State of Minnesota
HOUSE OF REPRESENTATIVES
EIGHTY-SEVENTH SESSION
H. F. No. 2072

02/01/2012 Authored by Davids, Runbeck and Hamilton
The bill was read for the first time and referred to the Committee on Taxes

A bill for an act

relating to taxation; clarifying limits on taxation, spending, and incurring debt based on market values; defining terms; making technical and clarifying changes; repealing obsolete provisions; amending Minnesota Statutes 2010, sections 38.18; 40A.15, subdivision 2; 69.011, subdivision 1; 69.021, subdivisions 7, 8; 84.0277, subdivision 2; 88.51, subdivision 3; 103B.245, subdivision 3; 103B.251, subdivision 8; 103B.635, subdivision 2; 103B.691, subdivision 2; 103D.905, subdivisions 2, 3, 8; 117.025, subdivision 7; 127A.48, subdivision 1; 138.053; 144F.01, subdivision 4; 162.07, subdivisions 3, 4; 162.081, subdivision 4; 163.04, subdivision 3; 163.06, subdivision 6; 165.10, subdivision 1; 272.03, by adding subdivisions; 273.032; 273.11, subdivision 1; 273.13, subdivision 21b; 273.1398, subdivisions 3, 4; 275.011, subdivision 1; 275.077, subdivision 2; 275.71, subdivision 4; 276A.01, subdivisions 10, 12, 13, 15; 287.08; 287.23, subdivision 1; 353G.08, subdivision 2; 365.025, subdivision 4; 366.095, subdivision 1; 366.27; 368.01, subdivision 23; 368.47; 370.01; 373.40, subdivisions 1, 4; 375.167, subdivision 1; 375.18, subdivision 3; 375.555; 383B.152; 383B.245; 383B.73, subdivision 1; 383E.20; 383E.23; 385.31; 394.36, subdivision 1; 398A.04, subdivision 8; 401.05, subdivision 3; 410.32; 412.221, subdivision 2; 412.301; 428A.02, subdivision 1; 430.102, subdivision 2; 447.10; 450.19; 450.25; 458A.10; 458A.31, subdivision 1; 465.04; 469.033, subdivision 6; 469.034, subdivision 2; 469.053, subdivisions 4, 4a, 6; 469.107, subdivision 1; 469.177, subdivision 1; 469.180, subdivision 2; 469.187; 469.206; 471.24; 471.571, subdivisions 1, 2; 471.73; 473.325, subdivision 2; 473.629; 473.661, subdivision 3; 473.667, subdivision 9; 473.671; 473.711, subdivision 2a; 473F.02, subdivisions 12, 14, 15, 23; 475.521, subdivision 4; 475.53, subdivisions 1, 3, 4, 5; 475.58, subdivision 2; 475.73, subdivision 1; 477A.0124, subdivision 2; 641.23; 641.24; 645.44, by adding a subdivision; Minnesota Statutes 2011 Supplement, sections 276.04, subdivision 2; 477A.011, subdivision 20; repealing Minnesota Statutes 2010, sections 273.11, subdivision 1a; 276A.01, subdivision 11; 276A.06, subdivision 10; 473F.02, subdivision 13; 473F.08, subdivision 10; 477A.011, subdivision 21.

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

Section 1. Minnesota Statutes 2010, section 38.18, is amended to read:

38.18 COUNTY FAIRGROUNDS; IMPROVEMENT AIDED.

~~Any~~ Each town, statutory city, or school district in this state, ~~now or hereafter~~ at any time having ~~a~~ an estimated market value of all its taxable property~~, exclusive of money and credits,~~ of more than $105,000,000, and having a county fair located within its corporate limits, ~~is hereby authorized to aid in defraying~~ may pay part of the expense of improving ~~any such~~ the fairground~~, by appropriating and paying over~~ to the treasurer of the county owning the fairground ~~such sum of money~~, not exceeding $10,000, ~~for each of the political subdivisions,~~ as ~~the~~ its governing body ~~of the town, statutory city, or school district may~~, by resolution, ~~determine~~ determines to be for the best interest of the political subdivision~~,~~. The ~~sums so appropriated to~~ amounts paid to the county must be used solely ~~for the purpose of aiding in the improvement of~~ to improve the fairground in ~~such~~ the manner ~~as~~ the county board ~~of the county shall determine~~ determines to be for the best interest of the county.

Sec. 2. Minnesota Statutes 2010, section 40A.15, subdivision 2, is amended to read:

Subd. 2. **Eligible recipients.** All counties within the state, municipalities that prepare plans and official controls instead of a county, and districts are eligible for assistance under the program. Counties and districts may apply for assistance on behalf of other municipalities. In order to be eligible for financial assistance a county or municipality must agree to levy at least 0.01209 percent of ~~taxable~~ estimated market value for agricultural land preservation and conservation activities or otherwise spend the equivalent amount of local money on those activities, or spend $15,000 of local money, whichever is less.

Sec. 3. Minnesota Statutes 2010, section 69.011, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a different meaning is intended, the following words and terms, for the purposes of this chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

(a) "Commissioner" means the commissioner of revenue.

(b) "Municipality" means:

(1) a home rule charter or statutory city;

(2) an organized town;

(3) a park district subject to chapter 398;

(4) the University of Minnesota;

(5) for purposes of the fire state aid program only, an American Indian tribal government entity located within a federally recognized American Indian reservation;

(6) for purposes of the police state aid program only, an American Indian tribal government with a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93;

(7) for purposes of the police state aid program only, the Metropolitan Airports Commission; and

(8) for purposes of the police state aid program only, the Department of Natural Resources and the Department of Public Safety with respect to peace officers covered under chapter 352B.

(c) "Minnesota Firetown Premium Report" means a form prescribed by the commissioner containing space for reporting by insurers of fire, lightning, sprinkler leakage and extended coverage premiums received upon risks located or to be performed in this state less return premiums and dividends.

(d) "Firetown" means the area serviced by any municipality having a qualified fire department or a qualified incorporated fire department having a subsidiary volunteer firefighters' relief association.

