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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2336

02/16/2012 Authored by Downey

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Finance

1.1 A bill for an act
1.2 relating to job creation; reducing business property taxes; creating a small
1.3 business regulatory review board; imposing a moratorium on rulemaking by state
1.4 agencies except in certain specified instances; amending Minnesota Statutes
1.5 2010, section 275.025, subdivisions 1, 4; proposing coding for new law in
1.6 Minnesota Statutes, chapter 14.

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

1.8 ARTICLE 1

1.9 BUSINESS PROPERTY TAXATION

1.10 Section 1. Minnesota Statutes 2010, section 275.025, subdivision 1, is amended to read:

1.11 Subdivision 1. **Levy amount.** The state general levy is levied against
1.12 commercial-industrial property and seasonal residential recreational property, as defined
1.13 in this section. The state general levy base amount for commercial-industrial property
1.14 is \$592,000,000 \$739,000,000 for taxes payable in 2002 2013. The state general
1.15 levy base amount for seasonal recreational property is \$40,600,000 for taxes payable
1.16 in 2013. For taxes payable in subsequent years 2014, the each levy base amount
1.17 is increased ~~each year~~ by multiplying the levy base amount for ~~the prior year~~ taxes
1.18 payable in 2013 by the sum of one plus the rate of increase, if any, in the implicit
1.19 price deflator for government consumption expenditures and gross investment for
1.20 state and local governments prepared by the Bureau of Economic Analysts of the
1.21 United States Department of Commerce for the 12-month period ending March 31
1.22 ~~of the year prior to the year the taxes are payable, 2013. For taxes payable in 2015~~
1.23 and 2016, the state general levy is \$743,000,000 for commercial-industrial property
1.24 and \$40,500,000 for seasonal residential recreational property. For taxes payable in

2.1 2017, the state general levy is \$668,700,000 for commercial-industrial property and
 2.2 \$36,450,000 for seasonal residential recreational property. For taxes payable in 2018, the
 2.3 state general levy is \$594,400,000 for commercial-industrial property and \$32,400,000
 2.4 for seasonal residential recreational property. For taxes payable in 2019, the state
 2.5 general levy is \$520,100,000 for commercial-industrial property and \$28,350,000
 2.6 for seasonal residential recreational property. For taxes payable in 2020, the state
 2.7 general levy is \$445,800,000 for commercial-industrial property and \$24,300,000
 2.8 for seasonal residential recreational property. For taxes payable in 2021, the state
 2.9 general levy is \$371,500,000 for commercial-industrial property and \$20,250,000
 2.10 for seasonal residential recreational property. For taxes payable in 2022, the state
 2.11 general levy is \$297,200,000 for commercial-industrial property and \$16,200,000 for
 2.12 seasonal residential recreational property. For taxes payable in 2023, the state general
 2.13 levy is \$222,900,000 for commercial-industrial property and \$12,150,000 for seasonal
 2.14 residential recreational property. For taxes payable in 2024, the state general levy is
 2.15 \$148,600,000 for commercial-industrial property and \$8,100,000 for seasonal residential
 2.16 recreational property. For taxes payable in 2025, the state general levy is \$74,300,000
 2.17 for commercial-industrial property and \$4,050,000 for seasonal residential recreational
 2.18 property. The tax under this section is not treated as a local tax rate under section 469.177
 2.19 and is not the levy of a governmental unit under chapters 276A and 473F.

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

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

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

2.33 Sec. 2. Minnesota Statutes 2010, section 275.025, subdivision 4, is amended to read:

2.34 Subd. 4. **Apportionment and levy of state general tax.** ~~Ninety-five percent of~~ The
 2.35 state general tax must be levied by applying a uniform rate to all commercial-industrial tax

3.1 capacity and ~~five percent of the state general tax must be levied by applying~~ a uniform
 3.2 rate to all seasonal residential recreational tax capacity. On or before October 1 each
 3.3 year, the commissioner of revenue shall certify the preliminary state general levy rates to
 3.4 each county auditor that must be used to prepare the notices of proposed property taxes
 3.5 for taxes payable in the following year. By January 1 of each year, the commissioner
 3.6 shall certify the final state general levy ~~rate~~ rates to each county auditor that shall be
 3.7 used in spreading taxes.

3.8 Sec. 3. **EFFECTIVE DATE.**

3.9 Sections 1 and 2 are effective for taxes payable in 2013 and thereafter.

3.10 **ARTICLE 2**

3.11 **REGULATORY REFORM**

3.12 Section 1. **[14.129] CITATION.**

3.13 Sections 14.1291 to 14.1295 shall be cited as the "Small Business Regulatory Relief
 3.14 Act."

3.15 Sec. 2. **[14.1291] CREATION AND PURPOSE.**

3.16 The Small Business Regulatory Review Board is created in the legislative branch to:

3.17 (1) review proposed rules or revisions to existing rules to determine the impact of
 3.18 the proposal or revision on small businesses; and

3.19 (2) examine existing rules that impact small businesses and recommend any changes
 3.20 that would make existing rules more efficient and cost-effective for small businesses.

3.21 Sec. 3. **[14.1292] SMALL BUSINESS REGULATORY REVIEW BOARD.**

3.22 Subdivision 1. **Definitions.** For purposes of this act, "small business" has the
 3.23 meaning given in section 645.445.

