

A bill for an act

relating to taxation; providing for homestead credit state refund; providing for aids to local governments; providing city foreclosure grants; changing and providing property tax exemptions and credits; modifying green acre eligibility requirements; providing for senior citizen and seasonal recreational property tax deferral programs; modifying transit taxing district; modifying levies, property valuation procedures, homestead provisions, property tax classes, and class rates; modifying, extending, and authorizing certain tax increment financing districts; authorizing and modifying local sales taxes; requiring studies; providing appointments; appropriating money; amending Minnesota Statutes 2006, sections 216B.1646; 270C.85, subdivision 2; 272.02, by adding subdivisions; 273.11, subdivisions 1, 1a, by adding subdivisions; 273.111, subdivisions 3, as amended, 4, 8, 9, 11, 11a, by adding a subdivision; 273.121, as amended; 273.124, subdivision 1; 273.13, subdivisions 23, as amended, 24, 25, as amended; 273.1384, subdivision 1; 274.14; 275.065, subdivisions 1c, 6, 8, 9, 10, by adding subdivisions; 276.04, subdivision 2, as amended; 282.08; 290.01, subdivision 19a, as amended; 290A.03, subdivision 13; 290A.04, subdivisions 2h, 3, 4, by adding a subdivision; 290B.03, subdivision 1; 290B.04, subdivisions 3, 4; 290B.05, subdivision 1; 290B.07; 297A.99, subdivision 1, as amended; 469.1813, subdivision 8; 473.446, subdivisions 2, 8; 477A.011, subdivisions 34, 36, as amended, by adding subdivisions; 477A.0124, subdivision 5; 477A.013, subdivisions 1, 8, as amended, 9, as amended; 477A.03; Minnesota Statutes 2007 Supplement, sections 273.124, subdivision 14; 273.1393; 275.065, subdivisions 1, 1a, 3; Laws 2008, chapter 154, article 2, section 11; proposing coding for new law in Minnesota Statutes, chapter 273; proposing coding for new law as Minnesota Statutes, chapter 290D; repealing Minnesota Statutes 2006, sections 273.111, subdivision 6; 290A.04, subdivisions 2, 2b; 473.4461.

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

ARTICLE 1

HOMESTEAD CREDIT STATE REFUND

Section 1. Minnesota Statutes 2006, section 273.1384, subdivision 1, is amended to read:

Subdivision 1. **Residential homestead market value credit.** (a) Each county auditor shall determine a homestead credit for each class 1a, 1b, and 2a homestead property within the county equal to 0.4 percent of the first \$76,000 of market value of the property minus .09 percent of the market value in excess of \$76,000. The credit amount may not be less than zero. In the case of an agricultural or resort homestead, only the market value of the house, garage, and immediately surrounding one acre of land is eligible in determining the property's homestead credit. In the case of a property that is classified as part homestead and part nonhomestead, (i) the credit shall apply only to the homestead portion of the property, but (ii) if a portion of a property is classified as nonhomestead solely because not all the owners occupy the property, not all the owners have qualifying relatives occupying the property, or solely because not all the spouses of owners occupy the property, the credit amount shall be initially computed as if that nonhomestead portion were also in the homestead class and then prorated to the owner-occupant's percentage of ownership. For the purpose of this section, when an owner-occupant's spouse does not occupy the property, the percentage of ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

(b) For property taxes payable in 2009 and thereafter, the county auditor shall determine the amount of the homestead credit under paragraph (a) and this paragraph. The county auditor shall report the amount of the credit to the taxpayer on the property tax statement or in another manner, as authorized by the commissioner of revenue. The amount of the credit allowed for the property taxes payable year is to be computed as the following percentage of the credit amount under paragraph (a):

(1) for property taxes payable in 2009, 100 percent;

(2) for property taxes payable in 2010, 60 percent;

(3) for property taxes payable in 2011, 45 percent;

(4) for property taxes payable in 2012, 30 percent;

(5) for property taxes payable in 2013, 15 percent; and

(6) for property taxes payable in 2014 or thereafter, no credit is allowed.

EFFECTIVE DATE. This section is effective beginning for property taxes payable in 2009.

Sec. 2. Minnesota Statutes 2006, section 276.04, subdivision 2, as amended by Laws 2008, chapter 154, article 2, section 19, is amended to read:

Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The statement must contain a tabulated

statement of the dollar amount due to each taxing authority and the amount of the state tax from the parcel of real property for which a particular tax statement is prepared. The dollar amounts attributable to the county, the state tax, the voter approved school tax, the other local school tax, the township or municipality, and the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The amounts due all other special taxing districts, if any, may be aggregated except that any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly under the appropriate county's levy. If the county levy under this paragraph includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount. In the case of Ramsey County, if the county levy under this paragraph includes an amount for public library service under section 134.07, the amount attributable for that purpose may be separated from the remaining county levy amount. The amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount. The amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement.

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

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

- (1) the property's estimated market value under section 273.11, subdivision 1;
- (2) the property's taxable market value after reductions under section 273.11, subdivisions 1a and 16;
- (3) the property's gross tax, before credits, any items required by the commissioner of revenue under section 273.1384, subdivision 1, paragraph (b); and

~~(4) for homestead residential and agricultural properties, the credits under section 273.1384;~~

~~(5) any credits received under sections 273.119, 273.123, 273.135, 273.1391, 273.1398, subdivision 4, 469.171, and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and~~

~~(6)~~ (4) the net tax payable in the manner required in paragraph (a).

(d) If the county uses envelopes for mailing property tax statements and if the county agrees, a taxing district may include a notice with the property tax statement notifying taxpayers when the taxing district will begin its budget deliberations for the current year, and encouraging taxpayers to attend the hearings. If the county allows notices to be included in the envelope containing the property tax statement, and if more than one taxing district relative to a given property decides to include a notice with the tax statement, the county treasurer or auditor must coordinate the process and may combine the information on a single announcement.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 3. Minnesota Statutes 2006, section 290.01, subdivision 19a, as amended by Laws 2008, chapter 154, article 3, section 2, and Laws 2008, chapter 154, article 4, section 3, is amended to read:

Subd. 19a. **Additions to federal taxable income.** For individuals, estates, and trusts, there shall be added to federal taxable income:

(1)(i) interest income on obligations of any state other than Minnesota or a political or governmental subdivision, municipality, or governmental agency or instrumentality of any state other than Minnesota exempt from federal income taxes under the Internal Revenue Code or any other federal statute; and

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, except the portion of the exempt-interest dividends derived from interest income on obligations of the state of Minnesota or its political or governmental subdivisions, municipalities, governmental agencies or instrumentalities, but only if the portion of the exempt-interest dividends from such Minnesota sources paid to all shareholders represents 95 percent or more of the exempt-interest dividends that are paid by the regulated investment company as defined in section 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as defined in section 851(g) of the Internal Revenue Code, making the payment; and

(iii) for the purposes of items (i) and (ii), interest on obligations of an Indian tribal government described in section 7871(c) of the Internal Revenue Code shall be treated as interest income on obligations of the state in which the tribe is located;

(2) the amount of (i) income or sales and use taxes paid or accrued within the taxable year under this chapter and the amount of taxes based on net income paid or sales and use taxes paid to any other state or to any province or territory of Canada, and (ii) the amount of real and personal property taxes paid or accrued within the taxable year, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, but the addition may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code of 1986, income or sales and use tax is the last itemized deduction disallowed, real property tax is the second to last itemized deduction disallowed, and personal property tax is the third to last itemized deduction disallowed;

(3) the capital gain amount of a lump sum distribution to which the special tax under section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law 99-514, applies;

(4) the amount of income taxes paid or accrued within the taxable year under this chapter and taxes based on net income paid to any other state or any province or territory of Canada, to the extent allowed as a deduction in determining federal adjusted gross income. For the purpose of this paragraph, income taxes do not include the taxes imposed by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729;

(5) the amount of expense, interest, or taxes disallowed pursuant to section 290.10 other than expenses or interest used in computing net interest income for the subtraction allowed under subdivision 19b, clause (1);

(6) the amount of a partner's pro rata share of net income which does not flow through to the partner because the partnership elected to pay the tax on the income under section 6242(a)(2) of the Internal Revenue Code;

(7) 80 percent of the depreciation deduction allowed under section 168(k) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding

taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k) is allowed;

(8) 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

(9) to the extent deducted in computing federal taxable income, the amount of the deduction allowable under section 199 of the Internal Revenue Code;

(10) the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans;

(11) the amount of expenses disallowed under section 290.10, subdivision 2;

(12) for taxable years beginning after December 31, 2006, and before January 1, 2008, the amount deducted for qualified tuition and related expenses under section 222 of the Internal Revenue Code, to the extent deducted from gross income; and

(13) for taxable years beginning after December 31, 2006, and before January 1, 2008, the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code, to the extent deducted from gross income.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2008.

Sec. 4. Minnesota Statutes 2006, section 290A.03, subdivision 13, is amended to read:

Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead after deductions made under sections 273.135, ~~273.1384~~, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year, and after any refund claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the year that the property tax is payable. Beginning for property taxes payable in 2009, the amount of the credit under section 273.1384, subdivision 1, must not be deducted in computing property taxes payable. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes as defined in section 273.125, subdivision 8, and for

homesteads which are park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include 19 percent of the gross rent paid in the preceding year for the site on which the homestead is located. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.124, on or before December 15 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before December 15 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

EFFECTIVE DATE. This section is effective beginning for refund claims based on property taxes payable in 2009.

Sec. 5. Minnesota Statutes 2006, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead increase more than 12 percent over the property taxes payable in the prior year on the same property that is owned and occupied by the same owner on January 2 of both years, and the amount of that increase is \$100 or more, a claimant who is a homeowner shall be allowed an additional refund equal to 60 percent of the amount of the increase over the greater of 12 percent of the prior year's property taxes payable or \$100. This subdivision shall not apply to any increase in the gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes. This subdivision shall not apply to any increase in the gross property taxes payable attributable to the termination of valuation exclusions under section 273.11, subdivision 16, or to the reduction in and elimination of the homestead market value credit under section 273.1384, subdivision 1, paragraph (b).

The maximum refund allowed under this subdivision is \$1,000.

(b) For purposes of this subdivision "gross property taxes payable" means property taxes payable determined without regard to the refund allowed under this subdivision.

(c) In addition to the other proofs required by this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

(d) Upon request, the appropriate county official shall make available the names and addresses of the property taxpayers who may be eligible for the additional property tax refund under this section. The information shall be provided on a magnetic computer disk. The county may recover its costs by charging the person requesting the information the reasonable cost for preparing the data. The information may not be used for any purpose other than for notifying the homeowner of potential eligibility and assisting the homeowner, without charge, in preparing a refund claim.

EFFECTIVE DATE. This section is effective for claims based on property taxes payable in 2009 and thereafter.

Sec. 6. Minnesota Statutes 2006, section 290A.04, is amended by adding a subdivision to read:

Subd. 2k. Homestead credit state refund. (a) A claimant who is a homeowner is entitled to a state refund of the amount of the property taxes payable in excess of two percent of the claimant's household income, based on the percentage and maximum for the appropriate household income level shown below. The refund amount determined from the table must be reduced further by the amount of the homestead market value credit under section 273.1384, subdivision 1, paragraph (b), but not to an amount that is less than zero.

<u>Household Income</u>	<u>Refund Percentage</u>	<u>Maximum State Refund</u>
<u>0 to \$5,399</u>	<u>90 percent</u>	<u>\$2,500</u>
<u>5,400 to 18,899</u>	<u>85 percent</u>	<u>2,500</u>
<u>18,900 to 26,999</u>	<u>80 percent</u>	<u>2,500</u>
<u>27,000 to 32,399</u>	<u>70 percent</u>	<u>2,500</u>
<u>32,400 to 37,799</u>	<u>65 percent</u>	<u>2,500</u>
<u>37,800 to 45,899</u>	<u>60 percent</u>	<u>2,500</u>
<u>45,900 to 64,699</u>	<u>55 percent</u>	<u>2,500</u>
<u>64,700 to 80,899</u>	<u>50 percent</u>	<u>2,300</u>
<u>80,900 to 94,399</u>	<u>45 percent</u>	<u>2,100</u>
<u>94,400 to 99,299</u>	<u>40 percent</u>	<u>1,900</u>
<u>99,300 to 104,099</u>	<u>35 percent</u>	<u>1,700</u>
<u>104,100 to 115,599</u>	<u>30 percent</u>	<u>1,500</u>
<u>115,600 to 127,199</u>	<u>25 percent</u>	<u>1,250</u>
<u>127,200 to 134,099</u>	<u>25 percent</u>	<u>1,000</u>
<u>134,100 to 138,799</u>	<u>25 percent</u>	<u>750</u>

9.1	<u>138,800 to 144,399</u>	<u>25 percent</u>	<u>500</u>
9.2	<u>144,400 to 200,000</u>	<u>25 percent</u>	<u>250</u>

9.3 (b) No payment is allowed under paragraph (a) if the claimant's household income
9.4 is more than \$200,000.

9.5 **EFFECTIVE DATE.** This section is effective beginning for claims based on
9.6 property taxes payable in 2009.

9.7 Sec. 7. Minnesota Statutes 2006, section 290A.04, subdivision 3, is amended to read:

9.8 Subd. 3. **Table.** The commissioner of revenue shall construct and make available
9.9 to taxpayers a comprehensive table showing the ~~property taxes to be paid and~~ refund
9.10 allowed at various levels of income ~~and assessment~~. The table shall follow the schedule
9.11 of income percentages, maximums and other provisions specified in ~~subdivision 2~~ this
9.12 section, except that the commissioner may graduate the transition between income
9.13 brackets. All refunds shall be computed in accordance with tables prepared and issued
9.14 by the commissioner of revenue.

9.15 The commissioner shall include on the form an appropriate space or method for the
9.16 claimant to identify if the property taxes paid are for a manufactured home, as defined in
9.17 section 273.125, subdivision 8, paragraph (c), or a park trailer taxed as a manufactured
9.18 home under section 168.012, subdivision 9.

9.19 Sec. 8. Minnesota Statutes 2006, section 290A.04, subdivision 4, is amended to read:

9.20 Subd. 4. **Inflation adjustment.** (a) Beginning for property tax refunds payable in
9.21 calendar year ~~2002~~ 2010, the commissioner shall annually adjust the dollar amounts of the
9.22 income thresholds and the maximum refunds under ~~subdivisions 2 and 2a~~ subdivision 2k
9.23 for inflation. The commissioner shall make the inflation adjustments in accordance with
9.24 section 1(f) of the Internal Revenue Code, except that for purposes of this subdivision
9.25 the percentage increase shall be determined from the year ending on June 30, ~~2000~~ 2008,
9.26 to the year ending on June 30 of the year preceding that in which the refund is payable.
9.27 The commissioner shall use the appropriate percentage increase to annually adjust the
9.28 income thresholds and maximum refunds under ~~subdivisions 2 and 2a~~ subdivision 2k for
9.29 inflation without regard to whether or not the income tax brackets are adjusted for inflation
9.30 in that year. The commissioner shall round the thresholds and the maximum amounts,
9.31 as adjusted to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall
9.32 round it up to the next \$10 amount.

The commissioner shall annually announce the adjusted refund schedule at the same time provided under section 290.06. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

(b) Beginning for property tax refunds payable in calendar year 2002, the commissioner shall annually adjust the dollar amounts of the income thresholds and the maximum refunds under subdivision 2a for inflation. The commissioner shall make the inflation adjustments in accordance with section 1(f) of the Internal Revenue Code, except that for purposes of this subdivision the percentage increase shall be determined from the year ending on June 30, 2000, to the year ending on June 30 of the year preceding that in which the refund is payable. The commissioner shall use the appropriate percentage increase to annually adjust the income thresholds and maximum refunds under subdivision 2a for inflation without regard to whether or not the income tax brackets are adjusted for inflation in that year. The commissioner shall round the thresholds and the maximum amounts, as adjusted to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to the next \$10 amount. The commissioner shall annually announce the adjusted refund schedule at the same time provided under section 290.06. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

EFFECTIVE DATE. This section is effective beginning for claims based on property taxes payable in 2010.

Sec. 9. **REPEALER.**

Minnesota Statutes 2006, section 290A.04, subdivisions 2 and 2b, are repealed.

EFFECTIVE DATE. This section is effective for claims based on property taxes payable in 2009 and thereafter.

ARTICLE 2
AIDS AND CREDITS

Section 1. Minnesota Statutes 2006, section 477A.011, subdivision 34, is amended to read:

Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than 2,500, "city revenue need" is the sum of (1) 5.0734098 times the pre-1940 housing percentage; plus (2) 19.141678 times the population decline percentage; plus (3) 2504.06334 times the road accidents factor; plus (4) 355.0547; minus (5) the metropolitan area factor; minus (6) 49.10638 times the household size.

11.1 (b) For a city with a population less than 2,500, "city revenue need" is the sum of
11.2 (1) 2.387 times the pre-1940 housing percentage; plus (2) 2.67591 times the commercial
11.3 industrial percentage; plus (3) 3.16042 times the population decline percentage; plus (4)
11.4 1.206 times the transformed population; minus (5) 62.772.

11.5 (c) For a city with a population of 2,500 or more and a population in one of the most
11.6 recently available five years that was less than 2,500, "city revenue need" is the sum of (1)
11.7 its city revenue need calculated under paragraph (a) multiplied by its transition factor;
11.8 plus (2) its city revenue need calculated under the formula in paragraph (b) multiplied
11.9 by the difference between one and its transition factor. For purposes of this paragraph, a
11.10 city's "transition factor" is equal to 0.2 multiplied by the number of years that the city's
11.11 population estimate has been 2,500 or more. This provision only applies for aids payable
11.12 in calendar years 2006 to 2008 to cities with a 2002 population of less than 2,500. It
11.13 applies to any city for aids payable in 2009 and thereafter. The city revenue need under
11.14 this paragraph may not be less than 290.

11.15 (d) The city revenue need cannot be less than zero.

11.16 (e) For aids certified in 2010 and subsequent years, the city revenue need is equal
11.17 to the average of (1) the city's revenue need calculated under paragraphs (a) to (d)
11.18 based on data available by January 1 in the year the aid is certified, and (2) its revenue
11.19 need calculated under paragraphs (a) to (d) based on data available by January 1 in the
11.20 previous year.

11.21 ~~(e)~~ (f) For calendar year 2005 and subsequent years, the city revenue need for a city,
11.22 as determined in paragraphs (a) to ~~(d)~~ (e), is multiplied by the ratio of the annual implicit
11.23 price deflator for government consumption expenditures and gross investment for state
11.24 and local governments as prepared by the United States Department of Commerce, for
11.25 the most recently available year to the 2003 implicit price deflator for state and local
11.26 government purchases.

11.27 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
11.28 2010 and thereafter.

11.29 Sec. 2. Minnesota Statutes 2006, section 477A.011, subdivision 36, as amended by
11.30 Laws 2008, chapter 154, article 1, section 1, is amended to read:

11.31 Subd. 36. **City aid base.** (a) Except as otherwise provided in this subdivision,
11.32 "city aid base" is zero.

11.33 (b) The city aid base for any city with a population less than 500 is increased by
11.34 \$40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount

of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$40,000 for aids payable in calendar year 1995 only, provided that:

(i) the average total tax capacity rate for taxes payable in 1995 exceeds 200 percent;

(ii) the city portion of the tax capacity rate exceeds 100 percent; and

(iii) its city aid base is less than \$60 per capita.

(c) The city aid base for a city is increased by \$20,000 in 1998 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$20,000 in calendar year 1998 only, provided that:

(i) the city has a population in 1994 of 2,500 or more;

(ii) the city is located in a county, outside of the metropolitan area, which contains a city of the first class;

(iii) the city's net tax capacity used in calculating its 1996 aid under section 477A.013 is less than \$400 per capita; and

(iv) at least four percent of the total net tax capacity, for taxes payable in 1996, of property located in the city is classified as railroad property.

(d) The city aid base for a city is increased by \$200,000 in 1999 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 1999 only, provided that:

(i) the city was incorporated as a statutory city after December 1, 1993;

(ii) its city aid base does not exceed \$5,600; and

(iii) the city had a population in 1996 of 5,000 or more.

~~(e) The city aid base for a city is increased by \$450,000 in 1999 to 2008 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$450,000 in calendar year 1999 only, provided that:~~

~~(i) the city had a population in 1996 of at least 50,000;~~

~~(ii) its population had increased by at least 40 percent in the ten-year period ending in 1996; and~~

~~(iii) its city's net tax capacity for aids payable in 1998 is less than \$700 per capita.~~

~~(f)~~ (e) The city aid base for a city is increased by \$150,000 for aids payable in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2000 only, provided that:

(1) the city has a population that is greater than 1,000 and less than 2,500;

(2) its commercial and industrial percentage for aids payable in 1999 is greater than 45 percent; and

(3) the total market value of all commercial and industrial property in the city for assessment year 1999 is at least 15 percent less than the total market value of all commercial and industrial property in the city for assessment year 1998.

