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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 2770

02/20/2018 Authored by Drazkowski and Whelan 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; converting Minnesota's property tax system to a
1.3 basis of assessed values and mill rates; amending Minnesota Statutes 2016, sections
1.4 122A.415, subdivision 5; 123B.53, subdivision 4; 123B.63, subdivision 3;
1.5 124D.135, subdivision 6a; 124D.20, subdivision 5; 126C.01, subdivision 3;
1.6 126C.10, subdivision 13a; 126C.13, subdivision 3a; 126C.41, subdivisions 4, 5;
1.7 126C.63, subdivision 8; 126C.69, subdivisions 2, 9; 128D.11, subdivisions 3, 8;
1.8 134.34, subdivision 1; 134.355, subdivision 6; 161.082, subdivision 2a; 270C.921;
1.9 273.124, subdivision 3a; 273.13, subdivisions 21b, 22, 23, 24, 25, by adding a
1.10 subdivision; 273.1325, subdivision 1; 275.08, subdivisions 1, 1a, 1d; 275.28,
1.11 subdivision 1; 276A.01, subdivisions 4, 15; 276A.06, subdivision 9; 298.28,
1.12 subdivision 4; 383D.41, subdivision 7; 469.177, subdivision 1e; 473F.02,
1.13 subdivisions 4, 23; 473F.08, subdivision 8a; 473H.10, subdivision 3; 477A.0124,
1.14 subdivision 4.

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

1.16 ARTICLE 1

1.17 ASSESSED VALUE

1.18 Section 1. Minnesota Statutes 2016, section 273.13, subdivision 21b, is amended to read:

1.19 Subd. 21b. ~~Net tax capacity~~ **Assessed value.** ~~"Net tax capacity"~~ "Assessed value"
1.20 means the product of the appropriate ~~classification rates~~ assessment ratios in this section
1.21 and taxable market values.

1.22 Sec. 2. Minnesota Statutes 2016, section 273.13, is amended by adding a subdivision to
1.23 read:

1.24 Subd. 21c. **Conversions.** For any property tax calculation referencing an assessed value
1.25 for an assessment year prior to 2018, the assessed value shall be obtained by multiplying
1.26 the net tax capacity by a factor of 50. For any property tax calculation referencing a tax rate

2.1 for a taxes payable year prior to 2019, the tax rate shall be obtained by multiplying the net  
 2.2 tax capacity tax rate percentage by a factor of 0.2 mills.

2.3 Sec. 3. Minnesota Statutes 2016, section 273.13, subdivision 22, is amended to read:

2.4 Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and  
 2.5 (c), real estate which is residential and used for homestead purposes is class 1a. In the case  
 2.6 of a duplex or triplex in which one of the units is used for homestead purposes, the entire  
 2.7 property is deemed to be used for homestead purposes. The market value of class 1a property  
 2.8 must be determined based upon the value of the house, garage, and land.

2.9 The first \$500,000 of market value of class 1a property ~~has a net classification rate of~~  
 2.10 ~~one~~ is assessed at 50 percent of its market value; and the market value of class 1a property  
 2.11 that exceeds \$500,000 ~~has a classification rate of 1.25~~ is assessed at 62.5 percent of its  
 2.12 ~~market value.~~

2.13 (b) Class 1b property includes homestead real estate or homestead manufactured homes  
 2.14 used for the purposes of a homestead by:

2.15 (1) any person who is blind as defined in section 256D.35, or the blind person and the  
 2.16 blind person's spouse;

2.17 (2) any person who is permanently and totally disabled or by the disabled person and  
 2.18 the disabled person's spouse; or

2.19 (3) the surviving spouse of a permanently and totally disabled veteran homesteading a  
 2.20 property classified under this paragraph for taxes payable in 2008.

2.21 Property is classified and assessed under clause (2) only if the government agency or  
 2.22 income-providing source certifies, upon the request of the homestead occupant, that the  
 2.23 homestead occupant satisfies the disability requirements of this paragraph, and that the  
 2.24 property is not eligible for the valuation exclusion under subdivision 34.

2.25 Property is classified and assessed under paragraph (b) only if the commissioner of  
 2.26 revenue or the county assessor certifies that the homestead occupant satisfies the requirements  
 2.27 of this paragraph.

2.28 Permanently and totally disabled for the purpose of this subdivision means a condition  
 2.29 which is permanent in nature and totally incapacitates the person from working at an  
 2.30 occupation which brings the person an income. The first \$50,000 market value of class 1b  
 2.31 property ~~has a net classification rate of .45~~ is assessed at 22.5 percent of its market value.  
 2.32 The remaining market value of class 1b property ~~has a classification rate using~~ is assessed

3.1 at the rates for class 1a or class 2a property, whichever is appropriate, of similar market  
 3.2 value.

3.3 (c) Class 1c property is commercial use real and personal property that abuts public  
 3.4 water as defined in section 103G.005, subdivision 15, and is devoted to temporary and  
 3.5 seasonal residential occupancy for recreational purposes but not devoted to commercial  
 3.6 purposes for more than 250 days in the year preceding the year of assessment, and that  
 3.7 includes a portion used as a homestead by the owner, which includes a dwelling occupied  
 3.8 as a homestead by a shareholder of a corporation that owns the resort, a partner in a  
 3.9 partnership that owns the resort, or a member of a limited liability company that owns the  
 3.10 resort even if the title to the homestead is held by the corporation, partnership, or limited  
 3.11 liability company. For purposes of this paragraph, property is devoted to a commercial  
 3.12 purpose on a specific day if any portion of the property, excluding the portion used  
 3.13 exclusively as a homestead, is used for residential occupancy and a fee is charged for  
 3.14 residential occupancy. Class 1c property must contain three or more rental units. A "rental  
 3.15 unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping  
 3.16 site equipped with water and electrical hookups for recreational vehicles. Class 1c property  
 3.17 must provide recreational activities such as the rental of ice fishing houses, boats and motors,  
 3.18 snowmobiles, downhill or cross-country ski equipment; provide marina services, launch  
 3.19 services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use  
 3.20 the property is transferred to an individual or entity by deeded interest, or the sale of shares  
 3.21 or stock, no longer qualifies for class 1c even though it may remain available for rent. A  
 3.22 camping pad offered for rent by a property that otherwise qualifies for class 1c is also class  
 3.23 1c, regardless of the term of the rental agreement, as long as the use of the camping pad  
 3.24 does not exceed 250 days. If the same owner owns two separate parcels that are located in  
 3.25 the same township, and one of those properties is classified as a class 1c property and the  
 3.26 other would be eligible to be classified as a class 1c property if it was used as the homestead  
 3.27 of the owner, both properties will be assessed as a single class 1c property; for purposes of  
 3.28 this sentence, properties are deemed to be owned by the same owner if each of them is  
 3.29 owned by a limited liability company, and both limited liability companies have the same  
 3.30 membership. The portion of the property used as a homestead is class 1a property under  
 3.31 paragraph (a). The remainder of the property is classified as follows: the first \$600,000 of  
 3.32 market value is tier I, the next \$1,700,000 of market value is tier II, and any remaining  
 3.33 market value is tier III. ~~The classification rates for class 1c are:~~ Tier I, 0.50 of class 1c is  
 3.34 assessed at 25 percent of market value; ~~tier II, 1.0 of class 1c is assessed at 50 percent of~~  
 3.35 market value; ~~and tier III, 1.25 of class 1c is assessed at 62.5 percent of market value.~~ Owners  
 3.36 of real and personal property devoted to temporary and seasonal residential occupancy for

4.1 recreation purposes in which all or a portion of the property was devoted to commercial  
 4.2 purposes for not more than 250 days in the year preceding the year of assessment desiring  
 4.3 classification as class 1c, must submit a declaration to the assessor designating the cabins  
 4.4 or units occupied for 250 days or less in the year preceding the year of assessment by January  
 4.5 15 of the assessment year. Those cabins or units and a proportionate share of the land on  
 4.6 which they are located must be designated as class 1c as otherwise provided. The remainder  
 4.7 of the cabins or units and a proportionate share of the land on which they are located must  
 4.8 be designated as class 3a commercial. The owner of property desiring designation as class  
 4.9 1c property must provide guest registers or other records demonstrating that the units for  
 4.10 which class 1c designation is sought were not occupied for more than 250 days in the year  
 4.11 preceding the assessment if so requested. The portion of a property operated as a (1)  
 4.12 restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other  
 4.13 nonresidential facility operated on a commercial basis not directly related to temporary and  
 4.14 seasonal residential occupancy for recreation purposes does not qualify for class 1c.

4.15 (d) Class 1d property includes structures that meet all of the following criteria:

4.16 (1) the structure is located on property that is classified as agricultural property under  
 4.17 section 273.13, subdivision 23;

4.18 (2) the structure is occupied exclusively by seasonal farm workers during the time when  
 4.19 they work on that farm, and the occupants are not charged rent for the privilege of occupying  
 4.20 the property, provided that use of the structure for storage of farm equipment and produce  
 4.21 does not disqualify the property from classification under this paragraph;

4.22 (3) the structure meets all applicable health and safety requirements for the appropriate  
 4.23 season; and

4.24 (4) the structure is not salable as residential property because it does not comply with  
 4.25 local ordinances relating to location in relation to streets or roads.

4.26 The market value of class 1d property has the same ~~classification rates~~ assessment ratios  
 4.27 as class 1a property under paragraph (a).

4.28 Sec. 4. Minnesota Statutes 2016, section 273.13, subdivision 23, is amended to read:

4.29 Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land  
 4.30 that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class  
 4.31 2a land under the same ownership. The market value of the house and garage and immediately  
 4.32 surrounding one acre of land has the same ~~classification rates~~ assessment ratios as class 1a  
 4.33 or 1b property under subdivision 22. The value of the remaining land including improvements

5.1 up to the first tier valuation limit of agricultural homestead property ~~has a classification rate~~  
5.2 ~~of 0.5~~ is assessed at 25 percent of market value. The remaining ~~property~~ market value over  
5.3 the first tier ~~has a classification rate of one~~ is assessed at 50 percent of market value. For  
5.4 purposes of this subdivision, the "first tier valuation limit of agricultural homestead property"  
5.5 and "first tier" means the limit certified under section 273.11, subdivision 23.

5.6 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that  
5.7 are agricultural land and buildings. Class 2a property ~~has a classification rate of one~~ is  
5.8 assessed at 50 percent of market value, unless it is part of an agricultural homestead under  
5.9 paragraph (a). Class 2a property must also include any property that would otherwise be  
5.10 classified as 2b, but is interspersed with class 2a property, including but not limited to  
5.11 sloughs, wooded wind shelters, acreage abutting ditches, ravines, rock piles, land subject  
5.12 to a setback requirement, and other similar land that is impractical for the assessor to value  
5.13 separately from the rest of the property or that is unlikely to be able to be sold separately  
5.14 from the rest of the property.

5.15 An assessor may classify the part of a parcel described in this subdivision that is used  
5.16 for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

5.17 (c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that  
5.18 are unplatted real estate, rural in character and not used for agricultural purposes, including  
5.19 land used for growing trees for timber, lumber, and wood and wood products, that is not  
5.20 improved with a structure. The presence of a minor, ancillary nonresidential structure as  
5.21 defined by the commissioner of revenue does not disqualify the property from classification  
5.22 under this paragraph. Any parcel of 20 acres or more improved with a structure that is not  
5.23 a minor, ancillary nonresidential structure must be split-classified, and ten acres must be  
5.24 assigned to the split parcel containing the structure. Class 2b property ~~has a classification~~  
5.25 ~~rate of one~~ is assessed at 50 percent of market value unless it is part of an agricultural  
5.26 homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

5.27 (d) Class 2c managed forest land consists of no less than 20 and no more than 1,920  
5.28 acres statewide per taxpayer that is being managed under a forest management plan that  
5.29 meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource  
5.30 management incentive program. It ~~has a classification rate of .65~~ is assessed at 32.5 percent  
5.31 of market value, provided that the owner of the property must apply to the assessor in order  
5.32 for the property to initially qualify for the reduced rate and provide the information required  
5.33 by the assessor to verify that the property qualifies for the reduced rate. If the assessor  
5.34 receives the application and information before May 1 in an assessment year, the property  
5.35 qualifies beginning with that assessment year. If the assessor receives the application and

6.1 information after April 30 in an assessment year, the property may not qualify until the next  
6.2 assessment year. The commissioner of natural resources must concur that the land is qualified.  
6.3 The commissioner of natural resources shall annually provide county assessors verification  
6.4 information on a timely basis. The presence of a minor, ancillary nonresidential structure  
6.5 as defined by the commissioner of revenue does not disqualify the property from  
6.6 classification under this paragraph.

