

# **Bond Case Briefs**

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## **TAX - MINNESOTA**

### **Living Word Bible Camp v. County of Itasca**

**Minnesota Tax Court, Ninth Judicial District, Itasca County, Regular Division - October 16, 2013 - 2013 WL 5733573**

Living Word Bible Camp, a tax-exempt organization owns approximately 273 acres located on Deer Lake in Itasca County. At Living Word's request, the County classified the subject property as tax-exempt from 2001 to 2007. However, the County reclassified the subject property as taxable for the January 2, 2008 and January 2, 2009 assessment dates. Living Word challenged the reclassification for both years.

On remand from the Minnesota Supreme Court, the Tax Court addressed two issues: (1) whether Living Word was an institution of purely public charity on the assessment dates; and (2) whether the caretakers' occupancy of the renovated cabin while conducting the affairs of Living Word and preparing the subject property for development makes the cabin parcel subject to property tax

After an exhaustive analysis, found that that Living Word satisfied all six North Star factors and therefore qualified as an institution of purely public charity for the time periods in question. Because Living Word was making sufficient progress towards the development of the subject property for its intended use as a bible camp, the property was exempt from property taxes payable during those period as well.

The Tax Court concluded that the caretakers' presence at the cabin to conduct Living Word's affairs—without remuneration—represents a valuable donation of their time and expertise. Their use of the cabin in connection with this donation is entirely incidental, and does not constitute a dividend of any kind. The cabin parcel was also deemed tax-exempt on the assessment dates.