~~(g)~~ (f) The city aid base for a city is increased by \$200,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2000 only, provided that:

(1) the city had a population in 1997 of 2,500 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$650 per capita;

(3) the pre-1940 housing percentage of the city used in calculating 1999 aid under section 477A.013 is greater than 12 percent;

(4) the 1999 local government aid of the city under section 477A.013 is less than 20 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent; and

(5) the city aid base of the city used in calculating aid under section 477A.013 is less than \$7 per capita.

~~(h)~~ (g) The city aid base for a city is increased by \$102,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$102,000 in calendar year 2000 only, provided that:

(1) the city has a population in 1997 of 2,000 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$455 per capita;

(3) the net levy of the city used in calculating 1999 aid under section 477A.013 is greater than \$195 per capita; and

(4) the 1999 local government aid of the city under section 477A.013 is less than 38 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent.

~~(i)~~ (h) The city aid base for a city is increased by \$32,000 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$32,000 in calendar year 2001 only, provided that:

(1) the city has a population in 1998 that is greater than 200 but less than 500;

(2) the city's revenue need used in calculating aids payable in 2000 was greater than \$200 per capita;

(3) the city net tax capacity for the city used in calculating aids available in 2000 was equal to or less than \$200 per capita;

14.1 (4) the city aid base of the city used in calculating aid under section 477A.013
14.2 is less than \$65 per capita; and

14.3 (5) the city's formula aid for aids payable in 2000 was greater than zero.

14.4 ~~(j)~~ (i) The city aid base for a city is increased by \$7,200 in 2001 and thereafter, and
14.5 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
14.6 paragraph (c), is also increased by \$7,200 in calendar year 2001 only, provided that:

14.7 (1) the city had a population in 1998 that is greater than 200 but less than 500;

14.8 (2) the city's commercial industrial percentage used in calculating aids payable in
14.9 2000 was less than ten percent;

14.10 (3) more than 25 percent of the city's population was 60 years old or older according
14.11 to the 1990 census;

14.12 (4) the city aid base of the city used in calculating aid under section 477A.013
14.13 is less than \$15 per capita; and

14.14 (5) the city's formula aid for aids payable in 2000 was greater than zero.

14.15 ~~(k)~~ (i) The city aid base for a city is increased by \$45,000 in 2001 and thereafter
14.16 and by an additional \$50,000 in calendar years 2002 to 2011, and the maximum amount
14.17 of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also
14.18 increased by \$45,000 in calendar year 2001 only, and by \$50,000 in calendar year 2002
14.19 only, provided that:

14.20 (1) the net tax capacity of the city used in calculating its 2000 aid under section
14.21 477A.013 is less than \$810 per capita;

14.22 (2) the population of the city declined more than two percent between 1988 and 1998;

14.23 (3) the net levy of the city used in calculating 2000 aid under section 477A.013 is
14.24 greater than \$240 per capita; and

14.25 (4) the city received less than \$36 per capita in aid under section 477A.013,
14.26 subdivision 9, for aids payable in 2000.

14.27 ~~(l)~~ (k) The city aid base for a city with a population of 10,000 or more which is
14.28 located outside of the seven-county metropolitan area is increased in 2002 and thereafter,
14.29 and the maximum amount of total aid it may receive under section 477A.013, subdivision
14.30 9, paragraph (b) or (c), is also increased in calendar year 2002 only, by an amount equal to
14.31 the lesser of:

14.32 (1)(i) the total population of the city, as determined by the United States Bureau of
14.33 the Census, in the 2000 census, (ii) minus 5,000, (iii) times 60; or

14.34 (2) \$2,500,000.

15.1 ~~(m)~~(l) The city aid base is increased by \$50,000 in 2002 and thereafter, and the
15.2 maximum amount of total aid it may receive under section 477A.013, subdivision 9,
15.3 paragraph (c), is also increased by \$50,000 in calendar year 2002 only, provided that:

- 15.4 (1) the city is located in the seven-county metropolitan area;
15.5 (2) its population in 2000 is between 10,000 and 20,000; and
15.6 (3) its commercial industrial percentage, as calculated for city aid payable in 2001,
15.7 was greater than 25 percent.

15.8 ~~(n)~~(m) The city aid base for a city is increased by \$150,000 in calendar years 2002
15.9 to 2011 and by an additional \$75,000 in calendar years 2009 to 2014 and the maximum
15.10 amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is
15.11 also increased by \$150,000 in calendar year 2002 only and by \$75,000 in calendar year
15.12 2009 only, provided that:

- 15.13 (1) the city had a population of at least 3,000 but no more than 4,000 in 1999;
15.14 (2) its home county is located within the seven-county metropolitan area;
15.15 (3) its pre-1940 housing percentage is less than 15 percent; and
15.16 (4) its city net tax capacity per capita for taxes payable in 2000 is less than \$900
15.17 per capita.

15.18 ~~(o)~~(n) The city aid base for a city is increased by \$200,000 beginning in calendar
15.19 year 2003 and the maximum amount of total aid it may receive under section 477A.013,
15.20 subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2003 only,
15.21 provided that the city qualified for an increase in homestead and agricultural credit aid
15.22 under Laws 1995, chapter 264, article 8, section 18.

15.23 ~~(p)~~(o) The city aid base for a city is increased by \$200,000 in 2004 only and the
15.24 maximum amount of total aid it may receive under section 477A.013, subdivision 9, is
15.25 also increased by \$200,000 in calendar year 2004 only, if the city is the site of a nuclear
15.26 dry cask storage facility.

15.27 ~~(q)~~(p) The city aid base for a city is increased by \$10,000 in 2004 and thereafter
15.28 and the maximum total aid it may receive under section 477A.013, subdivision 9, is also
15.29 increased by \$10,000 in calendar year 2004 only, if the city was included in a federal
15.30 major disaster designation issued on April 1, 1998, and its pre-1940 housing stock was
15.31 decreased by more than 40 percent between 1990 and 2000.

15.32 ~~(r)~~(q) The city aid base for a city is increased by \$30,000 in 2009 and thereafter
15.33 and the maximum total aid it may receive under section 477A.013, subdivision 9, is also
15.34 increased by \$25,000 in calendar year 2006 only if the city had a population in 2003
15.35 of at least 1,000 and has a state park for which the city provides rescue services and

which comprised at least 14 percent of the total geographic area included within the city boundaries in 2000.

~~(s) The city aid base for a city with a population less than 5,000 is increased in 2006 and thereafter and the minimum and maximum amount of total aid it may receive under this section is also increased in calendar year 2006 only by an amount equal to \$6 multiplied by its population.~~

~~(t)~~ (r) The city aid base for a city is increased by \$80,000 in 2009 and thereafter and the minimum and maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by \$80,000 in calendar year 2009 only, if:

(1) as of May 1, 2006, at least 25 percent of the tax capacity of the city is proposed to be placed in trust status as tax-exempt Indian land;

(2) the placement of the land is being challenged administratively or in court; and

(3) due to the challenge, the land proposed to be placed in trust is still on the tax rolls as of May 1, 2006.

~~(u)~~ (s) The city aid base for a city is increased by \$100,000 in 2007 and thereafter and the minimum and maximum total amount of aid it may receive under this section is also increased in calendar year 2007 only, provided that:

(1) the city has a 2004 estimated population greater than 200 but less than 2,000;

(2) its city net tax capacity for aids payable in 2006 was less than \$300 per capita;

(3) the ratio of its pay 2005 tax levy compared to its city net tax capacity for aids payable in 2006 was greater than 110 percent; and

(4) it is located in a county where at least 15,000 acres of land are classified as tax-exempt Indian reservations according to the 2004 abstract of tax-exempt property.

~~(v)~~ (t) The city aid base for a city is increased by \$30,000 in 2009 only, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$30,000 in calendar year 2009, only if the city had a population in 2005 of less than 3,000 and the city's boundaries as of 2007 were formed by the consolidation of two cities and one township in 2002.

(u) The city aid base for a city is increased by \$100,000 in 2009 and thereafter, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$100,000 in calendar year 2009 only, if the city had a city net tax capacity for aids payable in 2007 of less than \$150 per capita and the city experienced flooding on March 14, 2007, that resulted in evacuation of at least 40 homes.

(v) The city aid base for a city is increased by \$200,000 in 2009 to 2013, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by \$200,000 in calendar year 2009 only, if the city:

(1) is located outside of the Minneapolis-St. Paul standard metropolitan statistical area;

(2) has a 2005 population greater than 7,000 but less than 8,000; and

(3) has a 2005 net tax capacity per capita of less than \$500.

(w) The city aid base is increased by \$80,000 in calendar years 2009 to 2018 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, is increased by \$80,000 in calendar year 2009 only, provided that:

(1) the city is located in the seven-county metropolitan area;

(2) its population in 2006 is less than 200; and

(3) the percentage of its housing stock built before 1940, according to the 2000 United States Census, is greater than 40 percent.

(x) The city aid base for a city is increased by \$100,000 in 2009 and thereafter and the minimum and maximum total amount of aid it may receive under this section is also increased by \$100,000 in calendar year 2009 only, provided that:

(1) the city is located in the metropolitan area and its 2006 population is less than 2,500;

(2) at least 25 percent of its housing was built before 1940 and at least 50 percent of its housing is rental housing, according to the 2000 United States Census;

(3) the median household income in the city is 80 percent or less than the median household income in the metropolitan area and 50 percent or less than the median household income for all cities contiguous to that city, according to the 2000 United States Census; and

(4) at least 60 percent of the land and water acres in the city are classified as tax-exempt property, according to its 2008 planning document.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2009 and thereafter.

Sec. 3. Minnesota Statutes 2006, section 477A.011, is amended by adding a subdivision to read:

Subd. 41. **Small city aid base.** (a) "Small city aid base" for a city with a population less than 5,000 is equal to \$8 multiplied by its population. The small city aid base for all other cities is equal to zero.

(b) For calendar year 2010 and subsequent years, the small city aid base for a city, as determined in paragraph (a), is multiplied by the ratio of the annual implicit price deflator for government consumption expenditures and gross investment for state and local governments as prepared by the United States Department of Commerce, for the most

18.1 recently available year to the 2007 implicit price deflator for state and local government
18.2 purchases.

18.3 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
18.4 2009 and thereafter.

18.5 Sec. 4. Minnesota Statutes 2006, section 477A.011, is amended by adding a
18.6 subdivision to read:

18.7 Subd. 42. **City jobs base.** (a) "City jobs base" for a city with a population of 5,000
18.8 or more is equal to the product of (1) \$18, (2) the number of jobs per capita in the city, and
18.9 (3) its population. For cities with a population less than 5,000, the city jobs base is equal
18.10 to zero. For a city receiving \$2,500,000 in aid under section 477A.011, subdivision 36,
18.11 paragraph (l), its city jobs base is reduced by 25 percent of the amount of aid received
18.12 under that paragraph. No city's job base may exceed \$5,000,000 under this paragraph.

18.13 (b) For calendar year 2010 and subsequent years, the city jobs base for a city, as
18.14 determined in paragraph (a), is multiplied by the ratio of the annual implicit price deflator
18.15 for government consumption expenditures and gross investment for state and local
18.16 governments as prepared by the United States Department of Commerce, for the most
18.17 recently available year to the 2007 implicit price deflator for state and local government
18.18 purchases.

18.19 (c) For purposes of this subdivision, "jobs per capita in the city" means (1) the
18.20 average annual number of employees in the city based on the data from the Quarterly
18.21 Census of Employment and Wages, as reported by the Department of Employment and
18.22 Economic Development, for the most recent calendar year available as of January 1 of
18.23 the year in which the aid is calculated, divided by (2) the city's population for the same
18.24 calendar year as the employment data.

18.25 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
18.26 2009 and thereafter.

18.27 Sec. 5. Minnesota Statutes 2006, section 477A.0124, subdivision 5, is amended to read:

18.28 Subd. 5. **County transition aid.** (a) ~~For 2005, a county is eligible for transition~~
18.29 ~~aid equal to the amount, if any, by which:~~

18.30 ~~(1) the difference between:~~

18.31 ~~(i) the aid the county received under subdivision 1 in 2004, divided by the total aid~~
18.32 ~~paid to all counties under subdivision 1, multiplied by \$205,000,000, and~~

19.1 ~~(ii) the amount of aid the county is certified to receive in 2005 under subdivisions~~
19.2 ~~3 and 4;~~
19.3 ~~exceeds:~~

19.4 ~~(2) three percent of the county's adjusted net tax capacity.~~

19.5 ~~A county's aid under this paragraph may not be less than zero.~~

19.6 ~~(b) In 2006, a county is eligible to receive two-thirds of the transition aid it received~~
19.7 ~~in 2005.~~

19.8 ~~(c) In 2007,~~ For 2009 and each year thereafter, a county is eligible to receive
19.9 ~~one-third of the transition aid it received in 2005~~ 2007.

19.10 ~~(d) No county shall receive aid under this subdivision after 2007.~~

19.11 (b) In 2009 only, a county with (1) a 2006 population less than 30,000, and (2)
19.12 an average Part I crimes per capita greater than 3.9 percent based on factors used in
19.13 determining county program aid payable in 2008, shall receive \$100,000.

19.14 (c) For aids payable in 2009, 2010, and 2011 only, \$250,000 each year shall be
19.15 distributed to any county in which (1) the 2006 estimated population exceeds 30,000, and
19.16 (2) the 2006 percentage of households receiving food stamps exceeds 15 percent, based
19.17 on data used in computing county program aids for aids payable in 2008 and the 2006
19.18 estimated household count according to the state demographer. The aid must be used to
19.19 meet the county's cost of out-of-home placement programs.

19.20 **EFFECTIVE DATE.** This section is effective for aids payable in 2009 and
19.21 thereafter.

19.22 Sec. 6. Minnesota Statutes 2006, section 477A.013, subdivision 1, is amended to read:

19.23 Subdivision 1. **Towns.** ~~In 2002, no~~ In calendar year 2009 and subsequent years,
19.24 each organized town is eligible for a distribution under this subdivision equal to \$100 plus
19.25 the product of the town aid factor multiplied by its population. Each county with one or
19.26 more unorganized townships shall receive \$100 plus the product of the town aid factor
19.27 multiplied by the total population in all unorganized townships in the county.

19.28 The "town aid factor" is the same for all towns and must be calculated by the
19.29 Department of Revenue so that the total aid under this subdivision equals the total amount
19.30 available for aid under section 477A.03.

19.31 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
19.32 2009 and thereafter.

Sec. 7. Minnesota Statutes 2006, section 477A.013, subdivision 8, as amended by Laws 2008, chapter 154, article 1, section 2, is amended to read:

Subd. 8. **City formula aid.** In calendar year ~~2004~~ 2009 and subsequent years, the formula aid for a city is equal to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need increase percentage multiplied by the difference between (1) (i) the city's revenue need multiplied by its population, and (2) (ii) the sum of the city's net tax capacity multiplied by the tax effort rate.

No city may have a formula aid amount less than zero. The need increase percentage must be the same for all cities.

The applicable need increase percentage must be calculated by the Department of Revenue so that the total of the aid under subdivision 9 equals the total amount available for aid under section 477A.03 ~~after the subtraction under section 477A.014, subdivisions 4 and 5.~~ For aids payable in 2009 only, a city's revenue need, population, net tax capacity, and tax effort rate will be based on the data available for calculating these factors for aids payable in 2008.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2009 and thereafter.

Sec. 8. Minnesota Statutes 2006, section 477A.013, subdivision 9, as amended by Laws 2008, chapter 154, article 1, section 3, is amended to read:

Subd. 9. **City aid distribution.** (a) In calendar year 2009 and thereafter, each city shall receive an aid distribution equal to the sum of (1) the city formula aid under subdivision 8, and (2) its city aid base, ~~and (3) one-half of the difference between its total aid in the previous year under this subdivision and its city aid base in the previous year.~~

(b) ~~For aids payable in 2010 and thereafter, each city shall receive an aid distribution equal to (1) the city aid formula under subdivision 8, (2) its city aid base, and (3) its formula aid under subdivision 8 in the previous year, prior to any adjustments under this subdivision.~~ 2009 only, the total aid for any city shall not exceed the sum of (1) 25 percent of the city's net levy for the year prior to the aid distribution, plus (2) its total aid in the previous year.

(c) For aids payable in ~~2009~~ 2010 and thereafter, the total aid for any city shall not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution plus (2) its total aid in the previous year. For aids payable in 2009 and thereafter, the total aid for any city with a population of 2,500 or more may not be less

than its total aid under this section in the previous year minus the lesser of \$15 multiplied by its population, or ten percent of its net levy in the year prior to the aid distribution.

(d) For aids payable in ~~2009~~ 2010 and thereafter, the total aid for a city with a population less than 2,500 must not be less than the amount it was certified to receive in the previous year minus the lesser of \$15 multiplied by its population, or five percent of its 2003 certified aid amount. For aids payable in 2009 only the total aid for a city with a population less than 2,500 must not be less than what it received under this section in the previous year unless its total aid in calendar year 2008 was aid under section 477A.011, subdivision 36, paragraph (s), in which case its minimum aid is zero.

(e) If a city's net tax capacity used in calculating aid under this section has decreased in any year by more than 25 percent from its net tax capacity in the previous year due to property becoming tax-exempt Indian land, the city's maximum allowed aid increase under paragraph (c) shall be increased by an amount equal to (1) the city's tax rate in the year of the aid calculation, multiplied by (2) the amount of its net tax capacity decrease resulting from the property becoming tax exempt.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2009 and thereafter.

Sec. 9. Minnesota Statutes 2006, section 477A.03, is amended to read:

477A.03 APPROPRIATION.

Subd. 2. **Annual appropriation.** A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the commissioner of revenue.

Subd. 2a. **Cities.** For aids payable in ~~2004~~ 2009 and thereafter, the total ~~aids aid~~ paid under section 477A.013, subdivision 9, ~~are limited to \$429,000,000~~ is \$515,052,000. For aids payable in ~~2005~~, the total aids paid under section 477A.013, subdivision 9, ~~are limited to \$437,052,000~~. For aids payable in ~~2006 and thereafter~~, the total aids paid under section ~~477A.013, subdivision 9, is limited to \$485,052,000~~ 2009 only, an additional \$1,000,000 shall be retained by the commissioner and used to make payments under section 10.

Subd. 2b. **Counties.** (a) ~~For aids payable in calendar year 2005 and thereafter, the total aids paid to counties under section 477A.0124, subdivision 3, are limited to \$100,500,000.~~ For aids payable in 2009 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is \$110,500,000 minus one-half of the total aid amount determined under section 477A.0124, subdivision 5, paragraph (a). Each calendar year, \$500,000 shall be retained by the commissioner of revenue to make reimbursements

to the commissioner of finance for payments made under section 611.27. For calendar year 2004, the amount shall be in addition to the payments authorized under section 477A.0124, subdivision 1. For calendar year 2005 and subsequent years, the amount shall be deducted from the appropriation under this paragraph. The reimbursements shall be to defray the additional costs associated with court-ordered counsel under section 611.27. Any retained amounts not used for reimbursement in a year shall be included in the next distribution of county need aid that is certified to the county auditors for the purpose of property tax reduction for the next taxes payable year.

(b) For aids payable in ~~2005~~ 2009 and thereafter, the total ~~aids aid~~ under section 477A.0124, subdivision 4, ~~are limited to \$105,000,000~~ is \$115,132,923 minus one-half of the total aid amount determined under section 477A.0124, subdivision 5, paragraph (a). ~~For aids payable in 2006 and thereafter, the total aid under section 477A.0124, subdivision 4, is limited to \$105,132,923.~~ The commissioner of finance shall bill the commissioner of revenue for the cost of preparation of local impact notes as required by section 3.987, not to exceed \$207,000 in fiscal year 2004 and thereafter. The commissioner of education shall bill the commissioner of revenue for the cost of preparation of local impact notes for school districts as required by section 3.987, not to exceed \$7,000 in fiscal year 2004 and thereafter. The commissioner of revenue shall deduct the amounts billed under this paragraph from the appropriation under this paragraph. The amounts deducted are appropriated to the commissioner of finance and the commissioner of education for the preparation of local impact notes.

Subd. 2c. **Towns.** For aids payable in 2009 and thereafter, the total aid under section 477A.013, subdivision 1, is \$3,000,000.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2009 and thereafter.

Sec. 10. CITY FORECLOSURE GRANTS.

For calendar 2009 only, a city with a concentration of foreclosures within the city or within a zip code area of a city in calendar year 2007, may receive a grant under this section. A "concentration of foreclosures" means that the percent of housing in foreclosure within the area is at least 50 percent higher than the average percent of housing in foreclosure in the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2. The city must apply to the commissioner of revenue by December 30, 2008, on the form prescribed by the commissioner. The grant will be paid with other aids paid in calendar year 2009, as prescribed in section 477A.015.