6.7 (e) Agricultural land as used in this section means:

6.8 (1) contiguous acreage of ten acres or more, used during the preceding year for  
6.9 agricultural purposes; or

6.10 (2) contiguous acreage used during the preceding year for an intensive livestock or  
6.11 poultry confinement operation, provided that land used only for pasturing or grazing does  
6.12 not qualify under this clause.

6.13 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or  
6.14 storage of agricultural products for sale, or the storage of machinery or equipment used in  
6.15 support of agricultural production by the same farm entity. For a property to be classified  
6.16 as agricultural based only on the drying or storage of agricultural products, the products  
6.17 being dried or stored must have been produced by the same farm entity as the entity operating  
6.18 the drying or storage facility. "Agricultural purposes" also includes enrollment in the Reinvest  
6.19 in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation  
6.20 Reserve Program as contained in Public Law 99-198 or a similar state or federal conservation  
6.21 program if the property was classified as agricultural (i) under this subdivision for taxes  
6.22 payable in 2003 because of its enrollment in a qualifying program and the land remains  
6.23 enrolled or (ii) in the year prior to its enrollment. Agricultural classification shall not be  
6.24 based upon the market value of any residential structures on the parcel or contiguous parcels  
6.25 under the same ownership.

6.26 "Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous  
6.27 portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion  
6.28 of, a set of contiguous tax parcels under that section that are owned by the same person.

6.29 (f) Agricultural land under this section also includes:

6.30 (1) contiguous acreage that is less than ten acres in size and exclusively used in the  
6.31 preceding year for raising or cultivating agricultural products; or

7.1 (2) contiguous acreage that contains a residence and is less than 11 acres in size, if the  
7.2 contiguous acreage exclusive of the house, garage, and surrounding one acre of land was  
7.3 used in the preceding year for one or more of the following three uses:

7.4 (i) for an intensive grain drying or storage operation, or for intensive machinery or  
7.5 equipment storage activities used to support agricultural activities on other parcels of property  
7.6 operated by the same farming entity;

7.7 (ii) as a nursery, provided that only those acres used intensively to produce nursery stock  
7.8 are considered agricultural land; or

7.9 (iii) for intensive market farming; for purposes of this paragraph, "market farming"  
7.10 means the cultivation of one or more fruits or vegetables or production of animal or other  
7.11 agricultural products for sale to local markets by the farmer or an organization with which  
7.12 the farmer is affiliated.

7.13 "Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as  
7.14 described in section 272.193, or all of a set of contiguous tax parcels under that section that  
7.15 are owned by the same person.

7.16 (g) Land shall be classified as agricultural even if all or a portion of the agricultural use  
7.17 of that property is the leasing to, or use by another person for agricultural purposes.

7.18 Classification under this subdivision is not determinative for qualifying under section  
7.19 273.111.

7.20 (h) The property classification under this section supersedes, for property tax purposes  
7.21 only, any locally administered agricultural policies or land use restrictions that define  
7.22 minimum or maximum farm acreage.

7.23 (i) The term "agricultural products" as used in this subdivision includes production for  
7.24 sale of:

7.25 (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing  
7.26 animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees,  
7.27 and apiary products by the owner;

7.28 (2) fish bred for sale and consumption if the fish breeding occurs on land zoned for  
7.29 agricultural use;

7.30 (3) the commercial boarding of horses, which may include related horse training and  
7.31 riding instruction, if the boarding is done on property that is also used for raising pasture  
7.32 to graze horses or raising or cultivating other agricultural products as defined in clause (1);

8.1 (4) property which is owned and operated by nonprofit organizations used for equestrian  
8.2 activities, excluding racing;

8.3 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section  
8.4 97A.105, provided that the annual licensing report to the Department of Natural Resources,  
8.5 which must be submitted annually by March 30 to the assessor, indicates that at least 500  
8.6 birds were raised or used for breeding stock on the property during the preceding year and  
8.7 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a  
8.8 shooting preserve licensed under section 97A.115;

8.9 (6) insects primarily bred to be used as food for animals;

8.10 (7) trees, grown for sale as a crop, including short rotation woody crops, and not sold  
8.11 for timber, lumber, wood, or wood products; and

8.12 (8) maple syrup taken from trees grown by a person licensed by the Minnesota  
8.13 Department of Agriculture under chapter 28A as a food processor.

8.14 (j) If a parcel used for agricultural purposes is also used for commercial or industrial  
8.15 purposes, including but not limited to:

8.16 (1) wholesale and retail sales;

8.17 (2) processing of raw agricultural products or other goods;

8.18 (3) warehousing or storage of processed goods; and

8.19 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and  
8.20 (3),

8.21 the assessor shall classify the part of the parcel used for agricultural purposes as class 1b,  
8.22 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.  
8.23 The grading, sorting, and packaging of raw agricultural products for first sale is considered  
8.24 an agricultural purpose. A greenhouse or other building where horticultural or nursery  
8.25 products are grown that is also used for the conduct of retail sales must be classified as  
8.26 agricultural if it is primarily used for the growing of horticultural or nursery products from  
8.27 seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products.  
8.28 Use of a greenhouse or building only for the display of already grown horticultural or nursery  
8.29 products does not qualify as an agricultural purpose.

8.30 (k) The assessor shall determine and list separately on the records the market value of  
8.31 the homestead dwelling and the one acre of land on which that dwelling is located. If any

9.1 farm buildings or structures are located on this homesteaded acre of land, their market value  
9.2 shall not be included in this separate determination.

9.3 (l) Class 2d airport landing area consists of a landing area or public access area of a  
9.4 privately owned public use airport. It ~~has a classification rate of one~~ is assessed at 50 percent  
9.5 of market value. To qualify for classification under this paragraph, a privately owned public  
9.6 use airport must be licensed as a public airport under section 360.018. For purposes of this  
9.7 paragraph, "landing area" means that part of a privately owned public use airport properly  
9.8 cleared, regularly maintained, and made available to the public for use by aircraft and  
9.9 includes runways, taxiways, aprons, and sites upon which are situated landing or navigational  
9.10 aids. A landing area also includes land underlying both the primary surface and the approach  
9.11 surfaces that comply with all of the following:

9.12 (i) the land is properly cleared and regularly maintained for the primary purposes of the  
9.13 landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities  
9.14 for servicing, repair, or maintenance of aircraft is not included as a landing area;

9.15 (ii) the land is part of the airport property; and

9.16 (iii) the land is not used for commercial or residential purposes.

9.17 The land contained in a landing area under this paragraph must be described and certified  
9.18 by the commissioner of transportation. The certification is effective until it is modified, or  
9.19 until the airport or landing area no longer meets the requirements of this paragraph. For  
9.20 purposes of this paragraph, "public access area" means property used as an aircraft parking  
9.21 ramp, apron, or storage hangar, or an arrival and departure building in connection with the  
9.22 airport.

9.23 (m) Class 2e consists of land with a commercial aggregate deposit that is not actively  
9.24 being mined and is not otherwise classified as class 2a or 2b, provided that the land is not  
9.25 located in a county that has elected to opt-out of the aggregate preservation program as  
9.26 provided in section 273.1115, subdivision 6. It ~~has a classification rate of one~~ is assessed  
9.27 at 50 percent of market value. To qualify for classification under this paragraph, the property  
9.28 must be at least ten contiguous acres in size and the owner of the property must record with  
9.29 the county recorder of the county in which the property is located an affidavit containing:

9.30 (1) a legal description of the property;

9.31 (2) a disclosure that the property contains a commercial aggregate deposit that is not  
9.32 actively being mined but is present on the entire parcel enrolled;

10.1 (3) documentation that the conditional use under the county or local zoning ordinance  
10.2 of this property is for mining; and

10.3 (4) documentation that a permit has been issued by the local unit of government or the  
10.4 mining activity is allowed under local ordinance. The disclosure must include a statement  
10.5 from a registered professional geologist, engineer, or soil scientist delineating the deposit  
10.6 and certifying that it is a commercial aggregate deposit.

10.7 For purposes of this section and section 273.1115, "commercial aggregate deposit"  
10.8 means a deposit that will yield crushed stone or sand and gravel that is suitable for use as  
10.9 a construction aggregate; and "actively mined" means the removal of top soil and overburden  
10.10 in preparation for excavation or excavation of a commercial deposit.

10.11 (n) When any portion of the property under this subdivision or subdivision 22 begins to  
10.12 be actively mined, the owner must file a supplemental affidavit within 60 days from the  
10.13 day any aggregate is removed stating the number of acres of the property that is actively  
10.14 being mined. The acres actively being mined must be (1) valued and classified under  
10.15 subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate  
10.16 resource preservation property tax program under section 273.1115, if the land was enrolled  
10.17 in that program. Copies of the original affidavit and all supplemental affidavits must be  
10.18 filed with the county assessor, the local zoning administrator, and the Department of Natural  
10.19 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each  
10.20 time a subsequent portion of the property is actively mined, provided that the minimum  
10.21 acreage change is five acres, even if the actual mining activity constitutes less than five  
10.22 acres.

10.23 (o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are not  
10.24 rules and are exempt from the rulemaking provisions of chapter 14, and the provisions in  
10.25 section 14.386 concerning exempt rules do not apply.

10.26 Sec. 5. Minnesota Statutes 2016, section 273.13, subdivision 24, is amended to read:

10.27 Subd. 24. **Class 3.** Commercial and industrial property and utility real and personal  
10.28 property is class 3a.

10.29 (1) Except as otherwise provided, the first tier of market value of each parcel of  
10.30 commercial, industrial, or utility real property has a classification rate of 1.5 percent of the  
10.31 first tier of market value is assessed at 75 percent, and ~~2.0 percent~~ of the remaining market  
10.32 value is assessed at 100 percent. In the case of contiguous parcels of property owned by the  
10.33 same person or entity, only the value equal to the first-tier value of the contiguous parcels

11.1 qualifies for the reduced ~~classification rate~~ assessment ratio, except that contiguous parcels  
 11.2 owned by the same person or entity shall be eligible for the first-tier value ~~classification~~  
 11.3 ~~rate~~ assessment ratio on each separate business operated by the owner of the property,  
 11.4 provided the business is housed in a separate structure. For the purposes of this subdivision,  
 11.5 the first tier means the first \$150,000 of market value. Real property owned in fee by a  
 11.6 utility for transmission line right-of-way shall be ~~classified~~ assessed at the ~~classification~~  
 11.7 ~~rate~~ ratio for the higher tier.

11.8 For purposes of this subdivision, parcels are considered to be contiguous even if they  
 11.9 are separated from each other by a road, street, waterway, or other similar intervening type  
 11.10 of property. Connections between parcels that consist of power lines or pipelines do not  
 11.11 cause the parcels to be contiguous. Property owners who have contiguous parcels of property  
 11.12 that constitute separate businesses that may qualify for the first-tier ~~classification rate~~  
 11.13 assessment ratio shall notify the assessor by July 1, for treatment beginning in the following  
 11.14 taxes payable year.

11.15 (2) All personal property that is: (i) part of an electric generation, transmission, or  
 11.16 distribution system; or (ii) part of a pipeline system transporting or distributing water, gas,  
 11.17 crude oil, or petroleum products; and (iii) not described in clause (3), and all railroad  
 11.18 operating property has a ~~classification rate~~ an assessment ratio as provided under clause (1)  
 11.19 for the first tier of market value and the remaining market value. In the case of multiple  
 11.20 parcels in one county that are owned by one person or entity, only one first tier amount is  
 11.21 eligible for the reduced rate.

11.22 (3) The entire market value of personal property that is: (i) tools, implements, and  
 11.23 machinery of an electric generation, transmission, or distribution system; (ii) tools,  
 11.24 implements, and machinery of a pipeline system transporting or distributing water, gas,  
 11.25 crude oil, or petroleum products; or (iii) the mains and pipes used in the distribution of  
 11.26 steam or hot or chilled water for heating or cooling buildings, has a ~~classification rate~~ an  
 11.27 assessment ratio as provided under clause (1) for the remaining market value in excess of  
 11.28 the first tier.

