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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 1279

02/20/2025 Authored by West
The bill was read for the first time and referred to the Committee on Taxes

A bill for an act

relating to taxation; property; providing a distribution of the state general levy to certain municipalities; amending Minnesota Statutes 2024, section 275.025, by adding a subdivision.

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

Section 1. Minnesota Statutes 2024, section 275.025, is amended by adding a subdivision to read:

Subd. 7. **Low-aid municipality distribution.** (a) A low-aid municipality is eligible for a distribution from the proceeds of the state general levy imposed on taxpayers within the municipality in the amount provided under paragraph (b). For the purposes of this subdivision, a low-aid municipality is any municipality that for the taxes payable year:

(1) lies wholly or partially within the area as defined under section 473F.02, subdivision 2;

(2) does not receive a municipal state-aid street fund distribution under section 162.13;

(3) does not receive a local government aid distribution under sections 477A.011 to 477A.03;

(4) has a fiscal disparities contribution tax capacity that exceeds the municipality's fiscal disparities distribution tax capacity;

(5) has a population of less than 5,000; and

(6) is located in Anoka County.

(b) The distribution under this subdivision is equal to: (1) the municipality's net tax capacity tax rate; multiplied by (2) the municipality's net fiscal disparities contribution. The distribution under this subdivision may not exceed the tax under this section imposed on taxpayers within the municipality. The amount of the distribution to each municipality must be determined by the commissioner of revenue and certified to each affected municipality and county by September 1 of the year in which taxes are payable.

(c) The distribution under this subdivision must be paid to the qualifying municipality by the treasurer of the home county of the municipality by December 1 of the year the taxes are payable. The amounts distributed under this subdivision must be deducted from the settlement of the state general levy for the taxes payable year under section 276.112.

(d) For purposes of this subdivision, the following terms have the meanings given:

(1) "municipality" means a home rule or statutory city or a town; and

(2) "net fiscal disparities contribution" means a municipality's fiscal disparities contribution net tax capacity minus the municipality's distribution net tax capacity.

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2026 and thereafter.