The commissioner of revenue shall consult with the commissioner of the Housing Finance Agency, to develop a form for cities to use when applying for grants under this section and to determine whether applications qualify. The appropriation for the grants under Minnesota Statutes, section 477A.03, shall be divided between successful applicants based on the number of foreclosures in the area meeting the concentration criteria. No city may receive a grant of more than \$250,000. All decisions by the commissioner regarding grant qualification and amount shall be final. The grant must be used to fund inspection and public safety costs associated with housing foreclosures.

EFFECTIVE DATE. This section is effective for grants made in calendar year 2009.

Sec. 11. **STUDY OF AIDS TO LOCAL GOVERNMENTS.**

The chairs of the senate and house of representatives committees with jurisdiction over taxes shall each appoint five members to a study group of the tax committees to examine the current system of aids to local governments and make recommendations on improvements to the system. Of the five members appointed by each chair, two must be members of the tax committee, one of whom is a majority party member and one of whom is a minority party member. The remaining members must represent local units of government. The chairs of the divisions of the tax committees having jurisdiction over property taxes shall also be members and shall serve as cochairs of the study group. The study shall include, but not be limited to, consideration of existing disparities in the distribution of local government aid, the relationship of need for city aid to other sources of revenue such as local sales taxes, an analysis of current law need and capacity factors as well as alternative need factors, alternative analytical methods for determining correlations between factors and need, the formula used to calculate aid for small cities, and volatility in the local government aid distribution. The group must report on its specific recommendations to the legislature by December 15, 2010.

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

ARTICLE 3
PROPERTY TAXES

Section 1. Minnesota Statutes 2006, section 216B.1646, is amended to read:

216B.1646 RATE ~~REDUCTION~~ ADJUSTMENT; PROPERTY TAX
~~REDUCTION~~ CHANGE.

(a) The commission shall, by any method the commission finds appropriate, ~~reduce~~ adjust the rates each ~~electric~~ utility subject to rate regulation by the commission charges

its customers to reflect, on an ongoing basis, the amount by which each utility's property tax, including the state general tax, if applicable, on the personal property of its electric system from taxes payable in 2001 to taxes payable in 2002 is reduced or pipeline system transporting or distributing natural gas is changed under this act. The commission must ensure that, to the extent feasible, each dollar of personal property tax ~~reduction allocated to Minnesota consumers retroactive to January 1, 2002,~~ change in taxes payable in 2009 and subsequent years results in a dollar of savings adjustment to the utility's ~~customers~~ rates. ~~A utility may voluntarily pass on any additional property tax savings allocated in the same manner as approved by the commission under this paragraph.~~ The adjustment under this paragraph is outside of a general rate case proceeding under section 216B.16.

(b) ~~By April 10, 2002,~~ Each utility ~~shall~~ may submit a filing to the commission containing:

(1) certified information regarding the utility's property tax ~~savings~~ change allocated to Minnesota retail customers; and

(2) a proposed method of ~~passing these savings on~~ adjusting rates to Minnesota retail customers.

The utility shall provide the information in clause (1) to the commissioner of revenue at the same time. The commissioner shall notify the commission within 30 days as to the accuracy of the property tax data submitted by the utility.

(c) For purposes of this section, "personal property" means tools, implements, and machinery of ~~the generating plant. It does not apply to transformers, transmission lines, distribution lines, or any other tools, implements, and machinery that are part of an electric substation, wherever located~~ an electric system or of a pipeline system transporting or distributing natural gas.

Sec. 2. Minnesota Statutes 2006, section 270C.85, subdivision 2, is amended to read:

Subd. 2. **Powers and duties.** The commissioner shall have and exercise the following powers and duties in administering the property tax laws.

(a) Confer with, advise, and give the necessary instructions and directions to local assessors and local boards of review throughout the state as to their duties under the laws of the state.

(b) Direct proceedings, actions, and prosecutions to be instituted to enforce the laws relating to the liability and punishment of public officers and officers and agents of corporations for failure or negligence to comply with the provisions of the property tax laws, and cause complaints to be made against local assessors, members of boards of

equalization, members of boards of review, or any other assessing or taxing officer, to the proper authority, for their removal from office for misconduct or negligence of duty.

(c) Require county attorneys to assist in the commencement of prosecutions in actions or proceedings for removal, forfeiture, and punishment, for violation of the property tax laws in their respective districts or counties.

(d) Require town, city, county, and other public officers to report information as to the assessment of property, and such other information as may be needful in the work of the commissioner, in such form as the commissioner may prescribe.

(e) Transmit to the governor, on or before the third Monday in December of each even-numbered year, and to each member of the legislature, on or before November 15 of each even-numbered year, the report of the department for the preceding years, showing all the taxable property subject to the property tax laws and the value of the same, in tabulated form.

(f) Inquire into the methods of assessment and taxation and ascertain whether the assessors faithfully discharge their duties.

(g) Assist local assessors in determining the estimated market value of industrial special-use property. For purposes of this paragraph, "industrial special-use property" means property that:

- (1) is designed and equipped for a particular type of industry;
- (2) is not easily adapted to some other use due to the unique nature of the facilities;
- (3) has facilities totaling at least 75,000 square feet in size; and
- (4) has a total estimated market value of \$10,000,000 or greater based on the assessor's preliminary determination.

EFFECTIVE DATE. This section is effective for assessment year 2009 and thereafter, for taxes payable in 2010 and thereafter.

Sec. 3. Minnesota Statutes 2006, section 272.02, is amended by adding a subdivision to read:

Subd. 85. Fergus Falls historical zone. (a) Property located in the area of the campus of the former state regional treatment center in the city of Fergus Falls, including the five buildings and associated land that were acquired by the city prior to January 1, 2007, is exempt from ad valorem taxes levied under chapter 275.

(b) The exemption applies for 15 calendar years from the date specified by resolution of the governing body of the city of Fergus Falls. For the final three assessment years of the duration limit, the exemption applies to the following percentages of estimated market value of the property:

- (1) for the third to the last assessment year of the duration, 75 percent;
- (2) for the second to the last assessment year of the duration, 50 percent; and
- (3) for the last assessment year of the duration, 25 percent.

EFFECTIVE DATE. This section is effective for property taxes payable in 2009 and thereafter.

Sec. 4. Minnesota Statutes 2006, section 272.02, is amended by adding a subdivision to read:

Subd. 86. Electric generation facility; personal property. (a) Notwithstanding subdivision 9, paragraph (a), attached machinery and other personal property which is part of a simple-cycle combustion-turbine electric generation facility that exceeds 150 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

- (1) utilize natural gas as a primary fuel;
- (2) be owned by an electric generation and transmission cooperative;
- (3) be located within one mile of an existing 16-inch natural gas pipeline and 69-kilovolt and 230-kilovolt high-voltage electric transmission lines;
- (4) be designed to provide peaking, emergency backup, or contingency services;
- (5) have received a certificate of need under section 216B.243 demonstrating demand for its capacity; and
- (6) have received by resolution the approval from the governing bodies of the county and the city in which the proposed facility is to be located for the exemption of personal property under this subdivision.

(b) Construction of the facility must be commenced after January 1, 2008, and before January 1, 2012. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

EFFECTIVE DATE. This section is effective for the 2008 assessment payable in 2009 and thereafter.

Sec. 5. **[273.0645] COMMISSIONER REVIEW OF LOCAL ASSESSMENT PRACTICES.**

The commissioner of revenue must review the assessment practices in a taxing jurisdiction if requested in writing by a qualifying number of property owners in that taxing jurisdiction. The request must be signed by the greater of:

27.1 (1) one percent of the property owners; or

27.2 (2) five property owners.

27.3 The request must identify the city, town, or county and describe why a review is
27.4 sought for that taxing jurisdiction. The commissioner must conduct the review in a
27.5 reasonable amount of time and report the findings to the county board of the affected
27.6 county, to the affected city council or town board, if the review is for a specific city or
27.7 town, and to the property owner designated in the request as the person to receive the
27.8 report on behalf of all the property owners who signed the request. The commissioner
27.9 must also provide the report electronically to all property owners who signed the request
27.10 and provided an e-mail address in order to receive the report electronically.

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

27.12 Sec. 6. Minnesota Statutes 2006, section 273.11, subdivision 1, is amended to read:

27.13 Subdivision 1. **Generally.** Except as provided in this section or section 273.17,
27.14 subdivision 1, all property shall be valued at its market value. The market value as
27.15 determined pursuant to this section shall be stated such that any amount under \$100 is
27.16 rounded up to \$100 and any amount exceeding \$100 shall be rounded to the nearest \$100.
27.17 In estimating and determining such value, the assessor shall not adopt a lower or different
27.18 standard of value because the same is to serve as a basis of taxation, nor shall the assessor
27.19 adopt as a criterion of value the price for which such property would sell at a forced
27.20 sale, or in the aggregate with all the property in the town or district; but the assessor
27.21 shall value each article or description of property by itself, and at such sum or price as
27.22 the assessor believes the same to be fairly worth in money. The assessor shall take into
27.23 account the effect on the market value of property of environmental factors in the vicinity
27.24 of the property, and the market value effect of foreclosed property on all property in the
27.25 vicinity due to the foreclosures. In assessing any tract or lot of real property, the value
27.26 of the land, exclusive of structures and improvements, shall be determined, and also the
27.27 value of all structures and improvements thereon, and the aggregate value of the property,
27.28 including all structures and improvements, excluding the value of crops growing upon
27.29 cultivated land. In valuing real property upon which there is a mine or quarry, it shall be
27.30 valued at such price as such property, including the mine or quarry, would sell for at a fair,
27.31 voluntary sale, for cash, if the material being mined or quarried is not subject to taxation
27.32 under section 298.015 and the mine or quarry is not exempt from the general property
27.33 tax under section 298.25. In valuing real property which is vacant, platted property shall
27.34 be assessed as provided in subdivision 14. All property, or the use thereof, which is
27.35 taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market

28.1 value of such property and not at the value of a leasehold estate in such property, or at
28.2 some lesser value than its market value.

28.3 **EFFECTIVE DATE.** This section is effective for the 2009 assessment and
28.4 thereafter.

28.5 Sec. 7. Minnesota Statutes 2006, section 273.11, subdivision 1a, is amended to read:

28.6 Subd. 1a. **Limited market value.** In the case of all property classified as
28.7 agricultural homestead or nonhomestead, residential homestead or nonhomestead, timber,
28.8 or noncommercial seasonal residential recreational, the assessor shall compare the value
28.9 with the taxable portion of the value determined in the preceding assessment.

28.10 For assessment years 2004, 2005, and 2006, the amount of the increase shall not
28.11 exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 25
28.12 percent of the difference between the current assessment and the preceding assessment.

28.13 For assessment ~~year~~ years 2007 through 2009, the amount of the increase shall not
28.14 exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 33
28.15 percent of the difference between the current assessment and the preceding assessment.

28.16 For assessment year ~~2008~~ 2010, the amount of the increase shall not exceed the
28.17 greater of (1) 15 percent of the value in the preceding assessment, or (2) 50 percent of the
28.18 difference between the current assessment and the preceding assessment.

28.19 This limitation shall not apply to increases in value due to improvements. For
28.20 purposes of this subdivision, the term "assessment" means the value prior to any exclusion
28.21 under subdivision 16.

28.22 The provisions of this subdivision shall be in effect through assessment year ~~2008~~
28.23 2010 as provided in this subdivision.

28.24 For purposes of the assessment/sales ratio study conducted under section 127A.48,
28.25 and the computation of state aids paid under chapters 122A, 123A, 123B, 124D, 125A,
28.26 126C, 127A, and 477A, market values and net tax capacities determined under this
28.27 subdivision and subdivision 16, shall be used.

28.28 **EFFECTIVE DATE.** This section is effective for assessment year 2008 and
28.29 thereafter, for taxes payable in 2009 and thereafter.

28.30 Sec. 8. Minnesota Statutes 2006, section 273.11, is amended by adding a subdivision to
28.31 read:

28.32 Subd. 24. **Rural vacant land abutting public waters.** (a) Any property that:
28.33 (1) is located in a township;

(2) is classified as either (i) agricultural property under section 273.13, subdivision 23, paragraph (b), or (ii) rural vacant land under section 273.13, subdivision 23, paragraph (c), contiguous to agricultural property under the same ownership with at least two-thirds of the acreage used for agricultural purposes;

(3) is not enrolled in the Minnesota agricultural property tax law under section 273.111; and

(4) abuts public waters in whole or in part, shall be valued by the assessor on the same basis as rural vacant land of the same quality that does not abut public waters, until some action is taken to develop the land as specified in paragraph (c).

(b) In each assessment year, the assessor shall determine the estimated market value of the property as provided under subdivision 1, taking into consideration its highest and best use. For each year that the property is classified under this subdivision, the property tax statement shall include a notice that the property is being taxed under a reduced valuation that will terminate under certain conditions.

(c) An owner of property meeting the criteria of this subdivision must notify the county assessor within 30 days of applying for a development permit from the county or local zoning board. If development permits are not required, an owner of property meeting the criteria of this subdivision must notify the assessor prior to all or any portion of the property being platted or subdivided.

(d) When any of the conditions specified in paragraph (c) occurs, additional taxes shall be imposed in an amount equal to: (1) the average of the difference between the amount of taxes actually levied on the property in the current year and the two prior years, and the amount of taxes that would have been levied in the current year and the two prior years based on the estimated market value determined under paragraph (b); (2) multiplied by seven. The additional taxes shall be extended against the property on the tax list for the current year, provided that no interest or penalties shall be levied on the additional taxes if timely paid. For purposes of this subdivision, "public waters" means a meandered lake as defined under section 103G.005, subdivision 15, paragraph (a), clause (3).

EFFECTIVE DATE. This section is effective for the 2009 assessment and thereafter.

Sec. 9. Minnesota Statutes 2006, section 273.11, is amended by adding a subdivision to read:

Subd. 25. **Limit on taxable valuation; certain restored homes.** A homestead property that either (i) has gone through foreclosure or (ii) is located within a disaster or emergency area and sustained physical damage of at least \$5,000 in the disaster or emergency is eligible for valuation limitation under this subdivision. To qualify for the limitation, the property must:

(i) have been restored or rebuilt within 18 months of the foreclosure or the disaster or emergency;

(ii) have a gross living area that does not exceed 130 percent of the gross living area prior to the foreclosure or the disaster or emergency; and

(iii) have an estimated market value that exceeds its taxable market value for the assessment year of the foreclosure or the disaster or emergency by at least \$20,000, due to the restoration or reconstruction.

In the first assessment year following the restoration or reconstruction, the taxable value shall be equal to three-quarters of its taxable value in the assessment year of the foreclosure or disaster or emergency, plus one-quarter of its current estimated market value. In the second assessment year following the restoration or reconstruction, the taxable value shall be equal to one-half of its taxable value in the assessment year of the foreclosure or disaster or emergency, and one-half of its current estimated market value. In the third assessment year following the restoration or reconstruction, the taxable value shall be equal to one-quarter of its taxable value in the assessment year of the foreclosure or disaster or emergency, and three-quarters of its current estimated market value. For the three assessment years immediately following the restoration or reconstruction, the property is not subject to the valuation limit under subdivision 1a.

For the purposes of this subdivision:

(i) "disaster or emergency area" means an area in which the president of the United States or the administrator of the Small Business Administration has determined that a disaster exists pursuant to federal law;

(ii) "gone through foreclosure" means that a foreclosure sale has been held and that the person who owned the home prior to the sale did not redeem it from the sale under section 580.23; and

(iii) "gross living area" means the square footage of the home that would customarily be used as living space.

EFFECTIVE DATE. This section is effective for assessment year 2009 and thereafter.

Sec. 10. Minnesota Statutes 2006, section 273.111, subdivision 3, as amended by Laws 2008, chapter 154, article 13, section 26, is amended to read:

Subd. 3. **Requirements.** (a) Real estate consisting of ~~ten~~ three acres or more or a nursery or greenhouse, and qualifying for classification as class ~~1b, 2a, or 2b~~ under section 273.13, shall be entitled to valuation and tax deferment under this section ~~only if it is primarily devoted to agricultural use, and meets the qualifications in subdivision 6, and either:~~

(1) is the homestead of the owner, or of a surviving spouse, child, or sibling of the owner or is real estate which is farmed with the real estate which contains the homestead property; or

(2) has been in possession of the applicant, the applicant's spouse, parent, or sibling, or any combination thereof, for a period of at least seven years prior to application for benefits under the provisions of this section, or is real estate which is farmed with the real estate which qualifies under this clause and is within four townships or cities or combination thereof from the qualifying real estate; or

(3) is the homestead of ~~a shareholder in a family farm corporation as defined in an individual who is part of an entity in compliance with~~ section 500.24, notwithstanding the fact that legal title to the real estate may be held in the name of the family farm corporation; or

(4) is in the possession of a nursery or greenhouse or an entity owned by a proprietor, partnership, or corporation which also owns the nursery or greenhouse operations on the parcel or parcels, provided that only the acres used to produce nursery stock qualify for treatment under this section.

(b) ~~Valuation of real estate under this section is limited to parcels the ownership of which is in noncorporate entities except for:~~

~~(1) family farm corporations organized pursuant to section 500.24; and~~

~~(2) corporations that derive 80 percent or more of their gross receipts from the wholesale or retail sale of horticultural or nursery stock.~~

~~(c)~~ Land that previously qualified for tax deferment under this section and no longer qualifies because it is not primarily used for agricultural purposes but would otherwise qualify under ~~subdivisions~~ Minnesota Statutes 2006, section 273.111, subdivision 3, and 6 for a period of at least three years will not be required to make payment of the previously deferred taxes, notwithstanding the provisions of subdivision 9. Sale of the land prior to the expiration of the three-year period requires payment of deferred taxes as follows: sale in the year the land no longer qualifies requires payment of the current year's deferred taxes plus payment of deferred taxes for the two prior years; sale during the second year

the land no longer qualifies requires payment of the current year's deferred taxes plus payment of the deferred taxes for the prior year; and sale during the third year the land no longer qualifies requires payment of the current year's deferred taxes. Deferred taxes shall be paid even if the land qualifies pursuant to subdivision 11a. When such property is sold or no longer qualifies under this paragraph, or at the end of the three-year period, whichever comes first, all deferred special assessments plus interest are payable in equal installments spread over the time remaining until the last maturity date of the bonds issued to finance the improvement for which the assessments were levied. If the bonds have matured, the deferred special assessments plus interest are payable within 90 days. The provisions of section 429.061, subdivision 2, apply to the collection of these installments. Penalties are not imposed on any such special assessments if timely paid.

EFFECTIVE DATE. This section is effective for assessment year 2009, taxes payable in 2010 and thereafter.

Sec. 11. Minnesota Statutes 2006, section 273.111, is amended by adding a subdivision to read:

Subd. 3a. Property no longer eligible for deferment. Real estate that qualifies for tax deferment under this section for assessment year 2008, but which does not qualify for the current assessment year due to changes in qualification requirements under this act, shall continue to qualify until the land is sold or transferred, provided that the property continues to meet the requirements of Minnesota Statutes 2006, section 273.111, subdivision 3.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 12. Minnesota Statutes 2006, section 273.111, subdivision 4, is amended to read:

Subd. 4. Determination of value. (a) The value of any real estate described in subdivision 3 shall upon timely application by the owner, in the manner provided in subdivision 8, be determined solely with reference to its appropriate agricultural classification and value notwithstanding sections 272.03, subdivision 8, and 273.11. ~~In determining the value for ad valorem tax purposes, the assessor shall use sales data for agricultural lands located outside the seven metropolitan counties having similar soil types, number of degree days, and other similar agricultural characteristics.~~ Furthermore, the assessor shall not consider any added values resulting from nonagricultural factors. In order to account for the presence of nonagricultural influences that may affect the value

of agricultural land, the commissioner of revenue shall develop a fair and uniform method of determining agricultural values for each county in the state that are consistent with this subdivision. The commissioner shall annually assign the resulting values to each county, and these values shall be used as the basis for determining the agricultural value for all properties in the county qualifying for tax deferment under this section.

(b) In the case of property qualifying for tax deferment only under subdivision 3a, the value shall be based on the value in effect for assessment year 2008, multiplied by the ratio of the total taxable market value of all property in the county for the current assessment year divided by the total taxable market value of all property in the county for assessment year 2008.

EFFECTIVE DATE. This section is effective for assessment year 2009 and thereafter.

