

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 1121

(SENATE AUTHORS: EICHORN, Howe, Lang, Jasinski and Draheim)

DATE
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Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; property; repealing the state general tax; amending Minnesota
1.3 Statutes 2022, sections 273.1231, subdivision 6; 273.13, subdivision 25; 275.065,
1.4 subdivision 3; 275.28, subdivision 1; 469.1794, subdivision 5; repealing Minnesota
1.5 Statutes 2022, sections 273.42; 275.025, subdivisions 1, 2, 3, 4, 5, 6; 276.112.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2022, section 273.1231, subdivision 6, is amended to read:

1.8 Subd. 6. **Net tax.** "Net tax" means the market value and net tax capacity taxes imposed
1.9 on real and personal property under section 272.01, ~~including the levy under section 275.025,~~
1.10 after the subtractions listed in section 273.1393, clauses (2) to (9). Net tax excludes special
1.11 assessments regardless of how computed.

1.12 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2024.

1.13 Sec. 2. Minnesota Statutes 2022, section 273.13, subdivision 25, is amended to read:

1.14 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units
1.15 and used or held for use by the owner or by the tenants or lessees of the owner as a residence
1.16 for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a
1.17 also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt
1.18 under section 272.02, and contiguous property used for hospital purposes, without regard
1.19 to whether the property has been platted or subdivided. The market value of class 4a property
1.20 has a classification rate of 1.25 percent.

1.21 (b) Class 4b includes:

2.1 (1) residential real estate containing less than four units, including property rented as a
2.2 short-term rental property for more than 14 days in the preceding year, that does not qualify
2.3 as class 4bb, other than seasonal residential recreational property;

2.4 (2) manufactured homes not classified under any other provision;

2.5 (3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm
2.6 classified under subdivision 23, paragraph (b) containing two or three units; and

2.7 (4) unimproved property that is classified residential as determined under subdivision
2.8 33.

2.9 For the purposes of this paragraph, "short-term rental property" means nonhomestead
2.10 residential real estate rented for periods of less than 30 consecutive days.

2.11 The market value of class 4b property has a classification rate of 1.25 percent.

2.12 (c) Class 4bb includes:

2.13 (1) nonhomestead residential real estate containing one unit, other than seasonal
2.14 residential recreational property;

2.15 (2) a single family dwelling, garage, and surrounding one acre of property on a
2.16 nonhomestead farm classified under subdivision 23, paragraph (b); and

2.17 (3) a condominium-type storage unit having an individual property identification number
2.18 that is not used for a commercial purpose.

2.19 Class 4bb property has the same classification rates as class 1a property under subdivision
2.20 22.

2.21 Property that has been classified as seasonal residential recreational property at any time
2.22 during which it has been owned by the current owner or spouse of the current owner does
2.23 not qualify for class 4bb.

2.24 (d) Class 4c property includes:

2.25 (1) except as provided in subdivision 22, paragraph (c), real and personal property
2.26 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,
2.27 for not more than 250 days in the year preceding the year of assessment. For purposes of
2.28 this clause, property is devoted to a commercial purpose on a specific day if any portion of
2.29 the property is used for residential occupancy, and a fee is charged for residential occupancy.
2.30 Class 4c property under this clause must contain three or more rental units. A "rental unit"
2.31 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site
2.32 equipped with water and electrical hookups for recreational vehicles. A camping pad offered

3.1 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c
3.2 under this clause regardless of the term of the rental agreement, as long as the use of the
3.3 camping pad does not exceed 250 days. In order for a property to be classified under this
3.4 clause, either (i) the business located on the property must provide recreational activities,
3.5 at least 40 percent of the annual gross lodging receipts related to the property must be from
3.6 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid
3.7 bookings by lodging guests during the year must be for periods of at least two consecutive
3.8 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for
3.9 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,
3.10 and must be located in a township or a city with a population of 2,500 or less located outside
3.11 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion
3.12 of a state trail administered by the Department of Natural Resources. For purposes of item
3.13 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c
3.14 property also includes commercial use real property used exclusively for recreational
3.15 purposes in conjunction with other class 4c property classified under this clause and devoted
3.16 to temporary and seasonal residential occupancy for recreational purposes, up to a total of
3.17 two acres, provided the property is not devoted to commercial recreational use for more
3.18 than 250 days in the year preceding the year of assessment and is located within two miles
3.19 of the class 4c property with which it is used. In order for a property to qualify for
3.20 classification under this clause, the owner must submit a declaration to the assessor
3.21 designating the cabins or units occupied for 250 days or less in the year preceding the year
3.22 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate
3.23 share of the land on which they are located must be designated class 4c under this clause
3.24 as otherwise provided. The remainder of the cabins or units and a proportionate share of
3.25 the land on which they are located will be designated as class 3a. The owner of property
3.26 desiring designation as class 4c property under this clause must provide guest registers or
3.27 other records demonstrating that the units for which class 4c designation is sought were not
3.28 occupied for more than 250 days in the year preceding the assessment if so requested. The
3.29 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center
3.30 or meeting room, and (5) other nonresidential facility operated on a commercial basis not
3.31 directly related to temporary and seasonal residential occupancy for recreation purposes
3.32 does not qualify for class 4c. For the purposes of this paragraph, "recreational activities"
3.33 means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country
3.34 ski equipment; providing marina services, launch services, or guide services; or selling bait
3.35 and fishing tackle;

