

Bond Case Briefs

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EXEMPT ORGANIZATIONS - MINNESOTA

Living Word Bible Camp v. County of Itasca

Supreme Court of Minnesota - April 24, 2013 - N.W.2d - 2013 WL 1748616

Supreme Court of Minnesota holds that property acquired by a tax-exempt entity is exempt from taxation for a reasonable time while the property is being adapted and fitted for the proposed use.

Taxpayer, owner of property for which it sought to obtain necessary governmental approvals for use as a summer bible camp and retreat center, challenged reclassification of its property as taxable for certain assessment years.

The Supreme Court of Minnesota held that:

- Tax court was required to consider whether taxpayer's conduct demonstrated reasonable diligence toward implementing its proposed tax-exempt use of its property as institution of purely public charity; and
- Tax court was required to consider whether taxpayer's current activities demonstrated that proposed future use of property supported continued exemption.

Property acquired by a tax-exempt entity is exempt from taxation for a reasonable time while the property is being adapted and fitted for the proposed use. Taxpayer presented evidence of steps it had taken to obtain necessary governmental approvals, while the lower court focused only on taxpayer's failure to attain success in legal proceedings to obtain necessary government approvals.