Sec. 13. Minnesota Statutes 2006, section 273.111, subdivision 8, is amended to read:

Subd. 8. **Application.** Application for deferment of taxes and assessment under this section shall be filed by May 1 of the year prior to the year in which the taxes are payable. Any application filed hereunder and granted shall continue in effect for subsequent years until the property no longer qualifies. Such application shall be filed with the assessor of the taxing district in which the real property is located on such form as may be prescribed by the commissioner of revenue. The assessor may require proof by affidavit or otherwise that the property qualifies under ~~subdivisions~~ subdivision 3 and 6.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 14. Minnesota Statutes 2006, section 273.111, subdivision 9, is amended to read:

Subd. 9. **Additional taxes.** When real property which is being, or has been valued and assessed under this section no longer qualifies under ~~subdivisions~~ subdivision 3 and 6 or 3a, the portion no longer qualifying shall be subject to additional taxes, in the amount equal to the average difference between the taxes determined in accordance with subdivision 4, and the amount determined under subdivision 5, for the current year and the two preceding years, multiplied by seven. Provided, however, that the amount determined under subdivision 5 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arm's-length transaction been used in lieu of the market value determined under subdivision 5. Such additional taxes shall be extended against the property on the tax list for the current year, provided, however, that no interest or

penalties shall be levied on such additional taxes if timely paid, ~~and provided further, that such additional taxes shall only be levied with respect to the last three years that the said property has been valued and assessed under this section.~~

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 15. Minnesota Statutes 2006, section 273.111, subdivision 11, is amended to read:

Subd. 11. **Special local assessments.** The payment of special local assessments levied after June 1, 1967, for improvements made to any real property described in subdivision 3 together with the interest thereon shall, on timely application as provided in subdivision 8, be deferred as long as such property meets the conditions contained in ~~subdivisions~~ subdivision 3 and 6 or 3a or is transferred to an agricultural preserve under sections 473H.02 to 473H.17. If special assessments against the property have been deferred pursuant to this subdivision, the governmental unit shall file with the county recorder in the county in which the property is located a certificate containing the legal description of the affected property and of the amount deferred. When such property no longer qualifies under ~~subdivisions~~ subdivision 3 and 6 or 3a, all deferred special assessments plus interest shall be payable in equal installments spread over the time remaining until the last maturity date of the bonds issued to finance the improvement for which the assessments were levied. If the bonds have matured, the deferred special assessments plus interest shall be payable within 90 days. The provisions of section 429.061, subdivision 2, apply to the collection of these installments. Penalty shall not be levied on any such special assessments if timely paid.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 16. Minnesota Statutes 2006, section 273.111, subdivision 11a, is amended to read:

Subd. 11a. **Continuation of tax treatment upon sale.** When real property qualifying under ~~subdivisions~~ subdivision 3 and 6 is sold, no additional taxes or deferred special assessments plus interest shall be extended against the property provided the property continues to qualify pursuant to ~~subdivisions~~ subdivision 3 and 6, and provided the new owner files an application for continued deferment within 30 days after the sale.

~~For purposes of meeting the income requirements of subdivision 6, the property purchased shall be considered in conjunction with other qualifying property owned by the purchaser.~~

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter.

Sec. 17. **[273.113] TAX CREDIT FOR PROPERTY IN BOVINE TUBERCULOSIS MANAGEMENT ZONES.**

Subdivision 1. **Definition.** For the purposes of this section, "bovine tuberculosis management zone" means the area within the ten-mile radius around the five presumptive tuberculosis-positive deer sampled during the fall 2006 hunter-harvested surveillance effort.

Subd. 2. **Eligibility; credit on agricultural land; cattle herds.** Land classified as class 2a or 2b under section 273.13, subdivision 23, located in a bovine tuberculosis management zone is eligible for a property tax credit if the property owner has eradicated a cattle herd that had been kept on that land for at least part of the year in order to prevent the onset or spread of bovine tuberculosis. The net credit is equal to that portion of the tax relating to the market value of the land on the parcels where the herd had been located after all other applicable credits have been deducted. To initially qualify for the tax credit, the property owner shall file an application with the county by January 2 of the year following the calendar year when the herd was eradicated. The credit must be given for each taxes payable year following the calendar year when the herd was eradicated and must terminate for all taxes payable years beginning after the calendar year when a new herd of cattle was placed on the land. The auditor shall indicate the amount of the property tax reduction on the property tax statement of each taxpayer receiving a credit under this section. Notwithstanding section 276.04, subdivision 3, property tax statements of properties eligible for a credit under this section must be mailed no later than April 15.

Subd. 3. **Eligibility; credit on hunting land; deer and elk herds.** Land located in a bovine tuberculosis management zone that is primarily used for hunting purposes is eligible for a property tax credit if (1) the property owner or the Department of Natural Resources has eradicated the deer and elk herd on that land in order to prevent the onset or spread of bovine tuberculosis, (2) the property owner adheres strictly to the deer and elk feeding ban, and (3) the property owner makes every effort to keep their land free of deer and elk. The net credit is equal to the property tax on the parcel where the herd had been located after all other applicable credits have been deducted. The credit is only on that portion of the tax relating to the market value of the land. To initially qualify for the tax credit, the property owner shall file an application with the county by January 2 of the year following the calendar year when the deer or elk herd was eradicated. To receive the tax credit in subsequent years, the property owner shall file by January 2 of each

subsequent year until the state is upgraded to a bovine tuberculosis status of modified accredited advanced. The county board must approve the application before the credit is allowed. The credit is for each taxes payable year following the calendar year when the deer or elk herd was eradicated and must terminate as provided in subdivision 5. The auditor shall indicate the amount of the property tax reduction on the property tax statement of each taxpayer receiving a credit under this section. Notwithstanding section 276.04, subdivision 3, property tax statements of properties eligible for a credit under this section must be mailed no later than April 15.

Subd. 4. **Reimbursement for lost revenue; appropriations.** The county auditor shall certify to the commissioner of revenue, as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29, the amount of tax lost to the county from the property tax credit under this section after all other applicable credits have been deducted. Any prior year adjustments must also be certified in the abstracts of tax lists. The commissioner of revenue shall review the certifications to determine their accuracy. The commissioner may make the changes in the certification that are considered necessary or return a certification to the county auditor for corrections. The commissioner shall reimburse each taxing district for the taxes lost. The payments must be made at the time provided in section 273.1398, subdivision 6, for payment to taxing jurisdictions in the same proportion that the ad valorem tax is distributed. The amount necessary to make the reimbursements under this section is annually appropriated from the general fund to the commissioner of revenue. The credits paid under this section shall be deducted from the tax due on the property as provided in section 273.1393.

Subd. 5. **Termination of credit.** The credit provided under this section ceases to be available beginning with any assessment year following the date when the United States Department of Agriculture publishes notice in the Federal Register that the state is upgraded to a bovine tuberculosis status of modified accredited advanced.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2009.

Sec. 18. Minnesota Statutes 2006, section 273.121, as amended by Laws 2008, chapter 154, article 13, section 28, is amended to read:

273.121 VALUATION OF REAL PROPERTY, NOTICE.

Subdivision 1. **Notice.** Any county assessor or city assessor having the powers of a county assessor, valuing or classifying taxable real property shall in each year notify those persons whose property is to be included on the assessment roll that year if the person's address is known to the assessor, otherwise the occupant of the property. The notice shall

be in writing and shall be sent by ordinary mail at least ten days before the meeting of the local board of appeal and equalization under section 274.01 or the review process established under section 274.13, subdivision 1c. Upon written request by the owner of the property, the assessor may send the notice in electronic form or by electronic mail instead of on paper or by ordinary mail. It shall contain: (1) the market value for the current and prior assessment, (2) the limited market value under section 273.11, subdivision 1a, for the current and prior assessment, (3) the qualifying amount of any improvements under section 273.11, subdivision 16, for the current assessment, (4) the market value subject to taxation after subtracting the amount of any qualifying improvements for the current assessment, (5) the classification of the property for the current and prior assessment, (6) a note that if the property is homestead and at least 45 years old, improvements made to the property may be eligible for a valuation exclusion under section 273.11, subdivision 16, (7) the assessor's office address, and (8) the dates, places, and times set for the meetings of the local board of appeal and equalization, the review process established under section 274.13, subdivision 1c, and the county board of appeal and equalization. The commissioner of revenue shall specify the form of the notice. The assessor shall attach to the assessment roll a statement that the notices required by this section have been mailed. Any assessor who is not provided sufficient funds from the assessor's governing body to provide such notices, may make application to the commissioner of revenue to finance such notices. The commissioner of revenue shall conduct an investigation and, if satisfied that the assessor does not have the necessary funds, issue a certification to the commissioner of finance of the amount necessary to provide such notices. The commissioner of finance shall issue a warrant for such amount and shall deduct such amount from any state payment to such county or municipality. The necessary funds to make such payments are hereby appropriated. Failure to receive the notice shall in no way affect the validity of the assessment, the resulting tax, the procedures of any board of review or equalization, or the enforcement of delinquent taxes by statutory means.

Subd. 2. Availability of data. The notice must state where the information on the property is available, the times when the information may be viewed by the public, and the county's Web site address.

EFFECTIVE DATE. This section is effective for notices prepared in 2009 and thereafter.

Sec. 19. Minnesota Statutes 2006, section 273.124, subdivision 1, is amended to read:

Subdivision 1. **General rule.** (a) Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential homestead.

Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

Property held by a trustee under a trust is eligible for homestead classification if the requirements under this chapter are satisfied.

The assessor shall require proof, as provided in subdivision 13, of the facts upon which classification as a homestead may be determined. Notwithstanding any other law, the assessor may at any time require a homestead application to be filed in order to verify that any property classified as a homestead continues to be eligible for homestead status. Notwithstanding any other law to the contrary, the Department of Revenue may, upon request from an assessor, verify whether an individual who is requesting or receiving homestead classification has filed a Minnesota income tax return as a resident for the most recent taxable year for which the information is available.

When there is a name change or a transfer of homestead property, the assessor may reclassify the property in the next assessment unless a homestead application is filed to verify that the property continues to qualify for homestead classification.

(b) For purposes of this section, homestead property shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner must use the property for the purposes of the homestead, and must apply to the assessor, both by the deadlines given in subdivision 9. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

(c) Residential real estate that is occupied and used for purposes of a homestead by a relative of the owner is a homestead but only to the extent of the homestead treatment that would be provided if the related owner occupied the property. For purposes of this paragraph and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship

may be by blood or marriage. Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner will not be reclassified as a homestead unless it is occupied as a homestead by the owner; this prohibition also applies to property that, in the absence of this paragraph, would have been classified as seasonal residential recreational property at the time when the residence was constructed. Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative. In the case of a residence located on agricultural land, only the house, garage, and immediately surrounding one acre of land shall be classified as a homestead under this paragraph, except as provided in paragraph (d).

(d) Agricultural property that is occupied and used for purposes of a homestead by a relative of the owner, is a homestead, only to the extent of the homestead treatment that would be provided if the related owner occupied the property, and only if all of the following criteria are met:

(1) the relative who is occupying the agricultural property is a son, daughter, brother, sister, grandson, granddaughter, father, or mother of the owner of the agricultural property or a son, daughter, brother, sister, grandson, or granddaughter of the spouse of the owner of the agricultural property;

(2) the owner of the agricultural property must be a Minnesota resident;

(3) the owner of the agricultural property must not receive homestead treatment on any other agricultural property in Minnesota; and

(4) the owner of the agricultural property is limited to only one agricultural homestead per family under this paragraph.

Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative qualifying under this paragraph. For purposes of this paragraph, "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land.

Application must be made to the assessor by the owner of the agricultural property to receive homestead benefits under this paragraph. The assessor may require the necessary proof that the requirements under this paragraph have been met.

(e) In the case of property owned by a property owner who is married, the assessor must not deny homestead treatment in whole or in part if only one of the spouses occupies the property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2) legal separation, (3) employment or self-employment in another location, or (4) other personal circumstances causing the spouses to live separately, not including an intent to obtain two homestead classifications for property tax purposes. To qualify under clause

(3), the spouse's place of employment or self-employment must be at least 50 miles distant from the other spouse's place of employment, and the homesteads must be at least 50 miles distant from each other. Homestead treatment, in whole or in part, shall not be denied to the owner's spouse who previously occupied the residence with the owner if the absence of the owner is due to one of the exceptions provided in this paragraph.

(f) The assessor must not deny homestead treatment in whole or in part if:

(1) in the case of a property owner who is not married, the owner is absent due to residence in a nursing home, boarding care facility, or an elderly assisted living facility property as defined in section 273.13, subdivision 25a, and the property is not otherwise occupied; or

(2) in the case of a property owner who is married, the owner or the owner's spouse or both are absent due to residence in a nursing home, boarding care facility, or an elderly assisted living facility property as defined in section 273.13, subdivision 25a, and the property is not occupied or is occupied only by the owner's spouse.

(g) If an individual is purchasing property with the intent of claiming it as a homestead and is required by the terms of the financing agreement to have a relative shown on the deed as a co-owner, the assessor shall allow a full homestead classification. This provision only applies to first-time purchasers, whether married or single, or to a person who had previously been married and is purchasing as a single individual for the first time. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the data necessary for the assessor to determine if full homestead benefits are warranted.

(h) If residential or agricultural real estate is occupied and used for purposes of a homestead by a child of a deceased owner and the property is subject to jurisdiction of probate court, the child shall receive relative homestead classification under paragraph (c) or (d) to the same extent they would be entitled to it if the owner was still living, until the probate is completed. For purposes of this paragraph, "child" includes a relationship by blood or by marriage.

(i) If a single-family home, duplex, or triplex classified as either residential homestead or agricultural homestead is also used to provide licensed child care, the portion of the property used for licensed child care must be classified as a part of the homestead property.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 20. Minnesota Statutes 2007 Supplement, section 273.124, subdivision 14, is amended to read:

Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the Department of Natural Resources on which in lieu taxes are paid under sections 477A.11 to 477A.14;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not farther than four townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this paragraph shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4). Homestead classification under this paragraph is limited to property that qualified under this paragraph for the 1998 assessment.

(b)(i) Agricultural property consisting of at least 40 acres shall be classified as the owner's homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the owner, the owner's spouse, the son or daughter of the owner or owner's spouse, the brother or sister of the owner or owner's spouse, or the grandson or granddaughter of the owner or the owner's spouse, is actively farming the agricultural property, either on the person's own behalf as an individual or on behalf of a partnership operating a family farm, family farm corporation, joint family farm venture, or limited liability company of which the person is a partner, shareholder, or member;

(2) both the owner of the agricultural property and the person who is actively farming the agricultural property under clause (1), are Minnesota residents;

(3) neither the owner nor the spouse of the owner claims another agricultural homestead in Minnesota; and

(4) ~~neither the owner nor and the person actively farming the property lives farther than four townships or cities, or a combination of four townships or cities, from the~~

42.1 ~~agricultural property, must live either in the county where the agricultural property is~~
42.2 ~~located or in a county contiguous to the county where the agricultural property is located,~~
42.3 except that if the owner or the owner's spouse is required to live in employer-provided
42.4 housing, the owner or owner's spouse, whichever is actively farming the agricultural
42.5 property, may live ~~more than four townships or cities, or combination of four townships~~
42.6 ~~or cities further from the agricultural property~~ than in the county or county contiguous
42.7 to the property.

42.8 The relationship under this paragraph may be either by blood or marriage.

42.9 (ii) Real property held by a trustee under a trust is eligible for agricultural homestead
42.10 classification under this paragraph if the qualifications in clause (i) are met, except that
42.11 "owner" means the grantor of the trust.

42.12 (iii) Property containing the residence of an owner who owns qualified property
42.13 under clause (i) shall be classified as part of the owner's agricultural homestead, if that
42.14 property is also used for noncommercial storage or drying of agricultural crops.

42.15 (c) Noncontiguous land shall be included as part of a homestead under section
42.16 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a
42.17 and the detached land is located in the same ~~township or city, or not farther than four~~
42.18 ~~townships or cities or combination thereof from~~ county or in a county contiguous to the
42.19 homestead. Any taxpayer of these noncontiguous lands must notify the county assessor
42.20 that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is
42.21 located in another county, the taxpayer must also notify the assessor of the other county.

42.22 (d) Agricultural land used for purposes of a homestead and actively farmed by a
42.23 person holding a vested remainder interest in it must be classified as a homestead under
42.24 section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a,
42.25 any other dwellings on the land used for purposes of a homestead by persons holding
42.26 vested remainder interests who are actively engaged in farming the property, and up to
42.27 one acre of the land surrounding each homestead and reasonably necessary for the use of
42.28 the dwelling as a home, must also be assessed class 2a.

42.29 (e) Agricultural land and buildings that were class 2a homestead property under
42.30 section 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain
42.31 classified as agricultural homesteads for subsequent assessments if:

42.32 (1) the property owner abandoned the homestead dwelling located on the agricultural
42.33 homestead as a result of the April 1997 floods;

42.34 (2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman,
42.35 or Wilkin;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1997 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 1997 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(f) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by a March 29, 1998, tornado;

(2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur, Nicollet, Nobles, or Rice;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1998 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to a March 29, 1998, tornado, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the owner must notify the assessor by December 1, 1998. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(g) Agricultural property consisting of at least 40 acres of a family farm corporation, joint family farm venture, family farm limited liability company, or partnership operating a family farm as described under subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) a shareholder, member, or partner of that entity is actively farming the agricultural property;

(2) that shareholder, member, or partner who is actively farming the agricultural property is a Minnesota resident;

(3) neither that shareholder, member, or partner, nor the spouse of that shareholder, member, or partner claims another agricultural homestead in Minnesota; and

(4) that shareholder, member, or partner ~~does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property~~ lives in the county where the agricultural property is located or in a county contiguous to the county where the property is located.

Homestead treatment applies under this paragraph for property leased to a family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm if legal title to the property is in the name of an individual who is a member, shareholder, or partner in the entity.

(h) To be eligible for the special agricultural homestead under this subdivision, an initial full application must be submitted to the county assessor where the property is located. Owners and the persons who are actively farming the property shall be required to complete only a one-page abbreviated version of the application in each subsequent year provided that none of the following items have changed since the initial application:

(1) the day-to-day operation, administration, and financial risks remain the same;
(2) the owners and the persons actively farming the property continue to live within ~~the four townships or city criteria~~ the county or a contiguous county and are Minnesota residents;

(3) the same operator of the agricultural property is listed with the Farm Service Agency;

(4) a Schedule F or equivalent income tax form was filed for the most recent year;

(5) the property's acreage is unchanged; and

(6) none of the property's acres have been enrolled in a federal or state farm program since the initial application.

The owners and any persons who are actively farming the property must include the appropriate Social Security numbers, and sign and date the application. If any of the specified information has changed since the full application was filed, the owner must notify the assessor, and must complete a new application to determine if the property continues to qualify for the special agricultural homestead. The commissioner of revenue shall prepare a standard reapplication form for use by the assessors.

(i) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by the August 2007 floods;

(2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele, Wabasha, or Winona;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 2007 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the August 2007 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the owner must notify the assessor by December 1, 2008. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

EFFECTIVE DATE. This section is effective for taxes payable in 2010 and thereafter, except that the provision extending the homestead to brothers and sisters is effective for taxes payable in 2009 and thereafter.

Sec. 21. Minnesota Statutes 2006, section 273.13, subdivision 23, as amended by Laws 2008, chapter 154, article 2, section 12, is amended to read:

Subd. 23. **Class 2.** (a) ~~Class 2a property is agricultural land including any improvements~~ An agricultural homestead consists of class 2a agricultural land that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class 2a land. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a or 1b property under subdivision 22. The value of the remaining land including improvements up to the first tier valuation limit of agricultural homestead property has a net class rate of ~~0.55~~ 0.5 percent of market value. The remaining property over the first tier has a class rate of one percent of market value. For purposes of this subdivision, the "first tier valuation limit of agricultural homestead property" and "first tier" means the limit certified under section 273.11, subdivision 23.

(b) Class 2a agricultural land consists of parcels of property, or portions thereof, that are agricultural land and buildings. Class 2a property has a net class rate of one percent of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a property may contain an incidental amount of property that would otherwise be classified as 2b, including but not limited to sloughs, wooded wind shelters, acreage abutting ditches, and other similar land impractical for the assessor to value separately from the rest of the property.

46.1 (c) Class 2b property is (1) rural vacant land consists of parcels of property,
46.2 or portions thereof, that are unplatted real estate, rural in character and not used for
46.3 agricultural purposes, including land used exclusively for growing trees for timber,
46.4 lumber, and wood and wood products; (2) real estate that is not improved with a structure
46.5 and is used exclusively for growing trees for timber, lumber, and wood and wood products,
46.6 if the owner has participated or is participating in a cost-sharing program for afforestation,
46.7 reforestation, or timber stand improvement on that particular property, administered or
46.8 coordinated by the commissioner of natural resources; (3) real estate that is nonhomestead
46.9 agricultural land; or (4) a landing area or public access area of a privately owned public use
46.10 airport, provided that the presence of a minor, ancillary nonresidential structure as defined
46.11 by the commissioner of revenue does not disqualify the property from classification
46.12 under this paragraph and provided that any parcel improved with a structure that is not a
46.13 minor, ancillary nonresidential structure may be split-classified, provided that the acreage
46.14 assigned to the split parcel with the structure is at least 20 acres. Class 2b property has
46.15 a net class rate of one percent of market value, except that unplatted property described
46.16 in clause (1) or (2) has a net class rate of .65 percent if it consists unless it is part of an
46.17 agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

46.18 (d) Class 2c managed forest land consists of no less than ten 20 and no more than
46.19 1,920 acres statewide per taxpayer and that is being managed under a forest management
46.20 plan that meets the requirements of chapter 290C, but is not enrolled in the sustainable
46.21 forest resource management incentive program. It has a class rate of .65 percent, provided
46.22 that the owner of the property must apply to the assessor annually to receive the reduced
46.23 class rate and provide the information required by the assessor to verify that the property
46.24 qualifies for the reduced rate. The commissioner of natural resources must concur that the
46.25 land is qualified. The commissioner of natural resources shall annually provide county
46.26 assessors verification information on a timely basis.

