

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1525

03/13/2013 Authored by Radinovich

The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; property; repealing the Iron Range fiscal disparities program;
1.3 correcting cross-references; amending Minnesota Statutes 2012, sections
1.4 134.34, subdivision 4; 270C.89, subdivision 2; 275.011, subdivision 1; 275.025,
1.5 subdivisions 1, 2; 275.065, subdivision 3; 278.14, subdivision 1; 428A.05;
1.6 465.82, subdivision 2; 469.175, subdivision 6; 469.177, subdivision 3; 469.1813,
1.7 subdivision 2; 477A.011, subdivisions 20, 27, 32, 35; repealing Minnesota
1.8 Statutes 2012, sections 276A.01; 276A.02; 276A.03; 276A.04; 276A.05;
1.9 276A.06; 276A.07; 276A.08; 276A.09.

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

1.11 Section 1. Minnesota Statutes 2012, section 134.34, subdivision 4, is amended to read:

1.12 Subd. 4. **Limitation.** (a) For calendar year 2010 and later, a regional library
1.13 basic system support grant shall not be made to a regional public library system for a
1.14 participating city or county which decreases the dollar amount provided for support for
1.15 operating purposes of public library service below the amount provided by it for the
1.16 second, or third preceding year, whichever is less. For purposes of this subdivision and
1.17 subdivision 1, any funds provided under section 473.757, subdivision 2, for extending
1.18 library hours of operation shall not be considered amounts provided by a city or county for
1.19 support for operating purposes of public library service. This subdivision shall not apply
1.20 to participating cities or counties where the adjusted net tax capacity of that city or county
1.21 has decreased, if the dollar amount of the reduction in support is not greater than the dollar
1.22 amount by which support would be decreased if the reduction in support were made in
1.23 direct proportion to the decrease in adjusted net tax capacity.

1.24 (b) For calendar year 2009 and later, in any calendar year in which a city's or
1.25 county's aid under sections 477A.011 to 477A.014 or credit reimbursement under section

273.1384 is reduced after the city or county has certified its levy payable in that year, it may reduce its local support by the lesser of:

(1) ten percent; or

(2) a percent equal to the ratio of the aid and credit reimbursement reductions to the city's or county's revenue base, based on aids certified for the current calendar year. For calendar year 2009 only, the reduction under this paragraph shall be based on 2008 aid and credit reimbursement reductions under the December 2008 unallotment, as well as any aid and credit reimbursement reductions in calendar year 2009. For pay 2009 only, the commissioner of revenue will calculate the reductions under this paragraph and certify them to the commissioner of education within 15 days of May 17, 2009.

(c) For taxes payable in 2010 and later, in any payable year in which the total amounts certified for city or county aids under sections 477A.011 to 477A.014 are less than the total amounts paid under those sections in the previous calendar year, a city or county may reduce its local support by the lesser of:

(1) ten percent; or

(2) a percent equal to the ratio of:

(i) the difference between (A) the sum of the aid it was paid under sections 477A.011 to 477A.014 and the credit reimbursement it received under section 273.1384 in the previous calendar year and (B) the sum of the aid it is certified to be paid in the current calendar year under sections 477A.011 to 477A.014 and the credit reimbursement estimated to be paid under section 273.1384; to

(ii) its revenue base for the previous year, based on aids actually paid in the previous calendar year. The commissioner of revenue shall calculate the percent aid cut for each county and city under this paragraph and certify the percentage cuts to the commissioner of education by August 1 of the year prior to the year in which the reduced aids and credit reimbursements are to be paid. The percentage of reduction related to reductions to credit reimbursements under section 273.1384 shall be based on the best estimation available as of July 30.

(d) Notwithstanding paragraph (a), (b), or (c), no city or county shall reduce its support for public libraries below the minimum level specified in subdivision 1.

(e) For purposes of this subdivision, "revenue base" means the sum of:

(1) its levy for taxes payable in the current calendar year, including the levy on the fiscal disparities distribution under section ~~276A.06, subdivision 3, paragraph (a),~~ or 473F.08, subdivision 3, paragraph (a);

(2) its aid under sections 477A.011 to 477A.014 in the current calendar year; and

(3) its taconite aid in the current calendar year under sections 298.28 and 298.282.

3.1 Sec. 2. Minnesota Statutes 2012, section 270C.89, subdivision 2, is amended to read:

3.2 Subd. 2. **Final report.** The final abstract of assessments after adjustments by the
3.3 State Board of Equalization and inclusion of any omitted property shall be submitted to
3.4 the commissioner on or before September 1 of each calendar year. The final abstract
3.5 must separately report the captured tax capacity of tax increment financing districts
3.6 under section 469.177, subdivision 2, the areawide net tax capacity contribution values
3.7 determined under ~~sections 276A.05, subdivision 1, and section~~ 473F.07, subdivision 1,
3.8 and the value subject to the power line credit under section 273.42.

3.9 Sec. 3. Minnesota Statutes 2012, section 275.011, subdivision 1, is amended to read:

3.10 Subdivision 1. **Determination of levy limit.** The property tax levied for any
3.11 purpose under a special law that is not codified in Minnesota Statutes or a city charter
3.12 provision and that is subject to a mill rate limitation imposed by the special law or city
3.13 charter provision, excluding levies subject to mill rate limitations that use adjusted
3.14 assessed values determined by the commissioner of revenue under section 124.2131, must
3.15 not exceed the following amount for the years specified:

3.16 (a) for taxes payable in 1988, the product of the applicable mill rate limitation
3.17 imposed by special law or city charter provision multiplied by the total assessed valuation
3.18 of all taxable property subject to the tax as adjusted by the provisions of Minnesota
3.19 Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

3.20 (b) for taxes payable in 1989, the product of (1) the property tax levy limitation for
3.21 the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for
3.22 market valuation changes equal to the assessment year 1988 total market valuation of all
3.23 taxable property subject to the tax divided by the assessment year 1987 total market
3.24 valuation of all taxable property subject to the tax; and

3.25 (c) for taxes payable in 1990 and subsequent years, the product of (1) the property
3.26 tax levy limitation for the previous year determined pursuant to this subdivision multiplied
3.27 by (2) an index for market valuation changes equal to the total market valuation of all
3.28 taxable property subject to the tax for the current assessment year divided by the total
3.29 market valuation of all taxable property subject to the tax for the previous assessment year.