11.29 Sec. 6. Minnesota Statutes 2016, section 273.13, subdivision 25, is amended to read:

11.30 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units  
 11.31 and used or held for use by the owner or by the tenants or lessees of the owner as a residence  
 11.32 for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a  
 11.33 also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt  
 11.34 under section 272.02, and contiguous property used for hospital purposes, without regard

12.1 to whether the property has been platted or subdivided. ~~The market value of Class 4a property~~  
 12.2 ~~has a classification rate of 1.25~~ is assessed at 62.5 percent of market value.

12.3 (b) Class 4b includes:

12.4 (1) residential real estate containing less than four units that does not qualify as class  
 12.5 4bb, other than seasonal residential recreational property;

12.6 (2) manufactured homes not classified under any other provision;

12.7 (3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm  
 12.8 classified under subdivision 23, paragraph (b) containing two or three units; and

12.9 (4) unimproved property that is classified residential as determined under subdivision  
 12.10 33.

12.11 ~~The market value of Class 4b property has a classification rate of 1.25~~ is assessed at  
 12.12 62.5 percent of market value.

12.13 (c) Class 4bb includes nonhomestead residential real estate containing one unit, other  
 12.14 than seasonal residential recreational property, and a single family dwelling, garage, and  
 12.15 surrounding one acre of property on a nonhomestead farm classified under subdivision 23,  
 12.16 paragraph (b).

12.17 The first \$500,000 of class 4bb property ~~has the same classification rates as class 1a~~  
 12.18 ~~property under subdivision 22~~ is assessed at 50 percent, and the remaining market value is  
 12.19 assessed at 62.5 percent.

12.20 Property that has been classified as seasonal residential recreational property at any time  
 12.21 during which it has been owned by the current owner or spouse of the current owner does  
 12.22 not qualify for class 4bb.

12.23 (d) Class ~~4e~~ 4c1 property ~~includes:~~

12.24 ~~(1) except as provided in subdivision 22, paragraph (e),~~ is real and personal property  
 12.25 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,  
 12.26 for not more than 250 days in the year preceding the year of assessment, except as provided  
 12.27 in subdivision 22, paragraph (c). For purposes of this ~~clause~~ paragraph, property is devoted  
 12.28 to a commercial purpose on a specific day if any portion of the property is used for residential  
 12.29 occupancy, and a fee is charged for residential occupancy. Class ~~4e~~ 4c1 property under this  
 12.30 ~~clause~~ paragraph must contain three or more rental units. A "rental unit" is defined as a  
 12.31 cabin, condominium, townhouse, sleeping room, or individual camping site equipped with  
 12.32 water and electrical hookups for recreational vehicles. A camping pad offered for rent by

13.1 a property that otherwise qualifies for class ~~4e 4c1~~ under this ~~elause~~ paragraph is also class  
13.2 ~~4e 4c1~~ under this ~~elause~~ paragraph regardless of the term of the rental agreement, as long  
13.3 as the use of the camping pad does not exceed 250 days. In order for a property to be  
13.4 classified under this ~~elause~~ paragraph, either ~~(i)~~ (1) the business located on the property  
13.5 must provide recreational activities, at least 40 percent of the annual gross lodging receipts  
13.6 related to the property must be from business conducted during 90 consecutive days, and  
13.7 either ~~(A)~~ (i) at least 60 percent of all paid bookings by lodging guests during the year must  
13.8 be for periods of at least two consecutive nights; or ~~(B)~~ (ii) at least 20 percent of the annual  
13.9 gross receipts must be from charges for providing recreational activities, or ~~(ii)~~ (2) the  
13.10 business must contain 20 or fewer rental units, and must be located in a township or a city  
13.11 with a population of 2,500 or less located outside the metropolitan area, as defined under  
13.12 section 473.121, subdivision 2, that contains a portion of a state trail administered by the  
13.13 Department of Natural Resources. For purposes of item ~~(i)(A)~~ (1)(i), a paid booking of five  
13.14 or more nights shall be counted as two bookings. Class ~~4e 4c1~~ property also includes  
13.15 commercial use real property used exclusively for recreational purposes in conjunction with  
13.16 other class ~~4e 4c1~~ property classified under this ~~elause~~ paragraph and devoted to temporary  
13.17 and seasonal residential occupancy for recreational purposes, up to a total of two acres,  
13.18 provided the property is not devoted to commercial recreational use for more than 250 days  
13.19 in the year preceding the year of assessment and is located within two miles of the class ~~4e~~  
13.20 ~~4c1~~ property with which it is used. In order for a property to qualify for classification under  
13.21 this ~~elause~~ paragraph, the owner must submit a declaration to the assessor designating the  
13.22 cabins or units occupied for 250 days or less in the year preceding the year of assessment  
13.23 by January 15 of the assessment year. Those cabins or units and a proportionate share of  
13.24 the land on which they are located must be designated class ~~4e 4c1~~ under this ~~elause~~  
13.25 paragraph as otherwise provided. The remainder of the cabins or units and a proportionate  
13.26 share of the land on which they are located will be designated as class 3a. The owner of  
13.27 property desiring designation as class ~~4e 4c1~~ property under this ~~elause~~ paragraph must  
13.28 provide guest registers or other records demonstrating that the units for which class ~~4e 4c1~~  
13.29 designation is sought were not occupied for more than 250 days in the year preceding the  
13.30 assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar,  
13.31 (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility  
13.32 operated on a commercial basis not directly related to temporary and seasonal residential  
13.33 occupancy for recreation purposes does not qualify for class ~~4e 4c1~~. For the purposes of  
13.34 this paragraph, "recreational activities" means renting ice fishing houses, boats and motors,  
13.35 snowmobiles, downhill or cross-country ski equipment; providing marina services, launch  
13.36 services, or guide services; or selling bait and fishing tackle; The first \$500,000 of market

14.1 value of class 4c1 property is assessed at 50 percent, and the remaining market value is  
 14.2 assessed at 62.5 percent.

14.3 ~~(2)~~ (e) Class 4c2 is qualified property used as a golf course if:

14.4 ~~(i)~~ (1) it is open to the public on a daily fee basis. It may charge membership fees or  
 14.5 dues, but a membership fee may not be required in order to use the property for golfing,  
 14.6 and its green fees for golfing must be comparable to green fees typically charged by  
 14.7 municipal courses; and

14.8 ~~(ii)~~ (2) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

14.9 A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with  
 14.10 the golf course is classified as class 3a property; Class 4c2 property is assessed at 62.5  
 14.11 percent of market value.

14.12 ~~(3)~~ (f) Class 4c3 is real property up to a maximum of three acres of land owned and used  
 14.13 by a nonprofit community service oriented organization and not used for residential purposes  
 14.14 on either a temporary or permanent basis, provided that:

14.15 ~~(i)~~ (1) the property is not used for a revenue-producing activity for more than six days  
 14.16 in the calendar year preceding the year of assessment; or

14.17 ~~(ii)~~ (2) the organization makes annual charitable contributions and donations at least  
 14.18 equal to the property's previous year's property taxes and the property is allowed to be used  
 14.19 for public and community meetings or events for no charge, as appropriate to the size of  
 14.20 the facility.

14.21 For purposes of this ~~clause~~ paragraph:

14.22 ~~(A)~~ (i) "charitable contributions and donations" has the same meaning as lawful gambling  
 14.23 purposes under section 349.12, subdivision 25, excluding those purposes relating to the  
 14.24 payment of taxes, assessments, fees, auditing costs, and utility payments;

14.25 ~~(B)~~ (ii) "property taxes" excludes the state general tax;

14.26 ~~(C)~~ (iii) a "nonprofit community service oriented organization" means any corporation,  
 14.27 society, association, foundation, or institution organized and operated exclusively for  
 14.28 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from  
 14.29 federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal  
 14.30 Revenue Code; and

14.31 ~~(D)~~ (iv) "revenue-producing activities" shall include but not be limited to property or  
 14.32 that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt

15.1 liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling  
 15.2 alley, a retail store, gambling conducted by organizations licensed under chapter 349, an  
 15.3 insurance business, or office or other space leased or rented to a lessee who conducts a  
 15.4 for-profit enterprise on the premises.

15.5 Any portion of the property not qualifying under either ~~item (i) or (ii)~~ clause (1) or (2)  
 15.6 is class 3a. The use of the property for social events open exclusively to members and their  
 15.7 guests for periods of less than 24 hours, when an admission is not charged nor any revenues  
 15.8 are received by the organization shall not be considered a revenue-producing activity.

15.9 The organization shall maintain records of its charitable contributions and donations  
 15.10 and of public meetings and events held on the property and make them available upon  
 15.11 request any time to the assessor to ensure eligibility. An organization meeting the requirement  
 15.12 under ~~item (ii)~~ clause (2) must file an application by May 1 with the assessor for eligibility  
 15.13 for the current year's assessment. The commissioner shall prescribe a uniform application  
 15.14 form and instructions; Class 4c3 property is assessed at 75 percent of market value.

15.15 ~~(4)~~ (g) Class 4c4 is postsecondary student housing of not more than one acre of land  
 15.16 that is owned by a nonprofit corporation organized under chapter 317A and is used  
 15.17 exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing  
 15.18 located within two miles of the border of a college campus; Class 4c4 property is assessed  
 15.19 at 50 percent of market value.

15.20 ~~(5)(i)~~ (h) Class 4c5 property is: (1) manufactured home parks as defined in section  
 15.21 327.14, subdivision 3, excluding manufactured home parks described in section 273.124,  
 15.22 subdivision 3a, and ~~(ii)~~ (2) manufactured home parks as defined in section 327.14,  
 15.23 subdivision 3, that are described in section 273.124, subdivision 3a; Class 4c5(1) property  
 15.24 is assessed at 62.5 percent of market value. Class 4c5(2) property is assessed at 37.5 percent  
 15.25 if more than 50 percent of the lots in the park are occupied by shareholders in the cooperative  
 15.26 corporation or association, or 50 percent if 50 percent or less of the lots are so occupied.

15.27 ~~(6)~~ (i) Class 4c6 is real property that is actively and exclusively devoted to indoor fitness,  
 15.28 health, social, recreational, and related uses, is owned and operated by a not-for-profit  
 15.29 corporation, and is located within the metropolitan area as defined in section 473.121,  
 15.30 subdivision 2; Class 4c6 is assessed at 62.5 percent of market value.

15.31 ~~(7)a~~ (j) Class 4c7 is leased or privately owned noncommercial aircraft storage ~~hangar~~  
 15.32 hangars not exempt under section 272.01, subdivision 2, and the land on which ~~it is~~ they  
 15.33 are located, provided that:

16.1 ~~(i)~~ (1) the land is on an airport owned or operated by a city, town, county, Metropolitan  
 16.2 Airports Commission, or group thereof; and

16.3 ~~(ii)~~ (2) the land lease, or any ordinance or signed agreement restricting the use of the  
 16.4 leased premise, prohibits commercial activity performed at the hangar.

16.5 If When a hangar classified under this ~~clause~~ paragraph is sold ~~after June 30, 2000~~, a  
 16.6 bill of sale must be filed by the new owner with the assessor ~~of the county where the property~~  
 16.7 ~~is located~~ within 60 days of the sale; Class 4c7 property is assessed at 75 percent of market  
 16.8 value.

16.9 ~~(8)~~ (k) Class 4c8 is privately owned noncommercial aircraft storage hangar hangars  
 16.10 not exempt under section 272.01, subdivision 2, and the land on which ~~it is~~ they are located,  
 16.11 provided that:

16.12 ~~(i)~~ (1) the land abuts a public airport; and

16.13 ~~(ii)~~ (2) the owner of the aircraft storage hangar provides the assessor with a signed  
 16.14 agreement restricting the use of the premises, prohibiting commercial use or activity  
 16.15 performed at the hangar; ~~and~~ Class 4c8 property is assessed at 75 percent of market value.