(e) "Estimated market value" means latest available estimated market value of all property in a taxing jurisdiction, whether the property is subject to taxation, or exempt from ad valorem taxation obtained from information which appears on abstracts filed with the commissioner of revenue or equalized by the State Board of Equalization.

(f) "Minnesota Aid to Police Premium Report" means a form prescribed by the commissioner for reporting by each fire and casualty insurer of all premiums received upon direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for insuring against the perils contained in auto insurance coverages as reported in the Minnesota business schedule of the annual financial statement which each insurer is required to file with the commissioner in accordance with the governing laws or rules less return premiums and dividends.

(g) "Peace officer" means any person:

(1) whose primary source of income derived from wages is from direct employment by a municipality or county as a law enforcement officer on a full-time basis of not less than 30 hours per week;

(2) who has been employed for a minimum of six months prior to December 31 preceding the date of the current year's certification under subdivision 2, clause (b);

(3) who is sworn to enforce the general criminal laws of the state and local ordinances;

(4) who is licensed by the Peace Officers Standards and Training Board and is authorized to arrest with a warrant; and

(5) who is a member of the Minneapolis Police Relief Association, the State Patrol retirement plan, or the public employees police and fire fund.

(h) "Full-time equivalent number of peace officers providing contract service" means the integral or fractional number of peace officers which would be necessary to provide the contract service if all peace officers providing service were employed on a full-time basis as defined by the employing unit and the municipality receiving the contract service.

(i) "Retirement benefits other than a service pension" means any disbursement authorized under section 424A.05, subdivision 3, clauses (3) and (4).

(j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means the person who was elected or appointed to the specified position or, in the absence of the person, another person who is designated by the applicable governing body. In a park district, the clerk is the secretary of the board of park district commissioners. In the case of the University of Minnesota, the clerk is that official designated by the Board of Regents. For the Metropolitan Airports Commission, the clerk is the person designated by the commission. For the Department of Natural Resources or the Department of Public Safety, the clerk is the respective commissioner. For a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the clerk is the person designated by the applicable American Indian tribal government.

(k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the retirement plan established by chapter 353G.

Sec. 4. Minnesota Statutes 2010, section 69.021, subdivision 7, is amended to read:

Subd. 7. **Apportionment of fire state aid to municipalities and relief associations.** (a) The commissioner shall apportion the fire state aid relative to the premiums reported on the Minnesota Firetown Premium Reports filed under this chapter to each municipality and/or firefighters relief association.

(b) The commissioner shall calculate an initial fire state aid allocation amount for each municipality or fire department under paragraph (c) and a minimum fire state aid allocation amount for each municipality or fire department under paragraph (d). The municipality or fire department must receive the larger fire state aid amount.

(c) The initial fire state aid allocation amount is the amount available for apportionment as fire state aid under subdivision 5, without inclusion of any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, allocated one-half in proportion to the population as shown in the last official statewide federal census for each fire town and one-half in proportion to the estimated market value of each fire town, including (1) the estimated market value of tax-exempt property and (2) the estimated market value of natural resources lands receiving in lieu payments under sections 477A.11 to 477A.14, but excluding the estimated market value of minerals. In the case of incorporated or municipal fire departments furnishing fire protection to other cities, towns, or townships as evidenced by valid fire service contracts filed with the commissioner, the distribution must be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments must be made to subsequent apportionments. In the case of municipalities or independent fire departments qualifying for the aid, the commissioner shall calculate the state aid for the municipality or relief association on the basis of the population and the estimated market value of the area furnished fire protection service by the fire department as evidenced by duly executed and valid fire service agreements filed with the commissioner. If one or more fire departments are furnishing contracted fire service to a city, town, or township, only the population and estimated market value of the area served by each fire department may be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the estimated market value of each service area. The agreement must be in writing and must be filed with the commissioner.

(d) The minimum fire state aid allocation amount is the amount in addition to the initial fire state allocation amount that is derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, and allocated to municipalities with volunteer firefighters relief associations or covered by the voluntary statewide lump-sum volunteer firefighter retirement plan based on the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for the calendar year 1993 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or fire departments with volunteer firefighters relief associations receive in total at least a minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of 30 firefighters. If a relief association is established after calendar year 1993 and before calendar year 2000, the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, shall be used in this determination. If a relief association is established after calendar year 1999, the number of active volunteer firefighters who are members of the relief association as reported in the first annual financial reporting submitted to the Office of the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this determination. If a relief association is terminated as a result of providing retirement coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, the number of active volunteer firefighters of the municipality covered by the statewide plan as certified by the executive director of the Public Employees Retirement Association to the commissioner and the state auditor, but not to exceed 30 active firefighters, must be used in this determination.

(e) Unless the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must be paid to the treasurer of the municipality where the fire department is located and the treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit the aid to the relief association if the relief association has filed a financial report with the treasurer of the municipality and has met all other statutory provisions pertaining to the aid apportionment. If the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must be paid to the executive director of the Public Employees Retirement Association and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

(f) The commissioner may make rules to permit the administration of the provisions of this section.

(g) Any adjustments needed to correct prior misallocations must be made to subsequent apportionments.

Sec. 5. Minnesota Statutes 2010, section 69.021, subdivision 8, is amended to read:

Subd. 8. **Population and estimated market value.** (a) In computations relating to fire state aid requiring the use of population figures, only official statewide federal census figures are to be used. Increases or decreases in population disclosed by reason of any special census must not be taken into consideration.

(b) In calculations relating to fire state aid requiring the use of estimated market value property figures, only the latest available estimated market value property figures may be used.

Sec. 6. Minnesota Statutes 2010, section 84.0277, subdivision 2, is amended to read:

Subd. 2. **Payments; terms.** Notwithstanding sections 84.0272, subdivision 1, and 84.0274, subdivision 5, paragraph (b), the commissioner may make payments to a landowner under this subdivision to acquire a perpetual conservation easement according to subdivision 1. The onetime payment may be based on the following:

(1) if the easement prohibits the construction of any new buildings or permanent structures upon the land, the commissioner may pay 60 percent of the most recent ~~assessed~~ estimated market value of the land as determined by the county assessor of the county in which the land is located; or

(2) if the easement prohibits the construction of any new buildings or permanent structures upon the land and grants the public the right to access the land for natural resource-based outdoor recreation, the commissioner may pay 70 percent of the most recent ~~assessed~~ estimated market value of the land as determined by the county assessor of the county in which the land is located.