3.36 (2) qualified property used as a golf course if:

4.1 (i) it is open to the public on a daily fee basis. It may charge membership fees or dues,
 4.2 but a membership fee may not be required in order to use the property for golfing, and its
 4.3 green fees for golfing must be comparable to green fees typically charged by municipal
 4.4 courses; and

4.5 (ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

4.6 A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with
 4.7 the golf course is classified as class 3a property;

4.8 (3) real property up to a maximum of three acres of land owned and used by a nonprofit
 4.9 community service oriented organization and not used for residential purposes on either a
 4.10 temporary or permanent basis, provided that:

4.11 (i) the property is not used for a revenue-producing activity for more than six days in
 4.12 the calendar year preceding the year of assessment; or

4.13 (ii) the organization makes annual charitable contributions and donations at least equal
 4.14 to the property's previous year's property taxes and the property is allowed to be used for
 4.15 public and community meetings or events for no charge, as appropriate to the size of the
 4.16 facility.

4.17 For purposes of this clause:

4.18 (A) "charitable contributions and donations" has the same meaning as lawful gambling
 4.19 purposes under section 349.12, subdivision 25, excluding those purposes relating to the
 4.20 payment of taxes, assessments, fees, auditing costs, and utility payments;

4.21 ~~(B) "property taxes" excludes the state general tax;~~

4.22 ~~(C)~~ (B) a "nonprofit community service oriented organization" means any corporation,
 4.23 society, association, foundation, or institution organized and operated exclusively for
 4.24 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from
 4.25 federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal
 4.26 Revenue Code; and

4.27 ~~(D)~~ (C) "revenue-producing activities" shall include but not be limited to property or
 4.28 that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt
 4.29 liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling
 4.30 alley, a retail store, gambling conducted by organizations licensed under chapter 349, an
 4.31 insurance business, or office or other space leased or rented to a lessee who conducts a
 4.32 for-profit enterprise on the premises.

5.1 Any portion of the property not qualifying under either item (i) or (ii) is class 3a. The
5.2 use of the property for social events open exclusively to members and their guests for periods
5.3 of less than 24 hours, when an admission is not charged nor any revenues are received by
5.4 the organization shall not be considered a revenue-producing activity.

5.5 The organization shall maintain records of its charitable contributions and donations
5.6 and of public meetings and events held on the property and make them available upon
5.7 request any time to the assessor to ensure eligibility. An organization meeting the requirement
5.8 under item (ii) must file an application by May 1 with the assessor for eligibility for the
5.9 current year's assessment. The commissioner shall prescribe a uniform application form
5.10 and instructions;

5.11 (4) postsecondary student housing of not more than one acre of land that is owned by a
5.12 nonprofit corporation organized under chapter 317A and is used exclusively by a student
5.13 cooperative, sorority, or fraternity for on-campus housing or housing located within two
5.14 miles of the border of a college campus;

5.15 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding
5.16 manufactured home parks described in items (ii) and (iii), (ii) manufactured home parks as
5.17 defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision
5.18 3a, and (iii) class I manufactured home parks as defined in section 327C.015, subdivision
5.19 2;

5.20 (6) real property that is actively and exclusively devoted to indoor fitness, health, social,
5.21 recreational, and related uses, is owned and operated by a not-for-profit corporation, and is
5.22 located within the metropolitan area as defined in section 473.121, subdivision 2;

5.23 (7) a leased or privately owned noncommercial aircraft storage hangar not exempt under
5.24 section 272.01, subdivision 2, and the land on which it is located, provided that:

5.25 (i) the land is on an airport owned or operated by a city, town, county, Metropolitan
5.26 Airports Commission, or group thereof; and

5.27 (ii) the land lease, or any ordinance or signed agreement restricting the use of the leased
5.28 premise, prohibits commercial activity performed at the hangar.