16.16 ~~(9)~~ (l) Class 4c9 is residential real estate, a portion of which is used by the owner for  
 16.17 homestead purposes, and that is also a place of lodging, if all of the following criteria are  
 16.18 met:

16.19 ~~(i)~~ (1) rooms are provided for rent to transient guests that generally stay for periods of  
 16.20 14 or fewer days;

16.21 ~~(ii)~~ (2) meals are provided to persons who rent rooms, the cost of which is incorporated  
 16.22 in the basic room rate;

16.23 ~~(iii)~~ (3) meals are not provided to the general public except for special events on fewer  
 16.24 than seven days in the calendar year preceding the year of the assessment; and

16.25 ~~(iv)~~ (4) the owner is the operator of the property.

16.26 The market value subject to ~~the 4e~~ classification under this ~~clause~~ paragraph is limited  
 16.27 to five rental units. Any rental units on the property in excess of five, must be valued and  
 16.28 assessed as class 3a. The portion of the property used for purposes of a homestead by the  
 16.29 owner must be classified as class 1a property under subdivision 22; Class 4c9 property is  
 16.30 assessed at 62.5 percent of market value.

16.31 ~~(10)~~ (m) Class 4c10 is real property up to a maximum of three acres and operated as a  
 16.32 restaurant as defined under section 157.15, subdivision 12, provided it: ~~(i)~~ (1) is located on

17.1 a lake as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and ~~(ii)~~  
 17.2 (2) is either devoted to commercial purposes for not more than 250 consecutive days, or  
 17.3 receives at least 60 percent of its annual gross receipts from business conducted during four  
 17.4 consecutive months. Gross receipts from the sale of alcoholic beverages must be included  
 17.5 in determining the property's qualification under item ~~(ii)~~ (2). The property's primary business  
 17.6 must be as a restaurant and not as a bar. Gross receipts from gift shop sales located on the  
 17.7 premises must be excluded. Owners of real property desiring ~~4e~~ classification under this  
 17.8 ~~clause~~ paragraph must submit an annual declaration to the assessor by February 1 of the  
 17.9 current assessment year, based on the property's relevant information for the preceding  
 17.10 assessment year; Class 4c10 property is assessed at 62.5 percent of market value.

17.11 ~~(11)~~ (n) Class 4c11 is lakeshore and riparian property and adjacent land, not to exceed  
 17.12 six acres, used as a marina, as defined in section 86A.20, subdivision 5, which is made  
 17.13 accessible to the public and devoted to recreational use for marina services. The marina  
 17.14 owner must annually provide evidence to the assessor that it provides services, including  
 17.15 lake or river access to the public by means of an access ramp or other facility that is either  
 17.16 located on the property of the marina or at a publicly owned site that abuts the property of  
 17.17 the marina. No more than 800 feet of lakeshore may be included in this classification.  
 17.18 Buildings used in conjunction with a marina for marina services, including but not limited  
 17.19 to buildings used to provide food and beverage services, fuel, boat repairs, or the sale of  
 17.20 bait or fishing tackle, are classified as class 3a property; and. The first \$500,000 of market  
 17.21 value of class 4c11 property is assessed at 50 percent, and the remaining market value is  
 17.22 assessed at 62.5 percent.

17.23 ~~(12)~~ (o) Class 4c12 is real and personal property devoted to noncommercial temporary  
 17.24 and seasonal residential occupancy for recreation purposes. The first \$500,000 of market  
 17.25 value of class 4c12 property is assessed at 50 percent, and the remaining market value is  
 17.26 assessed at 62.5 percent.

17.27 ~~Class 4e property has a classification rate of 1.5 percent of market value, except that (i)~~  
 17.28 ~~each parcel of noncommercial seasonal residential recreational property under clause (12)~~  
 17.29 ~~has the same classification rates as class 4bb property, (ii) manufactured home parks assessed~~  
 17.30 ~~under clause (5), item (i), have the same classification rate as class 4b property, and the~~  
 17.31 ~~market value of manufactured home parks assessed under clause (5), item (ii), has a~~  
 17.32 ~~classification rate of 0.75 percent if more than 50 percent of the lots in the park are occupied~~  
 17.33 ~~by shareholders in the cooperative corporation or association and a classification rate of~~  
 17.34 ~~one percent if 50 percent or less of the lots are so occupied, (iii) commercial-use seasonal~~  
 17.35 ~~residential recreational property and marina recreational land as described in clause (11);~~

18.1 ~~has a classification rate of one percent for the first \$500,000 of market value, and 1.25~~  
 18.2 ~~percent for the remaining market value, (iv) the market value of property described in clause~~  
 18.3 ~~(4) has a classification rate of one percent, (v) the market value of property described in~~  
 18.4 ~~clauses (2), (6), and (10) has a classification rate of 1.25 percent, and (vi) that portion of~~  
 18.5 ~~the market value of property in clause (9) qualifying for class 4c property has a classification~~  
 18.6 ~~rate of 1.25 percent.~~

18.7 ~~(e)~~ (p) Class 4d property is qualifying low-income rental housing certified to the assessor  
 18.8 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of  
 18.9 the units in the building qualify as low-income rental housing units as certified under section  
 18.10 273.128, subdivision 3, only the proportion of qualifying units to the total number of units  
 18.11 in the building qualify for class 4d. The remaining portion of the building shall be classified  
 18.12 by the assessor based upon its use. Class 4d also includes the same proportion of land as  
 18.13 the qualifying low-income rental housing units are to the total units in the building. For all  
 18.14 properties qualifying as class 4d, the market value determined by the assessor must be based  
 18.15 on the normal approach to value using normal unrestricted rents.

18.16 ~~(f)~~ (q) The first tier of market value of class 4d property ~~has a classification rate of 0.75~~  
 18.17 ~~is assessed at 37.5 percent.~~ The remaining value of class 4d property ~~has a classification~~  
 18.18 ~~rate of 0.25~~ is assessed at 12.5 percent. For the purposes of this paragraph, the "first tier of  
 18.19 market value of class 4d property" means the market value of each housing unit up to the  
 18.20 first tier limit. For the purposes of this paragraph, all class 4d property value must be assigned  
 18.21 to individual housing units. The first tier limit is \$100,000 for assessment year 2014. For  
 18.22 subsequent years, the limit is adjusted each year by the average statewide change in estimated  
 18.23 market value of property classified as class 4a and 4d under this section for the previous  
 18.24 assessment year, excluding valuation change due to new construction, rounded to the nearest  
 18.25 \$1,000, provided, however, that the limit may never be less than \$100,000. Beginning with  
 18.26 assessment year 2015, the commissioner of revenue must certify the limit for each assessment  
 18.27 year by November 1 of the previous year.

18.28 Sec. 7. Minnesota Statutes 2016, section 275.08, subdivision 1, is amended to read:

18.29 Subdivision 1. **Generally.** The rate ~~percent~~ of all taxes, except the state tax and taxes  
 18.30 the rate of which may be fixed by law, shall be calculated and fixed by the county auditor  
 18.31 and denominated in mills according to the limitations in this chapter hereinafter prescribed;  
 18.32 provided, that if any county, city, town, or school district shall return a greater amount than  
 18.33 the prescribed rates will raise, the auditor shall extend only such amount of tax as the limited  
 18.34 rate will produce.

19.1 Sec. 8. Minnesota Statutes 2016, section 275.08, subdivision 1a, is amended to read:

19.2 Subd. 1a. **Computation of ~~tax capacity~~ assessed value.** The county auditor shall  
 19.3 compute the ~~net tax capacity~~ assessed value for each parcel of property according to the  
 19.4 ~~classification rates~~ assessment ratios specified in section 273.13. The ~~net tax capacity will~~  
 19.5 ~~be assessed value is~~ the appropriate ~~classification rate~~ assessment ratio multiplied by the  
 19.6 parcel's taxable market value.

19.7 Sec. 9. **REVISOR'S INSTRUCTION.**

19.8 The revisor of statutes shall change the terms "net tax capacity" and "tax capacity" to  
 19.9 "assessed value" wherever the terms appear in Minnesota Statutes. The revisor of statutes  
 19.10 shall change the terms "net tax capacities" and "tax capacities" to "assessed values" wherever  
 19.11 the terms appear in Minnesota Statutes.

19.12 Sec. 10. **EFFECTIVE DATE.**

19.13 Sections 1 to 9 are effective beginning with assessment year 2018 for taxes payable in  
 19.14 2019.

## 19.15 ARTICLE 2

### 19.16 CONVERSIONS

19.17 Section 1. Minnesota Statutes 2016, section 122A.415, subdivision 5, is amended to read:

19.18 Subd. 5. **Alternative teacher compensation levy.** The alternative teacher compensation  
 19.19 levy for a district receiving basic alternative teacher compensation aid equals the product  
 19.20 of (1) the difference between the district's alternative teacher compensation revenue and  
 19.21 the district's basic alternative teacher compensation aid, times (2) the lesser of one or the  
 19.22 ratio of the district's adjusted ~~net tax capacity~~ assessed value per adjusted pupil unit to ~~\$6,100~~  
 19.23 \$30,500.

19.24 Sec. 2. Minnesota Statutes 2016, section 123B.53, subdivision 4, is amended to read:

19.25 Subd. 4. **Debt service equalization revenue.** (a) The debt service equalization revenue  
 19.26 of a district equals the sum of the first tier debt service equalization revenue and the second  
 19.27 tier debt service equalization revenue.

19.28 (b) The first tier debt service equalization revenue of a district equals the greater of zero  
 19.29 or the eligible debt service revenue minus the amount raised by a levy of ~~15.74 percent~~

20.1 3.158 mills times the adjusted ~~net tax capacity~~ assessed value of the district minus the second  
 20.2 tier debt service equalization revenue of the district.

20.3 (c) The second tier debt service equalization revenue of a district equals the greater of  
 20.4 zero or the eligible debt service revenue, minus the amount raised by a levy of ~~26.24 percent~~  
 20.5 5.24 mills times the adjusted ~~net tax capacity~~ assessed value of the district.

20.6 Sec. 3. Minnesota Statutes 2016, section 123B.63, subdivision 3, is amended to read:

20.7 Subd. 3. **Capital project levy referendum.** (a) A district may levy the local tax rate  
 20.8 approved by a majority of the electors voting on the question to provide funds for an approved  
 20.9 project. The election must take place no more than five years before the estimated date of  
 20.10 commencement of the project. The referendum must be held on a date set by the board. A  
 20.11 district must meet the requirements of section 123B.71 for projects funded under this section.  
 20.12 If a review and comment is required under section 123B.71, subdivision 8, a referendum  
 20.13 for a project not receiving a positive review and comment by the commissioner must be  
 20.14 approved by at least 60 percent of the voters at the election.

20.15 (b) The referendum may be called by the school board and may be held:

20.16 (1) separately, before an election for the issuance of obligations for the project under  
 20.17 chapter 475; or

20.18 (2) in conjunction with an election for the issuance of obligations for the project under  
 20.19 chapter 475; or

20.20 (3) notwithstanding section 475.59, as a conjunctive question authorizing both the capital  
 20.21 project levy and the issuance of obligations for the project under chapter 475. Any obligations  
 20.22 authorized for a project may be issued within five years of the date of the election.

20.23 (c) The ballot must provide a general description of the proposed project, state the  
 20.24 estimated total cost of the project, state whether the project has received a positive or negative  
 20.25 review and comment from the commissioner, state the maximum amount of the capital  
 20.26 project levy as a ~~percentage of net tax capacity~~ mill rate, state the amount that will be raised  
 20.27 by that local tax rate in the first year it is to be levied, and state the maximum number of  
 20.28 years that the levy authorization will apply.

20.29 The ballot must contain a textual portion with the information required in this section  
 20.30 and a question stating substantially the following:

20.31 "Shall the capital project levy proposed by the board of ..... School District No. ....  
 20.32 be approved?"

21.1 If approved, the amount provided by the approved local tax rate applied to the ~~net tax~~  
 21.2 ~~capacity~~ assessed value for the year preceding the year the levy is certified may be certified  
 21.3 for the number of years, not to exceed ten, approved.

21.4 (d) If the district proposes a new capital project to begin at the time the existing capital  
 21.5 project expires and at the same maximum tax rate, the general description on the ballot may  
 21.6 state that the capital project levy is being renewed and that the tax rate is not being increased  
 21.7 from the previous year's rate. An election to renew authority under this paragraph may be  
 21.8 called at any time that is otherwise authorized by this subdivision. The ballot notice required  
 21.9 under section 275.60 may be modified to read:

21.10 "BY VOTING YES ON THIS BALLOT QUESTION, YOU ARE VOTING TO RENEW  
 21.11 AN EXISTING CAPITAL PROJECTS REFERENDUM THAT IS SCHEDULED TO  
 21.12 EXPIRE."

