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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 3383

03/21/2016 Authored by Gunther, Cornish, Torkelson, Considine, Johnson, C., and others
The bill was read for the first time and referred to the Committee on Taxes

A bill for an act

relating to taxation; providing a property tax exemption for certain properties; providing aid adjustments; providing a sales tax exemption for certain construction projects; amending Minnesota Statutes 2014, sections 272.02, by adding a subdivision; 297A.71, by adding a subdivision; 477A.013, subdivision 13; Minnesota Statutes 2015 Supplement, section 477A.03, subdivision 2a.

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

Section 1. Minnesota Statutes 2014, section 272.02, is amended by adding a subdivision to read:

Subd. 100. **Certain property damaged by fire.** (a) Property is exempt that:

(1) is located in a city: (i) with a population less than 2,500 in 2013; (ii) with a net tax capacity used in calculating its 2016 aid under section 477A.013 of less than \$320 per capita; and (iii) with an initial revenue need prior to limitation used in calculating aids payable in 2016 of greater than \$1,220 per capita; and

(2) was damaged or destroyed in a fire on February 3, 2016.

(b) The exemption created by this subdivision expires with taxes payable in 2031.

EFFECTIVE DATE. This section is effective for taxes payable in 2017 through taxes payable in 2031.

Sec. 2. Minnesota Statutes 2014, section 297A.71, is amended by adding a subdivision to read:

Subd. 49. **Properties destroyed by fire.** (a) Building materials, equipment, and supplies for constructing or replacing real property that is located in Madelia affected by the fire on February 3, 2016, are exempt.

(b) The tax on purchases exempt under this section must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75. The applicant must be the governmental entity that owns or contracts for the project or facility. Items exempt under this subdivision are exempt regardless of whether purchased by the owner or a contractor, subcontractor, or builder. If the tax was paid by a contractor, subcontractor, or builder, the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2016.

Sec. 3. Minnesota Statutes 2014, section 477A.013, subdivision 13, is amended to read:

Subd. 13. **Certified aid adjustments.** (a) A city that received an aid base increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (e), shall have its total aid under subdivision 9 increased by an amount equal to \$150,000 for aids payable in 2014 through 2018.

(b) A city that received an aid base increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (r), shall have its total aid under subdivision 9 increased by an amount equal to \$160,000 for aids payable in 2014 and thereafter.

(c) A city that received a temporary aid increase under Minnesota Statutes 2012, section 477A.011, subdivision 36, paragraph (o), shall have its total aid under subdivision 9 increased by an amount equal to \$1,000,000 for aids payable in 2014 only.

(d) A city shall have its total aid under subdivision 9 increased by an amount equal to \$..... for aids payable in 2017 through 2031, provided that: (1) its net tax capacity used in calculating 2016 aid under this section is less than \$320 per capita; (2) its initial revenue need prior to limitation used in calculating aids payable in 2016 was greater than \$1,220 per capita; and (3) its population in 2013 was less than 2,500.

EFFECTIVE DATE. This section is effective for aids payable in 2017 through aids payable in 2031.

Sec. 4. Minnesota Statutes 2015 Supplement, section 477A.03, subdivision 2a, is amended to read:

Subd. 2a. **Cities.** ~~The total aid paid under section 477A.013, subdivision 9, is \$516,898,012 for aids payable in 2015.~~ For aids payable in 2016 and thereafter, the total aid paid under section 477A.013, subdivision 9, is \$519,398,012. For aids payable in 2017

3.1 through aids payable in 2031, the total aid paid under section 477A.013, subdivision 9, is
3.2 \$..... For aids payable in 2032 and thereafter, the total aid paid under section 477A.013,
3.3 subdivision 9, is \$.....

3.4 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2017.