3.30 For the purpose of determining the property tax levy limitation for the taxes payable
3.31 year 1988 and subsequent years under this subdivision, "total market valuation" means
3.32 the total market valuation of all taxable property subject to the tax without valuation
3.33 adjustments for fiscal disparities (~~chapters 276A and chapter~~ 473F), tax increment
3.34 financing (sections 469.174 to 469.179), or powerline credit (section 273.425).

4.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2014 and
4.2 thereafter.

4.3 Sec. 4. Minnesota Statutes 2012, section 275.025, subdivision 1, is amended to read:

4.4 Subdivision 1. **Levy amount.** The state general levy is levied against
4.5 commercial-industrial property and seasonal residential recreational property, as defined
4.6 in this section. The state general levy base amount is \$592,000,000 for taxes payable in
4.7 2002. For taxes payable in subsequent years, the levy base amount is increased each year
4.8 by multiplying the levy base amount for the prior year by the sum of one plus the rate of
4.9 increase, if any, in the implicit price deflator for government consumption expenditures
4.10 and gross investment for state and local governments prepared by the Bureau of Economic
4.11 Analysts of the United States Department of Commerce for the 12-month period ending
4.12 March 31 of the year prior to the year the taxes are payable. The tax under this section is
4.13 not treated as a local tax rate under section 469.177 and is not the levy of a governmental
4.14 unit under ~~chapters 276A~~ and chapter 473F.

4.15 The commissioner shall increase or decrease the preliminary or final rate for a year
4.16 as necessary to account for errors and tax base changes that affected a preliminary or final
4.17 rate for either of the two preceding years. Adjustments are allowed to the extent that the
4.18 necessary information is available to the commissioner at the time the rates for a year must
4.19 be certified, and for the following reasons:

- 4.20 (1) an erroneous report of taxable value by a local official;
4.21 (2) an erroneous calculation by the commissioner; and
4.22 (3) an increase or decrease in taxable value for commercial-industrial or seasonal
4.23 residential recreational property reported on the abstracts of tax lists submitted under
4.24 section 275.29 that was not reported on the abstracts of assessment submitted under
4.25 section 270C.89 for the same year.

4.26 The commissioner may, but need not, make adjustments if the total difference in the tax
4.27 levied for the year would be less than \$100,000.

4.28 **EFFECTIVE DATE.** This section is effective for taxes payable in 2014 and
4.29 thereafter.

4.30 Sec. 5. Minnesota Statutes 2012, section 275.025, subdivision 2, is amended to read:

4.31 Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section,
4.32 "commercial-industrial tax capacity" means the tax capacity of all taxable property
4.33 classified as class 3 or class 5(1) under section 273.13, except for electric generation

attached machinery under class 3 and property described in section 473.625. County commercial-industrial tax capacity amounts are not adjusted for the captured net tax capacity of a tax increment financing district under section 469.177, subdivision 2, the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425, or fiscal disparities contribution and distribution net tax capacities under chapter ~~276A~~ or 473F.

EFFECTIVE DATE. This section is effective for taxes payable in 2014 and thereafter.

Sec. 6. Minnesota Statutes 2012, 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 and on or before November 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. Upon written request by the taxpayer, the treasurer may send the notice in electronic form or by electronic mail instead of on paper or by ordinary mail.

(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. The notice must clearly state for each city that has a population over 500, county, school district, regional library authority established under section 134.201, and metropolitan taxing districts as defined in paragraph (i), the time and place of a meeting for each taxing authority in which the budget and levy will be discussed and public input allowed, prior to the final budget and levy determination. The taxing authorities must provide the county auditor with the information to be included in the notice on or before the time it certifies its proposed levy under subdivision 1. The public must be allowed to speak at that meeting, which must occur after November 24 and must not be held before 6:00 p.m. It must provide 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, except that no notice required under this section shall be interpreted as requiring the printing of a personal telephone number or address as the contact information for a taxing authority. If a taxing authority does not maintain public offices where telephone calls can be received by the authority, the authority may inform the county of the lack of a public telephone number and the county shall not list a telephone number for that taxing authority.

(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 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 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 and subdivision 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.

(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 taxes payable in 2014 and thereafter.

Sec. 7. Minnesota Statutes 2012, section 278.14, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** A county must pay a refund of a mistakenly billed tax as provided in this section. As used in this section, "mistakenly billed tax" means an amount of property tax that was billed, to the extent the amount billed exceeds the accurate tax amount due to a misclassification of the owner's property under section 273.13 or a mathematical error in the calculation of the tax on the owner's property, together with any penalty or interest paid on that amount. This section applies only to taxes payable in the current year and the two prior years. As used in this section, "mathematical error" is limited to an error in:

(1) converting the market value of a property to tax capacity or to a referendum market value;

(2) application of the tax rate as computed by the auditor under sections 275.08, subdivisions 1b, 1c, and 1d; ~~276A.06, subdivisions 4 and 5;~~ and 473F.07, subdivisions 4 and 5, to the property's tax capacity or referendum market value; or

(3) calculation of or eligibility for a credit.

The remedy provided under this section does not apply to a misclassification under section 273.13 that is due to the failure of the property owner to apply for the correct classification as required by law.

Sec. 8. Minnesota Statutes 2012, section 428A.05, is amended to read:

428A.05 COLLECTION OF SERVICE CHARGES.

Service charges may be imposed on the basis of the net tax capacity of the property on which the service charge is imposed but must be spread only upon the net tax capacity of the taxable property located in the geographic area described in the ordinance. Service charges based on net tax capacity may be payable and collected at the same time and in the same manner as provided for payment and collection of ad valorem taxes. When made payable in the same manner as ad valorem taxes, service charges not paid on or before the applicable due date shall be subject to the same penalty and interest as in the case of ad valorem tax amounts not paid by the respective due date. The due date for a service charge payable in the same manner as ad valorem taxes is the due date given in law for the real or personal property tax for the property on which the service charge is imposed. Service charges imposed on net tax capacity which are to become payable in the following year must be certified to the county auditor by the date provided in section 429.061, subdivision 3, for the annual certification of special assessment installments. Other service charges imposed must be collected as provided by ordinance. Service charges based on net tax capacity collected under sections 428A.01 to 428A.10 are not included in computations under section 469.177, chapter ~~276A~~ or 473F, or any other law that applies to general ad valorem levies. For the purpose of this section, "net tax capacity" means the net tax capacity most recently determined at the time that tax rates are determined under section 275.08.