21.13 (e) In the event a conjunctive question proposes to authorize both the capital project  
 21.14 levy and the issuance of obligations for the project, appropriate language authorizing the  
 21.15 issuance of obligations must also be included in the question.

21.16 (f) The district must notify the commissioner of the results of the referendum.

21.17 Sec. 4. Minnesota Statutes 2016, section 124D.135, subdivision 6a, is amended to read:

21.18 Subd. 6a. **Home visiting levy.** To obtain home visiting revenue, a district may levy an  
 21.19 amount not more than the product of its home visiting revenue for the fiscal year times the  
 21.20 lesser of one or the ratio of its adjusted ~~net tax capacity~~ assessed value per adjusted pupil  
 21.21 unit to the home visiting equalizing factor. The home visiting equalizing factor equals  
 21.22 ~~\$17,250~~ \$862,500 for fiscal year 2018 and later.

21.23 Sec. 5. Minnesota Statutes 2016, section 124D.20, subdivision 5, is amended to read:

21.24 Subd. 5. **Total community education levy.** To obtain total community education revenue,  
 21.25 a district may levy the amount raised by a maximum tax rate of ~~0.94 percent~~ 0.188 mills  
 21.26 times the adjusted ~~net tax capacity~~ assessed value of the district. If the amount of the total  
 21.27 community education levy would exceed the total community education revenue, the total  
 21.28 community education levy shall be determined according to subdivision 6.

21.29 Sec. 6. Minnesota Statutes 2016, section 126C.01, subdivision 3, is amended to read:

21.30 Subd. 3. **Referendum market value.** "Referendum market value" means the market  
 21.31 value of all taxable property, excluding property classified as class 2, ~~4e(4)~~ 4c4, or ~~4e(12)~~.

22.1 ~~4c12~~ under section 273.13. The portion of class 2a property consisting of the house, garage,  
 22.2 and surrounding one acre of land of an agricultural homestead is included in referendum  
 22.3 market value. For the purposes of this subdivision, in the case of class 1a, 1b, or 2a property,  
 22.4 "market value" means the value prior to the exclusion under section 273.13, subdivision  
 22.5 35. Any class of property, or any portion of a class of property, that is included in the  
 22.6 definition of referendum market value and that has a ~~classification rate~~ an assessment ratio  
 22.7 of less than ~~one~~ 50 percent under section 273.13 shall have a referendum market value equal  
 22.8 to ~~its market value~~ two times its ~~classification rate~~, ~~multiplied by 100~~ assessed value.

22.9 Sec. 7. Minnesota Statutes 2016, section 126C.10, subdivision 13a, is amended to read:

22.10 Subd. 13a. **Operating capital levy.** To obtain operating capital revenue, a district may  
 22.11 levy an amount not more than the product of its operating capital revenue for the fiscal year  
 22.12 times the lesser of one or the ratio of its adjusted ~~net tax capacity~~ assessed value per adjusted  
 22.13 pupil unit to the operating capital equalizing factor. The operating capital equalizing factor  
 22.14 equals ~~\$15,740~~ \$787,000 for fiscal year 2017, ~~\$19,972~~ \$998,600 for fiscal year 2018, and  
 22.15 ~~\$22,912~~ \$1,145,600 for fiscal year 2019 and later.

22.16 Sec. 8. Minnesota Statutes 2016, section 126C.13, subdivision 3a, is amended to read:

22.17 Subd. 3a. **Student achievement rate.** The commissioner must establish the student  
 22.18 achievement rate by September 30 of each year for levies payable in the following year.  
 22.19 The student achievement rate must be a rate, rounded up to the nearest ~~hundredth~~ thousandth  
 22.20 of a ~~percent~~ mill, that, when applied to the adjusted ~~net tax capacity~~ assessed value for all  
 22.21 districts, raises the amount specified in this subdivision. The student achievement rate must  
 22.22 be the rate that raises \$20,000,000 for fiscal year 2015, 2016, and 2017 and \$10,000,000  
 22.23 for fiscal year 2018. The student achievement rate may not be changed due to changes or  
 22.24 corrections made to a district's adjusted ~~net tax capacity~~ assessed value after the rate has  
 22.25 been established.

22.26 Sec. 9. Minnesota Statutes 2016, section 126C.41, subdivision 4, is amended to read:

22.27 Subd. 4. **Minneapolis health insurance subsidy.** Each year Special School District No.  
 22.28 1, Minneapolis, may make an additional levy not to exceed the amount raised by a net tax  
 22.29 rate of ~~10 percent~~ .02 mills times the adjusted ~~net tax capacity for taxes payable in 1991~~  
 22.30 ~~and thereafter of the property in~~ assessed value of the district for the preceding year. The  
 22.31 proceeds may be used only to subsidize health insurance costs for eligible teachers as  
 22.32 provided in this section.

23.1 "Eligible teacher" means a retired teacher who is a retired member of the Teachers  
 23.2 Retirement Association, who was a basic member of the former Minneapolis Teachers  
 23.3 Retirement Fund Association, who retired before May 1, 1974, or who had 20 or more years  
 23.4 of basic member service in the former Minneapolis Teachers Retirement Fund Association  
 23.5 and retired before June 30, 1983, and who is not eligible to receive the hospital insurance  
 23.6 benefits of the federal Medicare program of the Social Security Act without payment of a  
 23.7 monthly premium. The district must notify eligible teachers that a subsidy is available. To  
 23.8 obtain a subsidy, an eligible teacher must submit to the school district a copy of receipts  
 23.9 for health insurance premiums paid. The district must disburse the health insurance premium  
 23.10 subsidy to each eligible teacher according to a schedule determined by the district, but at  
 23.11 least annually. An eligible teacher may receive a subsidy up to an amount equal to the lesser  
 23.12 of 90 percent of the cost of the eligible teacher's health insurance or up to 90 percent of the  
 23.13 cost of the number two qualified plan of health coverage for individual policies made  
 23.14 available by the Minnesota comprehensive health association under chapter 62E.

23.15 If funds remaining from the previous year's health insurance subsidy levy, minus the  
 23.16 previous year's required subsidy amount, are sufficient to pay the estimated current year  
 23.17 subsidy, the levy must be discontinued until the remaining funds are estimated by the school  
 23.18 board to be insufficient to pay the subsidy.

23.19 This subdivision does not extend benefits to teachers who retire after June 30, 1983, and  
 23.20 does not create a contractual right or claim for altering the benefits in this subdivision. This  
 23.21 subdivision does not restrict the district's right to modify or terminate coverage under this  
 23.22 subdivision.

23.23 Sec. 10. Minnesota Statutes 2016, section 126C.41, subdivision 5, is amended to read:

23.24 Subd. 5. **St. Paul severance levy.** The school board of Independent School District No.  
 23.25 625, St. Paul, for the purpose of providing moneys for the payment of its severance pay  
 23.26 obligations under a plan approved by resolution of the district, in addition to all other powers  
 23.27 possessed by the school district and in addition to and in excess of any existing limitation  
 23.28 upon the amount it is otherwise authorized by law to levy as taxes, is authorized to levy  
 23.29 taxes annually not exceeding in any one year an amount equal to a ~~net tax capacity~~ rate of  
 23.30 ~~0.36 percent for taxes payable in 2002 and thereafter~~ .072 mills upon the assessed value of  
 23.31 all taxable property within the school district which taxes as levied shall be spread upon the  
 23.32 tax rolls, and all corrections thereof shall be held by the school district, and allocated therefor  
 23.33 to be disbursed and expended by the school district in payment of any public school severance  
 23.34 pay obligations and for no other purpose. Disbursements and expenditures previously

24.1 authorized on behalf of the school district for payment of severance pay obligations shall  
 24.2 not be deemed to constitute any part of the cost of the operation and maintenance of the  
 24.3 school district within the meaning of any statutory limitation of any school district  
 24.4 expenditures.

24.5 The amount of such severance pay allowable or to become payable in respect of any  
 24.6 such employment or to any such employee shall not exceed the amount permitted by section  
 24.7 465.72.

24.8 Sec. 11. Minnesota Statutes 2016, section 126C.63, subdivision 8, is amended to read:

24.9 Subd. 8. **Maximum effort debt service levy.** (a) "Maximum effort debt service levy"  
 24.10 means the lesser of:

24.11 (1) a levy in whichever of the following amounts is applicable:

24.12 (i) in any district receiving a debt service loan for a debt service levy payable in 2002  
 24.13 and thereafter, or granted a capital loan after January 1, 2002, a levy in total dollar amount  
 24.14 computed at a rate of ~~33.59 percent of~~ 6.718 mills times adjusted net tax capacity assessed  
 24.15 value for taxes payable in 2002 and thereafter;

24.16 (ii) in any district receiving a debt service loan for a debt service levy payable in 2001  
 24.17 or earlier, or granted a capital loan before January 2, 2002, a levy in a total dollar amount  
 24.18 computed at a rate of ~~29.39 percent of~~ 5.878 mills times adjusted net tax capacity assessed  
 24.19 value for taxes payable in 2002 and thereafter; or

24.20 (2) a levy in any district for which a capital loan was approved prior to August 1, 1981,  
 24.21 a levy in a total dollar amount equal to the sum of the amount of the required debt service  
 24.22 levy and an amount which when levied annually will in the opinion of the commissioner  
 24.23 be sufficient to retire the remaining interest and principal on any outstanding loans from  
 24.24 the state within 30 years of the original date when the capital loan was granted.

24.25 (b) The board in any district affected by the provisions of paragraph (a), clause (2), may  
 24.26 elect instead to determine the amount of its levy according to the provisions of paragraph  
 24.27 (a), clause (1). If a district's capital loan is not paid within 30 years because it elects to  
 24.28 determine the amount of its levy according to the provisions of paragraph (a), clause (2),  
 24.29 the liability of the district for the amount of the difference between the amount it levied  
 24.30 under paragraph (a), clause (2), and the amount it would have levied under paragraph (a),  
 24.31 clause (1), and for interest on the amount of that difference, must not be satisfied and  
 24.32 discharged pursuant to Minnesota Statutes 1988, or an earlier edition of Minnesota Statutes  
 24.33 if applicable, section 124.43, subdivision 4.

25.1 Sec. 12. Minnesota Statutes 2016, section 126C.69, subdivision 2, is amended to read:

25.2 Subd. 2. **Capital loans eligibility.** Beginning July 1, 1999, a district is not eligible for  
 25.3 a capital loan unless the district's estimated net debt tax rate as computed by the commissioner  
 25.4 after debt service equalization aid would be more than ~~41.98 percent of~~ 8.396 mills times  
 25.5 ~~adjusted net tax capacity~~ assessed value. The estimate must assume a 20-year maturity  
 25.6 schedule for new debt.

25.7 Sec. 13. Minnesota Statutes 2016, section 126C.69, subdivision 9, is amended to read:

25.8 Subd. 9. **Loan amount limits.** (a) A loan must not be recommended for approval for a  
 25.9 district exceeding an amount computed as follows:

25.10 (1) the amount requested by the district under subdivision 6;

25.11 (2) plus the aggregate principal amount of general obligation bonds of the district  
 25.12 outstanding on June 30 of the year following the year the application was received, not  
 25.13 exceeding the limitation on net debt of the district in section 475.53, subdivision 4, or 637  
 25.14 percent of its adjusted net tax capacity as most recently determined, whichever is less;

25.15 (3) less the maximum net debt permissible for the district on December 1 of the year  
 25.16 the application is received, under the limitation in section 475.53, subdivision 4, or ~~637~~  
 25.17 ~~percent of~~ 127.4 mills times its adjusted net tax capacity assessed value as most recently  
 25.18 determined, whichever is less;

25.19 (4) less any amount by which the amount voted exceeds the total cost of the facilities  
 25.20 for which the loan is granted.

25.21 (b) The loan may be approved in an amount computed as provided in paragraph (a),  
 25.22 clauses (1) to (3), subject to later reduction according to paragraph (a), clause (4).