46.27 (e) (e) Agricultural land as used in this section means contiguous acreage of
46.28 ten acres or more, property used during the preceding year for agricultural purposes.
46.29 "Agricultural purposes" as used in this section means the raising or, cultivation, drying,
46.30 or storage of agricultural products for sale, or the storage of machinery or equipment
46.31 used in support of agricultural production. For a property to be classified as agricultural
46.32 based only on the drying or storage of agricultural products, the products being dried or
46.33 stored must have been produced by the same farm entity as the entity operating the drying
46.34 or storage facility. "Agricultural purposes" also includes enrollment in the Reinvest in
46.35 Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation
46.36 Reserve Program as contained in Public Law 99-198 if the property was classified as

agricultural (i) under this subdivision for the assessment year 2002 or (ii) in the year prior to its enrollment. ~~Contiguous acreage on the same parcel, or contiguous acreage on an immediately adjacent parcel under the same ownership, may also qualify as agricultural land, but only if it is pasture, timber, waste, unusable wild land, or land included in state or federal farm programs. Agricultural classification for property shall be determined excluding the house, garage, and immediately surrounding one acre of land, and shall not be based upon the market value of any residential structures on the parcel or contiguous parcels under the same ownership.~~

~~(d)~~ (f) Real estate of less than five acres, excluding the house, garage, and immediately surrounding one acre of land, ~~of less than ten acres which is exclusively and intensively used for raising or cultivating agricultural products, shall be considered as agricultural land~~ qualifies as class 2a if:

(i) the entire parcel is tilled or pastured to produce an agricultural product for sale in three of the last five years;

(ii) the acres are used primarily for drying or storage of grain or storage of machinery or equipment used to support agricultural activities on other parcels of property operated by the same farming entity;

(iii) the land mass contains a nursery, provided only those acres used to produce nursery stock are considered agricultural land;

(iv) the parcel is used exclusively as a livestock or poultry confinement process; or

(v) the parcel is used primarily for market farming; for purposes of this paragraph, "market farming" means the cultivation of one or more fruits or vegetables or production of animal or other agricultural products for sale to local markets by the farmer or an organization with which the farmer is affiliated.

(g) Land shall be classified as agricultural even if all or a portion of the agricultural use of that property is the leasing to, or use by another person for agricultural purposes.

~~Classification under this subdivision is not determinative for qualifying under section 273.111.~~

(h) The property classification under this section supersedes, for property tax purposes only, any locally administered agricultural policies or land use restrictions that define minimum or maximum farm acreage.

~~(e)~~ (i) The term "agricultural products" as used in this subdivision includes production for sale of:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1);

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing;

(5) game birds and waterfowl bred and raised for use on a shooting preserve licensed under section 97A.115;

(6) insects primarily bred to be used as food for animals;

(7) trees, grown for sale as a crop, including short rotation woody crops, and not sold for timber, lumber, wood, or wood products; and

(8) maple syrup taken from trees grown by a person licensed by the Minnesota Department of Agriculture under chapter 28A as a food processor.

~~(f)~~ (j) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

(1) wholesale and retail sales;

(2) processing of raw agricultural products or other goods;

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

~~(g)~~ (k) Class 2d airport landing area consists of a landing area or public access area of a privately owned public use airport. To qualify for classification under this paragraph ~~(b), clause (4)~~, a privately owned public use airport must be licensed as a public

airport under section 360.018. For purposes of this paragraph ~~(b), clause (4)~~, "landing area" means that part of a privately owned public use airport properly cleared, regularly maintained, and made available to the public for use by aircraft and includes runways, taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing area also includes land underlying both the primary surface and the approach surfaces that comply with all of the following:

(i) the land is properly cleared and regularly maintained for the primary purposes of the landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

(ii) the land is part of the airport property; and

(iii) the land is not used for commercial or residential purposes.

The land contained in a landing area under this paragraph ~~(b), clause (4)~~, must be described and certified by the commissioner of transportation. The certification is effective until it is modified, or until the airport or landing area no longer meets the requirements of this paragraph ~~(b), clause (4)~~. For purposes of this paragraph ~~(b), clause (4)~~, "public access area" means property used as an aircraft parking ramp, apron, or storage hangar, or an arrival and departure building in connection with the airport.

EFFECTIVE DATE. The portion of this section reducing the agricultural class rate, and expanding the definition of "agricultural purposes" in paragraph (e) and "agricultural products" in paragraph (h), is effective for taxes payable in 2009 and thereafter. The remainder of the section is effective for taxes payable in 2010 and thereafter.

Sec. 22. Minnesota Statutes 2006, section 273.13, subdivision 24, is amended to read:

Subd. 24. **Class 3.** (a) Commercial and industrial property and utility real and personal property is class 3a.

(1) Except as otherwise provided, each parcel of commercial, industrial, or utility real property has a class rate of 1.5 percent of the first tier of market value, and 2.0 percent of the remaining market value. In the case of contiguous parcels of property owned by the same person or entity, only the value equal to the first-tier value of the contiguous parcels qualifies for the reduced class rate, except that contiguous parcels owned by the same person or entity shall be eligible for the first-tier value class rate on each separate business operated by the owner of the property, provided the business is housed in a separate structure. For the purposes of this subdivision, the first tier means the first \$150,000 of market value. Real property owned in fee by a utility for transmission line right-of-way shall be classified at the class rate for the higher tier.

For purposes of this subdivision, parcels are considered to be contiguous even if they are separated from each other by a road, street, waterway, or other similar intervening type of property. Connections between parcels that consist of power lines or pipelines do not cause the parcels to be contiguous. Property owners who have contiguous parcels of property that constitute separate businesses that may qualify for the first-tier class rate shall notify the assessor by July 1, for treatment beginning in the following taxes payable year.

~~(2) All Personal property that is: (i) part of an electric generation, transmission, or distribution system; or (ii), including tools, implements, and machinery, has a class rate of 2.4 percent for taxes payable in 2009, and 2.8 percent for taxes payable in 2010, and thereafter.~~

~~(3) Personal property that is either: (i) part of a pipeline system transporting or distributing water, gas, crude oil, or petroleum products; and (iii) not described in clause (3), and all, including tools, implements, and machinery, or (ii) part of an electric transmission or distribution system, including tools, implements, and machinery, has a class rate of 2.0 percent for taxes payable in 2009 and thereafter.~~

(4) Railroad operating property has a class rate as provided under clause (1) for the first tier of market value and the remaining market value. In the case of multiple parcels in one county that are owned by one person or entity, only one first tier amount is eligible for the reduced rate.

~~(3) The entire market value of personal property that is: (i) tools, implements, and machinery of an electric generation, transmission, or distribution system; (ii) tools, implements, and machinery of a pipeline system transporting or distributing water, gas, crude oil, or petroleum products; or (iii) the~~ (5) Personal property consisting of mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, has a class rate as provided under clause (1) for the remaining market value in excess of the first tier.

(b) Employment property defined in section 469.166, during the period provided in section 469.170, shall constitute class 3b. The class rates for class 3b property are determined under paragraph (a).

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 23. Minnesota Statutes 2006, section 273.13, subdivision 25, as amended by Laws 2008, chapter 154, article 2, section 13, is amended to read:

Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner

as a residence for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. The market value of class 4a property has a class rate of 1.25 percent.

(b) Class 4b ~~includes:~~

~~(1) residential real estate containing less than four units that does not qualify as class 4bb, other than seasonal residential recreational property;~~

~~(2) manufactured homes not classified under any other provision;~~

~~(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b) containing two or three units; and~~

~~(4) is unimproved property that is classified residential as determined under subdivision 33.~~

The market value of class 4b property has a class rate of 1.25 percent.

(c) Class 4bb includes:

(1) nonhomestead residential real estate containing ~~one unit~~ up to three units, other than seasonal residential recreational property; ~~and~~

(2) a ~~single family~~ dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b), containing up to three units; and

(3) manufactured homes not classified under any other provision.

Class 4bb property has the same class rates as class 1a property under subdivision 22.

Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner does not qualify for class 4bb.

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), or subdivision 23, paragraph (b), clause (1), real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes, including real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class

52.1 4c property must provide recreational activities such as renting ice fishing houses, boats
52.2 and motors, snowmobiles, downhill or cross-country ski equipment; provide marina
52.3 services, launch services, or guide services; or sell bait and fishing tackle. A camping
52.4 pad offered for rent by a property that otherwise qualifies for class 4c is also class 4c
52.5 regardless of the term of the rental agreement, as long as the use of the camping pad
52.6 does not exceed 250 days. In order for a property to be classified as class 4c, seasonal
52.7 residential recreational for commercial purposes, at least 40 percent of the annual gross
52.8 lodging receipts related to the property must be from business conducted during 90
52.9 consecutive days and either (i) at least 60 percent of all paid bookings by lodging guests
52.10 during the year must be for periods of at least two consecutive nights; or (ii) at least 20
52.11 percent of the annual gross receipts must be from charges for rental of fish houses, boats
52.12 and motors, snowmobiles, downhill or cross-country ski equipment, or charges for marina
52.13 services, launch services, and guide services, or the sale of bait and fishing tackle. For
52.14 purposes of this determination, a paid booking of five or more nights shall be counted as
52.15 two bookings. Class 4c also includes commercial use real property used exclusively
52.16 for recreational purposes in conjunction with class 4c property devoted to temporary
52.17 and seasonal residential occupancy for recreational purposes, up to a total of two acres,
52.18 provided the property is not devoted to commercial recreational use for more than 250
52.19 days in the year preceding the year of assessment and is located within two miles of the
52.20 class 4c property with which it is used. Owners of real and personal property devoted
52.21 to temporary and seasonal residential occupancy for recreation purposes and all or a
52.22 portion of which was devoted to commercial purposes for not more than 250 days in the
52.23 year preceding the year of assessment desiring classification as class 4c, must submit a
52.24 declaration to the assessor designating the cabins or units occupied for 250 days or less in
52.25 the year preceding the year of assessment by January 15 of the assessment year. Those
52.26 cabins or units and a proportionate share of the land on which they are located must be
52.27 designated class 4c as otherwise provided. The remainder of the cabins or units and
52.28 a proportionate share of the land on which they are located will be designated as class
52.29 3a. The owner of property desiring designation as class 4c property must provide guest
52.30 registers or other records demonstrating that the units for which class 4c designation is
52.31 sought were not occupied for more than 250 days in the year preceding the assessment if
52.32 so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop,
52.33 (4) conference center or meeting room, and (5) other nonresidential facility operated on a
52.34 commercial basis not directly related to temporary and seasonal residential occupancy for
52.35 recreation purposes does not qualify for class 4c;
52.36 (2) qualified property used as a golf course if:

(i) it is open to the public on a daily fee basis. It may charge membership fees or dues, but a membership fee may not be required in order to use the property for golfing, and its green fees for golfing must be comparable to green fees typically charged by municipal courses; and

(ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with the golf course is classified as class 3a property;

(3) real property up to a maximum of three acres of land owned and used by a nonprofit community service oriented organization and that is not used for residential purposes on either a temporary or permanent basis, qualifies for class 4c provided that it meets either of the following:

(i) the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment; or

(ii) the organization makes annual charitable contributions and donations at least equal to the property's previous year's property taxes and the property is allowed to be used for public and community meetings or events for no charge, as appropriate to the size of the facility.

For purposes of this clause,

(A) "charitable contributions and donations" has the same meaning as lawful gambling purposes under section 349.12, subdivision 25, excluding those purposes relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;

(B) "property taxes" excludes the state general tax;

(C) a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1990; and

(D) "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises.

Any portion of the property qualifying under item (i) which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively

to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity.

The organization shall maintain records of its charitable contributions and donations and of public meetings and events held on the property and make them available upon request any time to the assessor to ensure eligibility. An organization meeting the requirement under item (ii) must file an application by May 1 with the assessor for eligibility for the current year's assessment. The commissioner shall prescribe a uniform application form and instructions;

(4) postsecondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus;

(5) manufactured home parks as defined in section 327.14, subdivision 3;

(6) real property that is actively and exclusively devoted to indoor fitness, health, social, recreational, and related uses, is owned and operated by a not-for-profit corporation, and is located within the metropolitan area as defined in section 473.121, subdivision 2;

(7) a leased or privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land is on an airport owned or operated by a city, town, county, Metropolitan Airports Commission, or group thereof; and

(ii) the land lease, or any ordinance or signed agreement restricting the use of the leased premise, prohibits commercial activity performed at the hangar.

If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be filed by the new owner with the assessor of the county where the property is located within 60 days of the sale;

(8) a privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land abuts a public airport; and

(ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement restricting the use of the premises, prohibiting commercial use or activity performed at the hangar; and

(9) residential real estate, a portion of which is used by the owner for homestead purposes, and that is also a place of lodging, if all of the following criteria are met:

(i) rooms are provided for rent to transient guests that generally stay for periods of 14 or fewer days;

(ii) meals are provided to persons who rent rooms, the cost of which is incorporated in the basic room rate;

(iii) meals are not provided to the general public except for special events on fewer than seven days in the calendar year preceding the year of the assessment; and

(iv) the owner is the operator of the property.

The market value subject to the 4c classification under this clause is limited to five rental units. Any rental units on the property in excess of five, must be valued and assessed as class 3a. The portion of the property used for purposes of a homestead by the owner must be classified as class 1a property under subdivision 22.

Class 4c property has a class rate of 1.5 percent of market value, except that (i) each parcel of seasonal residential recreational property not used for commercial purposes has the same class rates as class 4bb property, (ii) manufactured home parks assessed under clause (5) have the same class rate as class 4b property, (iii) commercial-use seasonal residential recreational property has a class rate of one percent for the first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the market value of property described in clause (4) has a class rate of one percent, (v) the market value of property described in clauses (2) and (6) has a class rate of 1.25 percent, and (vi) that portion of the market value of property in clause (9) qualifying for class 4c property has a class rate of 1.25 percent.

(e) Class 4d property is qualifying low-income rental housing certified to the assessor by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of the units in the building qualify as low-income rental housing units as certified under section 273.128, subdivision 3, only the proportion of qualifying units to the total number of units in the building qualify for class 4d. The remaining portion of the building shall be classified by the assessor based upon its use. Class 4d also includes the same proportion of land as the qualifying low-income rental housing units are to the total units in the building. For all properties qualifying as class 4d, the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents.

Class 4d property has a class rate of 0.75 percent.

EFFECTIVE DATE. This section is effective for assessment year 2008 and thereafter, and for taxes payable in 2009 and thereafter.

Sec. 24. Minnesota Statutes 2007 Supplement, section 273.1393, is amended to read:

273.1393 COMPUTATION OF NET PROPERTY TAXES.

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

- (1) disaster credit as provided in sections 273.1231 to 273.1235;
- (2) powerline credit as provided in section 273.42;
- (3) agricultural preserves credit as provided in section 473H.10;
- (4) enterprise zone credit as provided in section 469.171;
- (5) disparity reduction credit;
- (6) conservation tax credit as provided in section 273.119;
- (7) homestead and agricultural credits as provided in section 273.1384;
- (8) taconite homestead credit as provided in section 273.135; ~~and~~
- (9) supplemental homestead credit as provided in section 273.1391; and
- (10) bovine tuberculosis management credit as provided in section 273.113.

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

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 25. Minnesota Statutes 2006, section 274.14, is amended to read:

274.14 LENGTH OF SESSION; RECORD.

The board may meet on any ten consecutive meeting days in June, after the second Friday in June. The actual meeting dates must be contained on the valuation notices mailed to each property owner in the county as provided in section 273.121. For this purpose, "meeting days" is defined as any day of the week excluding ~~Saturday and~~ Sunday. At the board's discretion, "meeting days" may include Saturday. No action taken by the county board of review after June 30 is valid, except for corrections permitted in sections 273.01 and 274.01. The county auditor shall keep an accurate record of the proceedings and orders of the board. The record must be published like other proceedings of county commissioners. A copy of the published record must be sent to the commissioner of revenue, with the abstract of assessment required by section 274.16.

For counties that conduct either regular board of review meetings or open book meetings, at least one of the meeting days must include a meeting that does not end before 7:00 p.m. For counties that require taxpayer appointments for the board of review, appointments must include some available times that extend until at least 7:00 p.m. The county may have a Saturday meeting in lieu of, or in addition to, the extended meeting times under this paragraph.

Sec. 26. Minnesota Statutes 2007 Supplement, section 275.065, subdivision 1, is amended to read:

Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary, on or before September ~~15~~ 1, each taxing authority, other than a school district, shall adopt a proposed budget and shall certify to the county auditor the proposed or, in the case of a town, the final property tax levy for taxes payable in the following year.

(b) On or before September ~~30~~ 15, each school district that has not mutually agreed with its home county to extend this date shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. Each school district that has agreed with its home county to delay the certification of its proposed property tax levy must certify its proposed property tax levy for the following year no later than October 7. The school district shall certify the proposed levy as:

(1) a specific dollar amount by school district fund, broken down between voter-approved and non-voter-approved levies and between referendum market value and tax capacity levies; or

(2) the maximum levy limitation certified by the commissioner of education according to section 126C.48, subdivision 1.

(c) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by September ~~15~~ 1, the city shall be deemed to have certified its levies for those taxing jurisdictions.

(d) For purposes of this section, "taxing authority" includes all home rule and statutory cities, towns, counties, school districts, and special taxing districts as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

EFFECTIVE DATE. This section is effective for proposed notices and hearings held in 2009 and thereafter, for property taxes payable in 2010 and thereafter.

Sec. 27. Minnesota Statutes 2007 Supplement, section 275.065, subdivision 1a, is amended to read:

Subd. 1a. **Overlapping jurisdictions.** In the case of a taxing authority lying in two or more counties, the home county auditor shall certify the proposed levy and the proposed local tax rate to the other county auditor by ~~October~~ September 5, unless the home county

has agreed to delay the certification of its proposed property tax levy, in which case the home county auditor shall certify the proposed levy and the proposed local tax rate to the other county auditor by October 10. The home county auditor must estimate the levy or rate in preparing the notices required in subdivision 3, if the other county has not certified the appropriate information. If requested by the home county auditor, the other county auditor must furnish an estimate to the home county auditor.

EFFECTIVE DATE. This section is effective for proposed notices and hearings held in 2009 and thereafter, for property taxes payable in 2010 and thereafter.

Sec. 28. Minnesota Statutes 2006, section 275.065, subdivision 1c, is amended to read:

Subd. 1c. **Levy; shared, merged, consolidated services.** If two or more taxing authorities are in the process of negotiating an agreement for sharing, merging, or consolidating services between those taxing authorities at the time the proposed levy is to be certified under subdivision 1, each taxing authority involved in the negotiation shall certify its total proposed levy as provided in that subdivision, including a notification to the county auditor of the specific service involved in the agreement which is not yet finalized. The affected taxing authorities may amend their proposed levies under subdivision 1 until ~~October~~ September 10 for levy amounts relating only to the specific service involved.

EFFECTIVE DATE. This section is effective for proposed notices and hearings held in 2009 and thereafter, for property taxes payable in 2010 and thereafter.

Sec. 29. Minnesota Statutes 2006, section 275.065, is amended by adding a subdivision to read:

Subd. 1d. **Failure to certify proposed levy.** If a taxing authority fails to certify its proposed levy by the due dates specified under subdivisions 1, 1a, and 1c, the county auditor shall use the authority's previous year's final levy under section 275.07, subdivision 1, for purposes of determining its proposed property tax notices and public advertisements under this section.

EFFECTIVE DATE. This section is effective for notices prepared in 2008, for property taxes payable in 2009 and thereafter.

Sec. 30. Minnesota Statutes 2007 Supplement, section 275.065, subdivision 3, is amended to read:

Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and the county treasurer shall deliver after ~~November 10~~ October 15 and on or before

~~November~~ October 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority proposes to collect for taxes payable the following year. In the case of a town, or in the case of the state general tax, the final tax amount will be its proposed tax. In the case of taxing authorities required to hold a public meeting under subdivision 6, the notice must clearly state that each taxing authority, including regional library districts established under section 134.201, and including the metropolitan taxing districts as defined in paragraph (i), but excluding all other special taxing districts and towns, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting, a telephone number for the taxing authority that taxpayers may call if they have questions related to the notice, and an address where comments will be received by mail.

