

SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION

S.F. No. 1348

(SENATE AUTHORS: RASMUSSEN)

DATE
02/06/2023

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684 Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

- 1.1 A bill for an act
- 1.2 relating to taxation; property; modifying property tax refunds; establishing property
- 1.3 tax credits; modifying classification rates; proposing transition aid; reducing the
- 1.4 state general levy; appropriating money; amending Minnesota Statutes 2022,
- 1.5 sections 273.11, subdivision 23; 273.13, subdivisions 22, 34, 35; 273.1392;
- 1.6 273.1393; 275.025, subdivision 1; 275.065, subdivision 3; 290A.04, subdivision
- 1.7 2h; 290B.03, subdivision 1; 290B.04, subdivisions 3, 4; 290B.05, subdivision 1;
- 1.8 proposing coding for new law in Minnesota Statutes, chapters 273; 477A.
- 1.9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.10 Section 1. Minnesota Statutes 2022, section 273.11, subdivision 23, is amended to read:
- 1.11 Subd. 23. **First tier valuation limit; agricultural homestead property.** (a) The
- 1.12 commissioner of revenue shall annually certify the first tier limit for agricultural homestead
- 1.13 property. For assessment year ~~2010~~ 2024, the limit is ~~\$1,140,000~~ \$2,500,000. Beginning
- 1.14 with assessment year ~~2011~~ 2025, the limit is the product of (i) the first tier limit for the
- 1.15 preceding assessment year, and (ii) the ratio of the statewide average taxable market value
- 1.16 of agricultural property per acre of deeded farm land in the preceding assessment year to
- 1.17 the statewide average taxable market value of agricultural property per acre of deeded farm
- 1.18 land for the second preceding assessment year. The limit shall be rounded to the nearest
- 1.19 \$10,000.
- 1.20 (b) For the purposes of this subdivision, "agricultural property" means all class 2a
- 1.21 property under section 273.13, subdivision 23, except for property consisting of the house,
- 1.22 garage, and immediately surrounding one acre of land of an agricultural homestead.
- 1.23 (c) The commissioner shall certify the limit by January 2 of each assessment year.
- 1.24 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2024.

Sec. 2. Minnesota Statutes 2022, section 273.13, subdivision 22, is amended to read:

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

The first \$500,000 of market value of class 1a property has a net classification rate of one percent of its market value; and the market value of class 1a property that exceeds \$500,000 has a classification rate of 1.25 percent of its market value.

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

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

(2) any person who is permanently and totally disabled or by the person with a disability and the spouse of the person with a disability; or

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

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

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

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$50,000 market value of class 1b property has a net classification rate of .45 percent of its market value. The remaining market value of class 1b property is classified as class 1a or class 2a property, whichever is appropriate.

(c) Class 1c property is commercial use real and personal property that abuts public water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by the Department of Natural Resources, and is devoted to temporary and seasonal residential

occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company. For purposes of this paragraph, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 1c property must provide recreational activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use the property is transferred to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may remain available for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. If the same owner owns two separate parcels that are located in the same township, and one of those properties is classified as a class 1c property and the other would be eligible to be classified as a class 1c property if it was used as the homestead of the owner, both properties will be assessed as a single class 1c property; for purposes of this sentence, properties are deemed to be owned by the same owner if each of them is owned by a limited liability company, and both limited liability companies have the same membership. The portion of the property used as a homestead is class 1a property under paragraph (a). The remainder of the property is classified as follows: the first ~~\$600,000~~ \$850,000 of market value is tier I, the next ~~\$1,700,000~~ \$2,250,000 of market value is tier II, and any remaining market value is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes in which all or a portion of the property was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated as

class 1c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located must be designated as class 3a commercial. The owner of property desiring designation as class 1c property must provide guest registers or other records demonstrating that the units for which class 1c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective beginning with assessment year 2024 and thereafter.

Sec. 3. Minnesota Statutes 2022, section 273.13, subdivision 34, is amended to read:

Subd. 34. **Homestead of veteran with a disability or family caregiver.** (a) All or a portion of the market value of property owned by a veteran and serving as the veteran's homestead under this section is excluded in determining the property's taxable market value if the veteran has a service-connected disability of 70 percent or more as certified by the United States Department of Veterans Affairs. To qualify for exclusion under this subdivision, the veteran must have been honorably discharged from the United States armed forces, as indicated by United States Government Form DD214 or other official military discharge papers.

