

SUPREME COURT OF MINNESOTA

Wal-Mart Real Estate Bus. Trust v. Cnty. of Anoka

931 N.W.2d 382 (Minn. 2019) · Decided July 17, 2019

SUMMARY

The Minnesota Supreme Court held that retail properties containing businesses operated by franchisees under lease arrangements are "income-producing properties" under Minnesota's mandatory-disclosure statute, even when the property owner does not directly receive the rental income. The court further held that the taxpayer's disclosures were inadequate because they omitted multiple categories of required information. It affirmed dismissal of the taxpayer's petitions challenging the county's property-tax assessments.

CASE DETAILS

COURT	Supreme Court of Minnesota
WRITING FOR THE COURT	Justice Chutich; Justice Anderson
JURISDICTION	Minnesota
DECIDED	July 17, 2019
DISPOSITION	affirmed
PROCEDURAL POSTURE	The relator filed certiorari appeals from Minnesota Tax Court orders dismissing three property-tax petitions for failure to comply with the mandatory-disclosure requirements of Minn. Stat. § 278.05, subd. 6. The Minnesota Supreme Court consolidated the appeals for briefing and non-oral consideration.
STANDARD OF REVIEW	Review of a Tax Court decision is limited to whether the Tax Court lacked jurisdiction, its order was unjustified by the evidence or not in conformity with law, or it committed another error of law. Questions of law are reviewed de novo, factual findings for clear error, and the application of law to facts de novo.
PRECEDENTIAL VALUE	published precedential opinion of the Minnesota Supreme Court
PARTIES	Wal-Mart Real Estate Business Trust v. County of Anoka

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QUESTIONS PRESENTED

1. Whether properties containing retail-store vestibule businesses that generate rental income for the operator, but not directly for the property owner, are income-producing properties under Minn. Stat. § 278.05, subd. 6.
2. Whether the Trust's abbreviated compliance submissions satisfied the mandatory-disclosure requirements of Minn. Stat. § 278.05, subd. 6(a).

HOLDINGS

1. A property is income-producing for purposes of Minn. Stat. § 278.05, subd. 6 when the property itself generates income, even if the property owner is not the ultimate recipient of that income and the income is received by a related operating entity.
2. The Trust's disclosures were inadequate because they failed to provide every category of information required by the statute, and the absence of the precise statutory documents did not excuse the Trust from providing the required information in another available format.

KEY QUOTATIONS

"The term 'income-producing property' simply means that the mandatory-disclosure obligation is triggered whenever the property itself generates income, and not just, as the Trust argues, when the property owner is the recipient of that income." (387)

"A petitioner may not refuse to provide information based on its own assessment that such information is inaccurate or incomplete and thus unhelpful to valuation." (388)

"Because the Trust's compliance submissions did not satisfy every category of information enumerated by the mandatory-disclosure rule, and no exception to the rule applies, the tax court correctly dismissed the Trust's petitions under Minnesota Statutes section 278.05, subdivision 6(b)." (389)

FACTUAL BACKGROUND

Wal-Mart Real Estate Business Trust owned three parcels containing Walmart retail stores in Anoka County. Walmart, the Trust's wholly owned parent, operated vestibule businesses within the stores under master lease agreements and site-specific attachments requiring rent, including base rent and percentages of gross sales. The Trust received no income directly from the arrangements, but it submitted abbreviated compliance charts when challenging the County's property valuations. The charts omitted multiple categories of information required by the mandatory-disclosure statute.

PROCEDURAL HISTORY

Wal-Mart Real Estate Business Trust challenged Anoka County's assessments of three retail properties. The Tax Court dismissed the petitions because the properties were income-producing and the Trust's disclosures were

inadequate. The Trust timely appealed by certiorari, and the Minnesota Supreme Court affirmed.

DISPOSITION

affirmed

CASES CITED

- Langer v. Comm'r of Revenue, 773 N.W.2d 77, 80 (Minn. 2009)
- Antonello v. Comm'r of Revenue, 884 N.W.2d 640, 647 (Minn. 2016)
- Morton Bldgs., Inc. v. Comm'r of Revenue, 488 N.W.2d 254, 257 (Minn. 1992)
- 78th St. OwnerCo, LLC v. County of Hennepin, 813 N.W.2d 409, 413-16 (Minn. 2012)
- Kmart Corp. v. County of Becker, 639 N.W.2d 856, 859-61 (Minn. 2002)
- Nw. Airlines, Inc. v. County of Hennepin, 632 N.W.2d 216, 219-20 (Minn. 2001)
- Kmart Corp. v. County of Stearns, 710 N.W.2d 761, 766-67 (Minn. 2006)
- BFW Co. v. County of Ramsey, 566 N.W.2d 702, 705 (Minn. 1997)
- Irongate Enters., Inc. v. County of St. Louis, 736 N.W.2d 326, 331 (Minn. 2007)
- KCP Hastings, LLC v. County of Dakota, 868 N.W.2d 268, 271 (Minn. 2015)
- Gates v. Herberger, 202 Minn. 610, 279 N.W. 711, 712 (1938)