

**SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION**

S.F. No. 4840

(SENATE AUTHORS: DRAZKOWSKI)

DATE
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6987 Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; property; allowing a reverse referendum for local government
1.3 levies that increase by a certain amount; amending Minnesota Statutes 2024,
1.4 sections 275.065, subdivision 3; 275.07, subdivision 1; 276.04, subdivisions 1, 2;
1.5 proposing coding for new law in Minnesota Statutes, chapter 275.

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

1.7 Section 1. Minnesota Statutes 2024, section 275.065, subdivision 3, is amended to read:

1.8 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and
1.9 the county treasurer shall deliver after November 10 and on or before November 24 each
1.10 year, by first class mail to each taxpayer at the address listed on the county's current year's
1.11 assessment roll, a notice of proposed property taxes. Upon written request by the taxpayer,
1.12 the treasurer may send the notice in electronic form or by electronic mail instead of on paper
1.13 or by ordinary mail.

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

1.15 (c) The notice must inform taxpayers that it contains the amount of property taxes each
1.16 taxing authority proposes to collect for taxes payable the following year. In the case of a
1.17 town, or in the case of the state general tax, the final tax amount will be its proposed tax.
1.18 The notice must clearly state for each city that has a population over 500, county, school
1.19 district, regional library authority established under section 134.201, metropolitan taxing
1.20 districts as defined in paragraph (i), and fire protection and emergency medical services
1.21 special taxing districts established under section 144F.01, the time and place of a meeting
1.22 for each taxing authority in which the budget and levy will be discussed and public input
1.23 allowed, prior to the final budget and levy determination. The taxing authorities must provide

2.1 the county auditor with the information to be included in the notice on or before the time it
2.2 certifies its proposed levy under subdivision 1. The public must be allowed to speak at that
2.3 meeting, which must occur after November 24 and must not be held before 6:00 p.m. It
2.4 must provide a website address and a telephone number for the taxing authority that taxpayers
2.5 may call if they have questions related to the notice and an address where comments will
2.6 be received by mail, except that no notice required under this section shall be interpreted
2.7 as requiring the printing of a personal telephone number or address as the contact information
2.8 for a taxing authority. If a taxing authority does not maintain a website or public offices
2.9 where telephone calls can be received by the authority, the authority may inform the county
2.10 of the lack of a public website or telephone number and the county shall not list a website
2.11 or telephone number for that taxing authority.

2.12 (d) The notice must state for each parcel:

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

2.19 (2) the items listed below, shown separately by county, city or town, and state general
2.20 tax, agricultural homestead credit under section 273.1384, school building bond agricultural
2.21 credit under section 273.1387, voter approved school levy, other local school levy, and the
2.22 sum of the special taxing districts, and as a total of all taxing authorities:

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

2.24 (ii) the proposed tax amount.

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

2.28 In the case of a town or the state general tax, the final tax shall also be its proposed tax
2.29 unless the town changes its levy at a special town meeting under section 365.52. If a school
2.30 district has certified under section 126C.17, subdivision 9, that a referendum will be held
2.31 in the school district at the November general election, the county auditor must note next
2.32 to the school district's proposed amount that a referendum is pending and that, if approved
2.33 by the voters, the tax amount may be higher than shown on the notice. In the case of the
2.34 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately

3.1 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for
 3.2 the St. Paul Library Agency must be listed separately from the remaining amount of the
 3.3 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be
 3.4 listed separately from the remaining amount of the county's levy. In the case of a parcel
 3.5 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F
 3.6 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax
 3.7 capacity subject to the areawide tax must each be stated separately and not included in the
 3.8 sum of the special taxing districts; ~~and~~

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

3.11 (4) a statement at the top of the notice stating the following "If a county's or city's
 3.12 proposed levy for next year is greater than its actual levy for the current year, the voters
 3.13 may have the right to petition for a referendum on next year's levy certification, according
 3.14 to Minnesota Statutes, section 275.80, provided that the final levy the county or city certifies
 3.15 is also greater than its levy for the current year."

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

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

3.21 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

4.21 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,
4.22 473.521, 473.547, or 473.834;

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

4.24 (3) Metropolitan Mosquito Control Commission under section 473.711.

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

4.28 (j) The governing body of a county, city, or school district may, with the consent of the
4.29 county board, include supplemental information with the statement of proposed property
4.30 taxes about the impact of state aid increases or decreases on property tax increases or
4.31 decreases and on the level of services provided in the affected jurisdiction. This supplemental
4.32 information may include information for the following year, the current year, and for as

5.1 many consecutive preceding years as deemed appropriate by the governing body of the
5.2 county, city, or school district. It may include only information regarding:

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

5.5 (2) population growth and decline;

5.6 (3) state or federal government action; and

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

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

5.13 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2027 and
5.14 thereafter.