25.23 Sec. 14. Minnesota Statutes 2016, section 128D.11, subdivision 3, is amended to read:

25.24 Subd. 3. **No election.** Subject to the provisions of subdivisions 7 to 10, the school district  
 25.25 may also by a two-thirds majority vote of all the members of its board of education and  
 25.26 without any election by the voters of the district, issue and sell in each calendar year general  
 25.27 obligation bonds of the district in an amount not to exceed ~~5-1/10 percent of~~ 1.02 mills  
 25.28 times the net tax capacity assessed value of the taxable property in the district (plus, ~~for~~  
 25.29 ~~calendar years 1990 to 2003, an amount not to exceed \$7,500,000, and for calendar year~~  
 25.30 ~~2004 and later, an amount not to exceed \$15,000,000; with an additional provision that any~~  
 25.31 amount of bonds so authorized for sale in a specific year and not sold can be carried forward  
 25.32 and sold in the year immediately following).

26.1 Sec. 15. Minnesota Statutes 2016, section 128D.11, subdivision 8, is amended to read:

26.2 Subd. 8. **Net debt limit.** The school district shall not be subject to a net debt in excess  
 26.3 of ~~144 percent of~~ 28.8 mills times the net tax capacity assessed value of all taxable property  
 26.4 therein.

26.5 Sec. 16. Minnesota Statutes 2016, section 134.34, subdivision 1, is amended to read:

26.6 Subdivision 1. **Local support levels.** (a) Regional library basic system support aid shall  
 26.7 be provided to any regional public library system where there are at least three participating  
 26.8 counties and where each participating city and county is providing for public library service  
 26.9 support the lesser of (a) an amount equivalent to .82 percent of the average of the adjusted  
 26.10 ~~net tax capacity~~ assessed value of the taxable property of that city or county, as determined  
 26.11 by the commissioner of revenue for the second, third, and fourth year preceding that calendar  
 26.12 year or (b) a per capita amount calculated under the provisions of this subdivision. The per  
 26.13 capita amount is established for calendar year 1993 as ~~\$7.62~~ \$381. In succeeding calendar  
 26.14 years, the per capita amount shall be increased by a percentage equal to one-half of the  
 26.15 percentage by which the total state adjusted net tax capacity of property as determined by  
 26.16 the commissioner of revenue for the second year preceding that calendar year increases  
 26.17 over that total adjusted net tax capacity for the third year preceding that calendar year.

26.18 (b) The minimum level of support specified under this subdivision or subdivision 4 shall  
 26.19 be certified annually to the participating cities and counties by the Department of Education.  
 26.20 If a city or county chooses to reduce its local support in accordance with subdivision 4,  
 26.21 paragraph (b) or (c), it shall notify its regional public library system. The regional public  
 26.22 library system shall notify the Department of Education that a revised certification is required.  
 26.23 The revised minimum level of support shall be certified to the city or county by the  
 26.24 Department of Education.

26.25 (c) A city which is a part of a regional public library system shall not be required to  
 26.26 provide this level of support if the property of that city is already taxable by the county for  
 26.27 the support of that regional public library system. In no event shall the Department of  
 26.28 Education require any city or county to provide a higher level of support than the level of  
 26.29 support specified in this section in order for a system to qualify for regional library basic  
 26.30 system support aid. This section shall not be construed to prohibit a city or county from  
 26.31 providing a higher level of support for public libraries than the level of support specified  
 26.32 in this section.

27.1 Sec. 17. Minnesota Statutes 2016, section 134.355, subdivision 6, is amended to read:

27.2 Subd. 6. **Adjusted ~~net tax capacity~~ assessed value per capita distribution.** Twenty-five  
 27.3 percent of the available aid funds shall be distributed to regional public library systems  
 27.4 based upon the adjusted ~~net tax capacity~~ assessed value per capita for each member county  
 27.5 or participating portion of a county as calculated for the second year preceding the fiscal  
 27.6 year for which aid is provided. Each system's entitlement shall be calculated as follows:

27.7 (a) Multiply the adjusted ~~net tax capacity~~ assessed value per capita for each county or  
 27.8 participating portion of a county by .0082.

27.9 (b) Add sufficient aid funds that are available under this subdivision to raise the amount  
 27.10 of the county or participating portion of a county with the lowest value calculated according  
 27.11 to paragraph (a) to the amount of the county or participating portion of a county with the  
 27.12 next highest value calculated according to paragraph (a). Multiply the amount of the  
 27.13 additional aid funds by the population of the county or participating portion of a county.

27.14 (c) Continue the process described in paragraph (b) by adding sufficient aid funds that  
 27.15 are available under this subdivision to the amount of a county or participating portion of a  
 27.16 county with the next highest value calculated in paragraph (a) to raise it and the amount of  
 27.17 counties and participating portions of counties with lower values calculated in paragraph  
 27.18 (a) up to the amount of the county or participating portion of a county with the next highest  
 27.19 value, until reaching an amount where funds available under this subdivision are no longer  
 27.20 sufficient to raise the amount of a county or participating portion of a county and the amount  
 27.21 of counties and participating portions of counties with lower values up to the amount of the  
 27.22 next highest county or participating portion of a county.

27.23 (d) If the point is reached using the process in paragraphs (b) and (c) at which the  
 27.24 remaining aid funds under this subdivision are not adequate for raising the amount of a  
 27.25 county or participating portion of a county and all counties and participating portions of  
 27.26 counties with amounts of lower value to the amount of the county or participating portion  
 27.27 of a county with the next highest value, those funds are to be divided on a per capita basis  
 27.28 for all counties or participating portions of counties that received aid funds under the  
 27.29 calculation in paragraphs (b) and (c).

27.30 Sec. 18. Minnesota Statutes 2016, section 161.082, subdivision 2a, is amended to read:

27.31 Subd. 2a. **Town bridges and culverts; town road account.** (a) Money in the town  
 27.32 bridge account must be expended on town road bridge structures that are ten feet or more  
 27.33 in length and on town road culverts that replace existing town road bridges. In addition, if

28.1 the present bridge structure is less than ten feet in length but a hydrological survey indicates  
 28.2 that the replacement bridge structure or culvert must be ten feet or more in length, then the  
 28.3 bridge or culvert is eligible for replacement funds.

28.4 (b) The town bridge account may be used to pay the costs to abandon an existing bridge  
 28.5 that is deficient and in need of replacement, but where no replacement will be made. It may  
 28.6 also be used to pay the costs to construct a road or street to facilitate the abandonment of  
 28.7 an existing bridge determined by the commissioner to be deficient, if the commissioner  
 28.8 determines that construction of the road or street is more cost-efficient than replacing the  
 28.9 existing bridge.

28.10 (c) When bridge approach construction work exceeds \$10,000 in costs, or when the  
 28.11 county engineer determines that the cost of the replacement culverts alone will not exceed  
 28.12 \$20,000, or engineering costs exceed \$10,000, the town shall be eligible for financial  
 28.13 assistance from the town bridge account. Financial assistance shall be requested by resolution  
 28.14 of the county board and shall be limited to:

28.15 (1) 100 percent of the cost of the bridge approach work that is in excess of \$10,000;

28.16 (2) 100 percent of the cost of the replacement culverts when the cost does not exceed  
 28.17 \$20,000 and the town board agrees to be responsible for all the other costs, which may  
 28.18 include costs for structural removal, installation, and permitting. The replacement structure  
 28.19 design and costs shall be approved and certified by the county engineer, but need not be  
 28.20 subsequently approved by the Department of Transportation; or

28.21 (3) 100 percent of all related engineering costs that exceed \$10,000, or in the case of  
 28.22 towns with a ~~net tax capacity~~ an assessed value of less than ~~\$300,000~~ \$15,000,000, 100  
 28.23 percent of the engineering costs.

28.24 (d) Money in the town road account must be distributed as provided in section 162.081.

28.25 Sec. 19. Minnesota Statutes 2016, section 270C.921, is amended to read:

28.26 **270C.921 MUNICIPALITY MAY BE PARTY TO TAX HEARING.**

28.27 Any city, town, school district, or county (all of which governmental subdivisions shall  
 28.28 be embraced in the word "municipality" as used in sections 270C.921 to 270C.928) may  
 28.29 appear at and become a party to any proceedings before the commissioner under section  
 28.30 270C.92 held for the purpose of equalizing or assessing any real or personal property in the  
 28.31 municipality, or reducing the ~~net tax capacity~~ assessed value of any such property. For that  
 28.32 purpose the municipality may employ counsel and disburse money for other expenses in  
 28.33 connection with the proceedings, on duly itemized, verified claims, which shall be audited

29.1 and allowed as now provided by law for the allowance of claims against a municipality. It  
 29.2 shall be the duty of the commissioner, at the time of a hearing, to grant the municipality, at  
 29.3 its request, any further reasonable time as may be necessary for the municipality to prepare  
 29.4 for further hearing. Before granting any reduction in ~~net tax capacity~~ estimated market value  
 29.5 exceeding \$100,000, it shall be the duty of the commissioner, when any taxpayer or property  
 29.6 owner has applied to the commissioner after June 30, 1983, for a reduction of the ~~net tax~~  
 29.7 ~~capacity~~ estimated market value of any real or personal property in an amount exceeding  
 29.8 \$100,000, to give written notice to the officials of the municipality where the property is  
 29.9 located and to permit the municipality to have reasonable opportunity to be heard at any  
 29.10 proceedings concerning such reduction.

29.11 Sec. 20. Minnesota Statutes 2016, section 273.1325, subdivision 1, is amended to read:

29.12 Subdivision 1. **Computation.** The Department of Revenue must annually conduct an  
 29.13 assessment/sales ratio study of the taxable property in each county, city, town, and school  
 29.14 district in accordance with the procedures in subdivisions 2 and 3. Based upon the results  
 29.15 of this assessment/sales ratio study, the Department of Revenue must determine an equalized  
 29.16 ~~net tax capacity~~ assessed value for the various classes of taxable property in each taxing  
 29.17 district, the aggregate of which is designated as the adjusted ~~net tax capacity~~ assessed value.  
 29.18 The adjusted ~~net tax capacity~~ assessed value must be reduced by the captured ~~tax capacity~~  
 29.19 assessed value of tax increment districts under section 469.177, subdivision 2, fiscal  
 29.20 disparities contribution ~~tax capacities~~ assessed values under sections 276A.06 and 473F.08,  
 29.21 and the ~~tax capacity~~ assessed value of transmission lines required to be subtracted from the  
 29.22 local tax base under section 273.425; and increased by fiscal disparities distribution ~~tax~~  
 29.23 ~~capacities~~ assessed values under sections 276A.06 and 473F.08. The adjusted ~~net tax~~  
 29.24 ~~capacities~~ assessed values shall be determined using the ~~net tax capacity percentages~~  
 29.25 assessment ratios in effect for the assessment year following the assessment year of the  
 29.26 study. The Department of Revenue must make whatever estimates are necessary to account  
 29.27 for changes in the classification system. The Department of Revenue may incur the expense  
 29.28 necessary to make the determinations. The commissioner of revenue may reimburse any  
 29.29 county or governmental official for requested services performed in ascertaining the adjusted  
 29.30 ~~net tax capacity~~ assessed value. On or before March 15 annually, the Department of Revenue  
 29.31 shall file with the chair of the Tax Committee of the house of representatives and the chair  
 29.32 of the Committee on Taxes and Tax laws of the senate a report of adjusted ~~net tax capacities~~  
 29.33 assessed values for school districts. On or before June 30 annually, the Department of  
 29.34 Revenue shall file its final report on the adjusted ~~net tax capacities~~ assessed values for school  
 29.35 districts established by the previous year's assessments and the current year's ~~net tax capacity~~

30.1 ~~percentages~~ assessment ratios with the commissioner of education and each county auditor  
 30.2 for those school districts for which the auditor has the responsibility for determination of  
 30.3 local tax rates. A copy of the report so filed shall be mailed to the clerk of each school  
 30.4 district involved and to the county assessor or supervisor of assessments of the county or  
 30.5 counties in which each school district is located.

