the county sheriff by one of the following methods: (1) first class mail, (2) personal service by the county treasurer, (3) personal service by an employee of the county treasurer's office, or (4) personal service by an agent of the county treasurer ([Minnesota Statute 277.21, subdivision 16](#)).

Selection of Property for Seizure and Sale

The county treasurer must identify and locate the personal and real property that is owned by the taxpayer before the warrant is issued to the county sheriff. The county treasurer must select a specific piece (or pieces) of personal property or a parcel of real property that the county treasurer wants seized and sold. The county treasurer must provide a description of each piece or parcel of property on the warrant.

This means that the county treasurer must perform the investigative work to identify and locate the taxpayer's personal and real property. The county sheriff is not required to do the research for the county treasurer. The county sheriff is only required to seize and sell the specific property or properties described on the warrant.

Most of the county treasurer's investigative work should be done when developing the collection plan. The sources that will help the county treasurer locate and identify the taxpayer's personal and real property are presented in [Chapters 3](#) and [6](#). Please refer to those sources before executing a seizure and sale.

The county treasurer should consult with the county sheriff for assistance in conducting the investigative work. The county sheriff should be willing to provide suggestions and tools to help the county treasurer. In fact, any successful seizure and sale will require the cooperation of both county officials.

Content of Treasurer's Warrant

[Minnesota Statute 277.21, subdivision 13](#), is silent about the content of the county treasurer's warrant. Therefore, the Department of Revenue recommends that the county treasurer's warrant be modeled on the warrant that is issued to the county sheriffs by the Department of Revenue. The major types of information contained in the Department of Revenue's warrant are outlined below.

1. The date when the warrant was mailed.
2. The name and complete address (street or rural route and box number, city or town, state, zip code) of the taxpayer.
3. The property identification number, the personal property tax type, and the total delinquent tax amount that is to be collected under the warrant.
4. A salutation indicating that the warrant is from the county treasurer to the county sheriff.
5. A statement notifying the county sheriff that the total delinquent tax amount listed on the warrant still remains unpaid after the county treasurer served a notice and demand for payment to the taxpayer.
6. A statement commanding the county sheriff, as the agent of the county treasurer pursuant to Minnesota Statute 277.21, subdivision 13, to seize any of the taxpayer's property or rights to property within the county and sell as much of the property as is needed to pay the total delinquent tax amount listed on the warrant.
7. A statement informing the county sheriff that the sale and the time and manner of redemption from the sale must be governed by [Minnesota Statutes, Chapter 550](#), to the extent not provided in Minnesota Statutes.
8. A section for the county treasurer to describe the specific pieces of property that are to be seized and sold under the warrant.

The description should include as much detail as possible so that the county sheriff can identify and locate the property. For personal property, the description should include the make, the model name or number, model year, the serial number, the color, and the address where it is located.

9. A statement commanding the county sheriff to send the warrant and the proceeds from the sale, minus the county sheriff's costs, to the county treasurer at the address listed on the warrant. The statement must clearly indicate that the county sheriff has 120 calendar days after the date on the warrant to complete these tasks.
10. The name, signature, date of the signature, and address and telephone number of the county treasurer.

Sheriff's Seizure and Sale

Upon receipt of the county treasurer's warrant, the county sheriff has up to 120 days after the date on the warrant to honor the terms of the warrant. The county sheriff's actions are controlled by the provisions under [Minnesota Statutes 277.21](#), [270C.7101](#) to 270C.7109, and [Chapter 550](#).

The major steps that the county sheriff will take to honor the county treasurer's warrant are outlined below. For more detailed information about the county sheriff's procedures, the county treasurer should talk with the county sheriff.

Step #1: Sheriff Attempts to Collect from the Taxpayer

Before seizing the property listed on the warrant, the county sheriff will present the taxpayer with the warrant and attempt to persuade the taxpayer to pay the total delinquent tax amount listed on the warrant plus the sheriff's costs in a lump-sum cash payment at that time.

If the taxpayer pays in full, the county sheriff will not seize the property listed on the warrant. The county sheriff will return to the office, retain the amount paid for costs, and send the balance to the county treasurer.

Step #2: Sheriff Seizes the Property Listed on the Warrant

If the taxpayer refuses to pay the total delinquent tax amount listed on the warrant plus the sheriff's costs at that time, the county sheriff will proceed to seize the property listed on the warrant. The county sheriff will have any personal property hauled to the county impound lot or a private contracted lot. The property will be hauled by the county or by a private hauler. The property will be stored at the lot until the public auction.

If the warrant lists a manufactured home, the county sheriff will leave the home at the site where it is attached. The home will be locked and sealed until the public auction.

Step #3: Sheriff Holds a Public Auction

As soon as possible after the seizure, the county sheriff will publish a notice of public auction at which the seized property will be sold. The notice must be published at least 10 calendar days before the date of the public auction. The notice will describe the property and list the date, time, and place for the sale.

On the date announced in the notice, the county sheriff will offer the seized property for sale and will sell it to the highest bidder. The county treasurer may set a minimum price or may accept the highest bid without setting a minimum price. The county sheriff will collect the money in full, give the buyer a certificate of sale, and turn the property over to the buyer.

If there are no bidders, the county sheriff must return the property to the taxpayer. In order to help avoid this, the county treasurer may want to advertise the sale by word of mouth and contact some people who may be interested in bidding on the property.

Step #4: Sheriff Distributes Proceeds of the Sale

After the sale is completed, the county sheriff will withhold enough from the proceeds of the sale to pay the costs of seizing, hauling, and storing the property; publishing the notice of the public auction; and conducting the sale. The balance will be sent to the county treasurer.

Note: County sheriff must honor county treasurer's warrant.

Under [Minnesota Statute 277.21, subdivision 13](#), the county sheriff, as the agent of the county treasurer, is required to honor the county treasurer's warrant. The county treasurer's warrant is just as binding on the county sheriff as any writ of execution from the court.

Treasurer's Management of Sale Revenue

As the final stage of the seizure and sale process, the county treasurer is responsible for managing the sale revenue that is received from the county sheriff. The county treasurer must follow the priority schedule that is outlined below when distributing the sale revenue.

Priority #1: Creditors Senior to the County Treasurer

From the total sale revenue, the county treasurer must pay each senior creditor the amount of the creditor's recorded interest in the taxpayer's property that was seized and sold. The term "senior creditor" refers to any party who has a security interest or a lien hold interest in the taxpayer's property that was recorded before the county treasurer's notice of tax lien was recorded (if one was recorded).

The county treasurer is responsible for discovering the senior creditors and paying them first from the total sale revenue. The senior creditors will be discovered when the county treasurer does the research to determine whether or not a seizure and sale is a worthwhile method of enforcing payment of the total delinquent tax amount (see the section on [Guidelines for Seizure and Sale](#)). If a senior creditor is discovered, the county treasurer may not choose to seize and sell the property. If the property is seized and sold, the senior creditor must be paid first.

Note: The county treasurer is not responsible for paying any junior creditors. The term "junior creditor" refers to any party who holds a security or lien hold interest in the taxpayer's property that was recorded after the county treasurer's notice of tax lien was recorded (if one was recorded).

Priority #2: County Treasurer's Notice of Tax Lien

After paying any senior creditors, the county treasurer may use the remaining balance of the sale revenue to pay the total delinquent tax amount owed by the taxpayer ([Minnesota Statute 277.21, subdivision 13](#); [270C.7108, subdivision 1](#)).

If the remaining balance is large enough to pay the total delinquent tax amount, the tax lien (if one was recorded) must be released, and the record of the delinquent tax must be removed from the county tax rolls.

If the remaining balance is less than the total delinquent tax amount, the county treasurer must subtract the remaining balance from the total delinquent tax amount owed, leave the tax lien on record (if one was recorded), and attempt to collect the unpaid amount by some other method. If the county treasurer decides to

cancel the unpaid amount, the tax lien (if one was recorded) must be released, and the record of the delinquent tax must be removed from the county tax rolls.

Priority #3: Remaining Balance Paid to the Taxpayer

After paying any senior creditors and the total delinquent tax amount, the county treasurer must pay any remaining balance of the sale revenue to the taxpayer ([Minnesota Statute 277.21, subdivision 13](#); [270C.7109, subdivision 2](#)).