(d) The notice must state for each parcel:

(1) the market value of the property as determined under section 273.11, and used for computing property taxes payable in the following year and for taxes payable in the current year as each appears in the records of the county assessor on ~~November~~ October 1 of the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) the items listed below, shown separately by county, city or town, and state general tax, net of the residential and agricultural homestead credit under section 273.1384, voter approved school levy, other local school levy, and the sum of the special taxing districts, and as a total of all taxing authorities:

(i) the actual tax for taxes payable in the current year; and

(ii) the proposed tax amount.

If the county levy under clause (2) includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount.

In the case of a town or the state general tax, the final tax shall also be its proposed tax unless the town changes its levy at a special town meeting under section 365.52. If a school district has certified under section 126C.17, subdivision 9, that a referendum will be held in the school district at the November general election, the county auditor must note next to the school district's proposed amount that a referendum is pending and that, if

approved by the voters, the tax amount may be higher than shown on the notice. In the case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for the St. Paul Library Agency must be listed separately from the remaining amount of the city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be listed separately from the remaining amount of the county's levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease between the total taxes payable in the current year and the total proposed taxes, expressed as a percentage.

For purposes of this section, the amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount.

(e) The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda and school district levy referenda;

(3) a levy limit increase approved by the voters by the first Tuesday after the first Monday in November of the levy year as provided under section 275.73;

(4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;

(5) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(6) the contamination tax imposed on properties which received market value reductions for contamination.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead, and satisfactory documentation is provided to the county assessor by the applicable deadline, and the property qualifies for the homestead classification in that assessment year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by ~~November~~ October 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

(i) For purposes of this subdivision, subdivisions 5a and 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;

(2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and

(3) Metropolitan Mosquito Control Commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy and shall be discussed at that county's public hearing.

(j) The governing body of a county, city, or school district may, with the consent of the county board, include supplemental information with the statement of proposed property taxes about the impact of state aid increases or decreases on property tax increases or decreases and on the level of services provided in the affected jurisdiction. This supplemental information may include information for the following year, the current year, and for as many consecutive preceding years as deemed appropriate by the governing body of the county, city, or school district. It may include only information regarding:

(1) the impact of inflation as measured by the implicit price deflator for state and local government purchases;

(2) population growth and decline;

(3) state or federal government action; and

(4) other financial factors that affect the level of property taxation and local services that the governing body of the county, city, or school district may deem appropriate to include.

The information may be presented using tables, written narrative, and graphic representations and may contain instruction toward further sources of information or opportunity for comment.

EFFECTIVE DATE. This section is effective for proposed notices and hearings held in 2009 and thereafter, for property taxes payable in 2010 and thereafter.

Sec. 31. Minnesota Statutes 2006, section 275.065, is amended by adding a subdivision to read:

Subd. 3b. Supplemental notice of proposed levy increases. (a) If a city that has a population of more than 2,500 or a county proposes a levy that would cause a levy plus aid increase greater than the threshold increase calculated under paragraph (b), it shall prepare and deliver by first class mail a supplemental proposed property tax notice to each property taxpayer in the taxing jurisdiction, as described in this subdivision.

(b) The threshold increase in the proposed property tax levy plus aid is equal to the levy plus aid amount in the previous year, multiplied by the sum of (i) one percent, (ii) the percentage growth, if any, in the population in the taxing jurisdiction for the most recent available year, (iii) the percentage increase in the total market value in the taxing jurisdiction due to new construction of commercial and industrial property, and (iv) the percentage increase in the implicit price deflator for government consumption expenditures and gross investment for state and local governments as prepared by the United States Department of Commerce for the most recent 12-month period ending March of the levy year.

(c) The supplemental proposed notice must show the taxing jurisdiction's (1) levy plus aid amount for the previous year, (2) its threshold levy plus aid increase indicating that this increase is calculated to reflect reasonable growth adjusting for population increases, increased demand from new business, and inflation, (3) the aid amount corresponding to the proposed levy year, (4) the proposed property tax increase, and (5) the amount the proposed increase in levy plus aid exceeds the threshold increase. The notice must contain a description of why the jurisdiction needs to raise property taxes above the threshold amount and how the taxing jurisdiction plans to spend the additional revenue.

(d) For purposes of this subdivision, "aid" means county program aid under section 477A.0124 or local government aid under section 477A.013.

EFFECTIVE DATE. This section is effective for taxes payable in 2009 and thereafter.

Sec. 32. Minnesota Statutes 2006, section 275.065, subdivision 6, is amended to read:

Subd. 6. **Public hearing; adoption of budget and levy.** (a) For purposes of this section, the following terms shall have the meanings given:

(1) "Initial hearing" means the first and primary hearing held to discuss the taxing authority's proposed budget and proposed property tax levy for taxes payable in the following year, or, for school districts, the current budget and the proposed property tax levy for taxes payable in the following year.

(2) "Continuation hearing" means a hearing held to complete the initial hearing, if the initial hearing is not completed on its scheduled date.

(3) "Subsequent hearing" means the hearing held to adopt the taxing authority's final property tax levy, and, in the case of taxing authorities other than school districts, the final budget, for taxes payable in the following year.

(b) Between November ~~29~~ 9 and December ~~20~~ 1, the governing bodies of a city that has a population over 500, county, metropolitan special taxing districts as defined in subdivision 3, paragraph (i), and regional library districts shall each hold an initial public hearing to discuss and seek public comment on its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold an initial public hearing to review its current budget and proposed property tax levy for taxes payable in the following year. The metropolitan special taxing districts shall be required to hold only a single joint initial public hearing, the location of which will be determined by the affected metropolitan agencies. A city, county, metropolitan special taxing district as defined in subdivision 3, paragraph (i), regional library district established under section 134.201, or school district is not required to hold a public hearing under this subdivision unless its proposed property tax levy for taxes payable in the following year, as certified under subdivision 1, has increased over its final property tax levy for taxes payable in the current year by a percentage that is greater than the percentage increase in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysts of the United States Department of Commerce for the 12-month period ending March 31 of the current year.

(c) The initial hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No initial hearing may be held on a Sunday.

(d) At the initial hearing under this subdivision, the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the

proposed increase. The public shall be allowed to speak and to ask questions. At the public hearing, the school district must also provide and discuss information on the distribution of its revenues by revenue source, and the distribution of its spending by program area.

(e) If the initial hearing is not completed on its scheduled date, the taxing authority must announce, prior to adjournment of the hearing, the date, time, and place for the continuation of the hearing. The continuation hearing must be held at least five business days but no more than 14 business days after the initial hearing. A continuation hearing may not be held later than December 20 except as provided in paragraphs (f) and (g). A continuation hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No continuation hearing may be held on a Sunday.

(f) The governing body of a county shall hold its initial hearing on the ~~first~~ second Thursday in ~~December~~ November each year, and may hold additional initial hearings on other dates before December 20 1 if necessary for the convenience of county residents. If the county needs a continuation of its hearing, the continuation hearing shall be held on the third Tuesday in ~~December~~. ~~If the third Tuesday in December falls on December 21, the county's continuation hearing shall be held on Monday, December 20~~ November.

(g) The metropolitan special taxing districts shall hold a joint initial public hearing on the first Wednesday of December. A continuation hearing, if necessary, shall be held on the second Wednesday of December even if that second Wednesday is after December 10.

(h) The county auditor shall provide for the coordination of initial and continuation hearing dates for all school districts and cities within the county to prevent conflicts under clauses (i) and (j).

(i) By August 10, each school board and the board of the regional library district shall certify to the county auditors of the counties in which the school district or regional library district is located the dates on which it elects to hold its initial hearing and any continuation hearing. If a school board or regional library district does not certify these dates by August 10, the auditor will assign the initial and continuation hearing dates. The dates elected or assigned must not conflict with the initial and continuation hearing dates of the county or the metropolitan special taxing districts.

(j) By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which school districts and regional library districts have elected to hold their initial and continuation hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its initial hearing and any continuation hearing. Until September 15, the ~~first and second Mondays~~ Monday of December ~~are~~ is reserved for the use of the cities. If a city does not certify its hearing dates by September 15, the auditor shall assign the initial and continuation hearing

65.1 dates. The dates elected or assigned for the initial hearing must not conflict with the
65.2 initial hearing dates of the county, metropolitan special taxing districts, regional library
65.3 districts, or school districts within which the city is located. To the extent possible, the
65.4 dates of the city's continuation hearing should not conflict with the continuation hearing
65.5 dates of the county, metropolitan special taxing districts, regional library districts, or
65.6 school districts within which the city is located. This paragraph does not apply to cities
65.7 of 500 population or less.

65.8 (k) The county initial hearing date and the city, metropolitan special taxing district,
65.9 regional library district, and school district initial hearing dates must be designated on
65.10 the notices required under subdivision 3. The continuation hearing dates need not be
65.11 stated on the notices.

65.12 (l) At a subsequent hearing, each county, school district, city over 500 population,
65.13 and metropolitan special taxing district may amend its proposed property tax levy
65.14 and must adopt a final property tax levy. Each county, city over 500 population, and
65.15 metropolitan special taxing district may also amend its proposed budget and must adopt a
65.16 final budget at the subsequent hearing. The final property tax levy must be adopted prior
65.17 to adopting the final budget. A school district is not required to adopt its final budget at the
65.18 subsequent hearing. The subsequent hearing of a taxing authority must be held on a date
65.19 subsequent to the date of the taxing authority's initial public hearing. If a continuation
65.20 hearing is held, the subsequent hearing must be held either immediately following the
65.21 continuation hearing or on a date subsequent to the continuation hearing. The subsequent
65.22 hearing may be held at a regularly scheduled board or council meeting or at a special
65.23 meeting scheduled for the purposes of the subsequent hearing. The subsequent hearing
65.24 of a taxing authority does not have to be coordinated by the county auditor to prevent a
65.25 conflict with an initial hearing, a continuation hearing, or a subsequent hearing of any
65.26 other taxing authority. All subsequent hearings must be held prior to five working days
65.27 after December 20 of the levy year. The date, time, and place of the subsequent hearing
65.28 must be announced at the initial public hearing or at the continuation hearing.

65.29 (m) The property tax levy certified under section 275.07 by a city of any population,
65.30 county, metropolitan special taxing district, regional library district, or school district
65.31 must not exceed the proposed levy determined under subdivision 1, except by an amount
65.32 up to the sum of the following amounts:

65.33 (1) the amount of a school district levy whose voters approved a referendum to
65.34 increase taxes under section 123B.63, subdivision 3, or 126C.17, subdivision 9, after
65.35 the proposed levy was certified;

(2) the amount of a city or county levy approved by the voters after the proposed levy was certified;

(3) the amount of a levy to pay principal and interest on bonds approved by the voters under section 475.58 after the proposed levy was certified;

(4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a;

(5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a;

(6) the amount of an increase in levy limits certified to the taxing authority by the commissioner of education or the commissioner of revenue after the proposed levy was certified; and

(7) the amount required under section 126C.55.

(n) This subdivision does not apply to towns and special taxing districts other than regional library districts and metropolitan special taxing districts.

(o) Notwithstanding the requirements of this section, the employer is required to meet and negotiate over employee compensation as provided for in chapter 179A.

EFFECTIVE DATE. This section is effective for proposed notices and hearings held in 2009 and thereafter, for property taxes payable in 2010 and thereafter.

Sec. 33. Minnesota Statutes 2006, section 275.065, subdivision 8, is amended to read:

Subd. 8. **Hearing.** Notwithstanding any other provision of law, Ramsey County, the city of St. Paul, and Independent School District No. 625 are authorized to and shall hold their initial public hearing jointly. The hearing must be held ~~on~~ during the week of the second Tuesday of ~~December~~ November each year. The advertisement required in subdivision 5a may be a joint advertisement. The hearing is otherwise subject to the requirements of this section.

Ramsey County is authorized to hold an additional initial hearing or hearings as provided under this section, provided that any additional hearings must not conflict with the initial or continuation hearing dates of the other taxing districts. However, if Ramsey County elects not to hold such additional initial hearing or hearings, the joint initial hearing required by this subdivision must be held in a St. Paul location convenient to residents of Ramsey County.

67.1 **EFFECTIVE DATE.** This section is effective for proposed notices and hearings
67.2 held in 2009 and thereafter, for property taxes payable in 2010 and thereafter, except that
67.3 proposed notices and hearings held in 2008 may be held during the week of the second
67.4 Tuesday of December.

67.5 Sec. 34. Minnesota Statutes 2006, section 275.065, subdivision 9, is amended to read:

67.6 Subd. 9. **Aitkin County and school district hearing.** Notwithstanding any other
67.7 law, Aitkin County and Independent School District No. 1, and the city of Aitkin, or any
67.8 two of them, may hold their initial public hearing jointly. The hearing must be held on
67.9 the second Tuesday of ~~December~~ November each year. The advertisement required in
67.10 subdivision 5a may be a joint advertisement. The hearing is otherwise subject to the
67.11 requirements of this section.

67.12 **EFFECTIVE DATE.** This section is effective for proposed notices and hearings
67.13 held in 2009 and thereafter, for property taxes payable in 2010 and thereafter.

67.14 Sec. 35. Minnesota Statutes 2006, section 275.065, subdivision 10, is amended to read:

67.15 Subd. 10. **Nobles County; joint initial public hearing.** Notwithstanding any
67.16 other law, Nobles County, the city of Worthington, and Independent School District No.
67.17 518, Worthington, or any two of them, may hold their initial public hearing jointly. The
67.18 hearing must be held on the second Tuesday of ~~December~~ November each year. The
67.19 advertisement required in subdivision 5a may be a joint advertisement. The hearing is
67.20 otherwise subject to the requirements of this section.

67.21 **EFFECTIVE DATE.** This section is effective for proposed notices and hearings
67.22 held in 2009 and thereafter, for property taxes payable in 2010 and thereafter.

67.23 Sec. 36. Minnesota Statutes 2006, section 282.08, is amended to read:

67.24 **282.08 APPORTIONMENT OF PROCEEDS TO TAXING DISTRICTS.**

67.25 The net proceeds from the sale or rental of any parcel of forfeited land, or from the
67.26 sale of products from the forfeited land, must be apportioned by the county auditor to the
67.27 taxing districts interested in the land, as follows:

67.28 (1) the portion required to pay any amounts included in the appraised value
67.29 under section 282.01, subdivision 3, as representing increased value due to any public
67.30 improvement made after forfeiture of the parcel to the state, but not exceeding the amount
67.31 certified by the ~~clerk of the municipality~~ appropriate governmental authority must be
67.32 apportioned to the ~~municipal~~ municipal governmental subdivision entitled to it;

(2) the portion required to pay any amount included in the appraised value under section 282.019, subdivision 5, representing increased value due to response actions taken after forfeiture of the parcel to the state, but not exceeding the amount of expenses certified by the Pollution Control Agency or the commissioner of agriculture, must be apportioned to the agency or the commissioner of agriculture and deposited in the fund from which the expenses were paid;

(3) the portion of the remainder required to discharge any special assessment chargeable against the parcel for drainage or other purpose whether due or deferred at the time of forfeiture, must be apportioned to the ~~municipal~~ governmental subdivision entitled to it; and

(4) any balance must be apportioned as follows:

(i) The county board may annually by resolution set aside no more than 30 percent of the receipts remaining to be used for forest development on tax-forfeited land and dedicated memorial forests, to be expended under the supervision of the county board. It must be expended only on projects improving the health and management of the forest resource.

(ii) The county board may annually by resolution set aside no more than 20 percent of the receipts remaining to be used for the acquisition and maintenance of county parks or recreational areas as defined in sections 398.31 to 398.36, to be expended under the supervision of the county board.

(iii) Any balance remaining must be apportioned as follows: county, 40 percent; town or city, 20 percent; and school district, 40 percent, provided, however, that in unorganized territory that portion which would have accrued to the township must be administered by the county board of commissioners.

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

Sec. 37. Minnesota Statutes 2006, section 290B.03, subdivision 1, is amended to read:

Subdivision 1. **Program qualifications.** The qualifications for the senior citizens' property tax deferral program are as follows:

(1) the property must be owned and occupied as a homestead by a person 65 years of age or older. In the case of a married couple, ~~both~~ only one of the spouses must be at least 65 years old at the time the first property tax deferral is granted, regardless of whether the property is titled in the name of one spouse or both spouses, or titled in another way that permits the property to have homestead status;

(2) the total household income of the qualifying ~~homeowners~~ homeowner, or in the case of a married couple, the qualifying homeowner and spouse, as defined in section

69.1 290A.03, subdivision 5, for the calendar year preceding the year of the initial application
69.2 may not exceed ~~\$60,000~~ \$80,000;

69.3 (3) the homestead must have been owned and occupied as the homestead of at
69.4 least one of the ~~qualifying~~ homeowners for at least 15 years prior to the year the initial
69.5 application is filed;

69.6 (4) there are no state or federal tax liens or judgment liens on the homesteaded
69.7 property;

69.8 (5) there are no mortgages or other liens on the property that secure future advances,
69.9 except for those subject to credit limits that result in compliance with clause (6); and

69.10 (6) the total unpaid balances of debts secured by mortgages and other liens on the
69.11 property, including unpaid and delinquent special assessments and interest and any
69.12 delinquent property taxes, penalties, and interest, but not including property taxes payable
69.13 during the year, does not exceed 75 percent of the assessor's estimated market value for
69.14 the year.

69.15 **EFFECTIVE DATE.** This section is effective for applications filed on or after
69.16 July 1, 2008.

69.17 Sec. 38. Minnesota Statutes 2006, section 290B.04, subdivision 3, is amended to read:

69.18 Subd. 3. **Excess-income certification by taxpayer.** A taxpayer whose initial
69.19 application has been approved under subdivision 2 shall notify the commissioner of
69.20 revenue in writing by July 1 if the taxpayer's household income for the preceding calendar
69.21 year exceeded ~~\$60,000~~ \$80,000. The certification must state the homeowner's total
69.22 household income for the previous calendar year. No property taxes may be deferred
69.23 under this chapter in any year following the year in which a program participant filed or
69.24 should have filed an excess-income certification under this subdivision showing income in
69.25 excess of the maximum allowed, unless the participant has filed a resumption of eligibility
69.26 certification as described in subdivision 4.

69.27 **EFFECTIVE DATE.** This section is effective for applications filed on or after
69.28 July 1, 2008.

69.29 Sec. 39. Minnesota Statutes 2006, section 290B.04, subdivision 4, is amended to read:

69.30 Subd. 4. **Resumption of eligibility certification by taxpayer.** A taxpayer who has
69.31 previously filed an excess-income certification under subdivision 3 may resume program
69.32 participation if the taxpayer's household income for a subsequent year is ~~\$60,000~~ \$80,000
69.33 or less. If the taxpayer chooses to resume program participation, the taxpayer must notify

the commissioner of revenue in writing by July 1 of the year following a calendar year in which the taxpayer's household income is ~~\$60,000~~ \$80,000 or less. The certification must state the taxpayer's total household income for the previous calendar year. Once a taxpayer resumes participation in the program under this subdivision, participation will continue until the taxpayer files a subsequent excess-income certification under subdivision 3 or until participation is terminated under section 290B.08, subdivision 1.

EFFECTIVE DATE. This section is effective for applications filed on or after July 1, 2008.

Sec. 40. Minnesota Statutes 2006, section 290B.05, subdivision 1, is amended to read:

Subdivision 1. **Determination by commissioner.** The commissioner shall determine each qualifying homeowner's "annual maximum property tax amount" following approval of the homeowner's initial application and following the receipt of a resumption of eligibility certification. The "annual maximum property tax amount" equals three percent of the homeowner's total household income for the year preceding either the initial application or the resumption of eligibility certification, whichever is applicable. Following approval of the initial application, the commissioner shall determine the qualifying homeowner's "maximum allowable deferral." No tax may be deferred relative to the appropriate assessment year for any homeowner whose total household income for the previous year exceeds ~~\$60,000~~ \$80,000. No tax shall be deferred in any year in which the homeowner does not meet the program qualifications in section 290B.03. The maximum allowable total deferral is equal to 75 percent of the assessor's estimated market value for the year, less the balance of any mortgage loans and other amounts secured by liens against the property at the time of application, including any unpaid and delinquent special assessments and interest and any delinquent property taxes, penalties, and interest, but not including property taxes payable during the year.

EFFECTIVE DATE. This section is effective for applications received on or after July 1, 2008.

Sec. 41. Minnesota Statutes 2006, section 290B.07, is amended to read:

290B.07 LIEN; DEFERRED PORTION.

(a) Payment by the state to the county treasurer of property taxes, penalties, interest, or special assessments and interest deferred under this chapter is deemed a loan from the state to the program participant. The commissioner must ~~compute the interest as provided in section 270C.40, subdivision 5, but not to exceed five percent, and~~ maintain records of

the total deferred amount and interest for each participant. Interest shall accrue beginning September 1 of the payable year for which the taxes are deferred, provided that no interest shall be charged on (1) deferred property tax amounts on applications filed on or after July 1, 2008, or (2) deferred property taxes beginning with taxes payable in 2009 on applications filed prior to July 1, 2008. Any deferral made under this chapter shall not be construed as delinquent property taxes.