EFFECTIVE DATE. This section is effective for taxes payable in 2014 and thereafter.

Sec. 9. Minnesota Statutes 2012, section 465.82, subdivision 2, is amended to read:

Subd. 2. **Contents of plan.** The plan must state:

(1) the specific cooperative activities the units will engage in during the first two years of the venture;

(2) the steps to be taken to effect the merger of the governmental units, with completion no later than four years after the process begins;

(3) the steps by which a single governing body will be created or, when the entire territory of a unit will be apportioned between or among two or more units contiguous to the unit that is to be apportioned, the steps to be taken by the governing bodies of the remaining units to provide for representation of the residents of the apportioned unit;

(4) changes in services provided, facilities used, and administrative operations and staffing required to effect the preliminary cooperative activities and the final merger, and a two-, five-, and ten-year projection of expenditures for each unit if it combined and if it remained separate;

(5) treatment of employees of the merging governmental units, specifically including provisions for reassigning employees, dealing with exclusive representatives, and providing financial incentives to encourage early retirements;

(6) financial arrangements for the merger, specifically including responsibility for debt service on outstanding obligations of the merging units;

(7) one- and two-year impact analyses, prepared by the granting state agency at the request of the local government unit, of major state aid revenues received for each unit if it combined and if it remained separate, including an impact analysis, prepared by the Department of Revenue, of any property tax revenue implications associated with tax increment financing districts and fiscal disparities under chapter ~~276A~~ or 473F resulting from the merger;

(8) procedures for a referendum to be held before the proposed combination to approve combining the local government units, specifically stating whether a majority of those voting in each district proposed for combination or a majority of those voting on the question in the entire area proposed for combination is needed to pass the referendum; and

(9) a time schedule for implementation.

Notwithstanding clause (3) or any other law to the contrary, all current members of the governing bodies of the local government units that propose to combine under sections 465.81 to 465.86 may serve on the initial governing body of the combined unit until a gradual reduction in membership is achieved by foregoing election of new members when terms expire until the number permitted by other law is reached.

EFFECTIVE DATE. This section is effective for taxes payable in 2014 and thereafter.

11.1 Sec. 10. Minnesota Statutes 2012, section 469.175, subdivision 6, is amended to read:

11.2 Subd. 6. **Annual financial reporting.** (a) The state auditor shall develop a uniform
11.3 system of accounting and financial reporting for tax increment financing districts. The
11.4 system of accounting and financial reporting shall, as nearly as possible:

11.5 (1) provide for full disclosure of the sources and uses of tax increments of the district;

11.6 (2) permit comparison and reconciliation with the affected local government's
11.7 accounts and financial reports;

11.8 (3) permit auditing of the funds expended on behalf of a district, including a single
11.9 district that is part of a multidistrict project or that is funded in part or whole through
11.10 the use of a development account funded with tax increments from other districts or
11.11 with other public money;

11.12 (4) be consistent with generally accepted accounting principles.

11.13 (b) The authority must annually submit to the state auditor a financial report
11.14 in compliance with paragraph (a). Copies of the report must also be provided to the
11.15 county auditor and to the governing body of the municipality, if the authority is not
11.16 the municipality. To the extent necessary to permit compliance with the requirement
11.17 of financial reporting, the county and any other appropriate local government unit or
11.18 private entity must provide the necessary records or information to the authority or the
11.19 state auditor as provided by the system of accounting and financial reporting developed
11.20 pursuant to paragraph (a). The authority must submit the annual report for a year on or
11.21 before August 1 of the next year.

11.22 (c) The annual financial report must also include the following items:

11.23 (1) the original net tax capacity of the district and any subdistrict under section
11.24 469.177, subdivision 1;

11.25 (2) the net tax capacity for the reporting period of the district and any subdistrict;

11.26 (3) the captured net tax capacity of the district;

11.27 (4) any fiscal disparity deduction from the captured net tax capacity under section
11.28 469.177, subdivision 3;

11.29 (5) the captured net tax capacity retained for tax increment financing under section
11.30 469.177, subdivision 2, paragraph (a), clause (1);

11.31 (6) any captured net tax capacity distributed among affected taxing districts under
11.32 section 469.177, subdivision 2, paragraph (a), clause (2);

11.33 (7) the type of district;

11.34 (8) the date the municipality approved the tax increment financing plan and the
11.35 date of approval of any modification of the tax increment financing plan, the approval of

12.1 which requires notice, discussion, a public hearing, and findings under subdivision 4,
12.2 paragraph (a);

12.3 (9) the date the authority first requested certification of the original net tax capacity
12.4 of the district and the date of the request for certification regarding any parcel added
12.5 to the district;

12.6 (10) the date the county auditor first certified the original net tax capacity of the
12.7 district and the date of certification of the original net tax capacity of any parcel added
12.8 to the district;

12.9 (11) the month and year in which the authority has received or anticipates it will
12.10 receive the first increment from the district;

12.11 (12) the date the district must be decertified;

12.12 (13) for the reporting period and prior years of the district, the actual amount
12.13 received from, at least, the following categories:

12.14 (i) tax increments paid by the captured net tax capacity retained for tax increment
12.15 financing under section 469.177, subdivision 2, paragraph (a), clause (1), but excluding
12.16 any excess taxes;

12.17 (ii) tax increments that are interest or other investment earnings on or from tax
12.18 increments;

12.19 (iii) tax increments that are proceeds from the sale or lease of property, tangible or
12.20 intangible, purchased by the authority with tax increments;

12.21 (iv) tax increments that are repayments of loans or other advances made by the
12.22 authority with tax increments;