3.24 Subd. 2. **Membership.** (a) The Small Business Regulatory Review Board, known
 3.25 as the board, consists of 16 members including:

3.26 (1) the commissioner of the Department of Employment and Economic
 3.27 Development, or the commissioner's designee;

3.28 (2) the commissioner of the Department of Commerce, or the commissioner's
 3.29 designee;

3.30 (3) the commissioner of the Department of Revenue, or the commissioner's designee;

3.31 (4) the commissioner of the Department of Health, or the commissioner's designee;

4.1 (5) the commissioner of the Department of Natural Resources, or the commissioner's
 4.2 designee;

4.3 (6) the commissioner of the Pollution Control Agency, or the commissioner's
 4.4 designee;

4.5 (7) three public members appointed by the speaker of the house of representatives;

4.6 (8) three public members appointed by the senate Subcommittee on Committees of
 4.7 the Committee on Rules and Administration;

4.8 (9) two members of the senate appointed by the senate Subcommittee on Committees
 4.9 of the Committee on Rules and Administration; and

4.10 (10) two members of the house of representatives appointed by the speaker of the
 4.11 house of representatives.

4.12 (b) Legislative members appointed to the board shall include the chairs of the
 4.13 legislative committees with jurisdiction over jobs and economic development or their
 4.14 designee, one member from the minority party of the senate, and one member from the
 4.15 minority party of the house of representatives.

4.16 (c) Public members shall be representatives of small businesses, as either an owner
 4.17 of a small business or as a member of a small business trade organization.

4.18 (d) The first meeting of the board shall be convened by the chair of the Legislative
 4.19 Coordinating Commission no later than December 1, 2012. Members shall elect a chair.
 4.20 The chair may convene meetings as necessary to conduct the duties prescribed by sections
 4.21 14.1291 to 14.1295.

4.22 Subd. 3. **Terms, compensation, removal, and vacancies.** The membership terms,
 4.23 compensation, and removal of board members, and filling of vacancies on the board
 4.24 are governed by section 15.0575.

4.25 **Sec. 4. [14.1293] BOARD REVIEW; REPORT AND RECOMMENDATIONS.**

4.26 Subdivision 1. **Board review.** (a) The board shall review all rules submitted to the
 4.27 board as required under sections 14.1294 and 14.1295, to determine whether a proposed
 4.28 or existing rule creates an unnecessary burden on small businesses.

4.29 (b) When the board determines that a proposed or existing rule places an unnecessary
 4.30 burden on small businesses, it shall issue a report and recommendations regarding the
 4.31 rule to:

4.32 (1) the agency with jurisdictional authority of the proposed or existing rule;

4.33 (2) the chairs of the house of representatives and senate committees having
 4.34 jurisdiction over the agency; and

5.1 (3) the Legislative Coordinating Commission, as necessary, to carry out the
5.2 provisions of section 3.842.

5.3 Subd. 2. **Rule adoption.** The standing committees of the house of representatives
5.4 and senate with jurisdiction over the subject matter of a proposed rule may follow
5.5 the procedures set forth under section 14.126 when, upon review of the report and
5.6 recommendations from the board, the committees vote that a proposed rule should not
5.7 be adopted as proposed.

5.8 **Sec. 5. [14.1294] IMPACT ON SMALL BUSINESSES.**

5.9 (a) An agency proposing a new rule, or an amendment to an existing rule, affecting
5.10 small businesses shall:

5.11 (1) consider methods for reducing the impact of the rule on small businesses
5.12 including, but not limited to, less stringent reporting requirements, reduced fees,
5.13 simplification of compliance, or exemption for small businesses from any or all
5.14 requirements of the rule; and

5.15 (2) submit a proposed rule having an economic impact on small businesses to the
5.16 board on the same day the proposed rule is submitted for publication in the State Register.

5.17 (b) An agency submitting a rule to the board shall include, along with the rule, a
5.18 statement detailing the considerations made for lessening the impact of the rule on small
5.19 businesses.

5.20 **Sec. 6. [14.1295] REVIEW OF RULES.**

5.21 Beginning in 2012, each agency shall annually review the current rules of the agency
5.22 and shall consider methods of reducing their impact on small businesses as provided under
5.23 section 14.1294. If a method appears feasible, the agency shall propose an amendment to
5.24 the rule, and submit the proposal to the board for consideration.

5.25 **Sec. 7. RULEMAKING MORATORIUM.**

5.26 (a) For purposes of this section, "agency" has the meaning given in Minnesota
5.27 Statutes, section 14.02, subdivision 2.

5.28 (b) No agency shall conduct rulemaking or adopt rules for the two-year period
5.29 beginning July 1, 2012, and ending June 30, 2014, except under the following
5.30 circumstances:

5.31 (1) to implement a federal law;

5.32 (2) in relation to a declared state of emergency;

5.33 (3) to respond to an emergency relating to public health or safety;

- 6.1 (4) as enacted by the legislature; or
- 6.2 (5) to facilitate commerce.
- 6.3 (c) This section does not prohibit an agency from repealing rules.

6.4 Sec. 8. **EFFECTIVE DATE.**

6.5 Sections 1 to 7 are effective the day following final enactment.

APPENDIX
Article locations in 12-4898

ARTICLE 1 BUSINESS PROPERTY TAXATION Page.Ln 1.8
ARTICLE 2 REGULATORY REFORM..... Page.Ln 3.10