Restrictions on Seizure and Sale

There are several restrictions on the county treasurer's authority to seize and sell a taxpayer's personal and real property. The restrictions function as safeguards to protect the taxpayer's interest in the property that is threatened by seizure and sale.

Some of the major restrictions are outlined below. Some of them overlap because of similar provisions in [Minnesota Statutes 277.21](#) and [270C.7101](#) to 270C.7109.

Restriction Based on Taxpayer's Right of Appeal

Except for a jeopardy collection, the county treasurer may not seize a taxpayer's property until the time has expired for filing an appeal of the tax assessment with the tax court. The deadlines for filing an appeal are listed below.

1. Manufactured Homes: October 1

The deadline for filing an appeal for personal property taxes on a manufactured home under [Minnesota Statute 273.125, subdivision 4](#), is October 1 of the year when the taxes are payable.

2. Other than Manufactured Homes: April 30

For personal property taxes other than those on manufactured homes, the deadline for filing an appeal under [Minnesota Statutes, Chapter 278](#), is April 30.

If a jeopardy assessment has been made, the taxpayer may file an appeal with the tax court within 30 calendar days after the notice of assessment is issued by the county. The notice must advise the taxpayer of the right of appeal ([Minnesota Statutes 277.21, subdivision 4](#)).

If a timely appeal has been filed, the county treasurer may seize and sell a taxpayer's property if the taxes remain unpaid for a period of more than 30 calendar days after final determination of the appeal by the tax court.

Notwithstanding the above restrictions, a taxpayer's seized property may be sold if one of the following conditions is met: (1) the taxpayer approves the sale in writing; or (2) the county treasurer determines that the property is perishable, may be reduced in value by keeping, or cannot be kept without great expense.

Redemption of Seized Property

After the seizure but before the sale, the taxpayer may pay in full the total delinquent tax amount and the sheriff's costs to the county treasurer. Upon receipt of payment in full, the county treasurer will direct the county sheriff to return the seized property to the taxpayer. All further seizure and sale proceedings must be stopped. The county treasurer must release the tax lien and remove the delinquent tax from the county tax records ([Minnesota Statute 270C.7103](#)).

Property Returned to Taxpayer for Payment or Other Security

The county treasurer is required to return any seized property to the taxpayer whenever the taxpayer performs any one of the acts outlined below ([Minnesota Statute 277.21, subdivision 6](#)).

1. The taxpayer pays the total delinquent tax amount in full to the county treasurer.
2. The taxpayer gives the county treasurer a surety bond equal to the appraised value of the taxpayer's interest in the seized property.
3. The taxpayer deposits with the county treasurer security in a form and amount that is necessary to ensure payment of the total delinquent tax amount, but not more than twice the total delinquent tax amount.

Taxpayer's Claim for Equitable Relief

After property is seized, the taxpayer may, upon giving 48-hours' notice to the county treasurer and the court, bring a claim for equitable relief before the district court for the release of the seized property to the taxpayer upon the terms and conditions the court considers equitable ([Minnesota Statute 277.21, subdivision 12](#)).

No Sale of Property Under Probate

If any property seized by the county treasurer is included in a formal probate proceeding under [Minnesota Statutes 524.3-401](#) to [524.3-505](#) and is under full supervision of the probate court, the county treasurer may not sell the property until the probate proceedings are completed or until the court orders it to be sold ([Minnesota Statute 277.21, subdivision 5](#)).

Seizure or Sale Prohibited by Court Injunction

If a seizure or sale of a taxpayer's property would irreparably injure any rights in property which the court determines to be superior to the rights of the local taxing districts to receive their share of the total delinquent tax amount, the district court may grant an injunction to prohibit the enforcement of the seizure or sale ([Minnesota Statute 277.21, subdivision 7](#)).

Chapter 10: Other Collection Methods

Overview of Other Collection Methods

With one exception, all of the chapters in this manual focus on one or more of the methods by which the county treasurer may take independent action to collect delinquent personal property taxes, including manufactured homes. The one exception is this chapter.

This chapter outlines the provisions for the county treasurer to transfer the authority to collect the total delinquent tax amount to the district court or to another county collection agency. In both cases, the county treasurer is conveying the authority to collect the total delinquent tax amount to another governmental office instead of exercising that authority independently from within the county treasurer’s office.

This chapter also outlines the provisions for the county treasurer to cancel the total delinquent tax amount when it is impossible or not practical to try to collect it. Obviously, this is an anti-collection provision. It allows the county treasurer to write off the total delinquent tax amount instead of collecting it. Because of the possible negative effect on taxpayers who voluntarily pay their taxes or whose money or property is confiscated in lieu of the taxes, the county treasurer should cancel the total delinquent tax amount only as a last resort.

Court Judgment

[Minnesota Statute 277.21, subdivision 1](#), gives the county treasurer the option of using the services of the district court to collect delinquent personal property taxes, including manufactured homes.

This option is an alternative to the county treasurer independently exercising the enforced collection methods that are authorized under [Minnesota Statutes 277.17](#), [277.20](#), and [277.21](#) and outlined in this manual. It is an alternative to the county treasurer collecting the total delinquent tax amount under the administrative authority of the county treasurer’s office. Instead, the county treasurer turns over the collection authority to the district court.

As stated in [Chapter 6](#), the Department of Revenue recommends that the county treasurer only use the services of the district court to levy on or seize and sell the money or property of a taxpayer that is located outside the state of Minnesota. For all other tax cases, the county treasurer should collect the total delinquent tax amount under the administrative authority of the county treasurer’s office.

The Department’s position on obtaining a court judgment in order to collect delinquent personal property taxes, including manufactured homes, is presented below. For information about obtaining a court judgment, please work with your county attorney.

Summary: Collecting Delinquent Personal Property Taxes by Court Judgment

[Minnesota Statutes, Chapter 277](#), no longer requires that personal property taxes be collected through court action. However, it is still possible to collect personal property taxes by: (1) obtaining a court judgment against the person liable for the tax; and then (2) proceeding against that person for the judgment debt.

[Minnesota Statute 277.21, subdivision 3](#), grants to each county treasurer all the powers that they would have if they had gone to court and won an *in personam* judgment against the delinquent taxpayer, so why would a county want to go through the effort of actually taking the delinquent taxpayer to court?

The reason a county might want to do this is because the statute which gives the treasurer the powers of a judgment creditor for the purposes of enforcing the tax-debt, and the statute which allows the treasurer to put a lien on the delinquent taxpayer's property, only gives these powers in regard to that property of the tax-debtor that is located with this state. If a delinquent taxpayer has insufficient property in this state, or if they no longer have any property in this state, the county may wish they could put a lien on, or have the local sheriff seize and sell the out-of-state property of the tax-debtor.

The first step in reaching that result would be to obtain a court judgment against the delinquent taxpayer in Minnesota for the taxes, penalties and interest due, plus court costs. (The county could chose to seek that judgment in the courts of the state wherein the taxpayer has seize-able property, but since the judges of those courts are presumably not as familiar with the Minnesota tax laws as are the judges of Minnesota courts, that course of action might involve more time and expense. Seeking a judgment in the courts of another state would also require that the county contract with an attorney in that other state, unless the county has someone on staff who is licensed to practice law in the other state.)

Upon entry of a judgment by a Minnesota court, in favor of the county for the taxes, penalties, interest and costs, that judgment can be enforced in the other state. If the other state is one of the forty-six states that have enacted the 'Uniform Enforcement of Foreign Judgments Act,' the county need only file a certified copy of the Minnesota judgment in the office of a local court administrator with the other state in order to have all the enforcement powers that the holder of a court judgment has in that other state. The only limitation under the 'Uniform Act' is that the Minnesota judgment may only be filed in one court district in the other state.

In order to collect on a Minnesota judgment in states other than those listed above, a separate suit must be brought in that other state to enforce the Minnesota judgment.

Another consideration is that the powers of a judgment holder, and the procedures under which those powers are enforced, do vary from state to state. Thus, a county that expects to garnish the out-of-state earnings of a delinquent taxpayer after obtaining a court judgment will have to investigate whether garnishment is proper in the other state in that situation. The county would also face the possibility that they would have to retain counsel in the other state in order to properly file or serve the legal documents that are required under the other state's garnishment laws.