The lien created under section 272.31 continues to secure payment by the taxpayer, or by the taxpayer's successors or assigns, of the amount deferred, including interest, with respect to all years for which amounts are deferred. The lien for deferred taxes and interest has the same priority as any other lien under section 272.31, except that liens, including mortgages, recorded or filed prior to the recording or filing of the notice under section 290B.04, subdivision 2, have priority over the lien for deferred taxes and interest. A seller's interest in a contract for deed, in which a qualifying homeowner is the purchaser or an assignee of the purchaser, has priority over deferred taxes and interest on deferred taxes, regardless of whether the contract for deed is recorded or filed. The lien for deferred taxes and interest for future years has the same priority as the lien for deferred taxes and interest for the first year, which is always higher in priority than any mortgages or other liens filed, recorded, or created after the notice recorded or filed under section 290B.04, subdivision 2. The county treasurer or auditor shall maintain records of the deferred portion and shall list the amount of deferred taxes for the year and the cumulative deferral and interest for all previous years as a lien against the property. In any certification of unpaid taxes for a tax parcel, the county auditor shall clearly distinguish between taxes payable in the current year, deferred taxes and interest, and delinquent taxes. Payment of the deferred portion becomes due and owing at the time specified in section 290B.08. Upon receipt of the payment, the commissioner shall issue a receipt for it to the person making the payment upon request and shall notify the auditor of the county in which the parcel is located, within ten days, identifying the parcel to which the payment applies. Upon receipt by the commissioner of revenue of collected funds in the amount of the deferral, the state's loan to the program participant is deemed paid in full.

(b) If property for which taxes have been deferred under this chapter forfeits under chapter 281 for nonpayment of a nondeferred property tax amount, or because of nonpayment of amounts previously deferred following a termination under section 290B.08, the lien for the taxes deferred under this chapter, plus interest and costs, shall be canceled by the county auditor as provided in section 282.07. However, notwithstanding any other law to the contrary, any proceeds from a subsequent sale of the property under chapter 282 or another law, must be used to first reimburse the county's forfeited tax sale

72.1 fund for any direct costs of selling the property or any costs directly related to preparing
72.2 the property for sale, and then to reimburse the state for the amount of the canceled lien.
72.3 Within 90 days of the receipt of any sale proceed to which the state is entitled under these
72.4 provisions, the county auditor must pay those funds to the commissioner of revenue by
72.5 warrant for deposit in the general fund. No other deposit, use, distribution, or release of
72.6 gross sale proceeds or receipts may be made by the county until payments sufficient
72.7 to fully reimburse the state for the canceled lien amount have been transmitted to the
72.8 commissioner.

72.9 **EFFECTIVE DATE.** This section is effective July 1, 2008.

72.10 Sec. 42. **[290D.01] CITATION.**

72.11 This program shall be named the "seasonal recreational property tax deferral
72.12 program."

72.13 **EFFECTIVE DATE.** This section is effective July 1, 2009.

72.14 Sec. 43. **[290D.02] TERMS.**

72.15 Subdivision 1. **Terms.** For purposes of sections 290D.01 to 290D.08, the terms
72.16 defined in this section have the meanings given them.

72.17 Subd. 2. **Primary property owner.** "Primary property owner" means a person who
72.18 (1) has been the owner, or one of the owners, of the eligible property for at least 15 years
72.19 prior to the year the application is filed under section 290D.04; and (2) applies for the
72.20 deferral of property taxes under section 290D.04.

72.21 Subd. 3. **Secondary property owner.** "Secondary property owner" means any
72.22 person, other than the primary property owner, who has been an owner of the eligible
72.23 property for at least 15 years prior to the year the initial application is filed for deferral
72.24 of property taxes under section 290D.04.

72.25 Subd. 4. **Eligible property.** "Eligible property" means a parcel of property or
72.26 contiguous parcels of property under the same ownership classified as noncommercial
72.27 seasonal residential recreational 4c(1) property under section 273.13, subdivision 25.

72.28 Subd. 5. **Base property tax amount.** "Base property tax amount" means the total
72.29 property taxes levied by all taxing jurisdictions, including special assessments, on the
72.30 eligible property in the year prior to the year that the initial application is approved under
72.31 section 290D.04 and payable in the year of the application.

Subd. 6. **Special assessments.** "Special assessments" means any assessment, fee, or other charge that may be made by law, and that appears on the property tax statement for the property for collection under the laws applicable to the enforcement of real estate taxes.

Subd. 7. **Commissioner.** "Commissioner" means the commissioner of revenue.

EFFECTIVE DATE. This section is effective for applications filed July 1, 2009, and thereafter.

Sec. 44. **[290D.03] QUALIFICATIONS FOR DEFERRAL.**

In order for an eligible property to qualify for treatment under this program:

(1) the eligible property must have been owned solely by the primary property owner, or jointly with others, for at least 15 years prior to the year the initial application is filed;

(2) there must be no state or federal tax liens or judgment liens on the eligible property;

(3) there must be no mortgages or other liens on the eligible property that secure future advances, except for those subject to credit limits that result in compliance with clause (4); and

(4) the total unpaid balances of debts secured by mortgages and other liens on the eligible property, including unpaid and delinquent special assessments and interest and any delinquent property taxes, penalties, and interest, but not including property taxes payable during the year, must not exceed 60 percent of the assessor's estimated market value for the current assessment year.

EFFECTIVE DATE. This section is effective for applications filed July 1, 2009, and thereafter.

Sec. 45. **[290D.04] APPLICATION FOR DEFERRAL.**

Subdivision 1. **Initial application.** (a) A primary owner of a property meeting the qualifications under section 290D.03 may apply to the commissioner for deferral of taxes on the eligible property. Applications are due on or before July 1 for deferral of any taxes payable in the following year. The application, which must be prescribed by the commissioner, shall include the following items and any other information the commissioner deems necessary:

(1) the name, address, and Social Security number of the primary property owner and secondary property owners, if any;

(2) a copy of the property tax statement for the current taxes payable year for the eligible property;

74.1 (3) the initial year of ownership of the primary property owner and any second
74.2 property owners of the eligible property;

74.3 (4) information on any mortgage loans or other amounts secured by mortgages or
74.4 other liens against the eligible property, for which purpose the commissioner may require
74.5 the applicant to provide a copy of the mortgage note, the mortgage, or a statement of the
74.6 balance owing on the mortgage loan provided by the mortgage holder. The commissioner
74.7 may require the appropriate documents in connection with obtaining and confirming
74.8 information on unpaid amounts secured by other liens; and

74.9 (5) the signatures of the primary property owner and all other owners, if any, stating
74.10 that each owner agrees to enroll the eligible property in the program to defer property
74.11 taxes under this chapter.

74.12 The application must state that program participation is voluntary. The application
74.13 must also state that program participation includes authorization for the annual deferred
74.14 amount. The deferred property tax calculated by the county and the cumulative deferred
74.15 property tax amount is public data.

74.16 (b) As part of the initial application process, if the property is abstract property, the
74.17 commissioner may require the applicant to obtain at the applicant's cost a report prepared
74.18 by a licensed abstracter showing the last deed and any unsatisfied mortgages, liens,
74.19 judgments, and state and federal tax lien notices which were recorded on or after the date
74.20 of that last deed with respect to the eligible property or to the applicant.

74.21 The certificate or report need not include references to any documents filed or
74.22 recorded more than 40 years prior to the date of the certification or report. The certification
74.23 or report must be as of a date not more than 30 days prior to submission of the application
74.24 under this section.

74.25 The commissioner may also require the county recorder or county registrar of the
74.26 county where the eligible property is located to provide copies of recorded documents
74.27 related to the applicant of the eligible property, for which the recorder or registrar shall
74.28 not charge a fee. The commissioner may use any information available to determine or
74.29 verify eligibility under this section.

74.30 Subd. 2. **Approval; recording.** The commissioner shall approve all initial
74.31 applications that qualify under this chapter and shall notify the primary property owner on
74.32 or before December 1. The commissioner may investigate the facts or require confirmation
74.33 in regard to an application. The commissioner shall record or file a notice of qualification
74.34 for deferral, including the names of the primary and any secondary property owners and a
74.35 legal description of the eligible property, in the office of the county recorder, or registrar of
74.36 titles, whichever is applicable, in the county where the eligible property is located. The

notice must state that it serves as a notice of lien and that it includes deferrals under this section for future years. The primary property owner shall pay the recording or filing fees for the notice, which, notwithstanding section 357.18, shall be paid by that owner at the time of satisfaction of the lien.

Subd. 3. Penalty for failure; investigations. (a) The commissioner shall assess a penalty equal to 20 percent of the property taxes improperly deferred in the case of a false application. The commissioner shall assess a penalty equal to 50 percent of the property taxes improperly deferred if the taxpayer knowingly filed a false application. The commissioner shall assess penalties under this section through the issuance of an order under the provisions of chapter 270C. Persons affected by a commissioner's order issued under this section may appeal as provided in chapter 270C.

(b) The commissioner may conduct investigations related to initial applications required under this chapter within the period ending 3-1/2 years from the due date of the application.

Subd. 4. Annual certification to commissioner. Annually on or before July 1, the primary property owner must certify to the commissioner that the person continues to qualify as a primary property owner. If the primary owner has died or has transferred the property in the preceding year, a certification may be filed by the primary owner's spouse, or by one of the secondary owners, provided that the person is currently an owner of the property. In this case, the primary owner's spouse or the secondary owner shall be considered the primary owner from that point forward. If neither the primary owner, the primary owner's spouse, or a secondary owner is eligible to file the required annual certification for the property, the property's participation in the program shall be terminated, and the procedures in section 290D.07 apply.

Subd. 5. Annual notice to primary property owner. Annually, on or before September 1, the commissioner shall notify each primary property owner, in writing, of the total cumulative deferred taxes and accrued interest on the qualifying property as of that date.

EFFECTIVE DATE. This section is effective for applications filed July 1, 2009, and thereafter.

Sec. 46. [290D.05] DEFERRED PROPERTY TAX AMOUNT.

Subdivision 1. Calculation of deferred property tax amount. Each year after the county auditor has determined the final property tax rates under section 275.08, the "deferred property tax amount" must be calculated on each eligible property. The deferred property tax amount is equal to 50 percent of the amount of the difference between (1) the

total amount of property taxes and special assessments levied upon the eligible property for the current year by all taxing jurisdictions and (2) the eligible property's base property tax amount. Any tax attributable to new improvements made to the eligible property after the initial application has been approved under section 290D.04, subdivision 2, must be excluded in determining the deferred property tax amount. The eligible property's total current year's tax less the deferred property tax amount for the current year must be listed on the property tax statement and is the amount due to the county under chapter 276. Reference that the property is enrolled in the seasonal recreational property tax deferral program under this chapter and a state lien has been recorded must be clearly printed on the statement.

Subd. 2. **Certification to commissioner.** The county auditor shall annually, on or before April 15, certify to the commissioner the property tax deferral amounts determined under this section for each eligible property in the county. The commissioner shall prescribe the information that is necessary to identify the eligible properties.

Subd. 3. **Limitation on total amount of deferred taxes.** The total amount of deferred taxes and interest on a property, when added to (1) the balance owed on any mortgages on the property at the time of initial application; (2) other amounts secured by liens on the property at the time of the initial application; and (3) any unpaid and delinquent special assessments and interest and any delinquent property taxes, penalties, and interest, but not including property taxes payable during the year, must not exceed 60 percent of the assessor's estimated market value of the property for the current assessment year.

EFFECTIVE DATE. This section is effective for applications filed July 1, 2009, and thereafter.

Sec. 47. [290D.06] LIEN; DEFERRED PORTION.

(a) Payment by the state to the county treasurer of property taxes, penalties, interest, or special assessments and interest, deferred under this chapter is deemed a loan from the state to the program participant. The commissioner shall compute the interest as provided in section 270C.40, subdivision 5, but not to exceed two percent over the maximum interest rate provided in section 290B.07, paragraph (a), and maintain records of the total deferred amount and interest for each participant. Interest accrues beginning September 1 of the payable year for which the taxes are deferred. Any deferral made under this chapter must not be construed as delinquent property taxes.

The lien created under section 272.31 continues to secure payment by the taxpayer, or by the taxpayer's successors or assigns, of the amount deferred, including interest, with respect to all years for which amounts are deferred. The lien for deferred taxes and interest

77.1 has the same priority as any other lien under section 272.31, except that liens, including
77.2 mortgages, recorded or filed prior to the recording or filing of the notice under section
77.3 290D.04, subdivision 2, have priority over the lien for deferred taxes and interest. A
77.4 seller's interest in a contract for deed, in which a qualifying owner is the purchaser or an
77.5 assignee of the purchaser, has priority over deferred taxes and interest on deferred taxes,
77.6 regardless of whether the contract for deed is recorded or filed. The lien for deferred taxes
77.7 and interest for future years has the same priority as the lien for deferred taxes and interest
77.8 for the first year, which is always higher in priority than any mortgages or other liens filed,
77.9 recorded, or created after the notice recorded or filed under section 290D.04, subdivision
77.10 2. The county treasurer or auditor shall maintain records of the deferred portion and shall
77.11 list the amount of deferred taxes for the year and the cumulative deferral and interest for
77.12 all previous years as a lien against the eligible property. In any certification of unpaid
77.13 taxes for a tax parcel, the county auditor shall clearly distinguish between taxes payable in
77.14 the current year, deferred taxes and interest, and delinquent taxes. Payment of the deferred
77.15 portion becomes due and owing at the time specified in section 290D.07. Upon receipt of
77.16 the payment, the commissioner shall issue a receipt to the person making the payment
77.17 upon request and shall notify the auditor of the county in which the parcel is located,
77.18 within ten days, identifying the parcel to which the payment applies. Upon receipt by the
77.19 commissioner of collected funds in the amount of the deferral, the state's loan to the
77.20 program participant is deemed paid in full.

77.21 (b) If eligible property for which taxes have been deferred under this chapter forfeits
77.22 under chapter 281 for nonpayment of a nondeferred property tax amount, or because
77.23 of nonpayment of amounts previously deferred following a termination under section
77.24 290D.07, the lien for the taxes deferred under this chapter, plus interest and costs, shall be
77.25 canceled by the county auditor as provided in section 282.07. However, notwithstanding
77.26 any other law to the contrary, any proceeds from a subsequent sale of the eligible property
77.27 under chapter 282 or another law must be used to first reimburse the county's forfeited
77.28 tax sale fund for any direct costs of selling the eligible property or any costs directly
77.29 related to preparing the eligible property for sale, and then to reimburse the state for
77.30 the amount of the canceled lien. Within 90 days of the receipt of any sale proceeds to
77.31 which the state is entitled under these provisions, the county auditor must pay those funds
77.32 to the commissioner by warrant for deposit in the general fund. No other deposit, use,
77.33 distribution, or release of gross sale proceeds or receipts may be made by the county until
77.34 payments sufficient to fully reimburse the state for the canceled lien amount have been
77.35 transmitted to the commissioner.

EFFECTIVE DATE. This section is effective for applications filed July 1, 2009, and thereafter.

Sec. 48. **[290D.07] TERMINATION OF DEFERRAL; PAYMENT OF DEFERRED TAXES.**

Subdivision 1. **Termination.** (a) The deferral of taxes granted under this chapter terminates when one of the following occurs:

(1) the eligible property is sold or transferred to someone other than the primary owner's spouse or a secondary owner;

(2) the death of the primary owner, or in the case of a married couple, after the death of both spouses, provided that there is not a secondary owner eligible to become the primary owner;

(3) the primary property owner notifies the commissioner, in writing, that all owners, including any secondary property owners, desire to discontinue the deferral; or

(4) the eligible property no longer qualifies under section 290D.03.

(b) An eligible property is not terminated from the program because no deferred property tax amount is determined for any given year after the eligible property's initial enrollment into the program.

(c) An eligible property is not terminated from the program if the eligible property subsequently becomes the homestead of one or more of the property owners and the property and the owners qualify for, and are immediately enrolled in, the senior deferral program under chapter 290B.

Subd. 2. **Payment upon termination.** Upon the termination of the deferral under subdivision 1, the amount of deferred taxes, penalties, interest, and special assessments and interest, plus the recording or filing fees under this subdivision and section 290D.04, subdivision 2, becomes due and payable to the commissioner within 90 days of termination of the deferral for terminations under subdivision 1, paragraph (a), clauses (1) and (2), and within one year of termination of the deferral for terminations under subdivision 1, paragraph (a), clauses (3) and (4). No additional interest is due on the deferral if timely paid. On receipt of payment, the commissioner shall, within ten days, notify the auditor of the county in which the parcel is located, identifying the parcel to which the payment applies and shall remit the recording or filing fees under this subdivision and section 290D.04, subdivision 2, to the auditor. A notice of termination of deferral, containing the legal description and the recording or filing data for the notice of qualification for deferral under section 290D.04, subdivision 2, shall be prepared and recorded or filed by the county auditor in the same office in which the notice of qualification for deferral under

section 290D.04, subdivision 2, was recorded or filed, and the county auditor shall mail a copy of the notice of termination to the property owner. The property owner shall pay the recording or filing fees. Upon recording or filing of the notice of termination of deferral, the notice of qualification for deferral under section 290D.04, subdivision 2, and the lien created by it are discharged. If the deferral is not timely paid, the penalty, interest, lien, forfeiture, and other rules for the collection of ad valorem property taxes apply.

EFFECTIVE DATE. This section is effective for applications filed July 1, 2009, and thereafter.

Sec. 49. **[290D.08] STATE REIMBURSEMENT.**

Subdivision 1. Determination; payment. The county auditor shall determine the total current year's deferred amount of property tax under this chapter in the county, and submit those amounts as part of the abstracts of tax lists submitted by the county auditors under section 275.29. The commissioner may make changes in the abstracts of tax lists as deemed necessary. The commissioner, after such review, shall pay the deferred amount of property tax to each county treasurer on or before August 31.

The county treasurer shall distribute, as part of the October settlement, the funds received as if they had been collected as part of the property tax.

Subd. 2. Appropriation. An amount sufficient to pay the total amount of property tax determined under subdivision 1, plus any amounts paid under section 290D.04, subdivision 4, is annually appropriated from the general fund to the commissioner.

EFFECTIVE DATE. This section is effective for applications filed July 1, 2009, and thereafter.

Sec. 50. Minnesota Statutes 2006, section 469.1813, subdivision 8, is amended to read:

Subd. 8. Limitation on abatements. In any year, the total amount of property taxes abated by a political subdivision under this section may not exceed (1) ten percent of the ~~current levy~~ net tax capacity of the political subdivision for the taxes payable year to which the abatement applies, or (2) \$200,000, whichever is greater. The limit under this subdivision does not apply to:

- (i) an uncollected abatement from a prior year that is added to the abatement levy; or
- (ii) a taxpayer whose real and personal property is subject to valuation under Minnesota Rules, chapter 8100.

EFFECTIVE DATE. This section is effective for abatement resolutions approved after the day following final enactment.

80.1 Sec. 51. Minnesota Statutes 2006, section 473.446, subdivision 2, is amended to read:

80.2 Subd. 2. **Transit taxing district.** The metropolitan transit taxing district is hereby
80.3 ~~designated as that portion of the metropolitan transit area lying within the following~~
80.4 ~~named cities, towns, or unorganized territory within the counties indicated:~~

80.5 ~~(a) Anoka County. Anoka, Blaine, Centerville, Columbia Heights, Coon Rapids,~~
80.6 ~~Fridley, Circle Pines, Hilltop, Lexington, Lino Lakes, Spring Lake Park;~~

80.7 ~~(b) Carver County. Chanhassen, the city of Chaska;~~

80.8 ~~(c) Dakota County. Apple Valley, Burnsville, Eagan, Inver Grove Heights, Lilydale,~~
80.9 ~~Mendota, Mendota Heights, Rosemount, South St. Paul, Sunfish Lake, West St. Paul;~~

80.10 ~~(d) Ramsey County. All of the territory within Ramsey County;~~

80.11 ~~(e) Hennepin County. Bloomington, Brooklyn Center, Brooklyn Park, Champlin,~~
80.12 ~~Chanhassen, Crystal, Deephaven, Eden Prairie, Edina, Excelsior, Golden Valley,~~
80.13 ~~Greenwood, Hopkins, Long Lake, Maple Grove, Medicine Lake, Minneapolis,~~
80.14 ~~Minnetonka, Minnetonka Beach, Mound, New Hope, Orono, Osseo, Plymouth, Richfield,~~
80.15 ~~Robbinsdale, St. Anthony, St. Louis Park, Shorewood, Spring Park, Tonka Bay, Wayzata,~~
80.16 ~~Woodland, the unorganized territory of Hennepin County;~~

80.17 ~~(f) Scott County. Prior Lake, Savage, Shakopee;~~

80.18 ~~(g) Washington County. Baytown, the city of Stillwater, White Bear Lake, Bayport,~~
80.19 ~~Birchwood, Cottage Grove, Dellwood, Lake Elmo, Landfall, Mahtomedi, Newport,~~
80.20 ~~Oakdale, Oak Park Heights, Pine Springs, St. Paul Park, Willernie, Woodbury~~ means the
80.21 metropolitan area.

