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State of Minnesota  
**HOUSE OF REPRESENTATIVES**  
NINETIETH SESSION

**H. F. No. 2638**

05/04/2017 Authored by Hortman by request  
The bill was read for the first time and referred to the Committee on Civil Law and Data Practices Policy

1.1 A bill for an act  
1.2 relating to taxation; property; authorizing local governments to maintain roads  
1.3 owned by common interest ownership associations provided the association pays  
1.4 the costs of the maintenance; providing a property tax credit for properties in  
1.5 certain common interest ownership associations; amending Minnesota Statutes  
1.6 2016, sections 273.1393; 275.08, subdivision 1b; 276.04, subdivision 2; proposing  
1.7 coding for new law in Minnesota Statutes, chapters 160; 273.

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

1.9 Section 1. **[160.213] MAINTENANCE OF ROADS IN COMMON INTEREST**  
1.10 **OWNERSHIP.**

1.11 (a) For the purposes of this section, "common interest ownership association" is an  
1.12 association established under chapter 515, 515A, or 515B. A road authority may maintain  
1.13 roads owned by a common interest ownership association. Before any maintenance work  
1.14 is done on the private road, the common interest ownership association and the road authority  
1.15 must enter into an agreement that describes the work to be done by the road authority, and  
1.16 the manner, timing, and amount of the payment for the service provided. All money the  
1.17 road authority receives for the work done must be paid into the respective funds provided  
1.18 by law, or set aside, for highway or street purposes. The maintenance must not unduly delay  
1.19 or interfere with maintenance of public roads under the road authority's jurisdiction.

1.20 (b) By February 1 of each year, each road authority receiving payments from common  
1.21 interest ownership associations in the previous year must report the amounts received, by  
1.22 association, to the county auditor.

1.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.1 Sec. 2. **[273.1371] ROAD MAINTENANCE FEE CREDIT.**

2.2 (a) Each property owner in a common interest ownership association, as defined under  
 2.3 section 160.213, that makes payments as described in section 160.213, shall receive a credit  
 2.4 applied against the tax levied by the city or town. To determine the credit rate, the county  
 2.5 auditor must divide (i) the total amount of payments received from the association under  
 2.6 section 160.213 in the prior year, by (ii) the total taxable tax capacity of the properties  
 2.7 comprising the association. Each property's credit shall be equal to the credit rate multiplied  
 2.8 by the property's taxable net tax capacity. The credit must be applied first to the property's  
 2.9 net tax capacity based tax, and then to the referendum market value tax, if any. The credit  
 2.10 must not exceed the total tax levied on the property by the city or town.

2.11 (b) Credits under this section must be reported to the commissioner of revenue as a part  
 2.12 of the abstracts of tax lists submitted under section 275.29.

2.13 **EFFECTIVE DATE.** This section is effective for taxes payable in 2018 and thereafter.

2.14 Sec. 3. Minnesota Statutes 2016, section 273.1393, is amended to read:

2.15 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

2.16 Notwithstanding any other provisions to the contrary, "net" property taxes are determined  
 2.17 by subtracting the credits in the order listed from the gross tax:

- 2.18 (1) disaster credit as provided in sections 273.1231 to 273.1235;
- 2.19 (2) powerline credit as provided in section 273.42;
- 2.20 (3) agricultural preserves credit as provided in section 473H.10;
- 2.21 (4) enterprise zone credit as provided in section 469.171;
- 2.22 (5) disparity reduction credit;
- 2.23 (6) conservation tax credit as provided in section 273.119;
- 2.24 (7) agricultural credit as provided in section 273.1384;
- 2.25 (8) taconite homestead credit as provided in section 273.135;
- 2.26 (9) supplemental homestead credit as provided in section 273.1391; ~~and~~
- 2.27 (10) the bovine tuberculosis zone credit, as provided in section 273.113-; and
- 2.28 (11) the road maintenance fee credit under section 273.1371.

2.29 The combination of all property tax credits must not exceed the gross tax amount.

3.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2018 and thereafter.

3.2 Sec. 4. Minnesota Statutes 2016, section 275.08, subdivision 1b, is amended to read:

3.3 Subd. 1b. **Computation of tax rates.** The amounts certified to be levied against net tax  
 3.4 capacity under section 275.07 by an individual local government unit, plus in the case of a  
 3.5 city or town, any amount certified under section 273.1371, shall be divided by the total net  
 3.6 tax capacity of all taxable properties within the local government unit's taxing jurisdiction.  
 3.7 The resulting ratio, the local government's local tax rate, multiplied by each property's net  
 3.8 tax capacity shall be each property's net tax capacity tax for that local government unit  
 3.9 before reduction by any credits.