A less costly, and less complicated approach might be to limit the use of court judgments to those situations in which the county treasurer knows that the delinquent taxpayer has real property in another state, and that other state has enacted the 'Uniform Act.' In those states, the county will get the equivalent of a lien against the taxpayer's property in that state by simply filing a certified copy of a Minnesota court judgment for taxes in the county or court district where the property is located. If the property is ever sold, the purchaser will in most cases require the judgment to be paid in order to clear up what otherwise amounts to a cloud on the seller's title.

County Central Collection Agency

[Minnesota Statute 277.21, subdivision 1](#), gives the county treasurer the option of using the services of the “central collection unit of the county” to collect delinquent personal property taxes, including manufactured homes.

This option is an alternative to the county treasurer independently exercising the enforced collection methods that are authorized under [Minnesota Statute 277.17](#), [277.20](#), and [277.21](#) and outlined in this manual. It is an alternative to the county treasurer collecting the total delinquent tax amount under the administrative authority of the county treasurer’s office. Instead, the county treasurer turns over the collection authority to another county collection agency.

The phrase “central collection unit of the county” refers to any agency of the county that is in the business of collecting moneys owed to the county. In some counties, it may refer to the agency in the county human services or welfare department that collects child support payments or payments for the out-of-home placement of children. In other counties, it may refer to the agency that collects various county fees and service charges. In all cases, it refers to a county agency other than the county treasurer’s office.

Under Minnesota Statute 277.21, subdivision 1, the county treasurer has the authority to negotiate with any other county collection agency. If the other county collection agency is agreeable, the county treasurer can transfer the authority and responsibility of collecting any delinquent personal property taxes, including manufactured homes, to that county collection agency. If possible, the agency collects the total delinquent tax amount and submits the proceeds to the county treasurer.

Cancellation of Delinquent Taxes

This section is the only section in this manual that does not focus on a method of collecting delinquent personal property taxes, including manufactured homes. Instead, it covers the provision for not collecting the total delinquent tax amount; i.e., the cancellation of the total delinquent tax amount.

[Minnesota Statute 277.24](#) gives the county treasurer the authority to cancel the total delinquent tax amount at any time during the collection process.

The rules and procedures that must be followed by the county treasurer in order to cancel the total delinquent tax amount due are outlined below.

1. The county treasurer may cancel the total delinquent tax amount at any time during the collection process if one or both of the conditions listed below exist.
 - a. The county treasurer is satisfied that the total delinquent tax amount cannot be collected for any reason.
 - b. The county treasurer determines that the collection costs are excessive in comparison to the total delinquent tax amount involved.
2. If a cancellation is made, the county treasurer must keep a list of the canceled total delinquent tax amount for at least six (6) years.

3. The cancellation list must identify the taxpayer, state the total delinquent tax amount canceled, and explain the reason why the total delinquent tax amount was not collectible.

Under [Minnesota Statute 277.24](#), the county treasurer may choose to cancel any total delinquent tax amount under the administrative authority of the county treasurer's office. The county treasurer does not have to obtain the approval of any other county officials, the county board, or any of the local taxing districts. The county treasurer has the authority and the responsibility to act independently.

However, it should be remembered that the following mandate is given to the county treasurer in [Minnesota Statute 277.21](#):

If a tax assessed on personal property or manufactured homes and collectible under this chapter is not paid when due, the county treasurer shall, as soon as practicable, take action the county treasurer considers necessary and reasonable to collect the delinquent tax.

In the face of this mandate, the county treasurer should decide to cancel the total delinquent tax amount only as a last resort. The decision to cancel should be made only after every "necessary and reasonable" action has been taken to collect the total delinquent tax amount.

In each tax situation, the county treasurer must balance the mandate to collect the total delinquent tax amount and the authority to cancel the total delinquent tax amount.

In each tax situation, the county treasurer must decide at what point all "necessary and reasonable" action has been taken to collect the total delinquent tax amount and the total delinquent tax amount may be justifiably canceled.

Chapter 11: Manufactured Home Taxes

Overview of Manufactured Home Taxes

[Chapters 3](#) through [10](#) of this manual outline the current methods that the county treasurer has to collect all delinquent personal property taxes, including manufactured homes.

The major purpose of this chapter is to summarize four special methods that are intended to be used for the collection of delinquent personal property taxes on manufactured homes. These four special methods may be used to collect delinquent manufactured home taxes in addition to the collection methods outlined in [Chapters 3](#) through [10](#).

The four special methods are listed below. The numbers in the parentheses indicate the section in which each of the methods is summarized.

1. [Notice to Lender](#)

This special collection method allows the county treasurer to send a notice to any financial institution that has loaned money to a taxpayer to buy a manufactured home and is receiving monthly payments on the loan. The notice requires the lender to warn the taxpayer that the lender may pay the total delinquent tax amount and begin foreclosure proceedings if the taxpayer does not voluntarily pay the amount due within a certain amount of time.

2. [Tax Escrow Accounts](#)

This special collection method authorizes the county treasurer to require the taxpayer to make monthly payments into an escrow account to pay the total delinquent tax amount plus the upcoming year's taxes on the manufactured home. The amounts of the monthly payments are set so that there will be enough money in the escrow account to pay the total delinquent tax amount plus the upcoming year's taxes by the next November 15.

3. [Confession Of Judgment](#)

This special method allows the taxpayer to pay the total delinquent tax amount under a 5-year payment plan. The taxpayer agrees to have the total delinquent tax amount combined under a confession of judgment. The taxpayer agrees to pay a 20% down payment and directs the court to enter judgment for the remaining balance. The taxpayer agrees to pay the remaining balance in four, equal, annual installments plus interest. The taxpayer also agrees to pay current taxes before they become delinquent.

4. [Oversized Load Moving Permit](#)

This special method cannot be initiated by the county treasurer. It indirectly allows the county treasurer to collect delinquent personal property taxes on a manufactured home before anyone can obtain a permit to move the home. This prevents the owner or a buyer from moving the home out of the county and leaving the county treasurer with the task of tracing down the owner or the home in order to collect the total delinquent tax amount.

Alternative Monthly Payment Plan

A special method of collection that is outlined in this chapter is called the “alternative monthly payment plan.” This is recommended for the county treasurer when the total delinquent tax amount is relatively small and the taxpayer’s income and assets are also small. In these cases, the best chance of collecting the total delinquent tax amount is to let the taxpayer pay it off in small monthly payments spread over no more than twelve months. This plan is most appropriate for manufactured home taxes, but it does not have to be limited to them.

Notice to Lender

After the 90-day grace period following the date on the notice of delinquent taxes has expired, the county treasurer may require the help of the lender to collect the total delinquent tax amount owed by the owner of a manufactured home. This method of collection will be referred to as “the lender option” in this section.

NOTE: See [Chapter 3](#) for detailed information about the notice of delinquent taxes and the 90-day grace period.

Restrictions on the Lender Option

The county treasurer’s use of the lender option is limited by the restrictions outlined below.

1. The option can be used only if the owner has borrowed money to purchase the manufactured home and is still making monthly payments to the lender to repay the loan. In other words, there has to be a lender in order for the county treasurer to use the lender option.
2. The option can be used only for agreements that are signed and delivered after December 31, 1992, for the financing or refinancing of a purchase of a manufactured home ([Minnesota Statute 47.209, subdivision 1](#)).
3. The option can be used only for delinquent personal property taxes that are assessed on manufactured homes. It cannot be used for delinquent personal property taxes on other than manufactured homes.
4. The option can be used only within one year following the date when the taxes on the manufactured home became delinquent ([Minnesota Statute 47.209, subdivision 3](#)).

Restriction on all Financing Agreements

All agreements between a lender and the purchaser of a manufactured home must contain a statement that it is the condition of the loan agreement that the purchaser must pay all personal property taxes on the manufactured home by the due date ([Minnesota Statute 47.209, subdivision 2](#)).

90-day Grace Period

The county treasurer must wait 90 calendar days after the date on the notice of delinquent taxes before using the lender option. See [Chapter 3](#) for detailed information about the 90-day grace period and the notice of delinquent taxes ([Minnesota Statute 277.17, subdivision 1](#)).

This is the same 90-day grace period that the county treasurer must grant before using any of the enforced collection methods outlined in the earlier chapters of this manual.

Definition of Lender

The term “lender” refers to any of the types of financial institutions listed below which have entered into an agreement for financing or refinancing a purchase of a manufactured home ([Minnesota Statute 47.209](#)).