(b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded, except as provided in clause (2); and

(2) for a total (100 percent) and permanent disability, \$300,000 of market value is excluded.

(c) If a veteran with a disability qualifying for a valuation exclusion under paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n). Qualification under this paragraph requires an application under paragraph (h), and a spouse must notify the assessor if there is a change in the spouse's marital status, ownership of the property, or use of the property as a permanent residence. If a spouse previously received the exclusion under this paragraph, but the exclusion expired prior to assessment year 2019 before the eligibility time period for surviving spouses was changed to a lifetime benefit, the spouse may reapply under paragraph (h) for the exclusion under this paragraph.

(d) If the spouse of a member of any branch or unit of the United States armed forces who dies due to a service-connected cause while serving honorably in active service, as indicated on United States Government Form DD1300 or DD2064, holds the legal or beneficial title to a homestead and permanently resides there, the spouse is entitled to the benefit described in paragraph (b), clause (2), until such time as the spouse remarries or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n). If a spouse previously received the exclusion under this paragraph, but the exclusion expired prior to assessment year 2019 before the eligibility time period for surviving spouses was changed to a lifetime benefit, the spouse may reapply under paragraph (h) for the exclusion under this paragraph.

(e) If a veteran meets the disability criteria of paragraph (a) but does not own property classified as homestead in the state of Minnesota, then the homestead of the veteran's primary family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify for under paragraph (b).

(f) In the case of an agricultural homestead, only the portion of the property consisting of the house and garage and immediately surrounding one acre of land qualifies for the valuation exclusion under this subdivision.

(g) A property qualifying for a valuation exclusion under this subdivision is not eligible for the market value exclusion under subdivision 35, or classification under subdivision 22, paragraph (b).

(h) To qualify for a valuation exclusion under this subdivision a property owner must apply to the assessor by December 31 of the first assessment year for which the exclusion is sought. Except as provided in paragraph (c), the owner of a property that has been accepted for a valuation exclusion must notify the assessor if there is a change in ownership of the property or in the use of the property as a homestead.

(i) A first-time application by a qualifying spouse for the market value exclusion under paragraph (d) must be made any time within two years of the death of the service member, within two years of the United States Department of Veterans Affairs Dependency and Indemnity Compensation determination, or by December 31, 2024, whichever is later. A qualifying spouse whose application was previously denied may reapply, pursuant to this paragraph, by December 31, 2024.

(j) For purposes of this subdivision:

(1) "active service" has the meaning given in section 190.05;

(2) "own" means that the person's name is present as an owner on the property deed;

(3) "primary family caregiver" means a person who is approved by the secretary of the United States Department of Veterans Affairs for assistance as the primary provider of personal care services for an eligible veteran under the Program of Comprehensive Assistance for Family Caregivers, codified as United States Code, title 38, section 1720G; and

(4) "veteran" has the meaning given the term in section 197.447.

(k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit under paragraph (b), clause (2), until the spouse remarries or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n), if:

(1) the spouse files a first-time application within two years of the death of the service member, within two years of the United States Department of Veterans Affairs Dependency and Indemnity Compensation determination, if applicable, or by June 1, 2019 December 31, 2024, whichever is later. A spouse whose application was previously denied may reapply, pursuant to this paragraph, by December 31, 2024;

(2) upon the death of the veteran, the spouse holds the legal or beneficial title to the homestead and permanently resides there;

(3) the veteran met the honorable discharge requirements of paragraph (a); and

(4) the United States Department of Veterans Affairs certifies that:

(i) the veteran met the total (100 percent) and permanent disability requirement under paragraph (b), clause (2); or

(ii) the spouse has been awarded dependency and indemnity compensation.

(l) The purpose of this provision of law providing a level of homestead property tax relief for veterans with a disability, their primary family caregivers, and their surviving spouses is to help ease the burdens of war for those among our state's citizens who bear those burdens most heavily.