Sec. 7. Minnesota Statutes 2010, section 88.51, subdivision 3, is amended to read:

Subd. 3. **Determination of market value.** In determining the net tax capacity of property within any taxing district the value of the surface of lands within any auxiliary forest therein, as determined by the county board under the provisions of section 88.48, subdivision 3, shall, for all purposes except the levying of taxes on lands within any such forest, be deemed the estimated market value thereof.

Sec. 8. Minnesota Statutes 2010, section 103B.245, subdivision 3, is amended to read:

Subd. 3. **Tax.** After adoption of the ordinance under subdivision 2, a local government unit may annually levy a tax on all taxable property in the district for the purposes for which the tax district is established. The tax may not exceed 0.02418 percent of estimated market value on taxable property located in rural towns other than urban towns, unless allowed by resolution of the town electors. The proceeds of the tax shall be paid into a fund reserved for these purposes. Any proceeds remaining in the reserve fund at the time the tax is terminated or the district is dissolved shall be transferred and irrevocably pledged to the debt service fund of the local unit to be used solely to reduce tax levies for bonded indebtedness of taxable property in the district.

Sec. 9. Minnesota Statutes 2010, section 103B.251, subdivision 8, is amended to read:

Subd. 8. **Tax.** (a) For the payment of principal and interest on the bonds issued under subdivision 7 and the payment required under subdivision 6, the county shall irrevocably pledge and appropriate the proceeds of a tax levied on all taxable property located within the territory of the watershed management organization or subwatershed unit for which the bonds are issued. Each year until the reserve for payment of the bonds is sufficient to retire the bonds, the county shall levy on all taxable property in the territory of the organization or unit, without respect to any statutory or other limitation on taxes, an amount of taxes sufficient to pay principal and interest on the bonds and to restore any deficiencies in reserves required to be maintained for payment of the bonds.

(b) The tax levied on rural towns other than urban towns may not exceed 0.02418 percent of ~~taxable~~ estimated market value, unless approved by resolution of the town electors.

(c) If at any time the amounts available from the levy on property in the territory of the organization are insufficient to pay principal and interest on the bonds when due, the county shall make payment from any available funds in the county treasury.

(d) The amount of any taxes which are required to be levied outside of the territory of the watershed management organization or unit or taken from the general funds of the county to pay principal or interest on the bonds shall be reimbursed to the county from taxes levied within the territory of the watershed management organization or unit.

Sec. 10. Minnesota Statutes 2010, section 103B.635, subdivision 2, is amended to read:

Subd. 2. **Municipal funding of district.** (a) The governing body or board of supervisors of each municipality in the district must provide the funds necessary to meet its proportion of the total cost determined by the board, provided the total funding from all municipalities in the district for the costs shall not exceed an amount equal to .00242 percent of the total ~~taxable~~ estimated market value within the district, unless three-fourths of the municipalities in the district pass a resolution concurring to the additional costs.

(b) The funds must be deposited in the treasury of the district in amounts and at times as the treasurer of the district requires.

Sec. 11. Minnesota Statutes 2010, section 103B.691, subdivision 2, is amended to read:

Subd. 2. **Municipal funding of district.** (a) The governing body or board of supervisors of each municipality in the district shall provide the funds necessary to meet its proportion of the total cost to be borne by the municipalities as finally certified by the board.

(b) The municipality's funds may be raised by any means within the authority of the municipality. The municipalities may each levy a tax not to exceed .02418 percent of ~~taxable~~ estimated market value on the taxable property located in the district to provide the funds. The levy shall be within all other limitations provided by law.

(c) The funds must be deposited into the treasury of the district in amounts and at times as the treasurer of the district requires.

Sec. 12. Minnesota Statutes 2010, section 103D.905, subdivision 2, is amended to read:

Subd. 2. **Organizational expense fund.** (a) An organizational expense fund, consisting of an ad valorem tax levy, shall not exceed 0.01596 percent of ~~taxable~~ estimated market value, or $60,000, whichever is less. The money in the fund shall be used for organizational expenses and preparation of the watershed management plan for projects.

(b) The managers may borrow from the affected counties up to 75 percent of the anticipated funds to be collected from the organizational expense fund levy and the counties affected may make the advancements.

(c) The advancement of anticipated funds shall be apportioned among affected counties in the same ratio as the net tax capacity of the area of the counties within the watershed district bears to the net tax capacity of the entire watershed district. If a watershed district is enlarged, an organizational expense fund may be levied against the area added to the watershed district in the same manner as provided in this subdivision.

(d) Unexpended funds collected for the organizational expense may be transferred to the administrative fund and used for the purposes of the administrative fund.

Sec. 13. Minnesota Statutes 2010, section 103D.905, subdivision 3, is amended to read:

Subd. 3. **General fund.** A general fund, consisting of an ad valorem tax levy, may not exceed 0.048 percent of ~~taxable~~ estimated market value, or $250,000, whichever is less. The money in the fund shall be used for general administrative expenses and for the construction or implementation and maintenance of projects of common benefit to the watershed district. The managers may make an annual levy for the general fund as provided in section 103D.911. In addition to the annual general levy, the managers may annually levy a tax not to exceed 0.00798 percent of ~~taxable~~ estimated market value for a period not to exceed 15 consecutive years to pay the cost attributable to the basic water management features of projects initiated by petition of a political subdivision within the watershed district or by petition of at least 50 resident owners whose property is within the watershed district.

Sec. 14. Minnesota Statutes 2010, section 103D.905, subdivision 8, is amended to read:

Subd. 8. **Survey and data acquisition fund.** (a) A survey and data acquisition fund is established and used only if other funds are not available to the watershed district to pay for making necessary surveys and acquiring data.

(b) The survey and data acquisition fund consists of the proceeds of a property tax that can be levied only once every five years. The levy may not exceed 0.02418 percent of ~~taxable~~ estimated market value.

(c) The balance of the survey and data acquisition fund may not exceed $50,000.