1. A state bank and trust company
2. A national banking association
3. A state or federally chartered savings association
4. A mortgage bank
5. A savings bank
6. An insurance company
7. A credit union
8. A dealer as defined in [Minnesota Statute 327B.01, subdivision 7](#)

Identification of Lenders

How does the county treasurer find out whether or not the taxpayer has purchased the manufactured home under a loan agreement? In other words, how can the county treasurer discover if there is a lien on the manufactured home and, if so, who is the lienholder?

One way would be to contact the Minnesota Department of Public Safety. The name and address of any lender (lienholder) are listed on the certificate of title that is issued for a manufactured home by the Department’s Division of Driver and Vehicle Services. This information is on record with the Division.

The county treasurer can obtain this information by contacting the Division and giving them the complete name and address of the manufactured home owner. For information about potential lenders for one or two manufactured homes, the county treasurer may call Kathy Wagner at (651) 296-2902, and she will provide the name and address of any lenders over the telephone.

For a longer list of lenders, the county treasurer should send a written request to the address listed below. The information will be provided by return mail.

Department of Public Safety
Division of Driver & Vehicle Services
445 Minnesota Street
St. Paul, MN 55101
Attn: Records

Notice of Delinquent Taxes to Lender

After the 90-day grace period following the date on the notice of delinquent taxes has expired, the county treasurer may initiate the lender option by sending a written notice to the lender. The notice will be referred to in this section as the notice of delinquent taxes to lender ([Minnesota Statute 277.17, subdivision 1](#)).

The notice must contain the information listed below. Some of the information is required by statute. Other information is recommended by the Department of Revenue.

1. The complete name and address (street, city, state, and zip code) of the lender.
2. The complete name and address (street or rural route and box number, city, state, and zip code) of the homeowner.
3. The property identification number, the property type, the date when the notice of delinquent taxes to lender was prepared and mailed, and the total delinquent tax amount owed as of the date when the notice was prepared and mailed.
4. The notice of delinquent taxes to lender must inform the lender that the homeowner owes delinquent personal property taxes ([Minnesota Statute 47.209, subdivision 3](#)).
5. The notice of delinquent taxes to lender must inform the lender that, within 30 calendar days after receiving the notice from the county treasurer, the lender must notify the homeowner of the three things listed below.
 - a. The total delinquent tax amount must be paid in full to the county treasurer no later than 60 calendar days from the date on the lender's notice to the homeowner (Minnesota Statute 47.209, subdivision 3).
 - b. If the total delinquent tax amount is not paid by that time, the lender may pay it and may begin foreclosure proceedings to recover the amount of the tax and the unpaid loan (Minnesota Statute 47.209, subdivision 3).
 - c. The homeowner must contact the county treasurer's office for the total amount due on the day when the homeowner will make payment.
6. The notice of delinquent taxes to lender must inform the lender that, if the lender pays the total delinquent tax amount, the lender must also contact the county treasurer's office for the total delinquent tax amount due on the day when the lender will make payment.

A suggested form for the notice of delinquent taxes to lender is presented at the end of this section. Use the suggested form to develop your own county notice of delinquent taxes to lender.

Treasurer Notifies Lender When Taxes are Paid

The county treasurer is required to notify the lender when all or part of the total delinquent tax amount is paid by the homeowner or is collected by the county treasurer by some other method anytime during the 90 calendar days following the date on the county treasurer's notice of delinquent taxes to lender ([Minnesota Statute 47.209, subdivision 3](#)).

The 90 calendar days includes the 30 calendar days the lender has to send a notice to the homeowner after receiving the county treasurer's notice of delinquent taxes to lender and the 60 calendar days the homeowner has to pay the total delinquent tax amount after receiving the lender's notice.

Results of the Lender Option

The collection process will be ended if either one of the following actions results from the use of the lender option:

1. the lender's notice to the homeowner motivates the homeowner to pay the total delinquent tax amount, or
2. the lender pays the total delinquent tax amount if the homeowner does not respond to the lender's notice.

If neither the homeowner nor the lender pays the total delinquent tax amount, the county treasurer will have to turn to one or more of the enforced collection actions that are outlined in the previous chapters in this manual.

Tax Escrow Accounts

After the 90-day grace period following the date on the notice of delinquent taxes has expired, the county treasurer may require the owner of a manufactured home to make monthly payments of the total delinquent tax amount plus the total tax for the next taxes payable year. This method of enforced collection will be referred to in this section as the "escrow account option."

NOTE: See [Chapter 3](#) for detailed information about the notice of delinquent taxes and the 90-day grace period.

Restrictions on the Escrow Account Option

The county treasurer's use of the escrow account option is limited by the restrictions outlined below.

1. The option can be used only if the county treasurer has not already sent a notice to the lender who holds a lien on the taxpayer's manufactured home, requiring the lender to help in the collection process as required under [Minnesota Statutes 277.17, subdivision 1](#), and [47.209, subdivision 3](#). See the previous section for detailed information about the lender option.
2. The option can be used only for delinquent personal property taxes that are assessed on manufactured homes. It cannot be used for delinquent personal property taxes on other than manufactured homes.
3. The option can be used only for personal property taxes on manufactured homes that are payable in calendar year 1993 and thereafter.

90-day Grace Period

The county treasurer must wait 90 calendar days after the date on the notice of delinquent taxes before using the escrow account option. See [Chapter 3](#) for detailed information about the 90-day grace period and the notice of delinquent taxes ([Minnesota Statutes 277.17, subdivision 1](#)).

This is the same 90-day grace period that the county treasurer must grant before using any of the enforced collection methods outlined in the earlier chapters of this manual.

Definition of a Tax Escrow Account

In general, the term “escrow” refers to a process by which money is held by a third party until the terms and conditions of a financial agreement are satisfied. The term “escrow account” refers to the fund in which the third party holds the money until it is paid out later.

For example, many of us have a mortgage that requires the mortgagee to set up an escrow account to be used to pay our real property taxes and/or home insurance. As the mortgagor, we pay an amount monthly into the escrow account usually equal to 1/12 of the amount of the yearly tax and insurance. The mortgagee uses the money in the escrow account to pay the taxes and insurance when they become due.

With the escrow account option, the county treasurer plays the role of the “mortgagee,” and the taxpayer is the “mortgagor.” The county treasurer requires the taxpayer to make monthly payments into a tax escrow account for the total delinquent tax amount and the total tax for the next taxes payable year. The county treasurer uses a portion of each monthly payment to pay the previous year’s tax that is already overdue and to pay the first-half and second-half installments of the tax for the next taxes payable year when they become due.

Amount of Monthly Tax Escrow Payments

The goal of the escrow account option is to have the sum of the total delinquent tax amount and the total tax for the next taxes payable year paid in full by the next November 15. Therefore, the amount of the monthly payments will vary depending on the amount of the total tax due and the number of months remaining from the month when the first escrow payment is due through the next month of August.

The steps that the county treasurer should follow to determine the amount of the monthly payments under the escrow account option are outlined below.

1. Determine the total delinquent tax amount that is due up through the month when the notice of escrow payments and the coupon booklet will be mailed to the taxpayer.

The total delinquent tax amount includes the unpaid tax, the penalty, and any interest that accrued up through the month when the materials will be mailed. It will also include the fees for recording and releasing a tax lien, if the county treasurer filed a tax lien after the notice of delinquent taxes was mailed to the taxpayer. See [Chapter 4](#) for information about the purpose of filing a tax lien when a taxpayer is escrowing.

2. Determine the total estimated tax for the next taxes payable year.

If the notice of escrow payments and the coupon booklet are mailed in March as the Department of Revenue recommends, the actual total tax for the next taxes payable year will not be known because the values will not be available yet. Therefore, the county treasurer must estimate the tax on the manufactured home for the next taxes payable year. This could be done using the current taxes payable year tax rates for real and personal property and the taxable net tax capacity of the manufactured home for the previous taxes payable year.

Note: For a notice of escrow payments and a coupon booklet mailed in March, the taxes due for the “next taxes payable year” are actually the taxes due August 31 and November 15 of the same calendar year in which the mailing takes place.