3.10 Any amount certified to the county auditor to be levied against market value shall be  
 3.11 divided by the total referendum market value of all taxable properties within the taxing  
 3.12 district. The resulting ratio, the taxing district's new referendum tax rate, multiplied by each  
 3.13 property's referendum market value shall be each property's new referendum tax before  
 3.14 reduction by any credits. For the purposes of this subdivision, "referendum market value"  
 3.15 means the market value as defined in section 126C.01, subdivision 3.

3.16 **EFFECTIVE DATE.** This section is effective for taxes payable in 2018 and thereafter.

3.17 Sec. 5. Minnesota Statutes 2016, section 276.04, subdivision 2, is amended to read:

3.18 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of  
 3.19 the tax statements. The commissioner of revenue shall prescribe the form of the property  
 3.20 tax statement and its contents. The tax statement must not state or imply that property tax  
 3.21 credits are paid by the state of Minnesota. The statement must contain a tabulated statement  
 3.22 of the dollar amount due to each taxing authority and the amount of the state tax from the  
 3.23 parcel of real property for which a particular tax statement is prepared. The dollar amounts  
 3.24 attributable to the county, the state tax, the voter approved school tax, the other local school  
 3.25 tax, the township or municipality, and the total of the metropolitan special taxing districts  
 3.26 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The  
 3.27 amounts due all other special taxing districts, if any, may be aggregated except that any  
 3.28 levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin,  
 3.29 Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly  
 3.30 under the appropriate county's levy. If the county levy under this paragraph includes an  
 3.31 amount for a lake improvement district as defined under sections 103B.501 to 103B.581,  
 3.32 the amount attributable for that purpose must be separately stated from the remaining county  
 3.33 levy amount. In the case of Ramsey County, if the county levy under this paragraph includes

4.1 an amount for public library service under section 134.07, the amount attributable for that  
4.2 purpose may be separated from the remaining county levy amount. The amount of the tax  
4.3 on homesteads qualifying under the senior citizens' property tax deferral program under  
4.4 chapter 290B is the total amount of property tax before subtraction of the deferred property  
4.5 tax amount. The amount of the tax on contamination value imposed under sections 270.91  
4.6 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar  
4.7 amount of any special assessments, may be rounded to the nearest even whole dollar. For  
4.8 purposes of this section whole odd-numbered dollars may be adjusted to the next higher  
4.9 even-numbered dollar. The amount of market value excluded under section 273.11,  
4.10 subdivision 16, if any, must also be listed on the tax statement.

4.11 (b) The property tax statements for manufactured homes and sectional structures taxed  
4.12 as personal property shall contain the same information that is required on the tax statements  
4.13 for real property.

4.14 (c) Real and personal property tax statements must contain the following information  
4.15 in the order given in this paragraph. The information must contain the current year tax  
4.16 information in the right column with the corresponding information for the previous year  
4.17 in a column on the left:

4.18 (1) the property's estimated market value under section 273.11, subdivision 1;

4.19 (2) the property's homestead market value exclusion under section 273.13, subdivision  
4.20 35;

4.21 (3) the property's taxable market value under section 272.03, subdivision 15;

4.22 (4) the property's gross tax, before credits;

4.23 (5) for homestead agricultural properties, the credit under section 273.1384;

4.24 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;

4.25 273.1371; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount  
4.26 of credit received under section 273.135 must be separately stated and identified as "taconite  
4.27 tax relief"; and

4.28 (7) the net tax payable in the manner required in paragraph (a).

4.29 (d) If the county uses envelopes for mailing property tax statements and if the county  
4.30 agrees, a taxing district may include a notice with the property tax statement notifying  
4.31 taxpayers when the taxing district will begin its budget deliberations for the current year,  
4.32 and encouraging taxpayers to attend the hearings. If the county allows notices to be included  
4.33 in the envelope containing the property tax statement, and if more than one taxing district

5.1 relative to a given property decides to include a notice with the tax statement, the county  
5.2 treasurer or auditor must coordinate the process and may combine the information on a  
5.3 single announcement.

5.4 **EFFECTIVE DATE.** This section is effective for taxes payable in 2018 and thereafter.