5.29 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be
5.30 filed by the new owner with the assessor of the county where the property is located within
5.31 60 days of the sale;

5.32 (8) a privately owned noncommercial aircraft storage hangar not exempt under section
5.33 272.01, subdivision 2, and the land on which it is located, provided that:

6.1 (i) the land abuts a public airport; and

6.2 (ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement
6.3 restricting the use of the premises, prohibiting commercial use or activity performed at the
6.4 hangar; and

6.5 (9) residential real estate, a portion of which is used by the owner for homestead purposes,
6.6 and that is also a place of lodging, if all of the following criteria are met:

6.7 (i) rooms are provided for rent to transient guests that generally stay for periods of 14
6.8 or fewer days;

6.9 (ii) meals are provided to persons who rent rooms, the cost of which is incorporated in
6.10 the basic room rate;

6.11 (iii) meals are not provided to the general public except for special events on fewer than
6.12 seven days in the calendar year preceding the year of the assessment; and

6.13 (iv) the owner is the operator of the property.

6.14 The market value subject to the 4c classification under this clause is limited to five rental
6.15 units. Any rental units on the property in excess of five, must be valued and assessed as
6.16 class 3a. The portion of the property used for purposes of a homestead by the owner must
6.17 be classified as class 1a property under subdivision 22;

6.18 (10) real property up to a maximum of three acres and operated as a restaurant as defined
6.19 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under
6.20 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to
6.21 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent
6.22 of its annual gross receipts from business conducted during four consecutive months. Gross
6.23 receipts from the sale of alcoholic beverages must be included in determining the property's
6.24 qualification under item (ii). The property's primary business must be as a restaurant and
6.25 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.
6.26 Owners of real property desiring 4c classification under this clause must submit an annual
6.27 declaration to the assessor by February 1 of the current assessment year, based on the
6.28 property's relevant information for the preceding assessment year;

6.29 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as
6.30 a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public
6.31 and devoted to recreational use for marina services. The marina owner must annually provide
6.32 evidence to the assessor that it provides services, including lake or river access to the public
6.33 by means of an access ramp or other facility that is either located on the property of the

7.1 marina or at a publicly owned site that abuts the property of the marina. No more than 800
7.2 feet of lakeshore may be included in this classification. Buildings used in conjunction with
7.3 a marina for marina services, including but not limited to buildings used to provide food
7.4 and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified
7.5 as class 3a property; and

7.6 (12) real and personal property devoted to noncommercial temporary and seasonal
7.7 residential occupancy for recreation purposes.

7.8 Class 4c property has a classification rate of 1.5 percent of market value, except that (i)
7.9 each parcel of noncommercial seasonal residential recreational property under clause (12)
7.10 has the same classification rates as class 4bb property, (ii) manufactured home parks assessed
7.11 under clause (5), item (i), have the same classification rate as class 4b property, the market
7.12 value of manufactured home parks assessed under clause (5), item (ii), have a classification
7.13 rate of 0.75 percent if more than 50 percent of the lots in the park are occupied by
7.14 shareholders in the cooperative corporation or association and a classification rate of one
7.15 percent if 50 percent or less of the lots are so occupied, and class I manufactured home
7.16 parks as defined in section 327C.015, subdivision 2, have a classification rate of 1.0 percent,
7.17 (iii) commercial-use seasonal residential recreational property and marina recreational land
7.18 as described in clause (11), has a classification rate of one percent for the first \$500,000 of
7.19 market value, and 1.25 percent for the remaining market value, (iv) the market value of
7.20 property described in clause (4) has a classification rate of one percent, (v) the market value
7.21 of property described in clauses (2), (6), and (10) has a classification rate of 1.25 percent,
7.22 (vi) that portion of the market value of property in clause (9) qualifying for class 4c property
7.23 has a classification rate of 1.25 percent, and (vii) property qualifying for classification under
7.24 clause (3) that is owned or operated by a congressionally chartered veterans organization
7.25 has a classification rate of one percent. The commissioner of veterans affairs must provide
7.26 a list of congressionally chartered veterans organizations to the commissioner of revenue
7.27 by June 30, 2017, and by January 1, 2018, and each year thereafter.