12.23 (v) bond proceeds; and

12.24 (vi) the market value homestead credit paid to the authority under section 273.1384;

12.25 (14) for the reporting period and for the prior years of the district, the actual amount
12.26 expended for, at least, the following categories:

12.27 (i) acquisition of land and buildings through condemnation or purchase;

12.28 (ii) site improvements or preparation costs;

12.29 (iii) installation of public utilities, parking facilities, streets, roads, sidewalks, or
12.30 other similar public improvements;

12.31 (iv) administrative costs, including the allocated cost of the authority; and

12.32 (v) for housing districts, construction of affordable housing;

12.33 (15) the amount of any payments for activities and improvements located outside of
12.34 the district that are paid for or financed with tax increments;

12.35 (16) the amount of payments of principal and interest that are made during the
12.36 reporting period on any nondefeased:

- 13.1 (i) general obligation tax increment financing bonds; and
- 13.2 (ii) other tax increment financing bonds, including pay-as-you-go contracts and notes;
- 13.3 (17) the principal amount, at the end of the reporting period, of any nondefeased:
- 13.4 (i) general obligation tax increment financing bonds; and
- 13.5 (ii) other tax increment financing bonds, including pay-as-you-go contracts and notes;
- 13.6 (18) the amount of principal and interest payments that are due for the current
- 13.7 calendar year on any nondefeased:
- 13.8 (i) general obligation tax increment financing bonds; and
- 13.9 (ii) other tax increment financing bonds, including pay-as-you-go contracts and notes;
- 13.10 (19) if the fiscal disparities contribution under chapter ~~276A~~ or 473F for the district
- 13.11 is computed under section 469.177, subdivision 3, paragraph (a), the amount of total
- 13.12 increased property taxes to be paid from outside the tax increment financing district; and
- 13.13 (20) any additional information the state auditor may require.
- 13.14 (d) The reporting requirements imposed by this subdivision apply to districts
- 13.15 certified before, on, and after August 1, 1979.

13.16 **EFFECTIVE DATE.** This section is effective for taxes payable in 2014 and

13.17 thereafter.

13.18 Sec. 11. Minnesota Statutes 2012, section 469.177, subdivision 3, is amended to read:

13.19 Subd. 3. **Tax increment, relationship to ~~chapters 276A and~~ chapter 473F.** (a)

13.20 Unless the governing body elects pursuant to paragraph (b) the following method of

13.21 computation shall apply to a district other than an economic development district for

13.22 which the request for certification was made after June 30, 1997:

13.23 (1) The original net tax capacity and the current net tax capacity shall be determined

13.24 before the application of the fiscal disparity provisions of chapter ~~276A~~ or 473F. Where

13.25 the original net tax capacity is equal to or greater than the current net tax capacity, there is

13.26 no captured net tax capacity and no tax increment determination. Where the original net

13.27 tax capacity is less than the current net tax capacity, the difference between the original

13.28 net tax capacity and the current net tax capacity is the captured net tax capacity. This

13.29 amount less any portion thereof which the authority has designated, in its tax increment

13.30 financing plan, to share with the local taxing districts is the retained captured net tax

13.31 capacity of the authority.

13.32 (2) The county auditor shall exclude the retained captured net tax capacity of the

13.33 authority from the net tax capacity of the local taxing districts in determining local taxing

13.34 district tax rates. The local tax rates so determined are to be extended against the retained

13.35 captured net tax capacity of the authority as well as the net tax capacity of the local taxing

districts. The tax generated by the extension of the lesser of (A) the local taxing district tax rates or (B) the original local tax rate to the retained captured net tax capacity of the authority is the tax increment of the authority.

(b) The following method of computation applies to any economic development district for which the request for certification was made after June 30, 1997, and to any other district for which the governing body, by resolution approving the tax increment financing plan pursuant to section 469.175, subdivision 3, elects:

(1) The original net tax capacity shall be determined before the application of the fiscal disparity provisions of chapter ~~276A~~ or 473F. The current net tax capacity shall exclude any fiscal disparity commercial-industrial net tax capacity increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to section ~~276A.06, subdivision 7,~~ or 473F.08, subdivision 6. Where the original net tax capacity is equal to or greater than the current net tax capacity, there is no captured net tax capacity and no tax increment determination. Where the original net tax capacity is less than the current net tax capacity, the difference between the original net tax capacity and the current net tax capacity is the captured net tax capacity. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured net tax capacity of the authority.

(2) The county auditor shall exclude the retained captured net tax capacity of the authority from the net tax capacity of the local taxing districts in determining local taxing district tax rates. The local tax rates so determined are to be extended against the retained captured net tax capacity of the authority as well as the net tax capacity of the local taxing districts. The tax generated by the extension of the lesser of (A) the local taxing district tax rates or (B) the original local tax rate to the retained captured net tax capacity of the authority is the tax increment of the authority.

(3) An election by the governing body pursuant to paragraph (b) shall be submitted to the county auditor by the authority at the time of the request for certification pursuant to subdivision 1.

(c) The method of computation of tax increment applied to a district pursuant to paragraph (a) or (b) shall remain the same for the duration of the district, except that the governing body may elect to change its election from the method of computation in paragraph (a) to the method in paragraph (b).

EFFECTIVE DATE. This section is effective for taxes payable in 2014 and thereafter.

Sec. 12. Minnesota Statutes 2012, section 469.1813, subdivision 2, is amended to read:

Subd. 2. **Abatement resolution.** (a) The governing body of a political subdivision may grant an abatement only by adopting an abatement resolution, specifying the terms of the abatement. In the case of a town, the board of supervisors may approve the abatement resolution. The resolution must also include a specific statement as to the nature and extent of the public benefits which the governing body expects to result from the agreement. The resolution may provide that the political subdivision will retain or transfer to another political subdivision the abatement to pay for all or part of the cost of acquisition or improvement of public infrastructure, whether or not located on or adjacent to the parcel for which the tax is abated. The abatement may reduce all or part of the property tax amount for the political subdivision on the parcel. A political subdivision's maximum annual amount for a parcel equals its total local tax rate multiplied by the total net tax capacity of the parcel.

