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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2992

04/04/2012 Authored by Lenczewski
The bill was read for the first time and referred to the Committee on Taxes

A bill for an act

relating to property taxation; the metropolitan area fiscal disparities program;
excluding retail property from the areawide pool; eliminating the 1971 base value
subtraction; amending Minnesota Statutes 2010, sections 473F.02, subdivision 3;
473F.06.

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

Section 1. Minnesota Statutes 2010, section 473F.02, subdivision 3, is amended to read:

Subd. 3. **Commercial-industrial property.** "Commercial-industrial property"
means ~~the following categories of property, as defined in section 273.13, excluding that~~
~~portion of such property (1) which may, by law, constitute the tax base for a tax increment~~
~~pledged under section 469.042 or 469.162, certification of which was requested prior to~~
~~August 1, 1979, to the extent and while such tax increment is so pledged; or (2) which is~~
~~exempt from taxation under section 272.02; all property classified as class 3 under section~~
273.13, subdivision 24, excluding property used for retail sales. The retail exclusion
shall not apply to the captured tax capacity of any property in a tax increment financing
district under sections 469.174 to 469.177.

~~(a) That portion of class 3 property defined in Minnesota Statutes 1971, section~~
~~273.13, consisting of stocks of merchandise and furniture and fixtures used therewith;~~
~~manufacturers' materials and manufactured articles; and tools, implements and machinery;~~
~~whether fixtures or otherwise.~~

~~(b) That portion of class 4 property defined in Minnesota Statutes 1971, section~~
~~273.13, which is either used or zoned for use for any commercial or industrial purpose;~~
~~except for such property which is, or, in the case of property under construction, will when~~
~~completed be used exclusively for residential occupancy and the provision of services~~
~~to residential occupants thereof. Property shall be considered as used exclusively for~~

~~residential occupancy only if each of not less than 80 percent of its occupied residential units is, or, in the case of property under construction, will when completed be occupied under an oral or written agreement for occupancy over a continuous period of not less than 30 days.~~

If the classification of property prescribed by section 273.13, subdivision 24, is modified by legislative amendment, the references in this subdivision shall be to such successor class or classes of property, or portions thereof, as embrace the kinds of property designated in this subdivision.

EFFECTIVE DATE. This section is effective for fiscal disparities contribution and distribution tax capacities for taxes payable in 2015 and thereafter.

Sec. 2. Minnesota Statutes 2010, section 473F.06, is amended to read:

473F.06 INCREASE IN ADJUSTMENTS TO NET TAX CAPACITY.

On or before July 15 of each year, the auditor of each county in the area shall determine the ~~amount, if any, by which the net tax capacity determined~~ in the preceding year under section 473F.05, of commercial-industrial property subject to taxation within each municipality in the auditor's county ~~exceeds the net tax capacity in 1971 of commercial-industrial property subject to taxation within that municipality.~~ If a municipality is located in two or more counties within the area, the auditors of those counties shall certify the data required by section 473F.05 to the county auditor who is responsible under other provisions of law for allocating the levies of that municipality between or among the affected counties. That county auditor shall determine the amount ~~of the net excess, if any, for the municipality under this section, and certify that amount under section 473F.07. Notwithstanding any other provision of sections 473F.01 to 473F.13 to the contrary, in the case of a municipality which is designated on July 24, 1971, as a redevelopment area under section 401(a)(4) of the Public Works and Economic Development Act of 1965, Public Law 89-136, the increase in its net tax capacity of commercial-industrial property for purposes of this section shall be determined in each year by using as a base the net tax capacity of commercial-industrial property in that municipality in the 1989 assessment year, rather than the net tax capacity of such property in 1971.~~ The increase in total net tax capacity determined by this section shall be reduced by the amount of any decreases in net tax capacity of commercial-industrial property resulting from any court decisions, court related stipulation agreements, or abatements for a prior year, and only in the amount of such decreases made during the 12-month period ending on May 1 of the current assessment year, where such decreases, if originally

3.1 reflected in the determination of a prior year's net tax capacity under section 473F.05,
3.2 would have resulted in a smaller contribution from the municipality in that year. An
3.3 adjustment for such decreases shall be made only if the municipality made a contribution
3.4 in a prior year based on the higher net tax capacity of the commercial-industrial property.

3.5 **EFFECTIVE DATE.** This section is effective for fiscal disparities contribution and
3.6 distribution tax capacities for taxes payable in 2015 and thereafter.

3.7 Sec. 3. **DEFINITION OF RETAIL PROPERTY.**

3.8 By October 1, 2012, the commissioner of revenue shall develop guidelines for
3.9 assessors to use in determining which properties are considered to be used for retail sales,
3.10 and distribute those guidelines to assessors within the metropolitan area.

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