7.28 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
7.29 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of
7.30 the units in the building qualify as low-income rental housing units as certified under section
7.31 273.128, subdivision 3, only the proportion of qualifying units to the total number of units
7.32 in the building qualify for class 4d. The remaining portion of the building shall be classified
7.33 by the assessor based upon its use. Class 4d also includes the same proportion of land as
7.34 the qualifying low-income rental housing units are to the total units in the building. For all

8.1 properties qualifying as class 4d, the market value determined by the assessor must be based
8.2 on the normal approach to value using normal unrestricted rents.

8.3 (f) The first tier of market value of class 4d property has a classification rate of 0.75
8.4 percent. The remaining value of class 4d property has a classification rate of 0.25 percent.
8.5 For the purposes of this paragraph, the "first tier of market value of class 4d property" means
8.6 the market value of each housing unit up to the first tier limit. For the purposes of this
8.7 paragraph, all class 4d property value must be assigned to individual housing units. The
8.8 first tier limit is \$100,000 for assessment years 2022 and 2023. For subsequent assessment
8.9 years, the limit is adjusted each year by the average statewide change in estimated market
8.10 value of property classified as class 4a and 4d under this section for the previous assessment
8.11 year, excluding valuation change due to new construction, rounded to the nearest \$1,000,
8.12 provided, however, that the limit may never be less than \$100,000. Beginning with
8.13 assessment year 2015, the commissioner of revenue must certify the limit for each assessment
8.14 year by November 1 of the previous year.

8.15 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2024.

8.16 Sec. 3. Minnesota Statutes 2022, section 275.065, subdivision 3, is amended to read:

8.17 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and
8.18 the county treasurer shall deliver after November 10 and on or before November 24 each
8.19 year, by first class mail to each taxpayer at the address listed on the county's current year's
8.20 assessment roll, a notice of proposed property taxes. Upon written request by the taxpayer,
8.21 the treasurer may send the notice in electronic form or by electronic mail instead of on paper
8.22 or by ordinary mail.

8.23 (b) The commissioner of revenue shall prescribe the form of the notice.

8.24 (c) The notice must inform taxpayers that it contains the amount of property taxes each
8.25 taxing authority proposes to collect for taxes payable the following year. In the case of a
8.26 town, ~~or in the case of the state general tax,~~ the final tax amount will be its proposed tax.
8.27 The notice must clearly state for each city that has a population over 500, county, school
8.28 district, regional library authority established under section 134.201, metropolitan taxing
8.29 districts as defined in paragraph (i), and fire protection and emergency medical services
8.30 special taxing districts established under section 144F.01, the time and place of a meeting
8.31 for each taxing authority in which the budget and levy will be discussed and public input
8.32 allowed, prior to the final budget and levy determination. The taxing authorities must provide
8.33 the county auditor with the information to be included in the notice on or before the time it
8.34 certifies its proposed levy under subdivision 1. The public must be allowed to speak at that

9.1 meeting, which must occur after November 24 and must not be held before 6:00 p.m. It
 9.2 must provide a telephone number for the taxing authority that taxpayers may call if they
 9.3 have questions related to the notice and an address where comments will be received by
 9.4 mail, except that no notice required under this section shall be interpreted as requiring the
 9.5 printing of a personal telephone number or address as the contact information for a taxing
 9.6 authority. If a taxing authority does not maintain public offices where telephone calls can
 9.7 be received by the authority, the authority may inform the county of the lack of a public
 9.8 telephone number and the county shall not list a telephone number for that taxing authority.

9.9 (d) The notice must state for each parcel:

9.10 (1) the market value of the property as determined under section 273.11, and used for
 9.11 computing property taxes payable in the following year and for taxes payable in the current
 9.12 year as each appears in the records of the county assessor on November 1 of the current
 9.13 year; and, in the case of residential property, whether the property is classified as homestead
 9.14 or nonhomestead. The notice must clearly inform taxpayers of the years to which the market
 9.15 values apply and that the values are final values;

9.16 (2) the items listed below, shown separately by county, city or town, ~~and state general~~
 9.17 ~~tax~~, agricultural homestead credit under section 273.1384, school building bond agricultural
 9.18 credit under section 273.1387, voter approved school levy, other local school levy, and the
 9.19 sum of the special taxing districts, and as a total of all taxing authorities:

9.20 (i) the actual tax for taxes payable in the current year; and

9.21 (ii) the proposed tax amount.

9.22 If the county levy under clause (2) includes an amount for a lake improvement district
 9.23 as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose
 9.24 must be separately stated from the remaining county levy amount.

