

**SENATE**  
**STATE OF MINNESOTA**  
**NINETY-FIRST SESSION**

**S.F. No. 1501**

(SENATE AUTHORS: CHAMBERLAIN)

DATE  
02/21/2019

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Introduction and first reading  
Referred to Taxes

OFFICIAL STATUS

- 1.1 A bill for an act
- 1.2 relating to taxation; property; modifying distribution of certain penalties, interest,
- 1.3 and costs; amending Minnesota Statutes 2018, section 276.131.
- 1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.5 Section 1. Minnesota Statutes 2018, section 276.131, is amended to read:
- 1.6 **276.131 DISTRIBUTION OF PENALTIES, INTEREST, AND COSTS.**
- 1.7 Subdivision 1. **Distribution.** Except as provided in subdivision 2, the penalties, interest,
- 1.8 and costs collected on special assessments and real and personal property taxes must be
- 1.9 distributed as follows:
- 1.10 (1) all penalties and interest collected on special assessments against real or personal
- 1.11 property must be distributed to the taxing jurisdiction that levied the assessment;
- 1.12 (2) 50 percent of all penalties collected on real and personal property taxes must be
- 1.13 distributed to the school districts within the county, and the remaining 50 percent must be
- 1.14 distributed to the county;
- 1.15 (3) in the case of interest on taxes that have been delinquent for a period of one year or
- 1.16 less, (a) 50 percent of the interest must be distributed to the school districts within the county
- 1.17 and (b) the remaining 50 percent shall be distributed to the county;
- 1.18 (4) in the case of interest on taxes that have been delinquent for a period of more than
- 1.19 one year, (a) 50 percent of the interest must be distributed to the school districts within the
- 1.20 county and (b) the remaining 50 percent must be distributed as follows: (i) the city or town
- 1.21 where the property is located shall receive a share of the amount of interest equal to the
- 1.22 proportion that the city's or town's local tax rate for the year that the interest was collected,

2.1 is to the sum of the city's or town's local tax rate and the county's local tax rate for the year  
2.2 that the interest was collected and (ii) the balance must be distributed to the county; and

2.3 (5) all costs collected by the county on special assessments and on delinquent real and  
2.4 personal property taxes must be distributed to the county in which the property is located.

2.5 Subd. 2. **Distribution of certain production taxes.** The penalties, interest, and costs  
2.6 collected on real and personal property taxes imposed under sections 272.029 and 272.0295  
2.7 must be distributed to the same local taxing jurisdictions and in the same percentages as  
2.8 provided for the revenues of the original taxes imposed under sections 272.029 and 272.0295.

2.9 Subd. 3. **Distribution to school district.** The distribution of all penalties and interest  
2.10 to the school district must be in accordance with the provisions of section 127A.34.

2.11 **EFFECTIVE DATE.** This section is effective for penalties, interest, and costs collected  
2.12 on taxes payable in 2020 and thereafter.