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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2223

04/15/2015 Authored by Peterson  
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; providing a reduced classification rate for  
1.3 unimproved commercial and industrial property; amending Minnesota Statutes  
1.4 2014, section 273.13, subdivision 24.

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

1.6 Section 1. Minnesota Statutes 2014, section 273.13, subdivision 24, is amended to read:

1.7 Subd. 24. **Class 3.** (a) Commercial and industrial property and utility real and  
1.8 personal property is class 3a.

1.9 (1) Except as otherwise provided, each parcel of commercial, industrial, or utility  
1.10 real property has a classification rate of 1.5 percent of the first tier of market value, and 2.0  
1.11 percent of the remaining market value. In the case of contiguous parcels of property owned  
1.12 by the same person or entity, only the value equal to the first-tier value of the contiguous  
1.13 parcels qualifies for the reduced classification rate, except that contiguous parcels owned  
1.14 by the same person or entity shall be eligible for the first-tier value classification rate on  
1.15 each separate business operated by the owner of the property, provided the business is  
1.16 housed in a separate structure. For the purposes of this subdivision, the first tier means the  
1.17 first \$150,000 of market value. Real property owned in fee by a utility for transmission  
1.18 line right-of-way shall be classified at the classification rate for the higher tier.

1.19 For purposes of this subdivision, parcels are considered to be contiguous even if  
1.20 they are separated from each other by a road, street, waterway, or other similar intervening  
1.21 type of property. Connections between parcels that consist of power lines or pipelines do  
1.22 not cause the parcels to be contiguous. Property owners who have contiguous parcels of  
1.23 property that constitute separate businesses that may qualify for the first-tier classification

2.1 rate shall notify the assessor by July 1, for treatment beginning in the following taxes  
2.2 payable year.

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

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

2.16 (b) Unimproved property that is classified as commercial and industrial as  
2.17 determined under subdivision 33, is class 3b. The market value of class 3b property  
2.18 has a classification rate of 1.25 percent.

2.19 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2016.