3. Add the amount determined in Step #1 and the amount determined in Step #2. The result is the total amount that must be paid into the tax escrow account by the taxpayer with the monthly payments.
4. Determine the number of months remaining from the month when the first escrow payment will be made through the next month of August.
5. Divide the amount in Step #3 by the number of months in Step #4. The result is the amount of the monthly payments that should be listed on each escrow account coupon and paid by the taxpayer.

Escrow Account Coupon Booklets

Each county treasurer is responsible for designing and printing an escrow coupon booklet that must be mailed to the taxpayer. The major components of the coupons and the procedures for using the coupons that are recommended by the Department of Revenue are outlined below.

1. There should be one coupon in each booklet for each of the months when the taxpayer is required to make the escrow payments.
2. Each coupon should identify the property for which the tax is being paid, the amount of the required monthly payment due, and the date when the monthly payment is due. (Any other information that the county treasurer needs to process the escrow payments efficiently and accurately may be added to the coupon.)
3. The due date on each coupon should be the 30th of the month.
4. The county treasurer must mail the escrow coupon booklet to the taxpayer along with the notice of escrow payments.
5. The taxpayer must mail the coupon for the appropriate month along with the money for the monthly payment to the county treasurer’s office.

Rationale for 30th as Due Date

[Minnesota Statute 277.17, subdivision 3](#), allows the taxpayer 30 calendar days after receiving the county treasurer’s notice of escrow payments and the coupon booklet to make the first monthly escrow payment.

If the county treasurer sets the due date on the first coupon for the 30th of the month following the month in which the notice of escrow payments and the coupon booklet are mailed, the taxpayer will have at least 30 calendar days to make the first payment as long as the materials are mailed no later than the 30th of the month before the first payment is due.

For example, let’s say that the county treasurer mails the notice of delinquent taxes to the taxpayer on December 15, 2017. The 90-day grace period following the date on the notice of delinquent taxes expires on March 15, 2018. If the notice of escrow payments and the coupon booklet are prepared and mailed on March

23, 2018 and the due date on the first coupon is April 30, 2018, the taxpayer will have at least thirty days to make the first payment. The same would be true if the mailing took place anytime from the 16th through the 30th of March.

Mailing the notice of escrow payments and the coupon booklet in March will always grant the taxpayer the maximum number of months to pay the total required escrow amount; i.e., 5 months, April through August. This will make the monthly payments the lowest possible. And the lower the monthly payments, the greater the chance the taxpayer will actually pay them.

Guidelines for Depositing and Recording Escrow Payments

The Department of Revenue recommends that the county treasurer follow the guidelines outlined below for depositing, recording, and monitoring the taxpayer's monthly escrow payments.

1. The money from all monthly escrow payments may be deposited or invested in the same way the county funds are deposited or invested.
2. The money from all monthly escrow payments may be deposited in a single account. However, the county treasurer must keep separate records of the payments of each homeowner.
3. Any interest earned on the amount in the tax escrow account may be retained by the county and used to pay any of the county's expenses.
4. If the amount in the tax escrow account is more than the amount needed to pay the tax, the county treasurer must refund the excess.
5. If the amount in the tax escrow account is less than the amount needed to pay the tax, the county treasurer must notify the taxpayer of the additional amount needed at least 30 calendar days before the due date and demand immediate payment.
6. If the taxpayer pays the total delinquent tax amount in full, the county treasurer must require the taxpayer to continue to make the monthly payments into the tax escrow account for the next taxes payable year's taxes.

Notice of Escrow Payments

In order to initiate the escrow account option, the county treasurer must send a written notice to the taxpayer requiring escrow payments. An escrow coupon booklet must be enclosed with the notice. The notice will be referred to in this section as the notice of escrow payments ([Minnesota Statute 277.17, subdivision 1](#)).

[Minnesota Statute 277.17](#) is silent about the form and content of the written notice to the taxpayer. Therefore, the Department of Revenue recommends that the county treasurer's notice of escrow payments contain the information outlined below.

1. The complete name and address (street or rural route and box number, city or town, state, and zip code) of the homeowner.

2. The property identification number, the property type, the date when the notice of delinquent taxes To Lender was prepared and mailed, and the total delinquent tax amount owed as of the date when the notice was prepared and mailed.
3. A statement informing the taxpayer that the total delinquent tax amount has not been paid.
4. A statement requiring the taxpayer to begin making monthly installment payments of the total delinquent tax amount and the estimated tax for the next taxes payable year.
5. A paragraph explaining the procedures that the taxpayer must follow in making the monthly payments.
6. A paragraph explaining how the county treasurer will use the money in the escrow account to pay the taxpayer's total delinquent tax amount and the estimated tax for the next taxes payable year.
7. A paragraph warning the taxpayer that, if the escrow payments are not made, the county treasurer may take any of the enforced collection actions that are listed at the end of the paragraph.
8. The signature, printed name, address, and telephone number of the county treasurer and the date of the signature.

Confession Of Judgment

Certain taxpayers are authorized to pay the total delinquent tax amount owed on their homesteaded manufactured homes under a five-year installment plan. To obtain the right to pay under installments, the taxpayers must submit a written offer to the county treasurer. This five-year installment plan is called a confession of judgment ([Minnesota Statute 277.23](#)).

This confession of judgment is similar to the one authorized for the payment of delinquent real property taxes under [Minnesota Statute 279.37](#). In fact, the provisions of [Minnesota Statute 279.37](#) apply to this confession of judgment except as otherwise provided in [Minnesota Statutes 277.23](#).

For more detailed information about the confession of judgment for delinquent real property taxes, see the Department of Revenue's [Delinquent Property Tax and Tax Forfeiture Manual](#).

Eligibility: Parties

The owner or another person having an interest in a manufactured home that is classified and taxed as both personal property and a homestead may confess judgment and pay the total delinquent tax amount under a five-year installment plan ([Minnesota Statute 277.23, subdivision 1](#)).

The Department of Revenue recommends that the above eligible parties be defined more specifically as outlined below.

1. The term "owner" should refer to the party whose name is on the certificate of title for the manufactured home. This is similar to the fee owner who is eligible to confess judgment on delinquent real property taxes under [Minnesota Statute 279.37](#).

2. The phrase “another person having an interest in a manufactured home” should be interpreted as any party to whom the right to pay taxes has been given by statute, mortgage, or other agreement. An example would be a lender who has financed the purchase of a manufactured home and has the right to pay the taxes under the terms of the loan agreement if the title owner fails to pay them.

This second definition is similar to the one used to decide which parties other than the fee owner may confess judgment on delinquent real property taxes under [Minnesota Statute 279.37, subdivision 2](#).

For the sake of brevity, the title owner or another interested party who offers to confess judgment will be referred to in this section as the “eligible taxpayer” or the “taxpayer.”

Eligibility: Property

A confession of judgment may only be offered by an eligible taxpayer to pay the total delinquent tax amount owed on a manufactured home that is currently receiving homestead treatment. The total delinquent tax amount owed on personal property other than a homesteaded manufactured home may not be paid under a confession of judgment ([Minnesota Statute 277.23, subdivision 1](#)).

“Currently receiving homestead treatment” means that the manufactured home must be classified as homestead in the year in which the confession of judgment is offered. If the manufactured home lost its status as a homestead before the date when the confession of judgment is offered, the county treasurer may legally reject the offer.

Eligibility: Number of Confessions

The county treasurer must accept all first-time offers to confess judgment from all eligible taxpayers and on all properties that are eligible. The county treasurer does not have the authority to accept or reject the first-time request for a confession of judgment if the eligibility requirements are met ([Minnesota Statute 279.37, subdivision 10](#)).

Following a default on a first confession of judgment, an eligible taxpayer may offer to confess judgment a second time on the unpaid balance of the first defaulted confession. The county treasurer must accept the second confession as long as the taxpayer and the property are eligible.

The conditions, requirements, and procedures for setting up and administering a second confession of judgment are the same as those for the first confession.

Terms of the Five-year Confession of Judgment

A taxpayer must begin the process by filing a written offer to confess judgment with the county treasurer ([Minnesota Statutes 277.23, subdivision 1](#), and [279.37, subdivision 2](#)).

The county treasurer determines the eligibility of the taxpayer and the eligibility of the manufactured home. The county treasurer’s staff prepares the written contract for the confession of judgment, and the eligible taxpayer signs it. A suggested form for the confession of judgment is presented at the end of this section. The content of the form is prescribed in Minnesota Statutes 277.23, subdivision 1.