(m) By July 1, the county veterans service officer must certify the disability rating and permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

(n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds the legal or beneficial title to the property may continue to receive the exclusion for a property other than the property for which the exclusion was initially granted until the spouse remarries or sells, transfers, or otherwise disposes of the property, provided that:

(1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed under this paragraph;

(2) the spouse holds the legal or beneficial title to the property for which the continuation of the exclusion is sought under this paragraph, and permanently resides there;

(3) the estimated market value of the property for which the exclusion is sought under this paragraph is less than or equal to the estimated market value of the property that first received the exclusion, based on the value of each property on the date of the sale of the property that first received the exclusion; and

(4) the spouse has not previously received the benefit under this paragraph for a property other than the property for which the exclusion is sought.

EFFECTIVE DATE. This section is effective for assessment year 2023 and thereafter.

Sec. 4. Minnesota Statutes 2022, section 273.13, subdivision 35, is amended to read:

Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's net tax capacity under this section, property classified as class 1a or 1b under subdivision 22, and the portion of property classified as class 2a under subdivision 23 consisting of the

house, garage, and surrounding one acre of land, shall be eligible for a market value exclusion as determined under paragraph (b).

(b) For a homestead valued at ~~\$76,000~~ \$95,000 or less, the exclusion is 40 percent of market value. For a homestead valued between ~~\$76,000~~ \$95,000 and ~~\$413,800~~ \$517,200, the exclusion is ~~\$30,400~~ \$38,000 minus nine percent of the valuation over ~~\$76,000~~ \$95,000. For a homestead valued at ~~\$413,800~~ \$517,200 or more, there is no valuation exclusion. The valuation exclusion shall be rounded to the nearest whole dollar, and may not be less than zero.

(c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior to determining the amount of the valuation exclusion under this subdivision.

(d) In the case of a property that is classified as part homestead and part nonhomestead, (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion of a property is classified as nonhomestead solely because not all the owners occupy the property, not all the owners have qualifying relatives occupying the property, or solely because not all the spouses of owners occupy the property, the exclusion amount shall be initially computed as if that nonhomestead portion were also in the homestead class and then prorated to the owner-occupant's percentage of ownership. For the purpose of this section, when an owner-occupant's spouse does not occupy the property, the percentage of ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

EFFECTIVE DATE. This section is effective for assessment year 2024 and thereafter.

Sec. 5. **[273.1388] AGRICULTURAL RIPARIAN BUFFER CREDIT.**

Subdivision 1. Eligibility. Class 2a and 2b property under section 273.13, subdivision 23, containing a riparian buffer as defined in section 103F.48, not including land enrolled in and generating payments under a state or federal conservation reserve or easement program under sections 103F.501 to 103F.531, is eligible to receive the credit under this section, provided that the landowner follows the requirements of section 103F.48. Eligible land must be certified by the local soil and water conservation district to the county assessor. This certification is effective until the local soil and water conservation district notifies the assessor that qualified land is no longer eligible for a credit under the requirements of this section. The local soil and water conservation districts must annually notify their county assessor of any qualified land that is no longer eligible for a credit under the requirements of this section.

9.1 Subd. 2. **Credit amount.** For each qualifying property, the agricultural riparian buffer
9.2 credit is equal to the amount of net tax capacity-based property tax attributable to the portion
9.3 of the property eligible under subdivision 1.

9.4 Subd. 3. **Credit reimbursement.** The county auditor must determine the tax reductions
9.5 allowed under this section within the county for each taxes payable year and must certify
9.6 that amount to the commissioner of revenue as part of the data required under section
9.7 270C.85, subdivision 2. Any prior year adjustments must also be certified as part of the
9.8 data required under section 270C.85, subdivision 2. The commissioner must review the
9.9 certifications for accuracy and may make such changes as are deemed necessary or return
9.10 the certification to the county auditor for correction. The credit under this section must be
9.11 used to proportionately reduce the net tax capacity-based property tax payable to each local
9.12 taxing jurisdiction as provided in section 273.1393.

9.13 Subd. 4. **Payment.** (a) The commissioner of revenue shall reimburse each local taxing
9.14 jurisdiction, other than school districts, for the tax reductions granted under this section in
9.15 two equal installments on October 31 and December 26 of the taxes payable year for which
9.16 the reductions are granted, including in each payment the prior year adjustments certified
9.17 under section 270C.85, subdivision 2, for that taxes payable year.