(d) In a subsequent proceeding for a project where a survey has been made, the attributable cost of the survey as determined by the managers shall be included as a part of the cost of the work and the sum shall be repaid to the survey and data acquisition fund.

Sec. 15. Minnesota Statutes 2010, section 117.025, subdivision 7, is amended to read:

Subd. 7. **Structurally substandard.** "Structurally substandard" means a building:

(1) that was inspected by the appropriate local government and cited for one or more enforceable housing, maintenance, or building code violations;

(2) in which the cited building code violations involve one or more of the following:

(i) a roof and roof framing element;

(ii) support walls, beams, and headers;

(iii) foundation, footings, and subgrade conditions;

(iv) light and ventilation;

(v) fire protection, including egress;

(vi) internal utilities, including electricity, gas, and water;

(vii) flooring and flooring elements; or

(viii) walls, insulation, and exterior envelope;

(3) in which the cited housing, maintenance, or building code violations have not been remedied after two notices to cure the noncompliance; and

(4) has uncured housing, maintenance, and building code violations, satisfaction of which would cost more than 50 percent of the ~~assessor's taxable~~ estimated market value for the building, excluding land value, as determined under section 273.11 for property taxes payable in the year in which the condemnation is commenced.

A local government is authorized to seek from a judge or magistrate an administrative warrant to gain access to inspect a specific building in a proposed development or redevelopment area upon showing of probable cause that a specific code violation has occurred and that the violation has not been cured, and that the owner has denied the local government access to the property. Items of evidence that may support a conclusion of probable cause may include recent fire or police inspections, housing inspection, exterior evidence of deterioration, or other similar reliable evidence of deterioration in the specific building.

Sec. 16. Minnesota Statutes 2010, section 127A.48, subdivision 1, is amended to read:

Subdivision 1. **Computation.** The Department of Revenue must annually conduct an assessment/sales ratio study of the taxable property in each county, city, town, and school district in accordance with the procedures in subdivisions 2 and 3. Based upon the results of this assessment/sales ratio study, the Department of Revenue must determine an ~~aggregate~~ equalized net tax capacity for the various classes of taxable property in each taxing district, the aggregate of which ~~tax capacity shall be~~ is designated as the adjusted net tax capacity. The adjusted net tax capacity must be reduced by the captured tax capacity of tax increment districts under section 469.177, subdivision 2, fiscal disparities contribution tax capacities under sections 276A.06 and 473F.08, and the tax capacity of transmission lines required to be subtracted from the local tax base under section 273.425; and increased by fiscal disparities distribution tax capacities under sections 276A.06 and 473F.08. The adjusted net tax capacities shall be determined using the net tax capacity percentages in effect for the assessment year following the assessment year of the study. The Department of Revenue must make whatever estimates are necessary to account for changes in the classification system. The Department of Revenue may incur the expense necessary to make the determinations. The commissioner of revenue may reimburse any county or governmental official for requested services performed in ascertaining the adjusted net tax capacity. On or before March 15 annually, the Department of Revenue shall file with the chair of the Tax Committee of the house of representatives and the chair of the Committee on Taxes and Tax laws of the senate a report of adjusted net tax capacities for school districts. On or before June 15 annually, the Department of Revenue shall file its final report on the adjusted net tax capacities for school districts established by the previous year's assessments and the current year's net tax capacity percentages with the commissioner of education and each county auditor for those school districts for which the auditor has the responsibility for determination of local tax rates. A copy of the report so filed shall be mailed to the clerk of each school district involved and to the county assessor or supervisor of assessments of the county or counties in which each school district is located.

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

Sec. 17. Minnesota Statutes 2010, section 138.053, is amended to read:

138.053 COUNTY HISTORICAL SOCIETY; TAX LEVY; CITIES OR TOWNS.

The governing body of any home rule charter or statutory city or town may annually appropriate from its general fund an amount not to exceed 0.02418 percent of ~~taxable~~ estimated market value, derived from ad valorem taxes on property or other revenues, to be paid to the historical society of its respective county to be used for the promotion of historical work and to aid in defraying the expenses of carrying on the historical work in the county. No city or town may appropriate any funds for the benefit of any historical society unless the society is affiliated with and approved by the Minnesota Historical Society.

Sec. 18. Minnesota Statutes 2010, section 144F.01, subdivision 4, is amended to read:

Subd. 4. **Property tax levy authority.** The district's board may levy a tax on the taxable real and personal property in the district. The ad valorem tax levy may not exceed 0.048 percent of the ~~taxable~~ estimated market value of the district or $400,000, whichever is less. The proceeds of the levy must be used as provided in subdivision 5. The board shall certify the levy at the times as provided under section 275.07. The board shall provide the county with whatever information is necessary to identify the property that is located within the district. If the boundaries include a part of a parcel, the entire parcel shall be included in the district. The county auditors must spread, collect, and distribute the proceeds of the tax at the same time and in the same manner as provided by law for all other property taxes.

Sec. 19. Minnesota Statutes 2010, section 162.07, subdivision 3, is amended to read:

Subd. 3. **Computation for rural counties.** An amount equal to a levy of 0.01596 percent on each rural county's total ~~taxable~~ estimated market value for the last preceding calendar year shall be computed and shall be subtracted from the county's total estimated construction costs. The result thereof shall be the money needs of the county. For the purpose of this section, "rural counties" means all counties having a population of less than 175,000.

Sec. 20. Minnesota Statutes 2010, section 162.07, subdivision 4, is amended to read:

Subd. 4. **Computation for urban counties.** An amount equal to a levy of 0.00967 percent on each urban county's total ~~taxable~~ estimated market value for the last preceding calendar year shall be computed and shall be subtracted from the county's total estimated construction costs. The result thereof shall be the money needs of the county. For the purpose of this section, "urban counties" means all counties having a population of 175,000 or more.

Sec. 21. Minnesota Statutes 2010, section 162.081, subdivision 4, is amended to read:

Subd. 4. **Formula for distribution to towns; purposes.** Money apportioned to a county from the town road account must be distributed to the treasurer of each town within the county, according to a distribution formula adopted by the county board.

