A bill for an act

relating to property taxation; providing a property tax abatement for newly constructed residential structures in flood-damaged areas; appropriating money.

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

Section 1. **TAX ABATEMENT; NEWLY CONSTRUCTED RESIDENTIAL STRUCTURES IN FLOOD-DAMAGED CITIES.**

Subdivision 1. **Eligibility.** (a) A residential structure qualifies for a tax abatement under this section, if:

(1) the structure is located in a city that is eligible to designate a development zone under Minnesota Statutes, section 469.1731;

(2) the structure is located in a county designated as an emergency area under presidential declaration FEMA-3304-EM;

(3) the structure is located on property classified as class 1a, 1b, 2a, 4a, 4b, 4bb, or 4d under Minnesota Statutes, section 273.13;

(4) no part of the structure was in existence prior to January 1, 2009; and

(5) construction of the structure is commenced prior to December 31, 2010. For the purposes of this clause, construction is deemed to have been commenced if a proper building permit has been issued and the mandatory footing or foundation inspection has been completed.

Subd. 2. **Application.** Application for the abatement authorized under this section must be filed by January 2 of the year following the year in which construction began. The application must be filed with the assessor of the county in which the property is located on a form prescribed by the commissioner of revenue.

Subd. 3. **Tax abated.** (a) For a property qualifying under subdivision 1 and classified as either 1a, 1b, 2a, 4b, or 4bb, the tax attributable to (1) $150,000 of market value, or (2) the entire market value of the structure, whichever is less, shall be abated. For a property qualifying under subdivision 1 and classified as class 4a or 4d, the tax attributable to (1) $20,000 of market value per residential unit, or (2) the entire market value of the structure, whichever is less, shall be abated.

(b) The abatement under paragraph (a) shall be in effect for two taxes payable years, corresponding to the two assessment years after construction has begun. The abatement shall not apply to any special assessments that have been levied against the property.

Subd. 4. **Reimbursement.** By May 1 of each taxes payable year in which an abatement has been authorized under this section, the auditor shall report the amount of taxes abated for each jurisdiction within the county to the commissioner of revenue, on a form prescribed by the commissioner. On or before September 1 of each taxes payable year in which an abatement has been authorized under this section, the commissioner of revenue shall reimburse each local jurisdiction for the amount of taxes abated for the year under this section.

Subd. 5. **Appropriation.** The amount necessary to make the reimbursements required under this section is annually appropriated to the commissioner of revenue from the general fund.

EFFECTIVE DATE. This section is effective for assessment years 2010 to 2012, for taxes payable in 2011 to 2013.