9.18 (b) The commissioner of revenue shall certify the total of the tax reductions granted
9.19 under this section for each taxes payable year within each school district to the commissioner
9.20 of education and the commissioner of education must pay the reimbursement amounts to
9.21 each school district as provided in section 273.1392.

9.22 Subd. 5. **Appropriation.** An amount sufficient to make the payments required by this
9.23 section to taxing jurisdictions, other than school districts, is annually appropriated from the
9.24 general fund to the commissioner of revenue. An amount sufficient to make the payments
9.25 required by this section for school districts is annually appropriated from the general fund
9.26 to the commissioner of education.

9.27 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2025.

9.28 Sec. 6. Minnesota Statutes 2022, section 273.1392, is amended to read:

9.29 **273.1392 PAYMENT; SCHOOL DISTRICTS.**

9.30 The amounts of bovine tuberculosis credit reimbursements under section 273.113;
9.31 conservation tax credits under section 273.119; disaster or emergency reimbursement under
9.32 sections 273.1231 to 273.1235; agricultural credits under sections 273.1384 and 273.1387,
9.33 and 273.1388; aids and credits under section 273.1398; enterprise zone property credit

payments under section 469.171; ~~and~~ metropolitan agricultural preserve reduction under section 473H.10; and electric generation transition aid under section 477A.23 for school districts, shall be certified to the Department of Education by the Department of Revenue. The amounts so certified shall be paid according to section 127A.45, subdivisions 9, 10, and 13.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 7. Minnesota Statutes 2022, section 273.1393, is amended to read:

273.1393 COMPUTATION OF NET PROPERTY TAXES.

Notwithstanding any other provisions to the contrary, "net" property taxes are determined by subtracting the credits in the order listed from the gross tax:

(1) disaster credit as provided in sections 273.1231 to 273.1235;

(2) powerline credit as provided in section 273.42;

(3) agricultural preserves credit as provided in section 473H.10;

(4) enterprise zone credit as provided in section 469.171;

(5) disparity reduction credit;

(6) conservation tax credit as provided in section 273.119;

(7) ~~the~~ school bond credit as provided in section 273.1387;

(8) agricultural riparian buffer credit as provided in section 273.1388;

~~(8)~~ (9) agricultural credit as provided in section 273.1384;

~~(9)~~ (10) taconite homestead credit as provided in section 273.135;

~~(10)~~ (11) supplemental homestead credit as provided in section 273.1391; and

~~(11)~~ (12) the bovine tuberculosis zone credit, as provided in section 273.113.

The combination of all property tax credits must not exceed the gross tax amount.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2025.

Sec. 8. Minnesota Statutes 2022, section 275.025, subdivision 1, is amended to read:

Subdivision 1. **Levy amount.** The state general levy is levied against commercial-industrial property and seasonal residential recreational property, as defined in this section. The state general levy for commercial-industrial property is \$716,990,000

for taxes payable in 2023; \$708,188,000 for taxes payable in 2024 and 2025; \$637,369,000 for taxes payable in 2026; \$566,550,000 for taxes payable in 2027; \$495,731,000 for taxes payable in 2028; \$424,912,000 for taxes payable in 2029; \$354,093,000 for taxes payable in 2030; \$283,274,000 for taxes payable in 2031; \$212,455,000 for taxes payable in 2032; \$141,636,000 for taxes payable in 2033; \$70,817,000 for taxes payable in 2034; and \$0 for taxes payable in 2035 and thereafter. The state general levy for seasonal-recreational property is \$41,690,000 for taxes payable in ~~2020~~ 2023; \$41,178,000 for taxes payable in 2024 and 2025; \$37,060,000 for taxes payable in 2026; \$32,942,000 for taxes payable in 2027; \$28,824,000 for taxes payable in 2028; \$24,706,000 for taxes payable in 2029; \$20,588,000 for taxes payable in 2030; \$16,470,000 for taxes payable in 2031; \$12,352,000 for taxes payable in 2032; \$8,234,000 for taxes payable in 2033; \$4,116,000 for taxes payable in 2034; and \$0 for taxes payable in 2035 and thereafter. 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.

The commissioner shall increase or decrease the preliminary or final rate 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 to the commissioner under section 270C.85, subdivision 2, clause (4), for the same year.

