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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 2551

04/20/2021 Authored by Miller
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; modifying requirements and procedures governing appeals of
1.3 utility and railroad property valuations; amending Minnesota Statutes 2020, sections
1.4 271.01, subdivision 5; 271.05; 271.09, subdivision 1; 273.372; 278.01, subdivision
1.5 3.

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

1.7 Section 1. Minnesota Statutes 2020, section 271.01, subdivision 5, is amended to read:

1.8 Subd. 5. Jurisdiction. The Tax Court shall have statewide jurisdiction. Except for an
1.9 appeal to the supreme court or any other appeal allowed under this subdivision, the Tax
1.10 Court shall be the sole, exclusive, and final authority for the hearing and determination of
1.11 all questions of law and fact arising under the tax laws of the state, as defined in this
1.12 subdivision, in those cases that have been appealed to the Tax Court and in any case that
1.13 has been transferred by the district court to the Tax Court. The Tax Court shall have no
1.14 jurisdiction in any case that does not arise under the tax laws of the state or in any criminal
1.15 case or in any case determining or granting title to real property or in any case that is under
1.16 the probate jurisdiction of the district court. The Small Claims Division of the Tax Court
1.17 shall have jurisdiction only as provided in section 271.21, subdivision 2. The Tax Court
1.18 shall have no jurisdiction in any case involving an order of the state board of equalization
1.19 unless a taxpayer contests the valuation of property. Laws governing taxes, aids, and related
1.20 matters administered by the commissioner of revenue, laws dealing with property valuation,
1.21 assessment or taxation of property for property tax purposes, and any other laws that contain
1.22 provisions authorizing review of taxes, aids, and related matters by the Tax Court shall be
1.23 considered tax laws of this state subject to the jurisdiction of the Tax Court, except the Tax
1.24 Court shall have no jurisdiction in any case involving property valuation as provided in

2.1 section 273.372. This subdivision shall not be construed to prevent an appeal, as provided
 2.2 by law, to an administrative agency, board of equalization, review under section 274.13,
 2.3 subdivision 1c, or to the commissioner of revenue. Wherever used in this chapter, the term
 2.4 commissioner shall mean the commissioner of revenue, unless otherwise specified.

2.5 Sec. 2. Minnesota Statutes 2020, section 271.05, is amended to read:

2.6 **271.05 POWER TO REVIEW.**

2.7 The Tax Court shall have power to review and redetermine orders or decisions of the
 2.8 commissioner of revenue upon appeal therefrom in the cases authorized by law, except as
 2.9 provided by section 273.372.

2.10 Sec. 3. Minnesota Statutes 2020, section 271.09, subdivision 1, is amended to read:

2.11 Subdivision 1. **Exclusive remedy.** Except as otherwise provided in sections 270C.86,
 2.12 ~~and~~ 271.01, subdivision 5, and 273.372, unless an appeal is taken to the district court, the
 2.13 right of appeal herein provided shall be the exclusive remedy for reviewing the action of
 2.14 the commissioner of revenue or the appropriate unit of government respecting any tax,
 2.15 assessment, or other obligation as defined in section 271.01, subdivision 5. Upon any appeal
 2.16 taken by a taxpayer, the decision of the Tax Court, or the decision of the supreme court
 2.17 upon review thereof, as the case may be, shall be final and conclusive upon all parties to
 2.18 the proceedings as to all matters at issue determined by such decision. In all cases the
 2.19 decision of the Tax Court upon appeal, or of the supreme court upon review, as the case
 2.20 may be, shall stand in lieu of the order of the commissioner or the appropriate unit of
 2.21 government from which the appeal was taken.

2.22 Sec. 4. Minnesota Statutes 2020, section 273.372, is amended to read:

2.23 **273.372 PROCEEDINGS AND APPEALS; UTILITY OR RAILROAD**
 2.24 **VALUATIONS.**

2.25 Subdivision 1. **Scope.** (a) As provided in this section, an appeal by a utility or railroad
 2.26 company concerning property for which the commissioner of revenue has provided the city
 2.27 or county assessor with valuations by order, or for which the commissioner has recommended
 2.28 values to the city or county assessor, must be brought against the commissioner, and not
 2.29 against the county or taxing district where the property is located.

2.30 (b) This section governs administrative appeals and appeals to ~~court~~ the Office of
 2.31 Administrative Hearings of a claim that utility or railroad operating property has been
 2.32 partially, unfairly, or unequally assessed, or assessed at a valuation greater than its real or

3.1 actual value, misclassified, or that the property is exempt. This section applies only to
3.2 property described in sections 270.81, subdivision 1, 273.33, 273.35, 273.36, and 273.37,
3.3 and only with regard to taxable net tax capacities that have been provided to the city or
3.4 county by the commissioner and which have not been changed by city or county. If the
3.5 taxable net tax capacity being appealed is not the taxable net tax capacity established by
3.6 the commissioner, or if the appeal claims that the tax rate applied against the parcel is
3.7 incorrect, or that the tax has been paid, this section does not apply.

3.8 Subd. 2. **Contents and filing of petition.** ~~(a) In all appeals to court that are required to~~
3.9 ~~be brought against the commissioner under this section, the petition initiating the appeal~~
3.10 ~~must be served on the commissioner and must be filed with the Tax Court in Ramsey County,~~
3.11 ~~as provided in paragraph (b) or (c).~~

3.12 (a) The commissioner's orders and recommendations of value must advise the utility or
3.13 railroad company to notify the commissioner in writing within 60 days if the utility or
3.14 railroad company wishes to appeal the valuation. If the utility or railroad company fails to
3.15 appeal the valuation, the valuation is the final order and not subject to further review. If the
3.16 utility or railroad company appeals the valuation within 60 days, the commissioner shall
3.17 initiate a contested case proceeding under chapter 14.

