

SUPREME COURT OF MINNESOTA

78th Street OwnerCo, LLC v. County of Hennepin

813 N.W.2d 409 (Minn. 2012) · Decided May 16, 2012

SUMMARY

The Minnesota Supreme Court affirmed dismissal of 78th Street OwnerCo’s petitions challenging Hennepin County property tax assessments. The court held that Minnesota’s 60-day rule required disclosure of available percentage-rent information for the 2007 petition and specified rent-roll information for the 2008 petition, and concluded that the rule was not unconstitutionally vague as applied.

CASE DETAILS

COURT	Supreme Court of Minnesota
WRITING FOR THE COURT	Page, Justice
JURISDICTION	Minnesota
DECIDED	May 16, 2012
DISPOSITION	affirmed
PROCEDURAL POSTURE	Relator sought review by writ of certiorari of the Minnesota Tax Court’s dismissal of its petitions challenging Hennepin County property-tax assessments for the 2007 and 2008 assessment years. The Minnesota Supreme Court reinstated the appeal after remand for resolution of a motion for amended findings and affirmed the dismissals.
STANDARD OF REVIEW	When facts are undisputed, statutory-interpretation questions and the tax court’s rulings of law are reviewed de novo. Constitutional challenges to statutes are also reviewed de novo.
PRECEDENTIAL VALUE	Published precedential opinion of the Supreme Court of Minnesota
PARTIES	78th Street OwnerCo, LLC v. County of Hennepin

TOPICS

[property tax](#)[tax court procedure](#)[statutory interpretation](#)[constitutional law](#)

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the 2007 petition was properly dismissed because 78th Street failed to provide percentage-rent information within the statutory 60-day period.
2. Whether the 2008 petition was properly dismissed because 78th Street failed to provide all information required for a rent roll within the statutory 60-day period.
3. Whether the Minnesota statutory 60-day documentation rule was unconstitutionally vague as applied to 78th Street.

HOLDINGS

1. A petitioner contesting property valuation must provide all information in its possession bearing on income and expenses, including available information concerning base rent, percentage rent paid, and the mechanism for determining percentage rent. Because 78th Street failed to provide that information within the statutory period, dismissal of the 2007 petition was proper.
2. The 2008 version of the 60-day rule required 78th Street to provide information in its possession corresponding to the statutorily specified rent-roll categories, even though it did not maintain a document formally titled a rent roll. Because it omitted tenant names, lease dates, option terms, and base-rent information, dismissal of the 2008 petition was proper.
3. Minn. Stat. § 278.05, subd. 6(a), as applied under both the 2006 and 2008 versions, was not unconstitutionally vague. The 2008 rent-roll requirement was particularly clear because the statute specifically enumerated the information required.

KEY QUOTATIONS

“the statute’s text requires the petitioner to provide all information within its possession, even though the petitioner deems certain portions of that information to be incomplete or not fully accurate.” (413)

“the “broad relevancy standard” of the statute, “at the very least, contemplates that petitioners provide all information in the possession of petitioners bearing on the income and expenses attributable to the property” (414)

“To allow 78th Street to decline to provide this information because it believes the information is irrelevant would impermissibly shift the burden of proof in 78th Street’s tax appeal to the County.” (415)

“While 78th Street is not required to create documents in order to satisfy the requirements of subdivision 6(a), the fact that it does not maintain a rent roll does not excuse it from having to provide the information in its possession that would be included as part of a “rent roll.”” (416)

FACTUAL BACKGROUND

78th Street OwnerCo owned and leased the Sofitel Hotel property in Bloomington, Minnesota, to a related entity. In response to the County's property-tax assessment petitions, 78th Street timely submitted financial statements, operating budgets, and asset and depreciation reports, but did not submit the lease, percentage-rent calculations,

or, for the 2008 petition, all information required for a rent roll. The omitted information was in 78th Street's possession, and the lease was not submitted until well after the statutory deadline.

PROCEDURAL HISTORY

78th Street filed separate petitions in Hennepin County District Court challenging property assessments, and the petitions were consolidated and transferred to the tax court. The tax court granted the County's motions to dismiss under the statutory 60-day documentation rule because 78th Street failed to provide required percentage-rent information for the 2007 petition and required rent-roll information for the 2008 petition. After the tax court denied amended findings, the Supreme Court of Minnesota reinstated the appeal and affirmed.

DISPOSITION

affirmed

CASES CITED

- Irongate Enterprises, Inc. v. County of St. Louis, 736 N.W.2d 326 (Minn. 2007)
- Kmart Corp. v. County of Stearns, 710 N.W.2d 761 (Minn. 2006)
- BFW Co. v. County of Ramsey, 566 N.W.2d 702 (Minn. 1997)
- Kmart Corp. v. County of Becker, 639 N.W.2d 856 (Minn. 2002)
- Kmart Corp. v. County of Douglas, 639 N.W.2d 863 (Minn. 2002)
- Kmart Corp. v. County of St. Louis, 639 N.W.2d 866 (Minn. 2002)
- ILHC of Eagan, LLC v. County of Dakota, 693 N.W.2d 412 (Minn. 2005)
- In re Haggerty, 448 N.W.2d 363 (Minn. 1989)
- Erie Mining Co. v. Commissioner of Revenue, 343 N.W.2d 261 (Minn. 1984)
- Gonzales v. Commissioner of Revenue, 706 N.W.2d 909 (Minn. 2005)