

1.1 A bill for an act

1.2 relating to interest rates; exempting eminent domain awards and property tax  
1.3 adjustments and refunds from increased interest rates on certain judgments;  
1.4 amending Minnesota Statutes 2008, sections 117.195, subdivision 1; 278.08.

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

1.6 Section 1. Minnesota Statutes 2008, section 117.195, subdivision 1, is amended to read:

1.7 Subdivision 1. **Award; interest.** All damages allowed under this chapter, whether  
1.8 by the commissioners or upon appeal, shall bear interest from the time of the filing of the  
1.9 commissioner's report or from the date of the petitioner's possession whichever occurs  
1.10 first. The rate of interest shall be determined according to section 549.09, subdivision 1,  
1.11 paragraph (c), clause (1), regardless of the amount of the judgment or award. If the award  
1.12 is not paid within 70 days after the filing, or, in case of an appeal within 45 days after final  
1.13 judgment, or within 45 days after a stipulation of settlement, the court, on motion of the  
1.14 owner of the land, shall vacate the award and dismiss the proceedings against the land.

1.15 Sec. 2. Minnesota Statutes 2008, section 278.08, is amended to read:

1.16 **278.08 INTEREST.**

1.17 Subdivision 1. **Interest; penalty.** In the case of real or personal property, the  
1.18 judgment must include the following interest:

1.19 (1) if the tax is sustained in full, interest on the unpaid part of the tax computed  
1.20 under section 279.03, subdivision 1, at the rate provided in section 549.09;

1.21 (2) if the tax is increased, interest on the unpaid part of the tax as originally assessed  
1.22 computed under section 279.03, subdivision 1, at the rate provided in section 549.09;

2.1 (3) if the tax is reduced, interest on the difference between the tax as recomputed  
2.2 and the amount previously paid computed under section 279.03, subdivision 1, at the  
2.3 rate provided in section 549.09.

2.4 If the tax is sustained or increased, penalty on the unpaid part of the tax as originally  
2.5 assessed computed under section 279.01 must be included in the judgment. For purposes  
2.6 of this subdivision, the interest rate must be computed under section 549.09, subdivision  
2.7 1, paragraph (c), clause (1), regardless of the amount of the judgment.

2.8 Subd. 2. **Refund.** (a) In the case of real or personal property, if the petitioner has  
2.9 overpaid the tax determined or stipulated to be due, the county auditor shall compute  
2.10 interest on the overpayment from the date of the filing of the petition for review or from  
2.11 the date of payment of the tax, whichever is later, until the date of issuance of the refund  
2.12 warrant. Interest shall be calculated on the overpayment under section 279.03, subdivision  
2.13 1, at the rate provided in section 549.09 for the year the tax became or remained overpaid.  
2.14 For the purposes of computing interest due under this subdivision, an overpayment  
2.15 occurs on the date when the cumulative total of the payments made by the taxpayer for  
2.16 the payable year exceed the final total tax amount determined for that payable year. In  
2.17 determining whether an overpayment has occurred, taxpayer payments are allocated first  
2.18 to any penalty imposed due to late payment of installments, then to the tax due.

2.19 (b) For purposes of this subdivision, the interest rate must be computed under  
2.20 section 549.09, subdivision 1, paragraph (c), clause (1), regardless of the amount of the  
2.21 overpayment.