(b) The political subdivision may limit the abatement:

- (1) to a specific dollar amount per year or in total;
- (2) to the increase in property taxes resulting from improvement of the property;
- (3) to the increases in property taxes resulting from increases in the market value or tax capacity of the property;
- (4) in any other manner the governing body of the subdivision determines is appropriate; or
- (5) to the interest and penalty that would otherwise be due on taxes that are deferred.

(c) The political subdivision may not abate tax attributable to the areawide tax under chapter ~~276A~~ or 473F, except as provided in this subdivision.

EFFECTIVE DATE. This section is effective for taxes payable in 2014 and thereafter.

Sec. 13. Minnesota Statutes 2012, section 477A.011, subdivision 20, is amended to read:

Subd. 20. **City net tax capacity.** "City net tax capacity" means (1) the net tax capacity computed using the net tax capacity rates in section 273.13 for taxes payable in the year of the aid distribution, and the market values, after the exclusion in section 273.13, subdivision 35, for taxes payable in the year prior to the aid distribution plus (2) a city's fiscal disparities distribution tax capacity under section ~~276A.06, subdivision 2,~~ paragraph (b), or 473F.08, subdivision 2, paragraph (b), for taxes payable in the year prior to that for which aids are being calculated. The market value utilized in computing city net tax capacity shall be reduced by the sum of (1) a city's market value of commercial industrial property as defined in section ~~276A.01, subdivision 3, or 473F.02, subdivision 3,~~ multiplied by the ratio determined pursuant to section ~~276A.06, subdivision 2, paragraph~~

16.1 ~~(a), or 473F.08, subdivision 2, paragraph (a), (2) the market value of the captured value~~
16.2 ~~of tax increment financing districts as defined in section 469.177, subdivision 2, and (3)~~
16.3 ~~the market value of transmission lines deducted from a city's total net tax capacity under~~
16.4 ~~section 273.425. The city net tax capacity will be computed using equalized market values.~~

16.5 Sec. 14. Minnesota Statutes 2012, section 477A.011, subdivision 27, is amended to read:

16.6 Subd. 27. **Revenue base.** "Revenue base" means the amount levied for taxes
16.7 payable in the previous year, including the levy on the fiscal disparity distribution under
16.8 section ~~276A.06, subdivision 3, paragraph (a), or 473F.08, subdivision 3, paragraph (a);~~
16.9 plus the originally certified local government aid in the previous year under sections
16.10 477A.011 and 477A.013; and the taconite aids received in the previous year under sections
16.11 298.28 and 298.282.

16.12 Sec. 15. Minnesota Statutes 2012, section 477A.011, subdivision 32, is amended to read:

16.13 Subd. 32. **Commercial industrial percentage.** "Commercial industrial percentage"
16.14 for a city is 100 times the sum of the estimated market values of all real property in the city
16.15 classified as class 3 under section 273.13, subdivision 24, excluding public utility property,
16.16 to the total market value of all taxable real and personal property in the city. The market
16.17 values are the amounts computed before any adjustments for fiscal disparities under
16.18 section ~~276A.06 or 473F.08.~~ The market values used for this subdivision are not equalized.

16.19 Sec. 16. Minnesota Statutes 2012, section 477A.011, subdivision 35, is amended to read:

16.20 Subd. 35. **Tax effort rate.** "Tax effort rate" means the net levy for all cities divided
16.21 by the sum of the city net tax capacity for all cities. For purposes of this section, "net
16.22 levy" means the city levy, after all adjustments, used for calculating the local tax rate
16.23 under section 275.08 for taxes payable in the year prior to the aid distribution. The fiscal
16.24 disparity distribution levy under chapter ~~276A or 473F~~ is included in net levy.

16.25 Sec. 17. **REPEALER.**

16.26 Minnesota Statutes 2012, sections 276A.01; 276A.02; 276A.03; 276A.04; 276A.05;
16.27 276A.06; 276A.07; 276A.08; and 276A.09, are repealed.

276A.01 DEFINITIONS.

Subdivision 1. **Applicability.** In sections 276A.01 to 276A.09, the terms defined in this section have the meanings given them unless the context indicates otherwise.

Subd. 2. **Area.** "Area" means the territory included within all taconite assistance areas defined in section 273.1341.

Subd. 3. **Commercial-industrial property.** "Commercial-industrial property" means the following categories of property, as defined in section 273.13, excluding that portion of the property (i) that may, by law, constitute the tax base for a tax increment pledged pursuant to sections 469.174 to 469.178, certification of which was requested prior to May 1, 1996, to the extent and while the tax increment is so pledged; or (ii) that is exempt from taxation under section 272.02:

(1) that portion of class 5 property consisting of unmined iron ore and low-grade iron-bearing formations as defined in section 273.14, tools, implements, and machinery, except the portion of high voltage transmission lines, the value of which is deducted from net tax capacity under section 273.425; and

(2) that portion of class 3 and class 5 property which is either used or zoned for use for any commercial or industrial purpose, including property that becomes taxable under section 298.25, except for such property which is, or, in the case of property under construction, will when completed be used exclusively for residential occupancy and the provision of services to residential occupants thereof. Property must be considered as used exclusively for residential occupancy only if each of not less than 80 percent of its occupied residential units is, or, in the case of property under construction, will when completed be occupied under an oral or written agreement for occupancy over a continuous period of not less than 30 days.

If the classification of property prescribed by section 273.13 is modified by legislative amendment, the references in this subdivision are to the successor class or classes of property, or portions thereof, that include the kinds of property designated in this subdivision.

Subd. 4. **Residential property.** "Residential property" means the following categories of property, as defined in section 273.13, excluding that portion of the property that is exempt from taxation pursuant to section 272.02:

(1) class 1a, 1b, and 2a property, limited to the homestead dwelling, a garage, and the one acre of land on which the dwelling is located;

(2) that portion of class 3 property used exclusively for residential occupancy; and

(3) property valued and assessed under section 273.13, subdivision 25, except for hospitals and property valued and assessed under section 273.13, subdivision 25, paragraph (c), clauses (5) and (6).

Subd. 5. **Governmental unit.** "Governmental unit" means a county, city, town, school district, or other taxing unit or body which levies ad valorem taxes in whole or in part within the area.