80.22 The Metropolitan Council in its sole discretion may provide transit service by
80.23 ~~contract beyond the boundaries of the metropolitan transit taxing district or to cities and~~
80.24 ~~towns within the taxing district~~ which are receiving financial assistance under section
80.25 473.388, upon petition therefor by an interested city, township or political subdivision
80.26 within the metropolitan transit area. The Metropolitan Council may establish such
80.27 terms and conditions as it deems necessary and advisable for providing the transit
80.28 service, including such combination of fares and direct payments by the petitioner as
80.29 will compensate the council for the full capital and operating cost of the service and the
80.30 related administrative activities of the council. The amount of the levy made by any
80.31 municipality to pay for the service shall be disregarded when calculation of levies subject
80.32 to limitations is made, provided that cities and towns receiving financial assistance under
80.33 section 473.388 shall not make a special levy under this subdivision without having first
80.34 exhausted the available local transit funds as defined in section 473.388. The council shall
80.35 not be obligated to extend service ~~beyond the boundaries of the taxing district, or to cities~~

81.1 and towns within the taxing district which are receiving financial assistance under section
81.2 473.388, under any law or contract unless or until payment therefor is received.

81.3 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and
81.4 thereafter.

81.5 Sec. 52. Minnesota Statutes 2006, section 473.446, subdivision 8, is amended to read:

81.6 Subd. 8. **State review.** The commissioner of revenue shall certify the council's levy
81.7 limitation under this section to the council by August 1 of the levy year. The council
81.8 must certify its proposed property tax levy under this section to the commissioner of
81.9 revenue by September 1 of the levy year. The commissioner of revenue shall annually
81.10 determine whether the property tax for transit purposes certified by the council for levy
81.11 following the adoption of its proposed budget is within the levy limitation imposed by
81.12 ~~subdivisions subdivision 1 and 1b. The commissioner shall also annually determine~~
81.13 ~~whether the transit tax imposed on all taxable property within the metropolitan transit area~~
81.14 ~~but outside of the metropolitan transit taxing district is within the levy limitation imposed~~
81.15 ~~by subdivision 1a.~~ The determination must be completed prior to September 10 of each
81.16 year. If current information regarding market valuation in any county is not transmitted to
81.17 the commissioner in a timely manner, the commissioner may estimate the current market
81.18 valuation within that county for purposes of making the calculations.

81.19 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and
81.20 thereafter.

81.21 Sec. 53. Laws 2008, chapter 154, article 2, section 11, the effective date, is amended to
81.22 read:

81.23 **EFFECTIVE DATE.** The amendments of this section to paragraph (b) and to the
81.24 market value increase on the first tier of class 1c homestead resorts are effective for taxes
81.25 payable in 2009 and thereafter. The rest of this section is effective for taxes payable in
81.26 2010 and thereafter.

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

81.28 Sec. 54. **FISCAL DISPARITIES STUDY.**

81.29 The commissioner of revenue shall conduct a study of the metropolitan revenue
81.30 distribution program contained in Minnesota Statutes, chapter 473F, commonly known
81.31 as the fiscal disparities program. On or before February 1, 2010, the commissioner shall

make a report to the chairs of the house of representatives and senate tax committees consisting of the findings of the study and any recommendations resulting from the study.

The study must consider to what extent the program is meeting the following goals, and what changes could be made to the program in the furtherance of meeting those goals:

(1) reducing the extent to which the property tax encourages development patterns that do not make cost-effective use of public infrastructure or impose other high public costs;

(2) ensuring that the benefits of economic growth of the region are shared throughout the region, especially for growth that results from state and/or regional decisions;

(3) improving the ability of each jurisdiction within the region to deliver services at a level commensurate with its tax effort;

(4) compensating jurisdictions containing properties that provide regional benefits for the costs those properties impose on their host jurisdictions in excess of their tax payments;

(5) promoting a fair distribution of property tax burdens across jurisdictions of the region; and

(6) reducing the economic losses that result from competition among communities for commercial-industrial tax base.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 55. **WHITE COMMUNITY HOSPITAL DISTRICT.**

Subdivision 1. **Authorized.** Notwithstanding the contiguity requirement in Minnesota Statutes, section 447.31, subdivision 2, any two or more of the following cities and towns in St. Louis County may establish by resolution of their respective governing bodies the White Community Hospital District: the cities of Aurora, Biwabik, and Hoyt Lakes, and the towns of Biwabik, White, and Colvin. The proposed resolution to establish the hospital district must be published and is subject to referendum as provided in Minnesota Statutes, section 447.31, subdivision 2.

Subd. 2. **Powers; may make grants.** (a) Except as otherwise provided in this section, the White Community Hospital District shall be organized and have the powers and duties provided in Minnesota Statutes, sections 447.31, except subdivisions 2, 5, and 6; 447.32, subdivisions 5, 7, and 9; 447.345; 447.37; and 447.38.

(b) The hospital district may levy taxes as provided in this section to provide funding to make grants to the White Community Hospital and any affiliated health care facility or provider for any purpose authorized for hospital districts in Minnesota Statutes, sections 447.31 to 447.38, except 447.331. A grant must not be made under this section until the

governing body of the White Community Hospital, and any of its affiliated health care facilities or providers receiving a grant, have entered into a written agreement with the hospital district board stating that the governing body will comply with and is subject to all provisions of the Minnesota open meeting law in Minnesota Statutes, chapter 13D.

Subd. 3. **Annexation; detachment.** Once the hospital district is established, any other city, town, or unorganized area in St. Louis County may join the hospital district in the same manner provided in subdivision 1 for establishment of the hospital district. A city, town, or unorganized area that is a member of the hospital district may detach from the district in the same manner as it may join. An annexation to or detachment from the hospital district is effective for taxes payable in the following calendar year if the resolution is adopted, or in the case of an unorganized area the petition submitted to the county auditor, before July 1 of the levy year. A resolution adopted or petition submitted after July 1 of any year is effective for the taxes payable the year following the next levy year.

Subd. 4. **Unorganized areas.** An unorganized area in St. Louis County shall become a member of the hospital district if at least 51 percent of the residents of the unorganized area signed a petition submitted to the hospital district board and the county auditor requesting to participate in the hospital district.

Subd. 5. **Hospital district board.** The hospital district shall be governed by a hospital board composed of one member of each participating city and town's governing body, appointed by the governing body. If the hospital district only has two members, each member city or town shall appoint two board members. The hospital district board must appoint from among its members a chair, clerk, treasurer, and any other officers the board deems necessary or useful. The St. Louis County Board of Commissioners shall appoint a resident of any unorganized area that is participating in the hospital district. All board members serve at the pleasure of the respective appointing authorities.

Subd. 6. **No compensation; expenses.** Board members shall serve without compensation but shall be eligible for per diem and expenses provided by, and at the discretion of, their respective appointing authorities.

Subd. 7. **Operating tax levy.** The hospital district board may levy a tax as provided in Minnesota Statutes, section 447.34, except as provided in this subdivision. If the hospital district board levies it must be a uniform tax rate levied against the net tax capacity of all taxable properties located within each participating city, town, or unorganized area. The maximum amount that may be levied in the hospital district must not exceed 0.066088 percent of the fully taxable market value of all taxable properties located within each participating city, town, or unorganized area.

84.1 Any tax levied by the hospital district is in addition to all other taxes levied on the
84.2 property, including taxes levied for any other hospital purpose by a participating city
84.3 or town. The levy must be disregarded in the calculation of all other rate or per capita
84.4 levy limitations imposed by law.

84.5 **EFFECTIVE DATE; NO LOCAL APPROVAL.** This section is effective the
84.6 day following final enactment without local approval under Minnesota Statutes, section
84.7 645.023, subdivision 1, paragraph (a), for taxes levied in 2008, payable in 2009, and
84.8 thereafter.

84.9 Sec. 56. **VADNAIS LAKE AREA WATER MANAGEMENT ORGANIZATION;**
84.10 **STORM SEWER UTILITY FEES.**

84.11 Notwithstanding any other law to the contrary and pursuant to joint powers
84.12 agreements authorized under Minnesota Statutes, sections 103B.211 and 471.59, the
84.13 Vadnais Lake Area Water Management Organization may certify to the county auditor any
84.14 fees or charges imposed by the organization under Minnesota Statutes, section 103B.211
84.15 or 444.075, and the parcels on which the charges are imposed. The county auditor shall
84.16 extend the charges on the property tax statements. The amounts must be certified by
84.17 November 30 to appear on statements for taxes payable in the following year. The charges,
84.18 if not paid, become delinquent and are subject to the same penalties, the same rate of
84.19 interest, and become a lien upon the property in the same manner as real property taxes.
84.20 The charges shall be paid to the Vadnais Lake Area Water Management Organization by
84.21 the county auditor in the same manner and at the same time as property taxes. The county
84.22 auditor may charge the Vadnais Lake Area Water Management Organization a fee in the
84.23 amount necessary to recover the costs of administering the charges.

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

84.25 Sec. 57. **CITY OF BROOKLYN CENTER; PARTICIPATION IN CRIME-FREE**
84.26 **MULTIHOUSING PROGRAM.**

84.27 (a) In addition to the requirements of Minnesota Statutes, section 273.128, if
84.28 property located in the city of Brooklyn Center qualifies under paragraph (b), the owners
84.29 or managers must complete the three phases of the city's crime-free multihousing program
84.30 and the qualifying property must be annually certified by the police as participating
84.31 in the program. If a qualifying property is not certified within one year after it is first
84.32 determined to be a qualifying property under paragraph (b), or does not annually maintain
84.33 its certification in the program, the city shall notify the property owner that the qualifying

property must comply with the requirements of this section to maintain its classification as class 4d property. If a qualifying property is not in compliance within one year after receiving the notice from the city, the city shall issue a second notice and require the owners to enter into a plan to achieve compliance within one year. If, upon expiration of the one-year time period, the qualifying property has not been certified by the police as completing the program, the city shall notify the commissioner of the Housing Finance Agency and the commissioner shall remove the property from the list of class 4d properties certified to the assessor under Minnesota Statutes, section 273.128, subdivision 3. Once removed from the list, the property is not eligible for class 4d classification until it complies with this section and its compliance has been certified to the Housing Finance Agency by the city. Certification to the Housing Finance Agency must be made by May 15 to be effective for taxes payable in the following year.

(b) A property is a qualifying property for purposes of this section's requirements if it satisfies each of the following requirements:

(1) the city offers a crime-free multihousing program through its city police;

(2) over the preceding three-year period, the number of police calls to the property exceeded the city's average number of calls for multiunit rental properties for the period by at least 25 percent, adjusted for the number of rental units;

(3) the police department has requested, in writing, the owners or managers of the property to enroll in the crime-free multihousing program and the owners or managers refused or failed to enroll within 60 days after the request, or failed to complete phases one and three within 90 days and all three phases of the program within a one-year time period; and

(4) the governing body of the city, by resolution, determines the property is a qualifying property under clauses (1) to (3).

(c) Calls for police or emergency assistance in response to domestic abuse or medical assistance shall not be counted toward the number of calls in paragraph (b), clause (2). For purposes of this section, "domestic abuse" has the meaning given in Minnesota Statutes, section 518B.01, subdivision 2.

(d) Low-income qualifying rental housing property classified as class 4d property for taxes payable in 2008 must meet the requirements of this section by May 15, 2011.

EFFECTIVE DATE; LOCAL APPROVAL. This section is effective the day after compliance by the governing body of the city of Brooklyn Center and its chief clerical officer with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 58. **ASSESSMENT OF PROPERTIES OF PURELY PUBLIC CHARITIES.**

Subdivision 1. **Application.** (a) To facilitate a review by the 2009 legislature of the property tax exemption for property of nonprofit organizations as purely public charities and the development of standards and criteria for the tax status of these facilities, this section:

(1) requires the commissioner of revenue to conduct an analysis of standards applied to determine the tax status of these organizations; and

(2) prohibits changes in assessment practices and policies regarding the property of these organizations.

(b) The purpose of this study is to allow the legislature to evaluate whether the judicially established rules and the assessment practices and policies in applying those rules to determine the tax status of these properties ensure that public benefits are, at least, commensurate with the costs of the exemption. The legislature does not intend, in requiring this study, to indicate an intention to expand or to narrow the existing rules for exempting institutions of purely public charity.

Subd. 2. **Report by commissioner of revenue.** (a) The commissioner of revenue shall survey all county assessors on:

(1) the tax status of property of institutions of purely public charity located in the state, including details on the type of organization and the use of the property; and

(2) their practices and policies in determining the tax status of property of institutions of purely public charity, including the extent to which the assessment practices and policies require the institutions to provide goods or services at free or below market prices and on the treatment of government payments.

(b) The commissioner shall report the findings to the chairs of the house of representatives and senate committees with jurisdiction over taxation by February 1, 2009.

Subd. 3. **Moratorium on changes in assessment practices.** (a) An assessor may not change the current practices or policies used generally in assessing property of institutions of purely public charities.

(b) An assessor may not change the assessment of the taxable status of an existing property of an organization of purely public charity, unless the change is made as a result of a change in ownership, occupancy or use of the facility, or to correct an error. For currently taxable properties, the assessor may change the estimated market value of the property.

(c) This subdivision expires on the earlier of:

(1) the enactment of legislation establishing criteria for the property taxation of purely public charities; or

(2) adjournment of the 2009 regular legislative session to a date in calendar year 2010.

87.1 **EFFECTIVE DATE.** This section is effective for the 2008 assessment, taxes
87.2 payable in 2009.

87.3 Sec. 59. **REPEALER.**

87.4 (a) Minnesota Statutes 2006, section 273.111, subdivision 6, is repealed.

87.5 (b) Minnesota Statutes 2006, section 473.4461, is repealed.

87.6 **EFFECTIVE DATE.** Paragraph (a) is effective for taxes payable in 2010 and
87.7 thereafter. Paragraph (b) is effective for taxes payable in 2009 and thereafter.

87.8 **ARTICLE 4**

87.9 **LOCAL SALES TAXES**

87.10 Section 1. Minnesota Statutes 2006, section 297A.99, subdivision 1, as amended by
87.11 Laws 2008, chapter 152, article 4, section 1, is amended to read:

87.12 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may
87.13 impose a general sales tax (1) under section 297A.992, (2) under section 297A.993,
87.14 (3) if permitted by special law enacted prior to May 20, 2008, or (4) if the political
87.15 subdivision enacted and imposed the tax before the effective date of section 477A.016 and
87.16 its predecessor provision.

87.17 (b) This section governs the imposition of a general sales tax by the political
87.18 subdivision. The provisions of this section preempt the provisions of any special law:

87.19 (1) enacted before June 2, 1997, or

87.20 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law
87.21 provision from this section's rules by reference.

87.22 (c) This section does not apply to or preempt a sales tax on motor vehicles or a
87.23 special excise tax on motor vehicles.

87.24 (d) Until after December 31, 2011, a political subdivision may not advertise,
87.25 promote, expend funds, or hold a referendum to support imposing a local option sales tax
87.26 unless the tax was authorized by a special law enacted prior to May 20, 2008.

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

87.28 Sec. 2. **CITY OF CLEARWATER; TAXES AUTHORIZED.**

87.29 Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section
87.30 477A.016, or any other provision of law, ordinance, or city charter, pursuant to the
87.31 approval of the voters on November 7, 2006, the city of Clearwater may impose by
87.32 ordinance a sales and use tax of up to one-half of one percent for the purposes specified in

subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. Excise tax authorized. Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the city of Clearwater may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. Use of revenues. The proceeds of the tax imposed under this section shall be used to pay for the costs of acquisition, construction, improvement, and development of a pedestrian bridge, and land and buildings for a community and recreation center. The total amount of revenues from the taxes in subdivisions 1 and 2 that may be used to fund these projects is \$12,000,000 plus any associated bond costs.

Subd. 4. Bonding authority. The city of Clearwater may issue bonds in an amount not to exceed \$12,000,000 under Minnesota Statutes, chapter 475, to finance the capital expenditures and improvements authorized by the referendum under subdivision 3. An election to approve the bonds under Minnesota Statutes, section 475.59, is not required. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, section 275.60 or 275.61. The debt represented by the bonds must not be included in computing any debt limitations applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal or any interest on the bonds must not be subject to any levy limitation.

Subd. 5. Termination of tax. The tax authorized under subdivision 1 terminates at the earlier of (1) 20 years after the date of initial imposition of the tax, or (2) when the city council determines that sufficient funds have been raised from the tax to finance the capital and administrative costs of the improvements described in subdivision 3, plus the additional amount needed to pay the costs related to issuance of bonds under subdivision 4, including interest on the bonds. Any funds remaining after completion of the projects specified in subdivision 3 and retirement or redemption of the bonds in subdivision 4 may be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Clearwater with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 3. CITY OF NORTH MANKATO; TAXES AUTHORIZED.

89.1 Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes,
89.2 section 477A.016, or any other provision of law, ordinance, or city charter, pursuant to
89.3 the approval of the voters on November 7, 2006, the city of North Mankato may impose
89.4 by ordinance a sales and use tax of one-half of one percent for the purposes specified
89.5 in subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the
89.6 imposition, administration, collection, and enforcement of the taxes authorized under
89.7 this subdivision.

89.8 Subd. 2. **Use of revenues.** Revenues received from the tax authorized by
89.9 subdivision 1 must be used to pay all or part of the capital costs of the following projects:

89.10 (1) the local share of the Trunk Highway 14/County State-Aid Highway 41
89.11 interchange project;

89.12 (2) development of regional parks and hiking and biking trails;

89.13 (3) expansion of the North Mankato Taylor Library;

89.14 (4) riverfront redevelopment; and

89.15 (5) lake improvement projects.

89.16 The total amount of revenues from the tax in subdivision 1 that may be used to fund
89.17 these projects is \$6,000,000 plus any associated bond costs.

89.18 Subd. 3. **Bonds.** (a) The city of North Mankato, pursuant to the approval of the
89.19 voters at the November 7, 2006, referendum authorizing the imposition of the taxes in
89.20 this section, may issue bonds under Minnesota Statutes, chapter 475, to pay capital and
89.21 administrative expenses for the projects described in subdivision 2 in an amount that
89.22 does not exceed \$6,000,000. A separate election to approve the bonds under Minnesota
89.23 Statutes, section 475.58, is not required.

89.24 (b) The debt represented by the bonds is not included in computing any debt
89.25 limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section
89.26 475.61, to pay principal and interest on the bonds is not subject to any levy limitation.

89.27 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires
89.28 when the city council determines that the amount of revenues received from the taxes
89.29 to pay for the projects under subdivision 2, first equals or exceeds \$6,000,000 plus the
89.30 additional amount needed to pay the costs related to issuance of bonds under subdivision
89.31 3, including interest on the bonds. Any funds remaining after completion of the projects
89.32 and retirement or redemption of the bonds shall be placed in a capital facilities and
89.33 equipment replacement fund of the city. The tax imposed under subdivision 1 may expire
89.34 at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of North Mankato with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 4. **CITY OF WINONA; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, if approved by the voters at a general or special election held before December 31, 2009, the city of Winona may impose by ordinance a sales and use tax of up to one-half of one percent for the purpose specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of revenues.** The proceeds of the tax imposed under this section shall be used to pay the city-borne costs for the construction of a street connection from the city of Winona to Minnesota State Highways 61 and 43. The construction will provide access to the city's newly built industrial park and additional access to a hospital. The total amount of revenues from the tax in subdivision 1 that may be used to fund this project is \$8,000,000 plus any associated bond costs.

Subd. 3. **Bonding authority.** The city of Winona may issue bonds in an amount not to exceed \$8,000,000 under Minnesota Statutes, chapter 475, to finance the capital expenditures under subdivision 2. An election to approve the bonds under Minnesota Statutes, section 475.58, is not required. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, section 275.60 or 275.61. The debt represented by the bonds must not be included in computing any debt limitations applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal or any interest on the bonds must not be subject to any levy limitation.

Subd. 4. **Termination of tax.** The tax authorized under subdivision 1 terminates at the earlier of: (1) five years after the date of initial imposition of the tax; or (2) when the city council determines that sufficient funds have been raised from the tax to finance the capital and administrative costs of the project described in subdivision 2, plus the additional amount needed to pay the costs related to issuance of bonds under subdivision 3, including interest on the bonds. Any funds remaining after completion of the project specified in subdivision 2 and retirement or redemption of the bonds in subdivision 3 may be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

91.1 **EFFECTIVE DATE.** This section is effective the day after compliance by
91.2 the governing body of the city of Winona with Minnesota Statutes, section 645.021,
91.3 subdivisions 2 and 3.