30.6 Sec. 21. Minnesota Statutes 2016, section 275.08, subdivision 1d, is amended to read:

30.7 Subd. 1d. **Additional adjustment.** If, after computing each local government's adjusted  
 30.8 local tax rate within a unique taxing jurisdiction pursuant to subdivision 1c, the auditor finds  
 30.9 that the total adjusted local tax rate of all local governments combined is ~~90 percent of net~~  
 30.10 ~~tax capacity~~ less than 18 mills, the auditor shall increase each local government's adjusted  
 30.11 local tax rate proportionately so the total adjusted local tax rate of all local governments  
 30.12 combined equals ~~90 percent~~ 18 mills. The total amount of the increase in tax resulting from  
 30.13 the increased local tax rates must not exceed the amount of disparity aid allocated to the  
 30.14 unique taxing district under section 273.1398. The auditor shall certify to the Department  
 30.15 of Revenue the difference between the disparity aid originally allocated under section  
 30.16 273.1398, subdivision 3, and the amount necessary to reduce the total adjusted local tax  
 30.17 rate of all local governments combined to ~~90 percent~~ 18 mills. Each local government's  
 30.18 disparity reduction aid payment under section 273.1398, subdivision 6, must be reduced  
 30.19 accordingly.

30.20 Sec. 22. Minnesota Statutes 2016, section 275.28, subdivision 1, is amended to read:

30.21 Subdivision 1. **Auditor to make.** The county auditor shall make out the tax lists according  
 30.22 to the prescribed form, and to correspond with the assessment districts. The rate ~~percent~~  
 30.23 necessary to raise the required amount of the various taxes shall be calculated on the ~~net~~  
 30.24 ~~tax capacity of property~~ assessed value as determined by the state Board of Equalization,  
 30.25 but, in calculating such rates, no rate shall be used resulting in a fraction other than a decimal  
 30.26 fraction, or less than a ~~gross local tax rate of .01 percent~~ or a net local tax rate of ~~.01 percent~~  
 30.27 .002 mills; and, in extending any tax, whenever it amounts to the fractional part of a cent,  
 30.28 it shall be made one cent. The tax lists shall also be made out to correspond with the  
 30.29 assessment books in reference to ownership and description of property, with columns for  
 30.30 the valuation and for the various items of tax included in the total amount of all taxes set  
 30.31 down opposite each description. The auditor shall enter both the state tax determined under  
 30.32 sections 275.02 and 275.025, and the local tax determined under section 275.08, on the tax  
 30.33 lists. The total ad valorem property tax for each description of property before credits is the  
 30.34 sum of the amounts of the various local taxes that apply to the parcel plus the amount of

31.1 any applicable state tax. Opposite each description which has been sold for taxes, and which  
 31.2 is subject to redemption, but not redeemed, shall be placed the words "sold for taxes." The  
 31.3 amount of all special taxes shall be entered in the proper columns, but the general taxes  
 31.4 may be shown by entering the rate ~~percent~~ of each tax at the head of the proper columns,  
 31.5 without extending the same, in which case a schedule of the rates ~~percent~~ of such taxes shall  
 31.6 be made on the first page of each tax list. If the auditor fails to enter on any such list before  
 31.7 its delivery to the treasurer any tax levied, the tax may be subsequently entered. The tax  
 31.8 lists shall be deemed completed, and all taxes extended thereon, as of January 1 annually.

31.9 Sec. 23. Minnesota Statutes 2016, section 276A.01, subdivision 15, is amended to read:

31.10 Subd. 15. ~~Net tax capacity~~ **Assessed value.** ~~"Net tax capacity"~~ "Assessed value" means  
 31.11 the taxable market value of real and personal property multiplied by ~~its net tax capacity~~  
 31.12 ~~rates~~ the appropriate assessment ratios in section 273.13.

31.13 Sec. 24. Minnesota Statutes 2016, section 276A.06, subdivision 9, is amended to read:

31.14 Subd. 9. **Fiscal disparities adjustment.** In any year in which the highest ~~classification~~  
 31.15 ~~rate~~ assessment ratio for class 3a property changes from the rate in the previous year, the  
 31.16 following adjustments shall be made to the procedures described in sections 276A.04 to  
 31.17 276A.06:

31.18 (1) An initial contribution ~~tax capacity~~ assessed value shall be determined for each  
 31.19 municipality based on the previous year's ~~classification rates~~ assessment ratios.

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

31.24 (3) Each jurisdiction's distribution levy shall be determined by applying the procedures  
 31.25 described in subdivision 3, clause (1), to the distribution ~~tax capacity~~ assessed value  
 31.26 determined pursuant to clause (2).

31.27 (4) Each municipality's final contribution ~~tax capacity~~ assessed value shall be determined  
 31.28 equal to its initial contribution ~~tax capacity~~ assessed value multiplied by the ratio of the new  
 31.29 highest ~~classification rate~~ assessment ratio for class 3a property to the previous year's highest  
 31.30 ~~classification rate~~ assessment ratio for class 3a property.

31.31 (5) For the purposes of computing education aids and any other state aids requiring the  
 31.32 addition of the fiscal disparities distribution ~~tax capacity~~ assessed value to the local ~~tax~~

32.1 ~~capacity assessed value~~, each municipality's final distribution ~~tax capacity assessed value~~  
 32.2 shall be determined equal to its initial distribution ~~tax capacity assessed value~~ multiplied  
 32.3 by the ratio of the new highest ~~classification rate~~ assessment ratio for class 3a property to  
 32.4 the previous year's highest ~~classification rate~~ assessment ratio for class 3a property.

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

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

32.10 Sec. 25. Minnesota Statutes 2016, section 298.28, subdivision 4, is amended to read:

32.11 Subd. 4. **School districts.** (a) 32.15 cents per taxable ton, plus the increase provided in  
 32.12 paragraph (d), less the amount that would have been computed under Minnesota Statutes  
 32.13 2008, section 126C.21, subdivision 4, for the current year for that district, must be allocated  
 32.14 to qualifying school districts to be distributed, based upon the certification of the  
 32.15 commissioner of revenue, under paragraphs (b), (c), and (f).

32.16 (b)(i) 3.43 cents per taxable ton must be distributed to the school districts in which the  
 32.17 lands from which taconite was mined or quarried were located or within which the  
 32.18 concentrate was produced. The distribution must be based on the apportionment formula  
 32.19 prescribed in subdivision 2.

32.20 (ii) Four cents per taxable ton from each taconite facility must be distributed to each  
 32.21 affected school district for deposit in a fund dedicated to building maintenance and repairs,  
 32.22 as follows:

32.23 (1) proceeds from Keewatin Taconite or its successor are distributed to Independent  
 32.24 School Districts Nos. 316, Coleraine, and 319, Nashwauk-Keewatin, or their successor  
 32.25 districts;

32.26 (2) proceeds from the Hibbing Taconite Company or its successor are distributed to  
 32.27 Independent School Districts Nos. 695, Chisholm, and 701, Hibbing, or their successor  
 32.28 districts;

32.29 (3) proceeds from the Mittal Steel Company and Minntac or their successors are  
 32.30 distributed to Independent School Districts Nos. 712, Mountain Iron-Buhl, 706, Virginia,  
 32.31 2711, Mesabi East, and 2154, Eveleth-Gilbert, or their successor districts;

33.1 (4) proceeds from the Northshore Mining Company or its successor are distributed to  
33.2 Independent School Districts Nos. 2142, St. Louis County, and 381, Lake Superior, or their  
33.3 successor districts; and

33.4 (5) proceeds from United Taconite or its successor are distributed to Independent School  
33.5 Districts Nos. 2142, St. Louis County, and 2154, Eveleth-Gilbert, or their successor districts.

33.6 Revenues that are required to be distributed to more than one district shall be apportioned  
33.7 according to the number of pupil units identified in section 126C.05, subdivision 1, enrolled  
33.8 in the second previous year.

33.9 (c)(i) 24.72 cents per taxable ton, less any amount distributed under paragraph (e), shall  
33.10 be distributed to a group of school districts comprised of those school districts which qualify  
33.11 as a tax relief area under section 273.134, paragraph (b), or in which there is a qualifying  
33.12 municipality as defined by section 273.134, paragraph (a), in direct proportion to school  
33.13 district indexes as follows: for each school district, its pupil units determined under section  
33.14 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted  
33.15 ~~net tax capacity~~ assessed value per pupil unit for school districts receiving aid under this  
33.16 clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending  
33.17 prior to distribution to the adjusted ~~net tax capacity~~ assessed value per pupil unit of the  
33.18 district. Each district shall receive that portion of the distribution which its index bears to  
33.19 the sum of the indices for all school districts that receive the distributions.

33.20 (ii) Notwithstanding clause (i), each school district that receives a distribution under  
33.21 sections 298.018; 298.24; and 298.25 to 298.28, exclusive of any amount received under  
33.22 this clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on  
33.23 severed mineral values after reduction for any portion distributed to cities and towns under  
33.24 section 126C.48, subdivision 8, paragraph (5), that is less than the amount of its levy  
33.25 reduction under section 126C.48, subdivision 8, for the second year prior to the year of the  
33.26 distribution shall receive a distribution equal to the difference; the amount necessary to  
33.27 make this payment shall be derived from proportionate reductions in the initial distribution  
33.28 to other school districts under clause (i). If there are insufficient tax proceeds to make the  
33.29 distribution provided under this paragraph in any year, money must be transferred from the  
33.30 taconite property tax relief account in subdivision 6, to the extent of the shortfall in the  
33.31 distribution.

33.32 (d)(1) Any school district described in paragraph (c) where a levy increase pursuant to  
33.33 section 126C.17, subdivision 9, was authorized by referendum for taxes payable in 2001,  
33.34 shall receive a distribution of 21.3 cents per ton. Each district shall receive \$175 times the

34.1 pupil units identified in section 126C.05, subdivision 1, enrolled in the second previous  
 34.2 year or the 1983-1984 school year, whichever is greater, less the product of 1.8 percent  
 34.3 times the district's taxable net tax capacity in 2011.

34.4 (2) Districts qualifying under paragraph (c) must receive additional taconite aid each  
 34.5 year equal to 22.5 percent of the amount obtained by subtracting:

34.6 (i) 1.8 percent of the district's net tax capacity for 2011, from:

34.7 (ii) the district's weighted average daily membership for fiscal year 2012, multiplied by  
 34.8 the sum of:

34.9 (A) \$415, plus

34.10 (B) the district's referendum revenue allowance for fiscal year 2013.

34.11 If the total amount provided by paragraph (d) is insufficient to make the payments herein  
 34.12 required then the entitlement of \$175 per pupil unit shall be reduced uniformly so as not to  
 34.13 exceed the funds available. Any amounts received by a qualifying school district in any  
 34.14 fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid  
 34.15 which the district receives pursuant to section 126C.13 or the permissible levies of the  
 34.16 district. Any amount remaining after the payments provided in this paragraph shall be paid  
 34.17 to the commissioner of Iron Range resources and rehabilitation who shall deposit the same  
 34.18 in the taconite environmental protection fund and the Douglas J. Johnson economic protection  
 34.19 trust fund as provided in subdivision 11.

34.20 Each district receiving money according to this paragraph shall reserve the lesser of the  
 34.21 amount received under this paragraph or \$25 times the number of pupil units served in the  
 34.22 district. It may use the money for early childhood programs.

34.23 (e) There shall be distributed to any school district the amount which the school district  
 34.24 was entitled to receive under section 298.32 in 1975.

34.25 (f) Four cents per taxable ton must be distributed to qualifying school districts according  
 34.26 to the distribution specified in paragraph (b), clause (ii), and 11 cents per taxable ton must  
 34.27 be distributed according to the distribution specified in paragraph (c). These amounts are  
 34.28 not subject to section 126C.48, subdivision 8.

34.29 Sec. 26. Minnesota Statutes 2016, section 383D.41, subdivision 7, is amended to read:

34.30 Subd. 7. **Dakota County Community Development Agency.** (a) After December 31,  
 34.31 1999, the Dakota County Housing and Redevelopment Authority shall be known as the  
 34.32 Dakota County Community Development Agency. In addition to the other powers granted

35.1 in this section, the Dakota County Community Development Agency shall have the powers  
 35.2 of an economic development authority under sections 469.090 to 469.1081 that are granted  
 35.3 to the agency by resolution adopted by the Dakota County Board of Commissioners, except  
 35.4 as provided in paragraph (b). The enabling resolution may impose the limits upon the actions  
 35.5 of the agency that are listed in paragraph (c). The agency may exercise any of the powers  
 35.6 granted to it under sections 469.001 to 469.047 and any of the powers of an economic  
 35.7 development authority granted to it by the Dakota County Board of Commissioners for the  
 35.8 purposes described in these sections.