Subd. 6. **Administrative auditor.** "Administrative auditor" means the person selected under section 276A.02.

Subd. 7. **Population.** "Population" means the most recent estimate of the population of a municipality made by the state demographer and filed with the commissioner of revenue as of July 15 of the year in which a municipality's distribution net tax capacity is calculated. The state demographer shall annually estimate the population of each municipality and, in the case of a municipality which is located partly within and partly without the area, the proportion of the total which resides within the area, and shall file the estimates with the commissioner of revenue.

Subd. 8. **Municipality.** "Municipality" means a city, town, or township located in whole or part within the area. If a municipality is located partly within and partly without the area, the references in sections 276A.01 to 276A.09 to property or any portion thereof subject to taxation or taxing jurisdiction within the municipality are to the property or portion thereof that is located in that portion of the municipality within the area, except that the fiscal capacity of the municipality must be computed upon the basis of the valuation and population of the entire municipality. A municipality shall be excluded from the area if its municipal comprehensive zoning and planning policies conscientiously exclude most commercial-industrial development, for reasons other than preserving an agricultural use. The Iron Range Resources and Rehabilitation Board and the commissioner of revenue shall jointly make this determination annually and shall notify those municipalities that are ineligible to participate in the tax base sharing program provided in this chapter for the following year.

Subd. 9. **County.** "County" means each county in which a governmental unit is located in whole or in part.

APPENDIX

Repealed Minnesota Statutes: 13-2585

Subd. 10. **Market value.** "Market value" of real and personal property within a municipality means the assessor's estimated market value of all real and personal property, including the value of manufactured housing, within the municipality. For purposes of sections 276A.01 to 276A.09, the commissioner of revenue shall annually make determinations and reports with respect to each municipality which are comparable to those it makes for school districts under section 127A.48, subdivisions 1 to 6, in the same manner and at the same times prescribed by the subdivision. The commissioner of revenue shall annually determine, for each municipality, information comparable to that required by section 475.53, subdivision 4, for school districts, as soon as practicable after it becomes available. The commissioner of revenue shall then compute the equalized market value of property within each municipality.

Subd. 11. **Valuation.** "Valuation" means the market value of real and personal property within a municipality as defined in subdivision 10.

Subd. 12. **Fiscal capacity.** "Fiscal capacity" of a municipality means its valuation, determined as of January 2 of any year, divided by its population, determined as of a date in the same year.

Subd. 13. **Average fiscal capacity.** "Average fiscal capacity" of municipalities means the sum of the valuations of all municipalities, determined as of January 2 of any year, divided by the sum of their populations, determined as of a date in the same year.

Subd. 14. **Levy.** "Levy" means the amount certified to the county auditor pursuant to chapter 275, less all reductions made by the auditor pursuant to any provision of law in determining the amount to be spread against taxable property.

Subd. 15. **Net tax capacity.** "Net tax capacity" means the market value of real and personal property multiplied by its net tax capacity rates in section 273.13.

Subd. 16. **Local tax rate.** "Local tax rate" means a governmental unit's levy, including any portion levied against market value under section 126C.17, subdivision 10, divided by its net tax capacity.

276A.02 ADMINISTRATIVE AUDITOR.

Subdivision 1. **Election.** On or before July 1, 1997, and each subsequent odd-numbered year, the auditors of the counties within the area shall meet at the call of the auditor of St. Louis County and elect from among themselves one auditor to serve as administrative auditor for a period of two years and until a successor is elected. If a majority is unable to agree upon a person to serve as administrative auditor, the commissioner of revenue shall appoint one from among the auditors of the counties in the area. If the administrative auditor ceases to serve as a county auditor within the area during the term for which the administrative auditor was elected or appointed, a successor must be chosen in the manner provided for the original selection to serve for the unexpired term.

Subd. 2. **Staff; expenses.** The administrative auditor shall utilize the staff and facilities of the auditor's office of the county the administrative auditor serves to perform the functions imposed upon the administrative auditor by sections 276A.01 to 276A.09. That county shall be reimbursed for the marginal expenses incurred by its county auditor and staff under this section by contributions from each other county in the area in an amount which bears the same proportion to the total expenses that the population of the other county bears to the total population of the area. By February 1 each year, the administrative auditor shall certify the amounts of total expense for the preceding calendar year, and the share of each county, to the treasurer of each other county. Payment must be made by the treasurer of each other county to the treasurer of the county incurring expense by the succeeding March 1.

276A.03 NET TAX CAPACITY OF COMMERCIAL-INDUSTRIAL PROPERTY.

By August 5 of 1996 and each subsequent year, the assessors within each county in the area shall determine and certify to the county auditor the net tax capacity in that year of commercial-industrial property subject to taxation within each municipality in the county, determined without regard to section 469.177, subdivision 3. By August 5 of 1996 only, the assessor within each county in the area shall also determine and certify to the county auditor the net tax capacity for the 1995 assessment of commercial-industrial property subject to taxation within each municipality within the county determined without regard to section 469.177, subdivision 3.

276A.04 INCREASE IN NET TAX CAPACITY.

By July 15 of 1997 and each subsequent year, the auditor of each county in the area shall determine the amount, if any, by which the net tax capacity determined in the preceding year pursuant to section 276A.03, of commercial-industrial property subject to taxation within each

APPENDIX

Repealed Minnesota Statutes: 13-2585

municipality in the county exceeds the net tax capacity in 1995 of commercial-industrial property subject to taxation within that municipality, including the total net tax capacity of property that becomes taxable under section 298.25. If a municipality is located in two or more counties within the area, the auditors of those counties shall certify the data required by section 276A.03 to the county auditor responsible for allocating the levies of that municipality between or among the affected counties. That county auditor shall determine the amount of the net excess, if any, for the municipality under this section, and certify that amount under section 276A.05. The increase in total net tax capacity determined by this section must be reduced by the amount of any decreases in the net tax capacity of commercial-industrial property resulting from any court decisions, court-related stipulation agreements, or abatements for a prior year, and only in the amount of such decreases made during the 12-month period ending on May 1 of the current assessment year, where the decreases, if originally reflected in the determination of a prior year's net tax capacity under section 276A.03, would have resulted in a smaller contribution from the municipality in that year. An adjustment for the decreases shall be made only if the municipality made a contribution in a prior year based on the higher net tax capacity of the commercial-industrial property.