9.25 In the case of a town ~~or the state general tax~~, the final tax shall also be its proposed tax
 9.26 unless the town changes its levy at a special town meeting under section 365.52. If a school
 9.27 district has certified under section 126C.17, subdivision 9, that a referendum will be held
 9.28 in the school district at the November general election, the county auditor must note next
 9.29 to the school district's proposed amount that a referendum is pending and that, if approved
 9.30 by the voters, the tax amount may be higher than shown on the notice. In the case of the
 9.31 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately
 9.32 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for
 9.33 the St. Paul Library Agency must be listed separately from the remaining amount of the
 9.34 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be

10.1 listed separately from the remaining amount of the county's levy. In the case of a parcel
10.2 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F
10.3 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax
10.4 capacity subject to the areawide tax must each be stated separately and not included in the
10.5 sum of the special taxing districts; and

10.6 (3) the increase or decrease between the total taxes payable in the current year and the
10.7 total proposed taxes, expressed as a percentage.

10.8 For purposes of this section, the amount of the tax on homesteads qualifying under the
10.9 senior citizens' property tax deferral program under chapter 290B is the total amount of
10.10 property tax before subtraction of the deferred property tax amount.

10.11 (e) The notice must clearly state that the proposed or final taxes do not include the
10.12 following:

10.13 (1) special assessments;

10.14 (2) levies approved by the voters after the date the proposed taxes are certified, including
10.15 bond referenda and school district levy referenda;

10.16 (3) a levy limit increase approved by the voters by the first Tuesday after the first Monday
10.17 in November of the levy year as provided under section 275.73;

10.18 (4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring
10.19 after the date the proposed taxes are certified;

10.20 (5) amounts necessary to pay tort judgments against the taxing authority that become
10.21 final after the date the proposed taxes are certified; and

10.22 (6) the contamination tax imposed on properties which received market value reductions
10.23 for contamination.

10.24 (f) Except as provided in subdivision 7, failure of the county auditor to prepare or the
10.25 county treasurer to deliver the notice as required in this section does not invalidate the
10.26 proposed or final tax levy or the taxes payable pursuant to the tax levy.

10.27 (g) If the notice the taxpayer receives under this section lists the property as
10.28 nonhomestead, and satisfactory documentation is provided to the county assessor by the
10.29 applicable deadline, and the property qualifies for the homestead classification in that
10.30 assessment year, the assessor shall reclassify the property to homestead for taxes payable
10.31 in the following year.

11.1 (h) In the case of class 4 residential property used as a residence for lease or rental
11.2 periods of 30 days or more, the taxpayer must either:

11.3 (1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter,
11.4 or lessee; or

11.5 (2) post a copy of the notice in a conspicuous place on the premises of the property.

11.6 The notice must be mailed or posted by the taxpayer by November 27 or within three
11.7 days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer
11.8 of the address of the taxpayer, agent, caretaker, or manager of the premises to which the
11.9 notice must be mailed in order to fulfill the requirements of this paragraph.

11.10 (i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing
11.11 districts" means the following taxing districts in the seven-county metropolitan area that
11.12 levy a property tax for any of the specified purposes listed below:

11.13 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,
11.14 473.521, 473.547, or 473.834;

11.15 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and

11.16 (3) Metropolitan Mosquito Control Commission under section 473.711.

11.17 For purposes of this section, any levies made by the regional rail authorities in the county
11.18 of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A
11.19 shall be included with the appropriate county's levy.

11.20 (j) The governing body of a county, city, or school district may, with the consent of the
11.21 county board, include supplemental information with the statement of proposed property
11.22 taxes about the impact of state aid increases or decreases on property tax increases or
11.23 decreases and on the level of services provided in the affected jurisdiction. This supplemental
11.24 information may include information for the following year, the current year, and for as
11.25 many consecutive preceding years as deemed appropriate by the governing body of the
11.26 county, city, or school district. It may include only information regarding:

11.27 (1) the impact of inflation as measured by the implicit price deflator for state and local
11.28 government purchases;

11.29 (2) population growth and decline;

11.30 (3) state or federal government action; and

12.1 (4) other financial factors that affect the level of property taxation and local services
 12.2 that the governing body of the county, city, or school district may deem appropriate to
 12.3 include.

12.4 The information may be presented using tables, written narrative, and graphic
 12.5 representations and may contain instruction toward further sources of information or
 12.6 opportunity for comment.

12.7 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2024.

