

H. F. No. **2427**

Subd. 2. **Computation of net tax capacity.** The net tax capacity of a governmental unit is its net tax capacity, as determined in accordance with other provisions of law including section 469.177, subdivision 3, subject to the following adjustments:

(a) There shall be subtracted from its net tax capacity, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to 40 percent of the amount certified in that year under sections 473F.06 and 473F.07 for the municipality the municipality's contribution net tax capacity as the total preceding year's net tax capacity of commercial-industrial property which is subject to the taxing jurisdiction of the governmental unit within the municipality, determined without regard to section 469.177, subdivision 3, bears to the total preceding year's net tax capacity of commercial-industrial property within the municipality, determined without regard to section 469.177, subdivision 3;

(b) There shall be added to its net tax capacity, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to the areawide net tax capacity for the year attributable to that municipality as the total preceding year's net tax capacity of residential property which is subject to the taxing jurisdiction of the governmental unit within the municipality bears to the total preceding year's net tax capacity of residential property of the municipality.

EFFECTIVE DATE. This section is effective for taxes payable in 2017 and thereafter.

Sec. 3. **[473F.14] STATE OF MINNESOTA PAYMENT.**

(a) The administrative auditor must determine the state's fiscal disparities payment by multiplying the state's contribution net tax capacity determined under section 473F.07, subdivision 1, by the areawide tax rate determined under section 473F.08, subdivision 5. By November 1 of each year, the administrative auditor must notify the commissioner of revenue of the state's fiscal disparities payment for taxes payable in the following calendar year.

(b) The commissioner of revenue must submit the payment certified under paragraph (a) to the administrative auditor in two equal installments, on June 1 and November 1 each year. A sum sufficient to meet the obligations under this section is annually appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective for taxes payable in 2017 and thereafter.