By signing the contract, the eligible taxpayer agrees to the following conditions of the confession of judgment ([Minnesota Statutes 277.23](#) and [279.37, subdivision 2](#)).

1. To waive all legal rights to challenge the assessment and levy of the taxes and the administration of the delinquent tax laws up to the time of the confession.
2. To accept the validity of the total delinquent tax amount due (taxes, penalty, fees for recording and releasing a tax lien, sheriff's fees, court costs, and interest accrued up to the time of the confession) on the manufactured home for all taxes payable years.
3. To agree to have the total delinquent tax amount due combined into a confession of judgment and to fulfill the terms of the confession of judgment contract.
4. To pay immediately to the county auditor a down payment equal to the sum of 20% of the total delinquent tax amount combined into the confession of judgment plus the county administrative fees.
5. To direct court judgment to be entered for the remaining 80% of the total delinquent tax amount combined into the confession of judgment.
6. To pay the remaining 80% of the total delinquent tax amount combined into the confession of judgment in four, equal, annual installments with interest on or before December 31 of each year following the year when the confession of judgment is signed.
7. To waive all requirements for a notice of default on any installment or interest due in the future under the court judgment.
8. To pay all current taxes on the same manufactured home each year before they become delinquent unless the taxes are being contested under [Minnesota Statutes, Chapter 277](#).

Total Amount Due Under Confession of Judgment

The eligible taxpayer who offers to confess judgment must agree to pay the total delinquent tax amount under the confession of judgment. This means the total delinquent tax amount due on the day when the confession agreement is signed ([Minnesota Statutes 277.23, subdivision 1](#), and [279.37, subdivision 2](#)).

The components of the total delinquent tax amount which must be combined under a confession of judgment are:

1. the unpaid tax
2. the penalty on the unpaid tax
3. the interest accrued before the confession
4. the fees for recording and releasing a tax lien filed before the confession
5. any other costs incurred before the confession; e.g., sheriff's fees and court costs.

Collection of Down Payment and Administrative Fees

At the time when the confession of judgment is signed, the eligible taxpayer is required to make a lump sum payment to the county treasurer equal to the two amounts outlined below. The county treasurer must not accept the confession of judgment until these two amounts are paid in full.

1. Twenty Percent (20%) Down Payment

The eligible taxpayer must pay 20% of the total delinquent tax amount that is combined under the confession of judgment ([Minnesota Statute 277.23, subdivision 1](#)).

2. Administrative Fees

The eligible taxpayer must pay the administrative fees charged by the county treasurer and the administrator of the district court to offset the costs of administering the confession of judgment ([Minnesota Statutes 277.23, subdivision 3](#), and [279.37, subdivision 8](#)).

The county board is responsible for determining the amount of the fee for both the county treasurer and the administrator of the district court. The fee is to be charged equally on all confessions of judgment in the county until the county board decides to change the fee.

The portion of the collected fee that is for the county treasurer’s costs must be credited to the county general revenue fund. The remaining portion must be sent to the administrator of the district court.

Recording the Confession Agreement

Once the 20% down payment and the administrative fees are collected and the confession agreement is signed, the county treasurer is responsible for performing the major tasks outlined below ([Minnesota Statutes 277.23, subdivision 1](#), and [279.37, subdivision 3](#) to 7).

1. Notify the county board of the offer to confess judgment. However, the county board does not have to approve the confession of judgment.
2. Record the offer to confess judgment in the “Tax Judgment Book” or in the county computer data base.
3. Deliver a copy of the written offer to confess judgment, a copy of the confession agreement, and a receipt for the amount of the 20% down payment to the administrator of the district court.*
4. Credit the amount of the 20% down payment as a partial release of the confession of judgment and distribute the money according to the methods and time schedules outlined in [Chapter 12](#).

* When entered by the administrator of the district court, the confession of judgment has the same force and effect of other civil judgments *in personam*.

Interest Charged on Unpaid Balance

The eligible taxpayer who offers to confess judgment must agree to pay interest as part of the installment payments due each year. The interest is to be charged on the unpaid balance of the total delinquent tax amount that was combined under the confession of judgment ([Minnesota Statutes 277.23, subdivision 1](#), and [279.37, subdivision 2](#)).

[Minnesota Statute 277.15](#) provides that the interest rate is to be determined under [Minnesota Statute 279.03](#). Under that statute, the annual rate of interest to be charged is the adjusted prime rate that is determined under [Minnesota Statute 270C.40, subdivision 5](#), subject to a minimum rate of 10% and a maximum rate of 14%. This is

the same interest rate charged on all delinquent personal and real property taxes. See [Chapter 2](#) of this manual for more detailed information about the interest rate and how it is to be prorated monthly.

Calculation of First Annual Installment

The first annual installment must be paid by the eligible taxpayer by December 31 of the year following the year when the confession of judgment was signed. For example, if the confession was signed on March 24, 2017, the first annual installment would be due by December 31, 2018. The 20% down payment serves as the installment payment for 2017 ([Minnesota Statutes 277.23, subdivision 1](#), and [279.37, subdivision 2](#)).

The amount of the first annual installment is equal to 20% of the total delinquent tax amount that was combined under the confession of judgment plus interest.

The annual rate of interest is prorated monthly from the month after the confession agreement is signed through December of the year following the year when the confession was signed. In the above example, interest would be prorated for 21 months: April 2017 through December 2018. The total percentage of interest for the 21 months is multiplied by the total remaining balance of the total delinquent tax amount that was combined under the confession of judgment.

Calculation of Remaining Annual Installments

The eligible taxpayer must pay the three remaining annual installments by December 31 of each year. The amount of each annual installment is equal to 20% of the total delinquent tax amount that was combined under the confession of judgment plus interest for the year when the installment is due ([Minnesota Statutes 277.23, subdivision 1](#), and [279.37, subdivision 2](#)).

For example, if one of the remaining installments is due by December 31, 2018, the annual rate of interest is charged for the months of January through December, 2018. The total percentage of interest for the 12 months is multiplied by the total remaining balance of the total delinquent tax amount that was combined under the confession of judgment.

Notice of Confession of Judgment Payment

By November 30 of each year following the year when the confession of judgment was signed, the county treasurer must mail a notice to each eligible taxpayer who confessed judgment. The written notice will be referred to as the notice of confession of judgment payment in this section. The two major purposes of the notice are listed below ([Minnesota Statutes 277.23, subdivision 2](#), and [279.37, subdivision 2](#)).

1. To remind the eligible taxpayer that the next annual installment is due by December 31 of that year.
2. To list the total amount of the annual installment that is due by December 31 of that year.

Recording and Distribution of Annual Installment Payments

The county treasurer must record each annual installment payment in the "Tax Judgment Book" or in the county computer data base. A copy of the receipt for the amount of the payment must be delivered to the administrator of the district court ([Minnesota Statutes 279.37, subdivision 3](#)).

The county treasurer must credit the amount of the payment as a partial release of the confession of judgment and show the year that the confession of judgment was entered. The amount of the payment should not be applied to any specific year's delinquent tax amount.

The amount of the payment must be distributed according to the methods and time schedules outlined in [Chapter 12](#).

Notice of Default on Confession of Judgment

If an annual installment is not paid by the December 31 deadline, the county treasurer must immediately send a notice by certified mail to the eligible taxpayer at the last known address without regard to the county or state of the person's residency. The notice will be referred to in this section as the notice of default on confession of judgment ([Minnesota Statutes 277.23, subdivision 2](#), and [279.37, subdivision 6](#)).

The purpose of the notice is to warn the eligible taxpayer that, if the overdue annual installment is not paid within 60 calendar days after the December 31 deadline, the county treasurer may take one or more of the following actions: (1) require escrow payments of the delinquent amount plus next year's taxes, (2) request the lender to help in the collection process, (3) take over the taxpayer's state tax refunds or lottery winnings over \$600, (4) impose a levy on money held for the taxpayer or owed by the taxpayer, (5) seize and sell the taxpayer's property, or (6) obtain a court judgment against the taxpayer's property.

If the eligible taxpayer has not paid the current tax before December 31 of the year when the tax is due, the county treasurer should also send a notice of default on confession of judgment by certified mail to the eligible taxpayer. In this case, the notice should warn the eligible taxpayer that the county treasurer may take any of the above described enforced collection actions if the current tax is not paid within 60 calendar days after the December 31 deadline.