12.8 Sec. 4. Minnesota Statutes 2022, section 275.28, subdivision 1, is amended to read:

12.9 Subdivision 1. **Auditor to make.** The county auditor shall make out the tax lists according
 12.10 to the prescribed form, and to correspond with the assessment districts. The rate percent
 12.11 necessary to raise the required amount of the various taxes shall be calculated on the net
 12.12 tax capacity of property as determined by the state Board of Equalization, but, in calculating
 12.13 such rates, no rate shall be used resulting in a fraction other than a decimal fraction, or less
 12.14 than a gross local tax rate of .01 percent or a net local tax rate of .01 percent; and, in
 12.15 extending any tax, whenever it amounts to the fractional part of a cent, it shall be made one
 12.16 cent. The tax lists shall also be made out to correspond with the assessment books in reference
 12.17 to ownership and description of property, with columns for the valuation and for the various
 12.18 items of tax included in the total amount of all taxes set down opposite each description.
 12.19 The auditor shall enter both the state tax determined under ~~sections 275.02 and 275.025~~
 12.20 section 275.02, and the local tax determined under section 275.08, on the tax lists. The total
 12.21 ad valorem property tax for each description of property before credits is the sum of the
 12.22 amounts of the various local taxes that apply to the parcel plus the amount of any applicable
 12.23 state tax. Opposite each description which has been sold for taxes, and which is subject to
 12.24 redemption, but not redeemed, shall be placed the words "sold for taxes." The amount of
 12.25 all special taxes shall be entered in the proper columns, but the general taxes may be shown
 12.26 by entering the rate percent of each tax at the head of the proper columns, without extending
 12.27 the same, in which case a schedule of the rates percent of such taxes shall be made on the
 12.28 first page of each tax list. If the auditor fails to enter on any such list before its delivery to
 12.29 the treasurer any tax levied, the tax may be subsequently entered. The tax lists shall be
 12.30 deemed completed, and all taxes extended thereon, as of January 1 annually.

12.31 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2024.

13.1 Sec. 5. Minnesota Statutes 2022, section 469.1794, subdivision 5, is amended to read:

13.2 Subd. 5. **Maximum extension.** (a) The maximum extension for a district under this
13.3 subdivision equals the lesser of:

13.4 (1) four years; or

13.5 (2) the tax reform percentage for the district, determined under paragraph (b), multiplied
13.6 by the remaining duration of the district rounded to the nearest whole number. Fractions in
13.7 excess of one-third are rounded up.

13.8 (b) The tax reform percentage for the district, as estimated by the county auditor, equals:

13.9 (1)(i) the total taxes paid by the original tax capacity for the district for taxes payable
13.10 in 2001, minus

13.11 (ii) the average of the total taxes paid by the original tax capacity for the district for
13.12 taxes payable in 2002 and in 2003, divided by

13.13 (2) the total taxes paid by the original tax capacity for the district for taxes payable in
13.14 2001.

13.15 (c) In the resolution approving the extension, the municipality may elect to treat all
13.16 preexisting obligations as qualified obligations for purposes of this section. If the municipality
13.17 makes an election under this paragraph, the maximum duration is reduced by one-half of
13.18 the amount otherwise permitted under paragraph (a).

13.19 (d) The remaining duration of a district is the number of calendar years, beginning after
13.20 December 31, 2001, in which the district may collect increment under its duration limit
13.21 under section 469.176, subdivision 1b, 1c, 1e, or 1g, or a special law approved before January
13.22 1, 2002, as applicable.

13.23 (e) For purposes of this subdivision, "taxes" exclude taxes levied against market value,
13.24 rather than tax capacity, ~~and the state general tax under section 275.025.~~

13.25 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2024.

13.26 Sec. 6. **REPEALER.**

13.27 Minnesota Statutes 2022, sections 273.42; 275.025, subdivisions 1, 2, 3, 4, 5, and 6; and
13.28 276.112, are repealed.

13.29 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2024.

273.42 RATE OF TAX; ENTRY AND CERTIFICATION; CREDIT ON PAYMENT; PROPERTY TAX CREDIT.

Subdivision 1. **Tax rate; payment.** The property set forth in section 273.37, subdivision 2, consisting of transmission lines of less than 69 kv and transmission lines of 69 kv and above located in an unorganized township, and distribution lines not taxed as provided in sections 273.38, 273.40 and 273.41 shall be taxed at the average local tax rate of taxes levied for all purposes throughout the county after disparity reduction aid is applied, and shall be entered on the tax lists by the county auditor against the owner thereof and certified to the county treasurer at the same time and in the same manner that other taxes are certified, and, when paid, shall be credited as follows: 50 percent to the general revenue fund of the county and 50 percent to the general school fund of the county, except that if there are high voltage transmission lines as defined in section 216E.01, the construction of which was commenced after July 1, 1974, and which are located in unorganized townships within the county, then the distribution of taxes within this subdivision shall be credited as follows: 50 percent to the general revenue fund of the county, 40 percent to the general school fund of the county and ten percent to a utility property tax credit fund, which is hereby established.