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 2024 and thereafter.

Sec. 9. Minnesota Statutes 2022, section 275.065, subdivision 3, is amended to read:

Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and the county treasurer shall deliver after November 10 and on or before November 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes. Upon written request by the taxpayer,

12.1 the treasurer may send the notice in electronic form or by electronic mail instead of on paper
12.2 or by ordinary mail.

12.3 (b) The commissioner of revenue shall prescribe the form of the notice.

12.4 (c) The notice must inform taxpayers that it contains the amount of property taxes each
12.5 taxing authority proposes to collect for taxes payable the following year. In the case of a
12.6 town, or in the case of the state general tax, the final tax amount will be its proposed tax.
12.7 The notice must clearly state for each city that has a population over 500, county, school
12.8 district, regional library authority established under section 134.201, metropolitan taxing
12.9 districts as defined in paragraph (i), and fire protection and emergency medical services
12.10 special taxing districts established under section 144F.01, the time and place of a meeting
12.11 for each taxing authority in which the budget and levy will be discussed and public input
12.12 allowed, prior to the final budget and levy determination. The taxing authorities must provide
12.13 the county auditor with the information to be included in the notice on or before the time it
12.14 certifies its proposed levy under subdivision 1. The public must be allowed to speak at that
12.15 meeting, which must occur after November 24 and must not be held before 6:00 p.m. It
12.16 must provide a telephone number for the taxing authority that taxpayers may call if they
12.17 have questions related to the notice and an address where comments will be received by
12.18 mail, except that no notice required under this section shall be interpreted as requiring the
12.19 printing of a personal telephone number or address as the contact information for a taxing
12.20 authority. If a taxing authority does not maintain public offices where telephone calls can
12.21 be received by the authority, the authority may inform the county of the lack of a public
12.22 telephone number and the county shall not list a telephone number for that taxing authority.

12.23 (d) The notice must state for each parcel:

12.24 (1) the market value of the property as determined under section 273.11, and used for
12.25 computing property taxes payable in the following year and for taxes payable in the current
12.26 year as each appears in the records of the county assessor on November 1 of the current
12.27 year; and, in the case of residential property, whether the property is classified as homestead
12.28 or nonhomestead. The notice must clearly inform taxpayers of the years to which the market
12.29 values apply and that the values are final values;

12.30 (2) the items listed below, shown separately by county, city or town, and state general
12.31 tax, agricultural homestead credit under section 273.1384, school building bond agricultural
12.32 credit under section 273.1387, agricultural riparian buffer credit under section 273.1388,
12.33 voter approved school levy, other local school levy, and the sum of the special taxing
12.34 districts, and as a total of all taxing authorities:

13.1 (i) the actual tax for taxes payable in the current year; and

13.2 (ii) the proposed tax amount.

13.3 If the county levy under clause (2) includes an amount for a lake improvement district
13.4 as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose
13.5 must be separately stated from the remaining county levy amount.

13.6 In the case of a town or the state general tax, the final tax shall also be its proposed tax
13.7 unless the town changes its levy at a special town meeting under section 365.52. If a school
13.8 district has certified under section 126C.17, subdivision 9, that a referendum will be held
13.9 in the school district at the November general election, the county auditor must note next
13.10 to the school district's proposed amount that a referendum is pending and that, if approved
13.11 by the voters, the tax amount may be higher than shown on the notice. In the case of the
13.12 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately
13.13 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for
13.14 the St. Paul Library Agency must be listed separately from the remaining amount of the
13.15 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be
13.16 listed separately from the remaining amount of the county's levy. In the case of a parcel
13.17 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F
13.18 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax
13.19 capacity subject to the areawide tax must each be stated separately and not included in the
13.20 sum of the special taxing districts; and

13.21 (3) the increase or decrease between the total taxes payable in the current year and the
13.22 total proposed taxes, expressed as a percentage.

13.23 For purposes of this section, the amount of the tax on homesteads qualifying under the
13.24 senior citizens' property tax deferral program under chapter 290B is the total amount of
13.25 property tax before subtraction of the deferred property tax amount.