276A.05 COMPUTATION OF AREAWIDE TAX BASE.

Subdivision 1. **Areawide net tax capacity.** Each county auditor shall certify the determinations under sections 276A.03 and 276A.04 to the administrative auditor on or before August 1 of each year. The administrative auditor shall determine an amount equal to 40 percent of the sum of the amounts certified pursuant to section 276A.04. The resulting amount shall be known as the "areawide net tax capacity for(year)."

Subd. 2. **Population and fiscal capacity certifications.** The commissioner of revenue shall certify to the administrative auditor, on or before August 10 of each year, the population of each municipality for the preceding year, the proportion of that population which resides within the area, the average fiscal capacity of municipalities for the preceding year, and the fiscal capacity of each municipality for the preceding year.

Subd. 3. **Areawide tax base distribution index.** The administrative auditor shall determine, for each municipality, the product of (1) its population, (2) the proportion which the average fiscal capacity of municipalities for the preceding year bears to the fiscal capacity of that municipality for the preceding year. The product shall be the areawide tax base distribution index for that municipality. If a municipality is located partly within and partly without the area, its index is that which is otherwise determined hereunder, multiplied by the proportion which its population residing within the area bears to its total population as of the preceding year.

Subd. 4. **Distribution net tax capacity.** The administrative auditor shall determine the proportion which the index of each municipality bears to the sum of the indices of all municipalities and shall then multiply this proportion in the case of each municipality, by the areawide net tax capacity.

Subd. 5. **Certification.** The product of the procedure prescribed by subdivision 4 shall be known as the "areawide net tax capacity for(year) attributable to(municipality)." The administrative auditor shall certify the product to the auditor of the county in which the municipality is located on or before August 15.

276A.06 NET TAX CAPACITY OF GOVERNMENTAL UNIT.

Subdivision 1. **Generally.** The county auditor shall determine the net tax capacity of each governmental unit within the county in the manner prescribed by this section.

Subd. 2. **Definition.** The net tax capacity of a governmental unit is its net tax capacity as determined in accordance with other provisions of law including section 469.177, subdivision 3, subject to the following adjustments:

(a) There must be subtracted from its net tax capacity, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount that bears the same proportion to 40 percent of the amount certified in that year pursuant to sections 276A.04 and 276A.05 for the municipality as the total preceding year's net tax capacity of commercial-industrial property which is subject to the taxing jurisdiction of the governmental unit within the municipality, determined without regard to section 469.177, subdivision 3, bears to the total preceding year's net tax capacity of commercial-industrial property within the municipality, determined without regard to section 469.177, subdivision 3.

(b) There must be added to its net tax capacity, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to the areawide net tax capacity for the year attributable to that municipality as the

APPENDIX

Repealed Minnesota Statutes: 13-2585

total preceding year's net tax capacity of residential property which is subject to the taxing jurisdiction of the governmental unit within the municipality bears to the total preceding year's net tax capacity of residential property of the municipality.

Subd. 3. **Apportionment of levy.** The county auditor shall apportion the levy of each governmental unit in the county in the manner prescribed by this subdivision. The auditor shall:

(a) by August 20 of 1997 and each subsequent year, determine the areawide portion of the levy for each governmental unit by multiplying the local tax rate of the governmental unit for the preceding levy year times the distribution value set forth in subdivision 2, clause (b);

(b) by September 5 of 1997 and each subsequent year, determine the local portion of the current year's levy by subtracting the resulting amount from clause (a) from the governmental unit's current year's levy; and

(c) for determinations made under paragraph (a) in the case of school districts, for taxes payable in 2002, exclude the general education tax rate and the portion of the referendum tax rate attributable to the first \$415 per pupil unit from the local tax rate for the preceding levy year.

Subd. 4. **Tax rate noncommercial property.** In 1997 and subsequent years, the county auditor shall divide that portion of the levy determined pursuant to subdivision 3, clause (b), by the net tax capacity of the governmental unit, taking section 469.177, subdivision 3, into account, less that portion subtracted from net tax capacity pursuant to subdivision 2, clause (a). The resulting rate applies to all taxable property except commercial-industrial property, which must be taxed in accordance with subdivision 7.

Subd. 5. **Areawide tax rate.** On or before August 25 of 1997 and each subsequent year, the county auditor shall certify to the administrative auditor that portion of the levy of each governmental unit determined pursuant to subdivision 3, clause (a). The administrative auditor shall then determine the areawide tax rate sufficient to yield an amount equal to the sum of the levies from the areawide net tax capacity. On or before September 1, the administrative auditor shall certify the areawide tax rate to each of the county auditors.

Subd. 6. **Governmental unit in two or more counties.** If a governmental unit is located in two or more counties, the computations and certifications required by subdivisions 3 to 5 with respect to it must be made by the county auditor who is responsible for allocating its levies between or among the affected counties.

Subd. 7. **Application to commercial-industrial property.** The areawide tax rate determined in accordance with subdivision 5 applies to each commercial-industrial property subject to taxation within a municipality, including property located within any tax increment financing district, as defined in section 469.174, subdivision 9, to that portion of the net tax capacity of the item which bears the same proportion to its total net tax capacity as 40 percent of the amount determined pursuant to sections 276A.04 and 276A.05 is to the amount determined pursuant to section 276A.03. The rate of taxation determined in accordance with subdivision 4 applies in the taxation of the remainder of the net tax capacity of the item.

Subd. 8. **Certification of values; payment.** The administrative auditor shall determine for each county the difference between the total levy on distribution value pursuant to subdivision 3, clause (a), within the county and the total tax on contribution value pursuant to subdivision 7, within the county. On or before May 16 of each year, the administrative auditor shall certify the differences so determined to each county auditor. In addition, the administrative auditor shall certify to those county auditors for whose county the total tax on contribution value exceeds the total levy on distribution value the settlement the county is to make to the other counties of the excess of the total tax on contribution value over the total levy on distribution value in the county. On or before June 15 and November 15 of each year, each county treasurer in a county having a total tax on contribution value in excess of the total levy on distribution value shall pay one-half of the excess to the other counties in accordance with the administrative auditor's certification.

