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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. **1914**

01/24/2012 Authored by Davids, Howes, Urdahl, Nornes, Runbeck and others
The bill was read for the first time and referred to the Committee on Taxes

A bill for an act

relating to property taxes; exempting the first \$100,000 in value of each commercial-industrial property from the state general levy; phasing-out the state general levy on commercial-industrial property over 20 years; freezing the state general levy on seasonal recreational property; increasing maximum homeowner property tax refunds; providing for a temporary increase in the special property tax refund; appropriating money; amending Minnesota Statutes 2010, section 275.025, subdivisions 1, 2, 4; Minnesota Statutes 2011 Supplement, section 290A.04, subdivision 2.

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

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

Subdivision 1. **Levy amount.** (a) The state general levy is levied against commercial-industrial property and seasonal residential recreational property, as defined in this section.

(b) The state general levy for seasonal residential recreational property is \$40,871,000 for taxes payable in 2013 and thereafter.

(c) The state general levy base amount for commercial-industrial property is \$592,000,000 \$719,252,000. For taxes payable in 2002 2013, the state general levy for commercial-industrial property is equal to the base amount. For taxes payable in subsequent years 2014 to taxes payable in 2032, the levy base amount is increased reduced each year from the previous year's amount by multiplying the levy base amount for the prior year by the sum of one plus the rate of increase, if any, in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysts of the United States Department of Commerce for the 12-month period ending March 31 of the year prior to

~~the year the taxes are payable~~ five percent of the base amount. For taxes payable in 2033 and thereafter, the state general levy for commercial-industrial property is \$0.

(d) The tax under this section is not treated as a local tax rate under section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

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

(1) an erroneous report of taxable value by a local official;

(2) an erroneous calculation by the commissioner; and

(3) an increase or decrease in taxable value for commercial-industrial or seasonal residential recreational property reported on the abstracts of tax lists submitted under section 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89 for the same year.

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

EFFECTIVE DATE. This section is effective for taxes payable in 2013 and thereafter.

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

Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section, "commercial-industrial tax capacity" means the tax capacity of all taxable property classified as class 3 or class 5(1) under section 273.13, ~~except for~~ excluding: (1) the first \$100,000 in value of each commercial-industrial property, (2) electric generation attached machinery under class 3, and (3) property described in section 473.625. County commercial-industrial tax capacity amounts are not adjusted for the captured net tax capacity of a tax increment financing district under section 469.177, subdivision 2, the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425, or fiscal disparities contribution and distribution net tax capacities under chapter 276A or 473F.

EFFECTIVE DATE. This section is effective for taxes payable in 2013 and thereafter.

Sec. 3. Minnesota Statutes 2010, section 275.025, subdivision 4, is amended to read:

Subd. 4. ~~Apportionment and Levy of state general tax.~~ ~~Ninety-five percent of~~ The state general tax must be levied by applying a uniform rate to all commercial-industrial tax capacity and ~~five percent of the state general tax must be levied by applying~~ a uniform rate to all seasonal residential recreational tax capacity. On or before October 1 each year, the commissioner of revenue shall certify the preliminary state general levy rates to each county auditor that must be used to prepare the notices of proposed property taxes for taxes payable in the following year. By January 1 of each year, the commissioner shall certify the final state general levy ~~rate~~ rates to each county auditor that shall be used in spreading taxes.

EFFECTIVE DATE. This section is effective for taxes payable in 2013 and thereafter.

Sec. 4. Minnesota Statutes 2011 Supplement, section 290A.04, subdivision 2, is amended to read:

Subd. 2. **Homeowners.** A claimant whose property taxes payable are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of property taxes payable. The state refund equals the amount of property taxes payable that remain, up to the state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
\$0 to 1,549	1.0 percent	15 percent	\$ 2,460
1,550 to 3,089	1.1 percent	15 percent	\$ 2,460
3,090 to 4,669	1.2 percent	15 percent	\$ 2,460
4,670 to 6,229	1.3 percent	20 percent	\$ 2,460
6,230 to 7,769	1.4 percent	20 percent	\$ 2,460
7,770 to 10,879	1.5 percent	20 percent	\$ 2,460
10,880 to 12,429	1.6 percent	20 percent	\$ 2,460
12,430 to 13,989	1.7 percent	20 percent	\$ 2,460
13,990 to 15,539	1.8 percent	20 percent	\$ 2,460
15,540 to 17,079	1.9 percent	25 percent	\$ 2,460
17,080 to 18,659	2.0 percent	25 percent	\$ 2,460
18,660 to 21,759	2.1 percent	25 percent	\$ 2,460
21,760 to 23,309	2.2 percent	30 percent	\$ 2,460
23,310 to 24,859	2.3 percent	30 percent	\$ 2,460
24,860 to 26,419	2.4 percent	30 percent	\$ 2,460
26,420 to 32,629	2.5 percent	35 percent	\$ 2,460

4.1	32,630 to 37,279	2.6 percent	35 percent	\$ 2,460
4.2				2,000
4.3	37,280 to 46,609	2.7 percent	35 percent	\$ <u>2,400</u>
4.4				2,000
4.5	46,610 to 54,369	2.8 percent	35 percent	\$ <u>2,400</u>
4.6				1,750
4.7	54,370 to 62,139	2.8 percent	40 percent	\$ <u>2,100</u>
4.8				1,440
4.9	62,140 to 69,909	3.0 percent	40 percent	\$ <u>1,730</u>
4.10				1,290
4.11	69,910 to 77,679	3.0 percent	40 percent	\$ <u>1,550</u>
4.12				1,130
4.13	77,680 to 85,449	3.0 percent	40 percent	\$ <u>1,360</u>
4.14				960
4.15	85,450 to 90,119	3.5 percent	45 percent	\$ <u>1,150</u>
4.16				790
4.17	90,120 to 93,239	3.5 percent	45 percent	\$ <u>950</u>
4.18				650
4.19	93,240 to 97,009	3.5 percent	50 percent	\$ <u>780</u>
4.20				480
4.21	97,010 to 100,779	3.5 percent	50 percent	\$ <u>580</u>

4.22 The payment made to a claimant shall be the amount of the state refund calculated
 4.23 under this subdivision. No payment is allowed if the claimant's household income is
 4.24 \$100,780 or more.

4.25 **EFFECTIVE DATE.** This section is effective for refund claims based on taxes
 4.26 payable in 2012 and thereafter.

4.27 Sec. 5. **SUPPLEMENTAL TARGETING REFUND FOR TAXES PAYABLE IN**
 4.28 **2012 ONLY.**

4.29 **Subdivision 1. Determination of supplemental refund.** (a) For property tax refund
 4.30 claims under Minnesota Statutes, section 290A.04, subdivision 2h, based upon property
 4.31 taxes payable in 2012, the state must pay a supplemental refund such that the combined
 4.32 amount of the regular refund under Minnesota Statutes, section 290A.04, subdivision 2h,
 4.33 and the supplemental refund is equal to 90 percent of the increase over the greater of (1) 12
 4.34 percent of the payable 2011 property taxes, or (2) \$100. The maximum combined refund
 4.35 under Minnesota Statutes, section 290A.04, subdivision 2h, and this section is \$1,000.

4.36 (b) The supplemental refund amount must be determined by the commissioner of
 4.37 revenue based upon the information submitted with the claim for the regular refund and
 4.38 must be combined with the regular refund for payment.

4.39 (c) Any supplemental refund paid under this section must be subtracted from
 4.40 "property taxes payable" for the purposes of determining any refund amount under

5.1 Minnesota Statutes, section 290A.04, subdivision 2, based upon property taxes payable
5.2 in 2012.

5.3 (d) Any supplemental refund paid under this section must be subtracted from
5.4 "property taxes payable" for taxes payable in 2012 for the purposes of determining any
5.5 refund amount under Minnesota Statutes, section 290A.04, subdivision 2h, based upon
5.6 property taxes payable in 2013.

5.7 Subd. 2. **Appropriation.** The amount necessary to make the payments required
5.8 under this section is appropriated to the commissioner of revenue from the general fund
5.9 for fiscal years 2013 and 2014.

5.10 **EFFECTIVE DATE.** This section is effective for refund claims based on taxes
5.11 payable in 2012 only.