13.26 (e) The notice must clearly state that the proposed or final taxes do not include the
13.27 following:

13.28 (1) special assessments;

13.29 (2) levies approved by the voters after the date the proposed taxes are certified, including
13.30 bond referenda and school district levy referenda;

13.31 (3) a levy limit increase approved by the voters by the first Tuesday after the first Monday
13.32 in November of the levy year as provided under section 275.73;

14.1 (4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring
14.2 after the date the proposed taxes are certified;

14.3 (5) amounts necessary to pay tort judgments against the taxing authority that become
14.4 final after the date the proposed taxes are certified; and

14.5 (6) the contamination tax imposed on properties which received market value reductions
14.6 for contamination.

14.7 (f) Except as provided in subdivision 7, failure of the county auditor to prepare or the
14.8 county treasurer to deliver the notice as required in this section does not invalidate the
14.9 proposed or final tax levy or the taxes payable pursuant to the tax levy.

14.10 (g) If the notice the taxpayer receives under this section lists the property as
14.11 nonhomestead, and satisfactory documentation is provided to the county assessor by the
14.12 applicable deadline, and the property qualifies for the homestead classification in that
14.13 assessment year, the assessor shall reclassify the property to homestead for taxes payable
14.14 in the following year.

14.15 (h) In the case of class 4 residential property used as a residence for lease or rental
14.16 periods of 30 days or more, the taxpayer must either:

14.17 (1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter,
14.18 or lessee; or

14.19 (2) post a copy of the notice in a conspicuous place on the premises of the property.

14.20 The notice must be mailed or posted by the taxpayer by November 27 or within three
14.21 days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer
14.22 of the address of the taxpayer, agent, caretaker, or manager of the premises to which the
14.23 notice must be mailed in order to fulfill the requirements of this paragraph.

14.24 (i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing
14.25 districts" means the following taxing districts in the seven-county metropolitan area that
14.26 levy a property tax for any of the specified purposes listed below:

14.27 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,
14.28 473.521, 473.547, or 473.834;

14.29 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and

14.30 (3) Metropolitan Mosquito Control Commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy.

(j) The governing body of a county, city, or school district may, with the consent of the county board, include supplemental information with the statement of proposed property taxes about the impact of state aid increases or decreases on property tax increases or decreases and on the level of services provided in the affected jurisdiction. This supplemental information may include information for the following year, the current year, and for as many consecutive preceding years as deemed appropriate by the governing body of the county, city, or school district. It may include only information regarding:

(1) the impact of inflation as measured by the implicit price deflator for state and local government purchases;

(2) population growth and decline;

(3) state or federal government action; and

(4) other financial factors that affect the level of property taxation and local services that the governing body of the county, city, or school district may deem appropriate to include.

The information may be presented using tables, written narrative, and graphic representations and may contain instruction toward further sources of information or opportunity for comment.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2025.

Sec. 10. Minnesota Statutes 2022, section 290A.04, subdivision 2h, is amended to read:

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

16.1 The maximum refund allowed under this subdivision is ~~\$1,000~~ \$2,000.

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

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

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

16.14 **EFFECTIVE DATE.** This section is effective for refund claims based on taxes payable
16.15 in 2024 and thereafter.

16.16 Sec. 11. Minnesota Statutes 2022, section 290B.03, subdivision 1, is amended to read:

16.17 Subdivision 1. **Program qualifications.** The qualifications for the senior citizens'
16.18 property tax deferral program are as follows:

16.19 (1) the property must be owned and occupied as a homestead by a person 65 years of
16.20 age or older. In the case of a married couple, at least one of the spouses must be at least 65
16.21 years old at the time the first property tax deferral is granted, regardless of whether the
16.22 property is titled in the name of one spouse or both spouses, or titled in another way that
16.23 permits the property to have homestead status, and the other spouse must be at least 62 years
16.24 of age;

16.25 (2) the total household income of the qualifying homeowners, as defined in section
16.26 290A.03, subdivision 5, for the calendar year preceding the year of the initial application
16.27 may not exceed ~~\$60,000~~ \$75,000;

16.28 (3) the homestead must have been owned and occupied as the homestead of at least one
16.29 of the qualifying homeowners for at least ~~15~~ five years prior to the year the initial application
16.30 is filed;

16.31 (4) there are no state or federal tax liens or judgment liens on the homesteaded property;

(5) there are no mortgages or other liens on the property that secure future advances, except for those subject to credit limits that result in compliance with clause (6); and

(6) the total unpaid balances of debts secured by mortgages and other liens on the property, including unpaid and delinquent special assessments and interest and any delinquent property taxes, penalties, and interest, but not including property taxes payable during the year or debts secured by a residential PACE lien, as defined in section 216C.435, subdivision 10d, does not exceed 75 percent of the assessor's estimated market value for the year.