Subd. 2. **Property tax credit.** Owners of land that is an agricultural or nonagricultural homestead, nonhomestead agricultural land, rental residential property, and both commercial and noncommercial seasonal residential recreational property, as those terms are defined in section 273.13 listed on records of the county auditor or county treasurer over which runs a high voltage transmission line with a capacity of 200 kilovolts or more, except a high voltage transmission line the construction of which was commenced prior to July 1, 1974, shall receive a property tax credit in an amount determined by multiplying a fraction, the numerator of which is the length of high voltage transmission line which runs over that parcel and the denominator of which is the total length of that particular line running over all property within the city or township by ten percent of the transmission line tax revenue derived from the tax on that portion of the line within the city or township pursuant to section 273.36. In the case of property owners in unorganized townships, the property tax credit shall be determined by multiplying a fraction, the numerator of which is the length of the qualifying high voltage transmission line which runs over the parcel and the denominator of which is the total length of the qualifying high voltage transmission line running over all property within all the unorganized townships within the county, by the total utility property tax credit fund amount available within the county for that year pursuant to subdivision 1. Where a right-of-way width is shared by more than one property owner, the numerator shall be adjusted by multiplying the length of line on the parcel by the proportion of the total width on the parcel owned by that property owner. The amount of credit for which the property qualifies shall not exceed 20 percent of the total gross tax on the parcel prior to deduction of the state paid agricultural credit, provided that, if the property containing the right-of-way is included in a parcel which exceeds 40 acres, the total gross tax on the parcel shall be multiplied by a fraction, the numerator of which is the sum of the number of acres in each quarter-quarter section or portion thereof which contains a right-of-way and the denominator of which is the total number of acres in the parcel set forth on the tax statement, and the maximum credit shall be 20 percent of the product of that computation, prior to deduction of those credits. The auditor of the county in which the affected parcel is located shall calculate the amount of the credit due for each parcel and transmit that information to the county treasurer. The county auditor, in computing the credit received pursuant to section 273.135, shall reduce the gross tax by the amount of the credit received pursuant to this section, unless the amount of the credit would be less than \$10.

If, after the county auditor has computed the credit to those qualifying property owners in unorganized townships, there is money remaining in the utility property tax credit fund, then that excess amount in the fund shall be returned to the general school fund of the county.

Subd. 3. **State tax on transmission and distribution lines.** Notwithstanding section 273.425, the entire tax capacity of property taxed at the average local tax rate under subdivision 1 is subject to the state tax rate provided in section 275.025. Notwithstanding subdivisions 1 and 2, the entire proceeds of the state tax levy for each such property must be distributed to the state under the procedures provided in chapter 276. No portion of the proceeds from the state levy on such property is distributed within the county under subdivision 1 or 2.

275.025 STATE GENERAL TAX.

Subdivision 1. **Levy amount.** The state general levy is levied against commercial-industrial property and seasonal residential recreational property, as defined in this section. The state general levy for commercial-industrial property is \$716,990,000 for taxes payable in 2023 and thereafter. The state general levy for seasonal-recreational property is \$41,690,000 for taxes payable in 2020

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and thereafter. The tax under this section is not treated as a local tax rate under section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

The commissioner shall increase or decrease the preliminary or final rate for a year as necessary to account for errors and tax base changes that affected a preliminary or final rate for either of the two preceding years. Adjustments are allowed to the extent that the necessary information is available to the commissioner at the time the rates for a year must be certified, and for the following reasons:

- (1) an erroneous report of taxable value by a local official;
- (2) an erroneous calculation by the commissioner; and

(3) an increase or decrease in taxable value for commercial-industrial or seasonal residential recreational property reported to the commissioner under section 270C.85, subdivision 2, clause (4), for the same year.

The commissioner may, but need not, make adjustments if the total difference in the tax levied for the year would be less than \$100,000.

Subd. 2. Commercial-industrial tax capacity. For the purposes of this section, "commercial-industrial tax capacity" means the tax capacity of all taxable property classified as class 3 or class 5(1) under section 273.13, excluding:

- (1) the tax capacity attributable to the first \$150,000 of market value of each parcel of commercial-industrial property as defined under section 273.13, subdivision 24, clauses (1) and (2);
- (2) electric generation attached machinery under class 3; and
- (3) property described in section 473.625.