3.18 (b) Contested case procedures under chapter 14 apply except the order of the
3.19 administrative law judge shall be treated as an arbitration award entered under section 14.57.
3.20 Any further judicial review shall be governed by chapter 572B. Costs assessed under section
3.21 14.53 shall be split between the commissioner and company.

3.22 ~~(b) If (c) The appeal to court is from an order of the commissioner, it must be brought~~
3.23 ~~under chapter 271 and filed within the time period prescribed in section 271.06, subdivision~~
3.24 ~~2, except that when the provisions of this section conflict with chapter 271 or 278, this~~
3.25 ~~section prevails. In addition, the petition must include all the parcels encompassed by that~~
3.26 ~~order which the petitioner claims have been partially, unfairly, or unequally assessed,~~
3.27 ~~assessed at a valuation greater than their real or actual value, misclassified, or are exempt.~~
3.28 For this purpose, an order of the commissioner is either (1) a certification or notice of value
3.29 by the commissioner for property described in subdivision 1, or (2) the final determination
3.30 by the commissioner of an administrative appeal described in subdivision 4.

3.31 ~~(c) If the appeal is from the tax that results from implementation of the commissioner's~~
3.32 ~~order, certification, or recommendation, it must be brought under chapter 278, and the~~
3.33 ~~provisions in that chapter apply, except that service shall be on the commissioner only and~~
3.34 ~~not on the local officials specified in section 278.01, subdivision 1, and if any other provision~~

4.1 ~~of this section conflicts with chapter 278, this section prevails. In addition, the petition must~~
4.2 ~~include either all the utility parcels or all the railroad parcels in the state in which the~~
4.3 ~~petitioner claims an interest and which the petitioner claims have been partially, unfairly,~~
4.4 ~~or unequally assessed, assessed at a valuation greater than their real or actual value,~~
4.5 ~~misclassified, or are exempt.~~

4.6 Subd. 3. **Notice.** Upon filing of any appeal ~~in court~~ at the Office of Administrative
4.7 Hearings by a utility company or railroad against the commissioner pursuant to this section,
4.8 the commissioner shall give notice by first class mail to the county auditor of each county
4.9 where property included in the petition is located.

4.10 Subd. 4. **Administrative appeals.** (a) Companies that submit the reports under section
4.11 270.82 or 273.371 by the date specified in that section, or by the date specified by the
4.12 commissioner in an extension, may appeal administratively to the commissioner prior to
4.13 bringing an ~~action in court~~ appeal under chapter 14.

4.14 (b) Companies must file a written request for an appeal with the commissioner within
4.15 30 days after the notice date of the commissioner's valuation certification or other notice to
4.16 the company. For purposes of this section, "notice date" means the notice date of the valuation
4.17 certification, commissioner's order, recommendation, or other notice.

4.18 (c) The appeal need not be in any particular form but must contain the following
4.19 information:

4.20 (1) name and address of the company;

4.21 (2) the date;

4.22 (3) its Minnesota identification number;

4.23 (4) the assessment year or period involved;

4.24 (5) the findings in the valuation that the company disputes;

4.25 (6) a summary statement specifying its reasons for disputing each item; and

4.26 (7) the signature of the company's duly authorized agent or representative.

4.27 (d) When requested in writing and within the time allowed for filing an administrative
4.28 appeal, the commissioner may extend the time for filing an appeal for a period of not more
4.29 than 15 days from the expiration of the time for filing the appeal.

4.30 (e) The commissioner shall conduct the conference either in person or by telephone upon
4.31 the commissioner's entire files and records and such further information as may be offered.
4.32 The conference must be held no later than 20 days after the date of the request for an appeal.

5.1 Within 30 days after the conference the commissioner shall make a final determination of
5.2 the matter and shall notify the company promptly of the determination. The conference is
5.3 not a contested case hearing subject to chapter 14.

5.4 Subd. 5. **Agreement determining valuation.** When it appears to be in the best interest
5.5 of the state, the commissioner may settle any matter under consideration regarding an appeal
5.6 filed under this section. The agreement must be in writing and signed by the commissioner
5.7 and the company or the company's authorized representative. The agreement is final and
5.8 conclusive, and except upon a showing of fraud, malfeasance, or misrepresentation of a
5.9 material fact, the case may not be reopened as to the matters agreed upon.

5.10 Subd. 6. **Dismissal of administrative appeal.** If a taxpayer files an administrative appeal
5.11 from an order of the commissioner and also files an appeal to the ~~Tax Court~~ Office of
5.12 Administrative Hearings for that same order of the commissioner, the administrative appeal
5.13 is dismissed and the commissioner is no longer required to make the determination of appeal
5.14 under subdivision 4.

5.15 Sec. 5. Minnesota Statutes 2020, section 278.01, subdivision 3, is amended to read:

5.16 Subd. 3. **Exception.** The procedures established by this section are not available to
5.17 contest the validity or amount of any special assessment made pursuant to chapters 429,
5.18 430, any special law or city charter. The procedures established by this section are also not
5.19 available to contest matters involving property valuation as provided in section 273.372.

5.20 Sec. 6. **EFFECTIVE DATE.**

5.21 This act is effective July 1, 2021, and applies to appeals filed on or after that date.