The formula must take into account each town's levy for road and bridge purposes, its population and town road mileage, and other factors the county board deems advisable in the interests of achieving equity among the towns. Distribution of town road funds to each town treasurer must be made by March 1, annually, or within 30 days after receipt of payment from the commissioner. Distribution of funds to town treasurers in a county which has not adopted a distribution formula under this subdivision must be made according to a formula prescribed by the commissioner by rule. A formula adopted by a county board or by the commissioner must provide that a town, in order to be eligible for distribution of funds from the town road account in a calendar year, must have levied for taxes payable in the previous year for road and bridge purposes at least 0.04835 percent of ~~taxable~~ estimated market value. For purposes of this eligibility requirement, ~~taxable~~ estimated market value means ~~taxable~~ estimated market value for taxes payable two years prior to the aid distribution year.

Money distributed to a town under this subdivision may be expended by the town only for the construction, reconstruction, and gravel maintenance of town roads within the town.

Sec. 22. Minnesota Statutes 2010, section 163.04, subdivision 3, is amended to read:

Subd. 3. **Bridges within certain cities.** When the council of any statutory city or city of the third or fourth class may determine that it is necessary to build or improve any bridge or bridges, including approaches thereto, and any dam or retaining works connected therewith, upon or forming a part of streets or highways either wholly or partly within its limits, the county board shall appropriate one-half of the money as may be necessary therefor from the county road and bridge fund, not exceeding during any year one-half the amount of taxes paid into the county road and bridge fund during the preceding year, on property within the corporate limits of the city. The appropriation shall be made upon the petition of the council, which petition shall be filed by the council with the county board prior to the fixing by the board of the annual county tax levy. The county board shall determine the plans and specifications, shall let all necessary contracts, shall have charge of construction, and upon its request, warrants in payment thereof shall be issued by the county auditor, from time to time, as the construction work proceeds. Any unpaid balance may be paid or advanced by the city. On petition of the council, the appropriations of the county board, during not to exceed three successive years, may be made to apply on the construction of the same items and to repay any money advanced by the city in the construction thereof. None of the provisions of this section shall be construed to be mandatory as applied to any city whose estimated market value exceeds $2,100 per capita of its population.

Sec. 23. Minnesota Statutes 2010, section 163.06, subdivision 6, is amended to read:

Subd. 6. **Expenditure in certain counties.** In any county having not less than 95 nor more than 105 full and fractional townships, and having ~~a~~ an estimated market value of not less than $12,000,000 nor more than $21,000,000, ~~exclusive of money and credits,~~ the county board, by resolution, may expend the funds provided in subdivision 4 in any organized or unorganized township or portion thereof in such county.

Sec. 24. Minnesota Statutes 2010, section 165.10, subdivision 1, is amended to read:

Subdivision 1. **Certain counties may issue and sell.** The county board of any county having no outstanding road and bridge bonds may issue and sell county road bonds in an amount not exceeding 0.12089 percent of the estimated market value of the taxable property within the county ~~exclusive of money and credits~~, for the purpose of constructing, reconstructing, improving, or maintaining any bridge or bridges on any highway under its jurisdiction, without submitting the matter to a vote of the electors of the county.

Sec. 25. Minnesota Statutes 2010, section 272.03, is amended by adding a subdivision to read:

Subd. 14. **Estimated market value.** "Estimated market value" means the assessor's determination of market value, including the effects of any orders made under section 270.12 or chapter 274, for the parcel. The provisions of section 273.032 apply for certain uses in determining the total estimated market value for the taxing jurisdiction.

Sec. 26. Minnesota Statutes 2010, section 272.03, is amended by adding a subdivision to read:

Subd. 15. **Taxable market value.** "Taxable market value" means estimated market value for the parcel as reduced by market value exclusions, deferments of value, or other adjustments, required by law, that reduce market value before the application of class rates.

Sec. 27. Minnesota Statutes 2010, section 273.032, is amended to read:

273.032 MARKET VALUE DEFINITION.

(a) Unless otherwise provided, for the purpose of determining any property tax levy limitation based on market value or any limit on net debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market value, any qualification to receive state aid based on market value, or any state aid amount based on market value, the terms "market value," "~~taxable~~ estimated market value," and "market valuation," whether equalized or unequalized, mean the ~~total taxable~~ estimated market value of taxable property within the local unit of government before any of the following or similar adjustments for:

(1) the market value exclusions under:

(i) section 273.11, subdivisions 14a and 14c (vacant platted land);

(ii) section 273.11, subdivision 16 (certain improvements to homestead property);

(iii) section 273.11, subdivisions 19 and 20 (certain improvements to business properties);

(iv) section 273.11, subdivision 21 (homestead property damaged by mold);

(v) section 273.11, subdivision 22 (qualifying lead hazardous reduction projects);

(vi) section 273.13, subdivision 34 (homestead of a disabled veteran, spouse, or caregiver);

(vii) section 273.13, subdivision 35 (homestead market value exclusion); or

(2) the deferment of value under:

(i) the Minnesota Agricultural Property Tax Law, section 273.111;

(ii) the aggregate resource preservation law, section 273.1115;

(iii) the Minnesota Open Space Property Tax Law, section 273.112;

(iv) the rural preserves property tax program, section 273.114; or

(v) the Metropolitan Agricultural Preserves Act, section 473H.10; or

(3) the adjustments to tax capacity for:

(i) tax increment~~,~~ financing under sections 469.174 to 469.1794;

(ii) fiscal ~~disparity,~~ disparities under chapter 276A or 473F; or

(iii) powerline credit~~, or wind energy values, but after the limited market adjustments under section 273.11, subdivision 1a, and after the market value exclusions of certain improvements to homestead property under section 273.11, subdivision 16~~ under section 273.425.

(b) Estimated market value under paragraph (a) also includes the market value of tax exempt property if the applicable law specifically provides that the limitation, qualification, or aid calculation includes tax exempt property.

(c) Unless otherwise provided, "market value," "~~taxable~~ estimated market value," and "market valuation" for purposes of ~~this paragraph~~ property tax levy limitations and calculation of state aid, refer to the ~~taxable~~ estimated market value for the previous assessment year and for purposes of limits on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the estimated market value as last finally equalized.