County commercial-industrial tax capacity amounts are not adjusted for the captured net tax capacity of a tax increment financing district under section 469.177, subdivision 2, the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425, or fiscal disparities contribution and distribution net tax capacities under chapter 276A or 473F. For purposes of this subdivision, the procedures for determining eligibility for tier 1 under section 273.13, subdivision 24, clauses (1) and (2), shall apply in determining the portion of a property eligible to be considered within the first \$150,000 of market value.

Subd. 3. Seasonal residential recreational tax capacity. For the purposes of this section, "seasonal residential recreational tax capacity" means the tax capacity of tier III of class 1c under section 273.13, subdivision 22, and all class 4c(1), 4c(3)(ii), and 4c(12) property under section 273.13, subdivision 25, except that the first \$76,000 of market value of each noncommercial class 4c(12) property has a tax capacity for this purpose equal to 40 percent of its tax capacity under section 273.13.

Subd. 4. Apportionment and levy of state general tax. The state general tax must be levied by applying a uniform rate to all commercial-industrial tax capacity and a uniform rate to all seasonal residential recreational tax capacity. On or before October 1 each year, the commissioner of revenue shall certify the preliminary state general levy rates to each county auditor that must be used to prepare the notices of proposed property taxes for taxes payable in the following year. By January 1 of each year, the commissioner shall certify the final state general levy rates to each county auditor that shall be used in spreading taxes.

Subd. 5. Underserved municipalities distribution. (a) Any municipality that:

- (1) lies wholly or partially within the metropolitan area as defined under section 473.121, subdivision 2, but outside the transit taxing district as defined under section 473.446, subdivision 2; and
- (2) has a net fiscal disparities contribution equal to or greater than eight percent of its total taxable net tax capacity,

is eligible for a distribution from the proceeds of the state general levy imposed on taxpayers within the municipality.

(b) The distribution is equal to (1) the municipality's net tax capacity tax rate, times (2) the municipality's net fiscal disparities contribution in excess of eight percent of its total taxable net tax capacity; provided, however, that the distribution may not exceed the tax under this section imposed on taxpayers within the municipality. The amount of the distribution to each municipality

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must be determined by the commissioner of revenue and certified to each affected municipality and county by September 1 of the year in which taxes are payable.

(c) The distribution under this subdivision must be paid to the qualifying municipality by the treasurer of the home county of the municipality by December 1 of the year the taxes are payable. The amounts distributed under this subdivision must be deducted from the settlement of the state general levy for the taxes payable year under section 276.112.

(d) For purposes of this subdivision, the following terms have the meanings given.

(1) "Municipality" means a home rule or statutory city, or a town, except that in the case of a city that lies only partially within the metropolitan area, municipality means the portion of the city lying within the metropolitan area.

(2) "Net fiscal disparities contribution" means a municipality's fiscal disparities contribution tax capacity minus its distribution net tax capacity.

(3) "Total taxable net tax capacity" means the total net tax capacity of all properties in the municipality under section 273.13 minus (i) the net fiscal disparities contribution, and (ii) the municipality's tax increment captured net tax capacity.

Subd. 6. **Natural gas pipeline.** (a) The county must abate the state general levy on personal property that is part of an intrastate natural gas transportation or distribution pipeline system if:

(1) construction of the pipeline system commenced after January 1, 2018; and

(2) the pipeline system provides service to an area:

(i) outside the seven-county metropolitan area, as defined in section 473.121, subdivision 4; and

(ii) in which more than half of the households or businesses lacked access to natural gas distribution systems as of January 1, 2018.

(b) In the first year that a taxpayer seeks an abatement under this subdivision, the taxpayer must file an application with the commissioner of revenue by March 1 of the assessment year on a form prescribed by the commissioner.

(c) The commissioner of revenue must notify any affected county in the first year that a pipeline system becomes eligible for an abatement under this subdivision.

(d) The abatement under this subdivision applies for a period not to exceed 12 taxable years, provided that once a property no longer qualifies, it may not subsequently qualify for an abatement under this subdivision.

276.112 STATE PROPERTY TAXES; COUNTY TREASURER.

On the estimated payment and settlement dates provided in this chapter for the settlement of taxes levied by school districts, the county treasurer must make full settlement with the county auditor for all receipts of state property taxes levied under section 275.025, and must transmit those receipts to the commissioner of revenue by electronic means on the dates and according to the provisions applicable to distributions to school districts.