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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **3037**

03/13/2014 Authored by Lien, Kiel, Marquart and McNamar
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; property; reducing the class rate for the disparity reduction
1.3 credit; amending Minnesota Statutes 2013 Supplement, section 273.1398,
1.4 subdivision 4.

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

1.6 Section 1. Minnesota Statutes 2013 Supplement, section 273.1398, subdivision 4,
1.7 is amended to read:

1.8 Subd. 4. **Disparity reduction credit.** (a) ~~Beginning with taxes payable in 1989,~~
1.9 Class 4a and class 3a property qualifies for a disparity reduction credit if: (1) the property
1.10 is located in a border city that has an enterprise zone, as defined in section 469.166; (2)
1.11 the property is located in a city with a population greater than 2,500 and less than 35,000
1.12 according to the 1980 decennial census; (3) the city is adjacent to a city in another state or
1.13 immediately adjacent to a city adjacent to a city in another state; and (4) the adjacent city
1.14 in the other state has a population of greater than 5,000 and less than 75,000 according to
1.15 the 1980 decennial census.

1.16 (b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a
1.17 property to ~~4.9~~ 1.5 percent of the property's taxable market value and (ii) the tax on class
1.18 3a property to ~~4.9~~ 1.5 percent of taxable market value.

1.19 (c) The county auditor shall annually certify the costs of the credits to the
1.20 Department of Revenue. The department shall reimburse local governments for the
1.21 property taxes forgone as the result of the credits in proportion to their total levies.

1.22 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2015.