~~For the purpose of determining any net debt limit based on market value, or any limit on the issuance of bonds, certificates of indebtedness, or capital notes based on market value, the terms "market value," "taxable market value," and "market valuation," whether equalized or unequalized, mean the total taxable market value of property within the local unit of government before any adjustments for tax increment, fiscal disparity, powerline credit, or wind energy values, but after the limited market value adjustments under section 273.11, subdivision 1a, and after the market value exclusions of certain improvements to homestead property under section 273.11, subdivision 16. Unless otherwise provided, "market value," "taxable market value," and "market valuation" for purposes of this paragraph, mean the taxable market value as last finally equalized.~~

(d) For purposes of a provision of a home rule charter or of any special law that is not codified in the statutes and that imposes a levy limitation based on market value or any limit on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market value, the terms "market value," "taxable market value," and "market valuation," whether equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

Sec. 28. Minnesota Statutes 2010, section 273.11, subdivision 1, is amended to read:

Subdivision 1. **Generally.** Except as provided in this section or section 273.17, subdivision 1, all property shall be valued at its market value. The market value as determined pursuant to this section shall be stated such that any amount under $100 is rounded up to $100 and any amount exceeding $100 shall be rounded to the nearest $100. In estimating and determining such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall the assessor adopt as a criterion of value the price for which such property would sell at a forced sale, or in the aggregate with all the property in the town or district; but the assessor shall value each article or description of property by itself, and at such sum or price as the assessor believes the same to be fairly worth in money. The assessor shall take into account the effect on the market value of property of environmental factors in the vicinity of the property. In assessing any tract or lot of real property, the value of the land, exclusive of structures and improvements, shall be determined, and also the value of all structures and improvements thereon, and the aggregate value of the property, including all structures and improvements, excluding the value of crops growing upon cultivated land. In valuing real property upon which there is a mine or quarry, it shall be valued at such price as such property, including the mine or quarry, would sell for at a fair, voluntary sale, for cash, if the material being mined or quarried is not subject to taxation under section 298.015

and the mine or quarry is not exempt from the general property tax under section 298.25. In valuing real property which is vacant, platted property shall be assessed as provided in ~~subdivision 14~~ subdivisions 14a and 14c. All property, or the use thereof, which is taxable under section 272.01, subdivision 2, or 273.19, shall be valued at the market value of such property and not at the value of a leasehold estate in such property, or at some lesser value than its market value.

Sec. 29. Minnesota Statutes 2010, section 273.13, subdivision 21b, is amended to read:

Subd. 21b. **Net tax capacity.** ~~(a) Gross tax capacity means the product of the appropriate gross class rates in this section and market values.~~

~~(b)~~ Net tax capacity means the product of the appropriate net class rates in this section and taxable market values.

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

Sec. 30. Minnesota Statutes 2010, section 273.1398, subdivision 3, is amended to read:

Subd. 3. **Disparity reduction aid.** The amount of disparity aid certified for each taxing district within each unique taxing jurisdiction for taxes payable in the prior year shall be multiplied by the ratio of (1) the jurisdiction's tax capacity using the class rates for taxes payable in the year for which aid is being computed, to (2) its tax capacity using the class rates for taxes payable in the year prior to that for which aid is being computed, both based upon taxable market values for taxes payable in the year prior to that for which aid is being computed. If the commissioner determines that insufficient information is available to reasonably and timely calculate the numerator in this ratio for the first taxes payable year that a class rate change or new class rate is effective, the commissioner shall omit the effects of that class rate change or new class rate when calculating this ratio for aid payable in that taxes payable year. For aid payable in the year following a year for which such omission was made, the commissioner shall use in the denominator for the class that was changed or created, the tax capacity for taxes payable two years prior to that in which the aid is payable, based on taxable market values for taxes payable in the year prior to that for which aid is being computed.

Sec. 31. Minnesota Statutes 2010, section 273.1398, subdivision 4, is amended to read:

Subd. 4. **Disparity reduction credit.** (a) Beginning with taxes payable in 1989, class 4a, class 3a, and class 3b property qualifies for a disparity reduction credit if: (1) the property is located in a border city that has an enterprise zone designated pursuant to section 469.168, subdivision 4; (2) the property is located in a city with a population greater than 2,500 and less than 35,000 according to the 1980 decennial census; (3) the city is adjacent to a city in another state or immediately adjacent to a city adjacent to a city in another state; and (4) the adjacent city in the other state has a population of greater than 5,000 and less than 75,000 according to the 1980 decennial census.

(b) The credit is an amount sufficient to reduce (i) the taxes levied on class 4a property to 2.3 percent of the property's taxable market value and (ii) the tax on class 3a and class 3b property to 2.3 percent of taxable market value.

(c) The county auditor shall annually certify the costs of the credits to the Department of Revenue. The department shall reimburse local governments for the property taxes forgone as the result of the credits in proportion to their total levies.

Sec. 32. Minnesota Statutes 2010, section 275.011, subdivision 1, is amended to read:

Subdivision 1. **Determination of levy limit.** The property tax levied for any purpose under a special law that is not codified in Minnesota Statutes or a city charter provision and that is subject to a mill rate limitation imposed by the special law or city charter provision, excluding levies subject to mill rate limitations that use adjusted assessed values determined by the commissioner of revenue under section 124.2131, must not exceed the following amount for the years specified:

(a) for taxes payable in 1988, the product of the applicable mill rate limitation imposed by special law or city charter provision multiplied by the total assessed valuation of all taxable property subject to the tax as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;

(b) for taxes payable in 1989, the product of (1) the property tax levy limitation for the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property subject to the tax divided by the assessment year 1987 total market valuation of all taxable property subject to the tax; and

(c) for taxes payable in 1990 and subsequent years, the product of (1) the property tax levy limitation for the previous year determined pursuant to this subdivision multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property subject to the tax for the current assessment year divided by the total market valuation of all taxable property subject to the tax for the previous assessment year.