5.15 Sec. 2. Minnesota Statutes 2024, section 275.07, subdivision 1, is amended to read:

5.16 Subdivision 1. **Certification of levy.** (a) Except as provided under paragraph (b), the
5.17 taxes voted by cities, counties, school districts, and special districts shall be certified by the
5.18 proper authorities to the county auditor on or before five working days after December 20
5.19 in each year. A town must certify the levy adopted by the town board to the county auditor
5.20 by September 30 each year. If the town board modifies the levy at a special town meeting
5.21 after September 30, the town board must recertify its levy to the county auditor on or before
5.22 five working days after December 20. If a city or county levy is subject to a referendum
5.23 under section 275.80 and the referendum was approved by the voters, the maximum levy
5.24 certified under this section is the proposed levy certified under section 275.065. If the
5.25 referendum was not approved, the maximum levy that a city or county may approve under
5.26 this section is the amount allowed in section 275.80, subdivision 4. The city or county may
5.27 choose to certify a levy less than the allowed maximum amount. If a city, town, county,
5.28 school district, or special district fails to certify its levy by that date, its levy shall be the
5.29 amount levied by it for the preceding year.

5.30 ~~(b)(i)~~ (b)(1) The taxes voted by counties under sections 103B.241, 103B.245, and
5.31 103B.251 shall be separately certified by the county to the county auditor on or before five
5.32 working days after December 20 in each year. The taxes certified shall not be reduced by
5.33 the county auditor by the aid received under section 273.1398, subdivision 3. If a county

6.1 fails to certify its levy by that date, its levy shall be the amount levied by it for the preceding
6.2 year.

6.3 ~~(ii)~~ (2) For purposes of the proposed property tax notice under section 275.065 and the
6.4 property tax statement under section 276.04, for the first year in which the county implements
6.5 the provisions of this paragraph, the county auditor shall reduce the county's levy for the
6.6 preceding year to reflect any amount levied for water management purposes under clause
6.7 ~~(i)~~ (1) included in the county's levy.

6.8 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2027 and
6.9 thereafter.

6.10 Sec. 3. **[275.80] LEVY INCREASE; REVERSE REFERENDUM AUTHORIZED.**

6.11 **Subdivision 1. Citation.** This section shall be known as the "Property Tax Payers'
6.12 Empowerment Act."

6.13 **Subd. 2. Definitions.** (a) For purposes of this section, the following terms have the
6.14 meanings given.

6.15 (b) "General levy" means the total levy certified under section 275.07 by a local
6.16 governmental unit, excluding any levy approved by the voters at a general or special election.

6.17 (c) "Local governmental unit" means a county or a statutory or home rule charter city.

6.18 (d) "Maximum alternative levy" means, for taxes levied in a current year by a local
6.19 governmental unit, the sum of (1) the local governmental unit's nondebt levy certified two
6.20 years prior to the current year, and (2) the amount of the local governmental unit's proposed
6.21 levy for the current year levied for the purposes listed in section 275.70, subdivision 5,
6.22 clauses (1) to (5).

6.23 (e) "Nondebt levy" means the total levy certified under section 275.07 by the local
6.24 governmental unit, minus any amount levied for the purposes listed in section 275.70,
6.25 subdivision 5, clauses (1) to (5).

6.26 **Subd. 3. Levy increase; reverse referendum authority.** If a general levy exceeds the
6.27 general levy from the previous year, the voters may petition for a referendum on the levy
6.28 a local governmental unit will certify in the following year. The county auditor must publish
6.29 information on the right to petition for a referendum as provided in section 276.04,
6.30 subdivisions 1 and 2. If by June 30 a petition signed by a number of voters equal to ten
6.31 percent of the votes cast in the last general election requesting a vote on the levy is filed
6.32 with the county auditor, a question on the levy a local governmental unit will certify for the

7.1 current year must be placed on the ballot at either the general election or at a special election
7.2 held on the first Tuesday after the first Monday in November of the current calendar year.

7.3 Subd. 4. **Prohibition against new debt before the election.** Notwithstanding any other
7.4 provision of law, ordinance, or local charter provision, a local governmental unit must not
7.5 issue any new debt or obligation from the time the petition for referendum is filed with the
7.6 county auditor under subdivision 3 until the day after the referendum required under this
7.7 section is held, except as allowed in this subdivision. Refunding bonds and bonds that have
7.8 already received voter approval are exempt from the prohibition in this subdivision. For
7.9 purposes of this subdivision, "obligation" has the meaning given in section 475.51,
7.10 subdivision 3.

