



# Olmsted County Hardship Abatement Policy for Commercial/Industrial Properties Financially Impacted by COVID-19

***Last updated: 12/16/2020***

Olmsted County is aware of the serious impacts of COVID-19 in our local area and across the U.S. This includes a significant impact to owners of commercial and industrial businesses and their ability to pay property taxes in a timely manner. This policy is intended to provide some temporary relief for those business owners, defer payment of some of the taxes, and abate some of the penalties and interest to help those businesses recover.

## **Abatement program criteria**

1. Properties must be classified as a commercial or industrial property in Olmsted County to potentially qualify for this abatement program. Apartment and agricultural properties will not qualify.
2. Property owners need to have paid at least 25% of abatement year property taxes prior to the time of application.
3. Property owners must have been current on their property taxes as of March 1, 2020.
4. Business revenue must have decreased by 30% or more as a result of the COVID-19 pandemic compared to 2019.
5. The business must have been in operation as of March 1, 2020.
6. The business must have been in good standing with Minnesota Secretary of State as of March 1, 2020.

## **Program exclusion criteria**

1. Properties enrolled in a tax increment financing (TIF) program or in the Property Assessed Clean Energy (PACE) program will be excluded.
2. Properties currently participating in confession of judgment will be excluded because they are already on a preapproved payment schedule for taxes.
3. Properties with a business deriving income from passive investments without operational ties to operating businesses will be excluded.
4. Properties with a business primarily focusing on speculative activities based on fluctuations in price rather than the normal course of trade will be excluded.
5. Properties with a business earning more than half of its annual net revenue from lending will be excluded.
6. Properties with a business engaging in pyramid sales, where a participant's primary incentive is based on the sales of an ever-increasing number of participants, will be excluded.
7. Properties with a business engaging in activities prohibited by federal law or applicable law in the local jurisdiction of the business will be excluded.
8. Properties with a business engaging in gambling enterprises, unless the business earns less than 50% of its annual net revenue from lottery sales, will be excluded.
9. Properties with a business owned in-whole or in-part by Olmsted County employees will be excluded.

10. Properties with a business in default conditions as of March 1, 2020. "Default" is defined as the business being late on any payments owed to its creditors more than 60 days as of that date will be excluded.
11. Properties with a business that was permanently closed at the time of application will be excluded.
12. Properties that have a petition currently pending before the Minnesota Tax Court challenging 2019 tax assessments or earlier will be excluded.
13. Properties where a lender is making periodic property tax payments to Olmsted County on behalf of the property owner through an escrow arrangement are excluded.
14. Properties where the taxes have already been paid in full for 2020.

## **Tax relief permitted if approved**

1. A waiver of penalty, interest, and fees for taxes payable in 2020 will be authorized for approved applicants.
2. Penalties or interest that may accrue on unpaid 2020 property taxes after December 15, 2020 are eligible for abatement.
3. Approved applicants will be allowed a 6- to 18-month period to pay back taxes, which are in arrears, starting January 1, 2021. The pay-back period and the total amount of tax due will be determined by Olmsted County staff.
4. Approved applicants must make monthly payments toward the outstanding balance owed as determined by Olmsted County staff. Failure to make monthly payments as required will result in penalty, interest, and fees being reinstated.
5. If abatement is sought for more than one tax year, there will need to be a separate abatement application submitted for each year's taxes.
6. Being approved for an abatement through this program will not halt the normal delinquency and tax forfeiture process for affected properties.

## **Process to seek abatement**

1. **Applicants must apply by 5 p.m. on February 15, 2021. Applications must be submitted by the property owner.**
2. Applicants will be required to submit the following with the application:
  - a. 2019 Federal Business Tax Return or appropriate Business Tax Schedule based on entity type.
  - b. Evidence of at least 30% decrease in monthly net profit related to the COVID-19 emergency. Applicants should submit documentation that best demonstrates the financial impact and ensure it is deemed acceptable by Olmsted County. Examples of acceptable documentation include 2019 and 2020 year to date balance sheet and income statements, Sales Tax Reporting, Period Statements from 3rd party Sales Platforms, Merchant Services Statements, and Point of Sale or Register reports, Third-Party Payroll Processor reports, federal Form 941/employer's quarterly federal tax return, or other state or federal payroll-related filings.
  - c. Evidence indicating whether the business received CARES Act funding to offset COVID-19 related losses. If so, how much was received and when?

Failure to submit required documentation will result in denial of the abatement application.

3. Applications will be reviewed by Olmsted County staff with a recommendation to the Olmsted County Board of Commissioners.
4. **Applications will require approval from the Olmsted County Board of Commissioners.**
5. Olmsted County staff will notify the applicable city and school district of any abatement of penalties and interest which is approved in excess of \$10,000 for any specific jurisdiction.