For the purpose of determining the property tax levy limitation for the taxes payable year ~~1988~~ 2013 and subsequent years under this subdivision, "total market valuation" means the ~~total~~ estimated market ~~valuation~~ value of all taxable property subject to the tax ~~without valuation adjustments for fiscal disparities (chapters 276A and 473F), tax~~

~~increment financing (sections 469.174 to 469.179), or powerline credit (section 273.425)~~ as provided under section 273.032.

Sec. 33. Minnesota Statutes 2010, section 275.077, subdivision 2, is amended to read:

Subd. 2. **Correction of levy amount.** The difference between the correct levy and the erroneous levy shall be added to the township levy for the subsequent levy year; provided that if the amount of the difference exceeds 0.12089 percent of ~~taxable~~ estimated market value, the excess shall be added to the township levy for the second and later subsequent levy years, not to exceed an additional levy of 0.12089 percent of ~~taxable~~ estimated market value in any year, until the full amount of the difference has been levied. The funds collected from the corrected levies shall be used to reimburse the county for the payment required by subdivision 1.

Sec. 34. Minnesota Statutes 2010, section 275.71, subdivision 4, is amended to read:

Subd. 4. **Adjusted levy limit base.** For taxes levied in 2008 through 2010, the adjusted levy limit base is equal to the levy limit base computed under subdivision 2 or section 275.72, multiplied by:

(1) one plus the percentage growth in the implicit price deflator, but the percentage shall not be less than zero or exceed 3.9 percent;

(2) one plus a percentage equal to 50 percent of the percentage increase in the number of households, if any, for the most recent 12-month period for which data is available; and

(3) one plus a percentage equal to 50 percent of the percentage increase in the ~~taxable~~ estimated market value of the jurisdiction due to new construction of class 3 property, as defined in section 273.13, subdivision 4, except for state-assessed utility and railroad property, for the most recent year for which data is available.

Sec. 35. Minnesota Statutes 2011 Supplement, section 276.04, subdivision 2, is amended to read:

Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The tax statement must not state or imply that property tax credits are paid by the state of Minnesota. The statement must contain a tabulated statement of the dollar amount due to each taxing authority and the amount of the state tax from the parcel of real property for which a particular tax statement is prepared. The dollar amounts attributable to the county, the state tax, the voter approved school tax, the other local school tax, the township or municipality, and the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The amounts due all other special taxing districts, if any, may be aggregated except that 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 listed on a separate line directly under the appropriate county's levy. If the county levy under this paragraph includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount. In the case of Ramsey County, if the county levy under this paragraph includes an amount for public library service under section 134.07, the amount attributable for that purpose may be separated from the remaining county levy amount. The amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount. The amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement.

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

(1) the property's estimated market value under section 273.11, subdivision 1;

(2) the property's homestead market value exclusion under section 273.13, subdivision 35;

(3) the property's taxable market value ~~after reductions~~ under ~~sections 273.11, subdivisions 1a and 16, and 273.13, subdivision 35~~ <u>section 272.03, subdivision 15</u>;

(4) the property's gross tax, before credits;

(5) for homestead agricultural properties, the credit under section 273.1384;

(6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of

credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and

(7) the net tax payable in the manner required in paragraph (a).

(d) If the county uses envelopes for mailing property tax statements and if the county agrees, a taxing district may include a notice with the property tax statement notifying taxpayers when the taxing district will begin its budget deliberations for the current year, and encouraging taxpayers to attend the hearings. If the county allows notices to be included in the envelope containing the property tax statement, and if more than one taxing district relative to a given property decides to include a notice with the tax statement, the county treasurer or auditor must coordinate the process and may combine the information on a single announcement.

Sec. 36. Minnesota Statutes 2010, section 276A.01, subdivision 10, is amended to read:

Subd. 10. **Adjusted market value.** "Adjusted market value" of real and personal property within a municipality means the ~~assessor's estimated~~ taxable market value, as defined in section 272.03, of all real and personal property, including the value of manufactured housing, within the municipality~~. For purposes of sections 276A.01 to 276A.09, the commissioner of revenue shall annually make determinations and reports with respect to each municipality which are comparable to those it makes for school districts~~, adjusted for sales ratios in a manner similar to the adjustments made to city and town net tax capacities under section 127A.48, subdivisions 1 to 6~~, in the same manner and at the same times prescribed by the subdivision. The commissioner of revenue shall annually determine, for each municipality, information comparable to that required by section 475.53, subdivision 4, for school districts, as soon as practicable after it becomes available. The commissioner of revenue shall then compute the equalized market value of property within each municipality~~.

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

Sec. 37. Minnesota Statutes 2010, section 276A.01, subdivision 12, is amended to read:

Subd. 12. **Fiscal capacity.** "Fiscal capacity" of a municipality means its ~~valuation~~ adjusted market value, determined as of January 2 of any year, divided by its population, determined as of a date in the same year.

Sec. 38. Minnesota Statutes 2010, section 276A.01, subdivision 13, is amended to read:

Subd. 13. **Average fiscal capacity.** "Average fiscal capacity" of municipalities means the sum of the ~~valuations~~ adjusted market values of all municipalities, determined as of January 2 of any year, divided by the sum of their populations, determined as of a date in the same year.

Sec. 39. Minnesota Statutes 2010, section 276A.01, subdivision 15, is amended to read:

Subd. 15. **Net tax capacity.** "Net tax capacity" means the taxable market value of real and personal property multiplied by its net tax capacity rates in section 273.13.

Sec. 40. Minnesota Statutes 2010, section 287.08, is amended to read:

287.08 TAX, HOW PAYABLE; RECEIPTS.

(a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of any county in this state in which the real property or some part is located at or before the time of filing the mortgage for record. The treasurer shall endorse receipt on the mortgage and the receipt is conclusive proof that the tax has been paid in the amount stated and authorizes any county recorder or registrar of titles to record the mortgage. Its form, in substance, shall be "registration tax hereon of .... dollars paid." If the mortgage is exempt from taxation the endorsement shall, in substance, be "exempt from registration tax." In either case the receipt must be signed by the treasurer. In case the treasurer is unable to determine whether a claim of exemption should be allowed, the tax must be paid as in the case of a taxable mortgage. For documents submitted electronically, the endorsements and tax amount shall be affixed electronically and no signature by the treasurer will be required. The actual payment method must be arranged in advance between the submitter and the receiving county.