7.11 Subd. 5. **Ballot question; consequence of the vote.** (a) The question submitted to the
7.12 voters as required under subdivision 3 must take the following form:

7.13 "The governing body of has imposed the following property tax levy in the last two
7.14 years and is proposing the following maximum levy increase for the coming year:

7.15	<u>(previous payable year)</u>	<u>(current payable year)</u>	<u>(coming payable year)</u>
7.16	<u>Total levy</u>	<u>Total levy</u>	<u>Maximum proposed levy</u>
7.17	<u>\$.....</u>	<u>\$.....</u>	<u>\$.....</u>

7.18 Shall the governing body of be allowed to impose the maximum proposed levy listed
7.19 above?

7.20 Yes
7.21 No "

7.22 (b) If the majority of votes cast on the question are "no," the maximum allowed levy for
7.23 the coming year is reduced to the maximum alternative levy of If a city is subject to
7.24 this provision, by September 30 the city must provide the county auditor with information
7.25 on the city's proposed levy that is necessary to calculate the maximum alternative levy under
7.26 subdivision 2.

7.27 (c) If the majority of votes cast on the question are "yes," the levy certified by the local
7.28 governmental unit under section 275.07 must be less than or equal to the local governmental
7.29 unit's proposed levy under section 275.065. If the question does not receive sufficient
7.30 affirmative votes, the levy amount that the local governmental unit certifies under section
7.31 275.07 in the current year must be less than or equal to the local governmental unit's
7.32 maximum alternative levy as defined in subdivision 2.

8.1 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2027 and
8.2 thereafter.

8.3 Sec. 4. Minnesota Statutes 2024, section 276.04, subdivision 1, is amended to read:

8.4 Subdivision 1. **Auditor to publish rates.** On receiving the tax lists from the county
8.5 auditor, the county treasurer shall, if directed by the county board, give three weeks' published
8.6 notice in a newspaper specifying the rates of taxation for all general purposes and the
8.7 amounts raised for each specific purpose. If a city or county is subject to a petition of the
8.8 voters due to a general levy increase as provided in section 275.80, the published notice
8.9 must also include the general levy for the current year and the previous year for that city or
8.10 county along with the statement in the following form:

8.11 "Because the governing body of increased its nonvoter approved levy in the current
8.12 year, the voters in that jurisdiction have the right to petition for a referendum under Minnesota
8.13 Statutes, section 275.80, on that jurisdiction's levy amount. To invoke the referendum, a
8.14 petition signed by a number of voters that is equal to ten percent of the votes cast in the last
8.15 general election on this issue must be filed with the county auditor by June 30 of the current
8.16 year."

8.17 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2027 and
8.18 thereafter.

8.19 Sec. 5. Minnesota Statutes 2024, section 276.04, subdivision 2, is amended to read:

8.20 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of
8.21 the tax statements. The commissioner of revenue shall prescribe the form of the property
8.22 tax statement and its contents. The tax statement must not state or imply that property tax
8.23 credits are paid by the state of Minnesota. The statement must contain a tabulated statement
8.24 of the dollar amount due to each taxing authority and the amount of the state tax from the
8.25 parcel of real property for which a particular tax statement is prepared. The dollar amounts
8.26 attributable to the county, the state tax, the voter approved school tax, the other local school
8.27 tax, the township or municipality, and the total of the metropolitan special taxing districts
8.28 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The
8.29 amounts due all other special taxing districts, if any, may be aggregated except that any
8.30 levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin,
8.31 Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly
8.32 under the appropriate county's levy. If the county levy under this paragraph includes an
8.33 amount for a lake improvement district as defined under sections 103B.501 to 103B.581,

9.1 the amount attributable for that purpose must be separately stated from the remaining county
9.2 levy amount. In the case of Ramsey County, if the county levy under this paragraph includes
9.3 an amount for public library service under section 134.07, the amount attributable for that
9.4 purpose may be separated from the remaining county levy amount. The amount of the tax
9.5 on homesteads qualifying under the senior citizens' property tax deferral program under
9.6 chapter 290B is the total amount of property tax before subtraction of the deferred property
9.7 tax amount. The amount of the tax on contamination value imposed under sections 270.91
9.8 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar
9.9 amount of any special assessments, may be rounded to the nearest even whole dollar. For
9.10 purposes of this section whole odd-numbered dollars may be adjusted to the next higher
9.11 even-numbered dollar.

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

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

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

9.20 (2) the property's homestead market value exclusion under section 273.13, subdivision
9.21 35;

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

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

9.24 (5) for agricultural properties, the credits under sections 273.1384 and 273.1387;

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

9.26 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit
9.27 received under section 273.135 must be separately stated and identified as "taconite tax
9.28 relief"; and

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

9.30 (d) If a city or county is subject to a petition of the voters due to a general levy increase
9.31 as provided in section 275.80, the tax statement must include the general levy for the current
9.32 year and the previous year for that city or county along with the following statement:

10.1 "Because the governing body of increased its nonvoter approved levy in the current
10.2 year, the voters in that jurisdiction have the right to petition for a referendum on that
10.3 jurisdiction's levy amount under Minnesota Statutes, section 275.80. To invoke the
10.4 referendum, a petition signed by a number of voters that is equal to ten percent of the votes
10.5 cast in the last general election on this issue must be filed with the county auditor by June
10.6 30 of the current year."

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

10.15 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2027 and
10.16 thereafter.