The county treasurer must file the certificate in the treasurer's office as proof of the certified mailing. Failure to send or receive a notice does not postpone any required payment or excuse any default under the confession of judgment.

Reinstatement of Original Tax Judgment Upon Default

When the eligible taxpayer fails to comply with the terms of the confession of judgment, the county treasurer must complete the major actions outlined below ([Minnesota Statutes 279.37, subdivision 9](#)).

1. Cancel the confession of judgment contract.
2. Notify the administrator of the district court to cancel the confession of judgment entered against the taxpayer.

Once the above actions are completed, the county treasurer should select one of the available methods to enforce payment of the remaining balance of the total delinquent tax amount or make a decision to cancel it.

NOTE: If an eligible taxpayer offers to confess judgment a second time, the county treasurer must accept the offer. All of the rules, procedures, and forms that were used for the first confession would be simply repeated. Only two confessions of judgment are allowed on the same total delinquent tax amount owed on the same manufactured home ([Minnesota Statutes 279.37, subdivision 10](#)).

Alternative Monthly Payment Plan

When the tax situation warrants it, the county treasurer may allow a taxpayer to pay the total delinquent tax amount on a homesteaded manufactured home under a monthly payment plan. This payment plan would be an alternative to the 5-year confession of judgment authorized under [Minnesota Statute 277.23](#) and outlined in previous section.

Although not specifically authorized in the statutes, the alternative monthly payment plan can be justified in the same way that several of the enforced collection actions are justified. Statute gives the county treasurer a mandate to take whatever action is “reasonable and necessary” to collect delinquent personal property taxes, including manufactured homes. The county treasurer may determine that an alternative monthly payment plan is a “reasonable and necessary” method of collection.

There are two practical reasons for using an alternative monthly payment plan. First, most delinquent personal property taxes on homesteaded manufactured homes are relatively small. It seems unreasonable to set up a 5-year confession of judgment plan to pay a total delinquent tax amount of \$100 or even \$200. The interest for each year plus the administrative fees add up to more than the total delinquent tax amount in most cases. Consequently, very few taxpayers will offer to confess judgment.

The second practical reason for using an alternative monthly payment plan is that most taxpayers who owe delinquent personal property taxes on a homesteaded manufactured home have relatively small incomes and other assets and are sometimes experiencing temporary financial problems. They may not be able to come up with the lump sum to pay the total delinquent tax amount, but would be willing and able to make small monthly payments.

Considering these two practical reasons, it only makes sense to let the taxpayer make small monthly payments on a small amount of delinquent taxes. This is probably the most likely way that the total delinquent tax amount will be paid voluntarily.

The alternative monthly payment plan should not be granted to all taxpayers with a homesteaded manufactured home. Each tax situation should be examined individually. If a taxpayer has a history of not paying taxes and defaulting on payment plans, the monthly payment plan should probably not be granted. If a taxpayer has a good payment history and is caught in a temporary financial bind, the monthly payment plan should definitely be considered.

The Department of Revenue recommends that any alternative monthly payment plan be based on a formal contract. The contract agreement may be simple, but it should contain at least the basic terms listed below.

1. A statement by which the taxpayer agrees to pay the total delinquent amount due at that time in monthly installments plus interest.
2. A statement stipulating exactly how many months the taxpayer has to pay the total delinquent tax amount plus interest.
3. A statement by which the taxpayer agrees to pay the annual rate of interest as determined under [Minnesota Statute 277.23](#), prorated monthly, charged on the remaining unpaid balance of the total delinquent tax amount, and payable with each monthly installment.

4. A statement stipulating the exact amount of the principal payment each month to which the interest will be added.
5. A statement stipulating the deadline for paying the monthly installments each month.
6. A statement requiring the taxpayer to make out a check or money order for the total monthly payment to the county treasurer, to put the property identification number on the check or money order, and to mail it to the county treasurer's address.

If a taxpayer defaults on an alternative monthly payment plan, the county treasurer will have to cancel the plan and select one of the available methods of enforcing payment or cancel the amount due.

NOTE: Although the alternative monthly payment plan is most appropriate for paying the total delinquent tax amount on a homesteaded manufactured home, it does not have to be limited to that tax situation. The county treasurer could also decide to allow the total delinquent tax amount on a non-homesteaded manufactured home, leased government owned property, elevator or warehouse on leased railroad right-of-way land, or nonmunicipal utility property to be paid under an alternative monthly payment plan. The same criteria should be applied to each tax situation before deciding whether or not to grant the plan.

Oversized Load Moving Permit

[Minnesota Statute 169.86, subdivision 1](#), contains a special provision designed to help the counties reduce the risk of losing delinquent taxes when a manufactured home is removed from the county.

Under this provision, an "oversized load permit" cannot be issued to move a manufactured home until the owner has presented a written statement from the county auditor and the county treasurer where the unit is presently located to the Department of Public Safety. The statement must certify that all personal and real property taxes have been paid. The statement must be dated within 30 days of the move.

As an alternative, the Department of Public Safety itself may obtain the statement from the county auditor and county treasurer by telephone. The telephone statement cannot be obtained by the owner and then passed on to the Department of Public Safety by word of mouth.

If the statement is obtained by telephone, the moving permit must contain the following information: (1) the date and time of the telephone call, and (2) the names of the persons in the county auditor's and county treasurer's offices who certified that all personal and real property taxes have been paid.

There are two exceptions to the above requirement:

1. New manufactured homes that are being moved by the manufacturer or the manufactured home dealer who owns them are exempt from the requirement.
2. A manufactured home dealer or financial institution that is relocating a repossessed manufactured home must pay only the most recent single-year delinquent personal property taxes or current year taxes to receive the county auditor's and county treasurer's statement.

Example #1: The current year payable 1994 taxes and delinquent taxes for payable 1993 and 1992 remain unpaid. Before a moving permit can be issued, the current year payable 1994 taxes must be paid.

Example #2: The current year payable 1994 taxes have been paid. Delinquent taxes for payable 1993 and 1992 remain unpaid. Before a moving permit can be issued, the delinquent taxes for payable 1993 must be paid.

The basic principle is to collect the most recent taxes that remain unpaid before issuing a moving permit.

Note: The personal and real property taxes that must be paid before an oversized load permit may be issued are the personal or real property taxes on the manufactured home itself. For example, this requirement does not apply to:

- The real property taxes owed by the applicant on property located somewhere other than where the manufactured home is located.
- Personal property taxes owed by the applicant but relating to property other than the manufactured home for which a moving permit has been requested.
- The real property taxes owed by another taxpayer for the pad where the manufactured home is presently located.

Property Taxes Paid Before Title Transfer

[Minnesota Statute 168A.05, subdivision 1a](#), states that the Minnesota Department of Public Safety may not issue a certificate of title unless the application for transfer of title is accompanied by a statement from the county auditor or county treasurer where the manufactured home is presently located, stating that all personal property taxes levied on the unit that are due from the current owner at the time of transfer for which the application applies, are paid. For this purpose, manufactured home personal property taxes are treated as levied on January 1 of the payable year.

Property tax statements for manufactured homes must contain a sentence notifying the taxpayer that the title to the manufactured home cannot be transferred unless the property taxes are paid ([Minnesota Statute 273.125, subdivision 3](#)).

This notice should be shown on the back side of the property tax statement. The location is optional, but must be on the copy of the statement that the taxpayer keeps for his/her records.

See the [Property Tax Statement Instructions](#) provided by the Department of Revenue for more information on this required statement.

Exemptions

The provisions for property taxes being paid before title transfer do not apply:

- to a manufactured home which is sold or otherwise disposed of under [Minnesota Statute 504B.271](#) by the owner of a manufactured home park, as defined in [Minnesota Statute 327.14, subdivision 3](#)
- to a manufactured home which is sold pursuant to [Minnesota Statute 504B.265](#) by the owner of a manufactured home park
- to a manufactured home for which a certificate of title is reissued under [Minnesota Statute 168A.142](#)
- if title is to be transferred to an owner of a manufactured home park as defined in [Minnesota Statute 327.14, subdivision 3](#), who provides to the county auditor or treasurer a notarized statement that the manufactured home is to be destroyed or moved to a site and destroyed

([Minnesota Statute 168A.05, subdivisions 1b](#) and [1c](#))

Chapter 12: Distribution of Collections

Overview of Distribution of Collections

When all or part of the total delinquent tax amount is collected, the county treasurer has the responsibility of distributing the various components of the amount collected. The major components of the total delinquent tax amount, the method of distributing them, and the time schedules for distributing them are outlined below.