35.9 (b) The Dakota County Community Development Agency may not levy the tax described  
 35.10 in section 469.107, but with the approval of the Dakota County Board may increase its levy  
 35.11 of the special tax described in section 469.033, subdivision 6, to an amount not exceeding  
 35.12 ~~0.01813 percent of net tax capacity~~ 0.0036 mills times assessed value, or any higher limit  
 35.13 authorized under section 469.107 or 469.033, subdivision 6.

35.14 (c) The enabling resolution may impose the limits upon the actions of the authority as  
 35.15 may be imposed by a municipality under section 469.092, except that the resolution adopted  
 35.16 under paragraph (a) may not impose any limitations on the authority's exercise of its powers  
 35.17 under sections 469.001 to 469.047.

35.18 Sec. 27. Minnesota Statutes 2016, section 469.177, subdivision 1e, is amended to read:

35.19 Subd. 1e. **Adjustments; qualifying districts.** (a) For any tax increment financing district  
 35.20 that satisfies the requirements of paragraph (b), the original ~~net tax capacity~~ assessed value  
 35.21 must be reduced by the full amount of the original ~~net tax capacity~~ assessed value or \$20,000  
 35.22 \$1,000,000, whichever is less.

35.23 (b) A tax increment financing district qualifies under this subdivision if it satisfies the  
 35.24 following conditions:

35.25 (1) the district was certified after January 1, 2011, and before January 1, 2012;

35.26 (2) for assessment year 2012, at least 75 percent of the tax capacity of the district is class  
 35.27 4d property; and

35.28 (3) for assessment year 2012, the average estimated market value is over \$115,000 per  
 35.29 housing unit for the portion of the property that is class 4d.

35.30 (c) An authority or a property owner within a tax increment financing district must notify  
 35.31 the county assessor of a district that qualifies under this subdivision by July 1, 2013.

35.32 (d) This subdivision expires on December 31, 2021.

36.1 Sec. 28. Minnesota Statutes 2016, section 473F.02, subdivision 23, is amended to read:

36.2 Subd. 23. ~~Net tax capacity~~ **Assessed value.** ~~"Net tax capacity"~~ "Assessed value" means  
36.3 the taxable market value of real and personal property multiplied by ~~its net tax capacity~~  
36.4 ~~rates~~ the appropriate assessment ratios in section 273.13.

36.5 Sec. 29. Minnesota Statutes 2016, section 473F.08, subdivision 8a, is amended to read:

36.6 Subd. 8a. **Fiscal disparities adjustment.** In any year in which the highest ~~classification~~  
36.7 ~~rate~~ assessment ratio for class 3a property changes from the ~~rate~~ ratio in the previous year,  
36.8 the following adjustments shall be made to the procedures described in sections 473F.06  
36.9 to 473F.08.

36.10 (1) An initial contribution ~~tax capacity~~ assessed value shall be determined for each  
36.11 municipality based on the previous year's ~~classification rates~~ assessment ratios.

36.12 (2) Each jurisdiction's distribution ~~tax capacity~~ assessed value shall be determined based  
36.13 upon the areawide tax base determined by summing the ~~tax capacities~~ assessed values  
36.14 computed under clause (1) for all municipalities and apportioning the resulting sum pursuant  
36.15 to section 473F.07, subdivision 5.

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

36.19 (4) Each municipality's final contribution ~~tax capacity~~ assessed value shall be determined  
36.20 equal to its initial contribution ~~tax capacity~~ assessed value multiplied by the ratio of the new  
36.21 highest ~~classification rate~~ assessment ratio for class 3a property to the previous year's highest  
36.22 ~~classification rate~~ assessment ratio for class 3a property.

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

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

37.1 (7) The final contribution ~~tax capacity~~ assessed value determined in clause (4) shall also  
37.2 be used to determine the portion of each commercial/industrial property's ~~tax capacity~~  
37.3 assessed value subject to the areawide tax rate pursuant to subdivision 6.

37.4 Sec. 30. Minnesota Statutes 2016, section 473H.10, subdivision 3, is amended to read:

37.5 Subd. 3. **Computation of tax; state reimbursement.** (a) After having determined the  
37.6 market value of all land valued according to subdivision 2, the assessor shall compute the  
37.7 ~~net tax capacity~~ assessed value of those properties by applying the appropriate ~~classification~~  
37.8 ~~rates~~ assessment ratios. When computing the rate of tax pursuant to section 275.08, the  
37.9 county auditor shall include the ~~net tax capacity~~ assessed value of land as provided in this  
37.10 paragraph.

37.11 (b) The county auditor shall compute the tax on lands valued according to subdivision  
37.12 2 and nonresidential buildings by multiplying the ~~net tax capacity~~ assessed value times the  
37.13 total local tax rate for all purposes as provided in paragraph (a).

37.14 (c) The county auditor shall then compute the tax on lands valued according to subdivision  
37.15 2 and nonresidential buildings by multiplying the ~~net tax capacity~~ assessed value times the  
37.16 total local tax rate for all purposes as provided in paragraph (a), subtracting \$1.50 per acre  
37.17 of land in the preserve.

37.18 (d) The county auditor shall then compute the maximum ad valorem property tax on  
37.19 lands valued according to subdivision 2 and nonresidential buildings by multiplying the ~~net~~  
37.20 ~~tax capacity times~~ assessed value by 105 percent of the previous year's statewide average  
37.21 local tax rate levied on property located within townships for all purposes.

37.22 (e) The tax due and payable by the owner of preserve land valued according to subdivision  
37.23 2 and nonresidential buildings will be the amount determined in paragraph (c) or (d),  
37.24 whichever is less. The state shall reimburse the taxing jurisdictions for the amount of the  
37.25 difference between the net tax determined under this paragraph and the gross tax in paragraph  
37.26 (b). Residential buildings shall continue to be valued and classified according to the  
37.27 provisions of sections 273.11 and 273.13, as they would be in the absence of this section,  
37.28 and the tax on those buildings shall not be subject to the limitation contained in this  
37.29 paragraph.

37.30 The county may transfer money from the county conservation account created in section  
37.31 40A.152 to the county revenue fund to reimburse the fund for the tax lost as a result of this  
37.32 subdivision or to pay taxing jurisdictions within the county for the tax lost. The county  
37.33 auditor shall certify to the commissioner of revenue on or before June 1 the total amount

38.1 of tax lost to the county and taxing jurisdictions located within the county as a result of this  
 38.2 subdivision and the extent that the tax lost exceeds funds available in the county conservation  
 38.3 account. Payment shall be made by the state on December 26 to each of the affected taxing  
 38.4 jurisdictions, other than school districts, in the same proportion that the ad valorem tax is  
 38.5 distributed if the county conservation account is insufficient to make the reimbursement.  
 38.6 There is annually appropriated from the Minnesota conservation fund under section 40A.151  
 38.7 to the commissioner of revenue an amount sufficient to make the reimbursement provided  
 38.8 in this subdivision. If the amount available in the Minnesota conservation fund is insufficient,  
 38.9 the balance that is needed is appropriated from the general fund.

38.10 Sec. 31. Minnesota Statutes 2016, section 477A.0124, subdivision 4, is amended to read:

38.11 Subd. 4. **County tax-base equalization aid.** (a) For 2006 and subsequent years, the  
 38.12 money appropriated to county tax-base equalization aid each calendar year, after the payment  
 38.13 under paragraph (f), shall be apportioned among the counties according to each county's  
 38.14 tax-base equalization aid factor.

38.15 (b) A county's tax-base equalization aid factor is equal to the amount by which (i) \$185  
 38.16 times the county's population, exceeds (ii) ~~9.45 percent of~~ 1.89 mills times the county's net  
 38.17 ~~tax capacity~~ adjusted assessed value.

38.18 (c) In the case of a county with a population less than 10,000, the factor determined in  
 38.19 paragraph (b) shall be multiplied by a factor of three.

38.20 (d) In the case of a county with a population greater than or equal to 10,000, but less  
 38.21 than 12,500, the factor determined in paragraph (b) shall be multiplied by a factor of two.

38.22 (e) In the case of a county with a population greater than 500,000, the factor determined  
 38.23 in paragraph (b) shall be multiplied by a factor of 0.25.

38.24 (f) Before the money appropriated to county base equalization aid is apportioned among  
 38.25 the counties as provided in paragraph (a), an amount up to \$73,259 is allocated annually to  
 38.26 Anoka County and up to \$59,664 is annually allocated to Washington County for the county  
 38.27 to pay postretirement costs of health insurance premiums for court employees. The allocation  
 38.28 under this paragraph is in addition to the allocations under paragraphs (a) to (e).

38.29 Sec. 32. **EFFECTIVE DATE.**

38.30 Sections 1 to 31 are effective beginning with assessment year 2018 for taxes payable in  
 38.31 2019.

39.1 **ARTICLE 3**

39.2 **CONFORMING CHANGES**

39.3 Section 1. Minnesota Statutes 2016, section 273.124, subdivision 3a, is amended to read:

39.4 Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home park  
39.5 is owned by a corporation or association organized under chapter 308A or 308B, and each  
39.6 person who owns a share or shares in the corporation or association is entitled to occupy a  
39.7 lot within the park, the corporation or association may claim homestead treatment for the  
39.8 park. Each lot must be designated by legal description or number, and each lot is limited to  
39.9 not more than one-half acre of land.

39.10 (b) The manufactured home park shall be entitled to homestead treatment if all of the  
39.11 following criteria are met:

39.12 (1) the occupant or the cooperative corporation or association is paying the ad valorem  
39.13 property taxes and any special assessments levied against the land and structure either  
39.14 directly, or indirectly through dues to the corporation or association; and

39.15 (2) the corporation or association organized under chapter 308A or 308B is wholly  
39.16 owned by persons having a right to occupy a lot owned by the corporation or association.

39.17 (c) A charitable corporation, organized under the laws of Minnesota with no outstanding  
39.18 stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status,  
39.19 qualifies for homestead treatment with respect to a manufactured home park if its members  
39.20 hold residential participation warrants entitling them to occupy a lot in the manufactured  
39.21 home park.

39.22 (d) "Homestead treatment" under this subdivision means the classification rate provided  
39.23 for class 4c property classified under section 273.13, subdivision 25, paragraph ~~(d)~~, ~~clause~~  
39.24 ~~(5)~~, ~~item (ii)~~ (h), clause (2). The homestead market value exclusion under section 273.13,  
39.25 subdivision 35, does not apply and the property taxes assessed against the park shall not be  
39.26 included in the determination of taxes payable for rent paid under section 290A.03.

39.27 Sec. 2. Minnesota Statutes 2016, section 276A.01, subdivision 4, is amended to read:

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

39.31 (1) class 1a, 1b, ~~and 2a property~~, limited to the homestead dwelling, a garage, and the  
39.32 one acre of land on which the dwelling is located, 4a, 4b, 4bb, 4c4, 4c5, and 4d property;

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

40.2 (3) property valued and assessed under section 273.13, subdivision 25, except for hospitals  
40.3 and property valued and assessed under section 273.13, subdivision 25, ~~paragraph (d),~~  
40.4 ~~clauses (1) and (3)~~ paragraphs (d) and (f).

40.5 Sec. 3. Minnesota Statutes 2016, section 473F.02, subdivision 4, is amended to read:

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

40.9 (a) class 1, 1b, 2a, limited to the homestead dwelling, a garage, and the one acre of land  
40.10 on which the dwelling is located, 4a, 4b, ~~4e~~ 4bb, 4c4, 4c5, and 4d property except resorts  
40.11 and property classified under section 273.13, subdivision 25, paragraph ~~(d), clause (3)~~ (f);  
40.12 and

40.13 (b) that portion of class 3a, 3b, and 5 property used exclusively for residential occupancy.

APPENDIX  
Article locations in HF2770-0

ARTICLE 1	ASSESSED VALUE.....	Page.Ln 1.16
ARTICLE 2	CONVERSIONS.....	Page.Ln 19.15
ARTICLE 3	CONFORMING CHANGES.....	Page.Ln 39.1