EFFECTIVE DATE. This section is effective for applications received for deferral of taxes payable in 2024 and thereafter.

Sec. 12. Minnesota Statutes 2022, section 290B.04, subdivision 3, is amended to read:

Subd. 3. **Excess-income certification by taxpayer.** A taxpayer whose initial application has been approved under subdivision 2 shall notify the commissioner of revenue in writing by July 1 if the taxpayer's household income for the preceding calendar year exceeded ~~\$60,000~~ \$75,000. The certification must state the homeowner's total household income for the previous calendar year. No property taxes may be deferred under this chapter in any year following the year in which a program participant filed or should have filed an excess-income certification under this subdivision, unless the participant has filed a resumption of eligibility certification as described in subdivision 4.

EFFECTIVE DATE. This section is effective for applications received for deferral of taxes payable in 2024 and thereafter.

Sec. 13. Minnesota Statutes 2022, section 290B.04, subdivision 4, is amended to read:

Subd. 4. **Resumption of eligibility certification by taxpayer.** A taxpayer who has previously filed an excess-income certification under subdivision 3 may resume program participation if the taxpayer's household income for a subsequent year is ~~\$60,000~~ \$75,000 or less. If the taxpayer chooses to resume program participation, the taxpayer must notify the commissioner of revenue in writing by July 1 of the year following a calendar year in which the taxpayer's household income is ~~\$60,000~~ \$75,000 or less. The certification must state the taxpayer's total household income for the previous calendar year. Once a taxpayer resumes participation in the program under this subdivision, participation will continue until the taxpayer files a subsequent excess-income certification under subdivision 3 or until participation is terminated under section 290B.08, subdivision 1.

18.1 **EFFECTIVE DATE.** This section is effective for applications received for deferral of
18.2 taxes payable in 2024 and thereafter.

18.3 Sec. 14. Minnesota Statutes 2022, section 290B.05, subdivision 1, is amended to read:

18.4 Subdivision 1. **Determination by commissioner.** The commissioner shall determine
18.5 each qualifying homeowner's "annual maximum property tax amount" following approval
18.6 of the homeowner's initial application and following the receipt of a resumption of eligibility
18.7 certification. The "annual maximum property tax amount" equals three percent of the
18.8 homeowner's total household income for the year preceding either the initial application or
18.9 the resumption of eligibility certification, whichever is applicable. Following approval of
18.10 the initial application, the commissioner shall determine the qualifying homeowner's
18.11 "maximum allowable deferral." No tax may be deferred relative to the appropriate assessment
18.12 year for any homeowner whose total household income for the previous year exceeds
18.13 ~~\$60,000~~ \$75,000. No tax shall be deferred in any year in which the homeowner does not
18.14 meet the program qualifications in section 290B.03. The maximum allowable total deferral
18.15 is equal to 75 percent of the assessor's estimated market value for the year, less the balance
18.16 of any mortgage loans and other amounts secured by liens against the property at the time
18.17 of application, including any unpaid and delinquent special assessments and interest and
18.18 any delinquent property taxes, penalties, and interest, but not including property taxes
18.19 payable during the year.

18.20 **EFFECTIVE DATE.** This section is effective for applications received for deferral of
18.21 taxes payable in 2024 and thereafter.

18.22 Sec. 15. **[477A.23] ELECTRIC GENERATION TRANSITION AID.**

18.23 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
18.24 the meanings given.

18.25 (b) "Electric generating unit" means a single generating unit at an electric generating
18.26 plant powered by coal, nuclear, or natural gas.

18.27 (c) "Electric generation property" means taxable property of an electric generating plant
18.28 owned by a public utility, as defined in section 216B.02, subdivision 4, that is powered by
18.29 coal, nuclear, or natural gas and located in an eligible taxing jurisdiction.

18.30 (d) "Eligible taxing jurisdiction" means a county, home rule charter or statutory city,
18.31 town, or school district.