NOTE: For an explanation of the major components of the total delinquent tax amount, see [Chapter 1](#).

Component #1: The Unpaid Tax Itself

The unpaid tax itself is the major component of the total delinquent tax amount that is collected by the county treasurer. The unpaid tax itself is to be distributed to the appropriate local taxing districts and the state (if the property was subject to the state general tax) according to the regular method and time schedule for settlement and distribution of current real and personal property taxes ([Minnesota Statutes 276.09 through 276.111](#)).

For detailed information about this regular method and time schedule, please refer to the Department of Revenue's calendar of the property tax due dates, settlement dates, and distribution dates. The Property Tax Division maintains a current copy of the calendar on the Department of Revenue website. Go to www.revenue.state.mn.us and search for "Property Tax Calendar."

Component #2: Penalties and Interest

Penalties are always a component of the total delinquent tax amount because they are added automatically the day after the taxes are due and remain unpaid. Interest becomes a component of the total delinquent tax amount starting January 1 of the year following the year when the taxes were due. See [Chapter 2](#) for detailed information about the penalties and interest.

Similar to the unpaid tax itself, the penalties and interest are to be distributed according to the regular time schedule for settlement and distribution of current real and personal property taxes, including manufactured homes, under [Minnesota Statutes 276.09 through 276.111](#).

The current method of apportioning the penalties and interest collected on personal property taxes and special assessments against personal property that are paid after they become delinquent is outlined below ([Minnesota Statute 276.131](#)).

1. All penalties and interest collected on special assessments against personal property, including manufactured homes, are to be distributed to the city or township that levied the assessment.

Note: The Department of Revenue recommends against placing special assessments on personal property. Special assessments are treated in the same way as property taxes on real property, and become liens against the real property.

Note: Because the counties and not the townships levy the ditch assessments or fees, the penalties and interest on ditch assessments or fees are to be apportioned to the counties in which the property is

located and not to the townships. The amount received by a county for this purpose is to be deposited in the county ditch fund.

2. 50% of all penalties collected on personal property taxes, including manufactured homes, is to be apportioned to the county in which the property is located, and the other 50% is to be apportioned to all of the school districts in the county in proportion to each school district's taxable net tax capacity within the county in the prior levy year, for taxes payable in the year of the collection, as provided in [Minnesota Statute 127A.34](#). The taxable net tax capacity of a school district for this purpose is the net tax capacity excluding powerline credit, tax increment, and fiscal disparity contribution net tax capacities (fiscal disparity distribution value is not included in this net tax capacity).

Note: Cities, towns, special taxing districts, tax increment financing districts, and the state are not authorized to receive any portion of the penalties collected on personal property taxes, including manufactured homes.

The penalties are to be distributed according to the regular schedule for settlement and distribution of current property taxes. For more detailed information about this regular schedule, please refer to the Department of Revenue's calendar of the property tax due dates, the settlement dates, and the distribution dates for the upcoming taxes payable year. The Property Tax Division maintains a current copy of the calendar on the Department of Revenue website. Go to www.revenue.state.mn.us and search for "Property Tax Calendar."

3. Effective for interest collected on personal property taxes, including manufactured homes, after June 30, 1999, the following apportionment is to be made:

(a) In the case of interest on taxes that have been delinquent for a period of one year or less, 50% is to be apportioned to the county in which the property is located, and the other 50% is to be apportioned to all of the school districts in the county in proportion to each school district's taxable net tax capacity within the county in the prior levy year, for taxes payable in the year of the collection, as provided in [Minnesota Statute 127A.34](#). (See the definition of taxable net tax capacity on the previous page.)

(b) In the case of interest on taxes that have been delinquent for a period of more than one year, 50% is to be apportioned to all of the school districts in the county in proportion to each school district's taxable net tax capacity within the county in the prior levy year, as provided in [Minnesota Statute 127A.34](#), and the remaining 50% is to be apportioned between the county and the city or town where the property is located. The apportionment between the city or town and the county is to be based on their net tax capacity local tax rates for the taxes payable year in which the interest is collected. The share for the city or town is equal to its net tax capacity local tax rate as a proportion of the sum of the net tax capacity local tax rates for the city or town and the county. The county gets the balance remaining after the city or town share.

Interest on personal property taxes, including manufactured homes, collected on or before June 30, 1999 should be distributed in accordance with previous law.

Note: Special taxing districts, tax increment financing districts, and the state are not authorized to receive any portion of the interest collected on personal property taxes.

The interest is to be distributed according to the regular schedule for settlement and distribution of current property taxes. For more detailed information about this regular schedule, please refer to the Department of Revenue's calendar of the property tax due dates, the settlement dates, and the distribution dates for the

upcoming taxes payable year. The Property Tax Division maintains a current copy of the calendar on the Department of Revenue web website. Go to www.revenue.state.mn.us and search for “Property Tax Calendar.”

Component #3: Fees for Recording and Releasing a Tax Lien

The fees for recording and releasing a tax lien become a component of the total delinquent tax amount only if the county treasurer actually files a notice of tax lien, a notice of transcription of tax lien, or a notice of renewal of tax lien. See [Chapter 4](#) for detailed information about recording and releasing a tax lien.

The fees for recording and releasing a tax lien must be paid directly to the county recorder when the county treasurer files a notice of release of tax lien. By that time, the county treasurer has collected the required recording and releasing fees as part of the total delinquent tax amount and is able to pass that money directly to the county recorder when the notice of release of tax lien is filed.

Component #4: County Sheriff’s Fees

County sheriff’s fees become a component of the total delinquent tax amount only if the county treasurer officially involves the county sheriff in the enforced collection process. If involved, the sheriff’s fees, as authorized by statute, will be added to the total delinquent tax amount owed by the taxpayer. See [Chapter 6](#), [9](#), and [10](#) for detailed information about the county sheriff’s involvement in the enforced collection process.

The payment of the county sheriff’s fees are handled in one of the two general ways outlined below.

1. If the county sheriff seizes the taxpayer’s property and a third-party makes the highest bid at the sheriff’s sale, the sheriff collects the sale price from the third-party, withholds the sheriff’s fees, and submits the balance to the county treasurer. The county treasurer will distribute the components of the amount received from the sheriff according to the above methods and time schedules.
2. If the county sheriff seizes the taxpayer’s property and the county treasurer makes the highest bid at the sheriff’s sale, the county treasurer sells the property, sends the fees to the county sheriff, and distributes the components of the remaining balance according to the above methods and time schedules.

Component #5: Court Costs

Court costs become a component of the total delinquent tax amount only if the county treasurer officially obtains a court judgment against the taxpayer’s property. If the court enters judgment, the court costs as authorized by statute will be added to the total delinquent tax amount owed by the taxpayer. See [Chapters 6](#) and [10](#) for detailed information about the court’s involvement in the enforced collection process.

After the total delinquent tax amount is collected, the county treasurer must pay the court costs directly to the court administrator. The components of the remaining balance will be distributed by the county treasurer according to the above methods and time schedules.

Special Case: TIF Districts

A tax increment financing (TIF) district that qualifies to receive current year tax increments is to share in tax delinquencies the same as the taxing districts. TIF districts receive a share of the taxes actually collected, not the

amount extended. When delinquent taxes are collected from a parcel located in a TIF district, the TIF district is to receive a share of the delinquent tax payment. The portion that a TIF district receives is based on its regular tax settlement percentage ([Minnesota Statutes 469.176](#)).

A portion of the delinquent increment parcel taxes collected after a TIF district has gone out of existence are to be paid to the TIF authority if the delinquency caused outstanding bonds or contractual obligations to be paid by sources other than tax increment or to go unpaid. The TIF district portion is based on the district's regular tax settlement percentage in the year of the delinquency. The TIF authority is to provide the county auditor with the information that is needed to make the delinquent tax settlement.

Delinquent increment parcel taxes collected after a TIF district has gone out of existence and where there is no required payment to be made to the TIF district are to be distributed to all taxing districts including special taxing districts. Regular tax settlement percentages are to be used to make this distribution.