Subd. 9. **Fiscal disparities adjustment.** In any year in which the highest class rate for class 3a property changes from the rate in the previous year, the following adjustments shall be made to the procedures described in sections 276A.04 to 276A.06:

(1) An initial contribution tax capacity shall be determined for each municipality based on the previous year's class rates.

(2) Each jurisdiction's distribution tax capacity shall be determined based upon the areawide tax base determined by summing the tax capacities computed under clause (1) for all municipalities and apportioning the resulting sum pursuant to section 276A.05, subdivision 5.

(3) Each jurisdiction's distribution levy shall be determined by applying the procedures described in subdivision 3, clause (a), to the distribution tax capacity determined pursuant to clause (2).

APPENDIX

Repealed Minnesota Statutes: 13-2585

(4) Each municipality's final contribution tax capacity shall be determined equal to its initial contribution tax capacity multiplied by the ratio of the new highest class rate for class 3a property to the previous year's highest class rate for class 3a property.

(5) For the purposes of computing education aids and any other state aids requiring the addition of the fiscal disparities distribution tax capacity to the local tax capacity, each municipality's final distribution tax capacity shall be determined equal to its initial distribution tax capacity multiplied by the ratio of the new highest class rate for class 3a property to the previous year's highest class rate for class 3a property.

(6) The areawide tax rate shall be determined by dividing the sum of the amounts determined in clause (3) by the sum of the values determined in clause (4).

(7) The final contribution tax capacity determined in clause (4) shall also be used to determine the portion of each commercial-industrial property's tax capacity subject to the areawide tax rate pursuant to subdivision 7.

Subd. 10. **Adjustment of values for other computations.** For the purpose of computing the amount or rate of any salary, aid, tax, or debt authorized, required, or limited by any provision of any law or charter, where the authorization, requirement, or limitation is related to any value or valuation of taxable property within any governmental unit, the value or net tax capacity must be adjusted to reflect the adjustments to net tax capacity effected by subdivision 2, provided that: (1) in determining the market value of commercial-industrial property or any class thereof within a governmental unit for any purpose other than section 276A.05, (a) the reduction required by this subdivision is that amount which bears the same proportion to the amount subtracted from the governmental unit's net tax capacity pursuant to subdivision 2, clause (a), as the market value of commercial-industrial property, or such class thereof, located within the governmental unit bears to the net tax capacity of commercial-industrial property, or such class thereof, located within the governmental unit, and (b) the increase required by this subdivision is that amount which bears the same proportion to the amount added to the governmental unit's net tax capacity pursuant to subdivision 2, clause (b), as the market value of commercial-industrial property, or such class thereof, located within the governmental unit bears to the net tax capacity of commercial-industrial property, or such class thereof, located within the governmental unit; and (2) in determining the market value of real property within a municipality for purposes of section 276A.05, the adjustment prescribed by clause (1)(a) must be made and that prescribed by clause (1)(b) must not be made.

276A.07 ADJUSTMENTS IN DATES.

If, because of the enactment of any other law, the date by which the commissioner of revenue is required to certify to the county auditors the records of proceedings affecting the net tax capacity of property is advanced to a date earlier than June 30, the dates specified in sections 276A.03 to 276A.06 and 276A.08 may be modified in the years to which the other law applies in the manner and to the extent prescribed by the administrative auditor.

276A.08 REASSESSMENTS AND OMITTED PROPERTY.

Subdivision 1. **Reassessment orders.** If the commissioner of revenue orders a reassessment of all or any portion of the property in a municipality other than in the form of a mathematically prescribed adjustment of valuation, or if omitted property is placed upon the tax rolls, and the reassessment has not been completed or the property placed upon the rolls by November 15, the net tax capacity of the affected property must, for purposes of sections 276A.02 to 276A.06, be determined from the abstracts filed by the county auditor with the commissioner of revenue.

Subd. 2. **Adjustment of value.** If the reassessment, when completed and incorporated in the commissioner's certification of the net tax capacity of the municipality, or the listing of omitted property, when placed on the rolls, results in an increase in the net tax capacity of commercial-industrial property in the municipality which differs from that used, pursuant to subdivision 1, for purposes of sections 276A.02 to 276A.06, the increase in the net tax capacity of commercial-industrial property in that municipality in the succeeding year, as otherwise computed under section 276A.04, must be adjusted in a like amount, by an increase if the reassessment or listing discloses a larger increase than was used for purposes of sections 276A.02 to 276A.06, or by a decrease if the reassessment or listing discloses a smaller increase than was used for those purposes, provided that no adjustment shall reduce the amount determined under section 276A.04 to an amount less than zero.

Subd. 3. **Exceptions.** Subdivisions 1 and 2 do not apply to the determination of the tax rate under section 276A.06, subdivision 4, or to the determination of the net tax capacity

APPENDIX

Repealed Minnesota Statutes: 13-2585

of commercial-industrial property and each item thereof for purposes of section 276A.06, subdivision 7.

276A.09 CHANGE IN STATUS OF MUNICIPALITY.

If a municipality is dissolved, is consolidated with all or part of another municipality, annexes territory, has a portion of its territory detached from it, or is newly incorporated, the secretary of state shall immediately certify that fact to the commissioner of revenue. The secretary of state shall also certify to the commissioner of revenue the current population of the new, enlarged, or successor municipality, if determined by the chief administrative law judge of the state Office of Administrative Hearings incident to consolidation, annexation, or incorporation proceedings. The population so certified shall govern for purposes of sections 276A.01 to 276A.09 until the state demographer files the first population estimate as of a later date with the commissioner of revenue. If an annexation of unincorporated land occurs without proceedings before the chief administrative law judge of the state Office of Administrative Hearings, the population of the annexing municipality as previously determined shall continue to govern for purposes of sections 276A.01 to 276A.09 until the state demographer files the first population estimate as of a later date with the commissioner of revenue.