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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. **2337**

02/16/2012 Authored by Davids
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 property taxes; reducing and eliminating the state general levy;
1.3 modifying the additional property tax refund; appropriating money; amending
1.4 Minnesota Statutes 2010, sections 275.025, subdivision 1, by adding a
1.5 subdivision; 290A.04, subdivision 2h; repealing Minnesota Statutes 2010,
1.6 section 275.025, subdivisions 1, 2, 4; Minnesota Statutes 2011 Supplement,
1.7 section 275.025, subdivision 3.

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

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

1.10 Subdivision 1. **Levy amount.** The state general levy is levied against
1.11 commercial-industrial property and seasonal residential recreational property, as defined in
1.12 this section. The state general levy base amount is ~~\$592,000,000~~ \$763,200,000 for taxes
1.13 payable in ~~2002~~ 2013. ~~For taxes payable in subsequent years, the levy base amount is~~
1.14 ~~increased each year by multiplying the levy base amount for the prior year by the sum~~
1.15 ~~of one plus the rate of increase, if any, in the implicit price deflator for government~~
1.16 ~~consumption expenditures and gross investment for state and local governments prepared~~
1.17 ~~by the Bureau of Economic Analysts of the United States Department of Commerce for~~
1.18 ~~the 12-month period ending March 31 of the year prior to the year the taxes are payable.~~

1.19 The state general levy base amount is \$699,500,000 for taxes payable in 2014;
1.20 \$627,000,000 for taxes payable in 2015; \$501,600,000 for taxes payable in 2016;
1.21 \$376,200,000 for taxes payable in 2017; \$250,800,000 for taxes payable in 2018; and
1.22 \$125,400,000 for taxes payable in 2019.

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

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

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

2.7 (2) an erroneous calculation by the commissioner; and

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

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

2.14 **EFFECTIVE DATE.** This section is effective for taxes levied in 2012, payable
2.15 in 2013, and thereafter.

2.16 Sec. 2. Minnesota Statutes 2010, section 275.025, is amended by adding a subdivision
2.17 to read:

2.18 **Subd. 5. Payable 2012 refund for commercial-industrial property.** (a) For taxes
2.19 payable in 2012, the county auditor shall calculate a reduction in the state general tax
2.20 payable on each parcel of commercial-industrial property. The reduction is equal to the
2.21 commercial-industrial net tax capacity multiplied by 2.621 percent. The county treasurer
2.22 shall issue a refund for the amount of the state general tax reduction to the owner of each
2.23 parcel of commercial-industrial property by August 31, 2012, provided that no refund
2.24 shall be paid under this subdivision on any parcel on which taxes are delinquent.

2.25 (b) The county auditor shall certify the total amount of the state general tax refunds
2.26 calculated for that county to the commissioner of revenue by July 1, 2012, along with the
2.27 administrative costs incurred to calculate and pay the refunds required under paragraph
2.28 (a). The commissioner shall pay the amount certified by each county to the county
2.29 treasurer of that county by August 15, 2012.

2.30 **EFFECTIVE DATE.** This section is effective for taxes levied in 2011, and payable
2.31 in 2012 only.

2.32 Sec. 3. Minnesota Statutes 2010, section 290A.04, subdivision 2h, is amended to read:

3.1 Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead
 3.2 increase more than 12 percent over the property taxes payable in the prior year on the same
 3.3 property that is owned and occupied by the same owner on January 2 of both years, and the
 3.4 amount of that increase is \$100 or more, a claimant who is a homeowner shall be allowed
 3.5 an additional refund equal to ~~60~~ 75 percent of the amount of the increase over the greater
 3.6 of 12 percent of the prior year's property taxes payable or \$100. This subdivision shall not
 3.7 apply to any increase in the gross property taxes payable attributable to improvements
 3.8 made to the homestead after the assessment date for the prior year's taxes. This subdivision
 3.9 shall not apply to any increase in the gross property taxes payable attributable to the
 3.10 termination of valuation exclusions under section 273.11, subdivision 16.

3.11 The maximum refund allowed under this subdivision is \$1,000.

3.12 (b) For purposes of this subdivision "gross property taxes payable" means property
 3.13 taxes payable determined without regard to the refund allowed under this subdivision.

3.14 (c) In addition to the other proofs required by this chapter, each claimant under
 3.15 this subdivision shall file with the property tax refund return a copy of the property tax
 3.16 statement for taxes payable in the preceding year or other documents required by the
 3.17 commissioner.

3.18 (d) Upon request, the appropriate county official shall make available the names and
 3.19 addresses of the property taxpayers who may be eligible for the additional property tax
 3.20 refund under this section. The information shall be provided on a magnetic computer
 3.21 disk. The county may recover its costs by charging the person requesting the information
 3.22 the reasonable cost for preparing the data. The information may not be used for any
 3.23 purpose other than for notifying the homeowner of potential eligibility and assisting the
 3.24 homeowner, without charge, in preparing a refund claim.

3.25 **EFFECTIVE DATE.** This section is effective beginning with refunds based on
 3.26 taxes payable in 2012.

3.27 Sec. 4. **ADMINISTRATION OF PROPERTY TAX REFUND CLAIMS; 2011.**

3.28 In administering Minnesota Statutes, section 290A.04, subdivision 2h, for claims for
 3.29 additional refunds submitted using 60 percent of the gross homestead property tax increase
 3.30 exceeding 12 percent of income under prior law, the commissioner shall recalculate and
 3.31 pay the refund amounts using 75 percent of the tax increase exceeding 12 percent of
 3.32 income. The commissioner shall notify the claimant that the recalculation was mandated
 3.33 by action of the 2012 legislature.

3.34 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.1 Sec. 5. **APPROPRIATION.**

4.2 \$..... is appropriated from the general fund to the commissioner of revenue for fiscal
4.3 year 2013 to pay the cost of the refunds required under section 2. Of this amount, \$..... is
4.4 to reimburse counties for the administrative cost of calculating and paying the refunds.

4.5 Sec. 6. **REPEALER.**

4.6 (a) Minnesota Statutes 2010, section 275.025, subdivisions 1, 2, and 4, are repealed.

4.7 (b) Minnesota Statutes 2011 Supplement, section 275.025, subdivision 3, is repealed.

4.8 **EFFECTIVE DATE.** This section is effective for taxes levied in 2019, payable
4.9 in 2020, and thereafter.