(e) "Unit base year" means the assessment year in which the assessed value of electric generation property is reduced due to the retirement of the electric generating unit.

(f) "Unit differential" means (1) the tax capacity of electric generation property in the assessment year preceding the unit base year, minus (2) the tax capacity of electric generation property in the unit base year. The unit differential may not be less than zero. The unit differential equals zero if the tax capacity of electric generation property in the eligible taxing jurisdiction in the assessment year preceding the unit base year is less than four percent of the total net tax capacity of the eligible taxing jurisdiction in the assessment year preceding the aid calculation year, as adjusted under section 473F.08, subdivision 2, or 276A.06, subdivision 2, as applicable.

Subd. 2. **Required notification.** Notwithstanding the requirements of Minnesota Rules, chapter 8100, a public utility must notify the commissioner when the public utility expects to retire an electric generating unit and remove that unit from the property tax base. The notification must be in the form and manner determined by the commissioner, include information required by the commissioner to calculate transition aid under this section, and be filed together with the reports required under section 273.371.

Subd. 3. **Unit transition amount.** (a) The initial unit transition amount equals the product of (1) the unit differential, times (2) the jurisdiction's tax rate for taxes payable in the unit base year.

(b) The unit transition amount for the year following the unit base year, or in the year as provided under subdivision 6, equals the initial unit transition amount. Unit transition amounts in subsequent years must be reduced each year by an amount equal to five percent of the initial unit transition amount. If the unit transition amount attributable to any unit is less than \$5,000 in any year, the unit transition amount for that unit equals zero.

Subd. 4. **Electric generation transition aid.** Electric generation transition aid for an eligible taxing jurisdiction equals the sum of the unit transition amounts for that jurisdiction.

Subd. 5. **Aid elimination.** (a) Notwithstanding subdivision 4, beginning for aid in the year after the year in which the jurisdiction first qualified for aid, aid for an eligible taxing jurisdiction equals zero if the commissioner determines that the eligible taxing jurisdiction's total net tax capacity in the assessment year preceding the aid calculation year is greater than the product of:

(1) 90 percent of the jurisdiction's total net tax capacity in the assessment year preceding the aid calculation year in which the jurisdiction first qualified for aid under this section; times;

(2) the greater of one or the ratio of (i) the statewide total net tax capacity of real and personal property in the assessment year preceding the aid calculation year to (ii) the statewide total net tax capacity of real and personal property in the assessment year preceding the aid calculation year in which the jurisdiction first qualified for aid under this section.

(b) For the purposes of this subdivision, "net tax capacity" means net tax capacity as adjusted under section 473F.08, subdivision 2, or 276A.06, subdivision 2, as applicable.

(c) If aid to a jurisdiction attributable to a previous unit retirement has been eliminated under this subdivision, the jurisdiction may qualify for aid under this section for subsequent unit retirements.

(d) The requirements of this subdivision do not apply to the aid attributable to prior unit retirements qualifying under subdivision 7.

Subd. 6. **Commissioner's duties; payment schedule.** (a) The commissioner of revenue shall compute the amount of electric generation transition aid payable to each jurisdiction under this section. On or before August 1 of each year, the commissioner shall certify the amount of aid computed for aids payable in the following year for each jurisdiction. The commissioner shall pay aid to each jurisdiction other than school districts annually at the times provided in section 477A.015. Aids to school districts must be certified to the commissioner of education and paid under section 273.1392.

(b) The commissioner of revenue may require counties to provide any data that the commissioner deems necessary to administer this section.

Subd. 7. **Aid for prior unit retirements.** An electric generating unit with a unit base year after 2016 but before 2024 must be counted for the purpose of calculating aid under this section. For a unit eligible to be counted under this subdivision and for the purpose of the schedule of amounts under subdivision 3, paragraph (b), the unit base year is 2024.

Subd. 8. **Appropriation.** An amount sufficient to make the aid payments required by this section to eligible taxing jurisdictions other than school districts is annually appropriated from the general fund to the commissioner of revenue. An amount sufficient to make the aid payments required by this section for school districts is annually appropriated from the general fund to the commissioner of education.

EFFECTIVE DATE. This section is effective for aids payable in 2025 and thereafter.