(b) The county treasurer may refund in whole or in part any mortgage registry tax overpayment if a written application by the taxpayer is submitted to the county treasurer within 3-1/2 years from the date of the overpayment. If the county has not issued a denial of the application, the taxpayer may bring an action in Tax Court in the county in which the tax was paid at any time after the expiration of six months from the time that the application was submitted. A denial of refund may be appealed within 60 days from the date of the denial by bringing an action in Tax Court in the county in which the tax was paid. The action is commenced by the serving of a petition for relief on the county treasurer, and by filing a copy with the court. The county attorney shall defend the action. The county treasurer shall notify the treasurer of each county that has or would receive a portion of the tax as paid.

(c) If the county treasurer determines a refund should be paid, or if a refund is ordered by the court, the county treasurer of each county that actually received a portion of the tax shall immediately pay a proportionate share of three percent of the refund using any available county funds. The county treasurer of each county that received, or would have received, a portion of the tax shall also pay their county's proportionate share of the remaining 97 percent of the court-ordered refund on or before the 20th day of the following month using solely the mortgage registry tax funds that would be paid to the commissioner of revenue on that date under section 287.12. If the funds on hand under this procedure are insufficient to fully fund 97 percent of the court-ordered refund, the county treasurer of the county in which the action was brought shall file a claim with the commissioner of revenue under section 16A.48 for the remaining portion of 97 percent of the refund, and shall pay over the remaining portion upon receipt of a warrant from the state issued pursuant to the claim.

(d) When any mortgage covers real property located in more than one county in this state the total tax must be paid to the treasurer of the county where the mortgage is first presented for recording, and the payment must be receipted as provided in paragraph (a). If the principal debt or obligation secured by such a multiple county mortgage exceeds $10,000,000, the nonstate portion of the tax must be divided and paid over by the county treasurer receiving it, on or before the 20th day of each month after receipt, to the county or counties entitled in the ratio that the estimated market value of the real property covered by the mortgage in each county bears to the estimated market value of all the real property in this state described in the mortgage. In making the division and payment the county treasurer shall send a statement giving the description of the real property described in the mortgage and the estimated market value of the part located in each county. For this purpose, the treasurer of any county may require the treasurer of any other county to certify to the former the estimated market ~~valuation~~ value of any tract of real property in any mortgage.

(e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The mortgagee may undertake to collect and remit the tax on behalf of the mortgagor. If the mortgagee collects money from the mortgagor to remit the tax on behalf of the mortgagor, the mortgagee has a fiduciary duty to remit the tax on behalf of the mortgagor as to the amount of the tax collected for that purpose and the mortgagor is relieved of any further obligation to pay the tax as to the amount collected by the mortgagee for this purpose.

Sec. 41. Minnesota Statutes 2010, section 287.23, subdivision 1, is amended to read:

Subdivision 1. **Real property outside county.** If any taxable deed or instrument describes any real property located in more than one county in this state, the total tax must be paid to the treasurer of the county where the document is first presented for recording, and the payment must be receipted as provided in section 287.08. If the net consideration exceeds $700,000, the nonstate portion of the tax must be divided and paid over by the county treasurer receiving it, on or before the 20th day of each month after receipt, to the county or counties entitled in the ratio which the estimated market value of the real property covered by the document in each county bears to the estimated market value of all the real property in this state described in the document. In making the division and payment the county treasurer shall send a statement to the other involved counties giving the description of the real property described in the document and the estimated market value of the part located in each county. The treasurer of any county may require the treasurer of any other county to certify to the former the estimated market ~~valuation~~ value of any parcel of real property for this purpose.

Sec. 42. Minnesota Statutes 2010, section 353G.08, subdivision 2, is amended to read:

Subd. 2. **Cash flow funding requirement.** If the executive director determines that an account in the voluntary statewide lump-sum volunteer firefighter retirement plan has insufficient assets to meet the service pensions determined payable from the account, the executive director shall certify the amount of the potential service pension shortfall to the municipality or municipalities and the municipality or municipalities shall make an additional employer contribution to the account within ten days of the certification. If more than one municipality is associated with the account, unless the municipalities agree to a different allocation, the municipalities shall allocate the additional employer contribution one-half in proportion to the population of each municipality and one-half in proportion to the estimated market value of the property of each municipality.

Sec. 43. Minnesota Statutes 2010, section 365.025, subdivision 4, is amended to read:

Subd. 4. **Major purchases: notice, petition, election.** Before buying anything under subdivision 2 that costs more than 0.24177 percent of the estimated market value of the town, the town must follow this subdivision.

The town must publish in its official newspaper the board's resolution to pay for the property over time. Then a petition for an election on the contract may be filed with the clerk. The petition must be filed within ten days after the resolution is published. To require the election the petition must be signed by a number of voters equal to ten percent of the voters at the last regular town election. The contract then must be approved by a majority of those voting on the question. The question may be voted on at a regular or special election.

Sec. 44. Minnesota Statutes 2010, section 366.095, subdivision 1, is amended to read:

Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates of indebtedness within the debt limits for a town purpose otherwise authorized by law. The certificates shall be payable in not more than ten years and be issued on the terms and in the manner as the board may determine. If the amount of the certificates to be issued exceeds 0.25 percent of the estimated market value of the town, they shall not be issued for at least ten days after publication in a newspaper of general circulation in the town of the board's resolution determining to issue them. If within that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular town election is filed with the clerk, the certificates shall not be issued until their issuance has been approved by a majority of the votes cast on the question at a regular or special election. A tax levy shall be made to pay the principal and interest on the certificates as in the case of bonds.

Sec. 45. Minnesota Statutes 2010, section 366.27, is amended to read:

366.27 FIREFIGHTERS' RELIEF; TAX LEVY.

The town board of any town in this state having therein a platted portion on which resides 1,200 or more people, and wherein a duly incorporated firefighters' relief association is located may each year levy a tax not to exceed 0.00806 percent of ~~taxable~~ estimated market value for the benefit of the relief association.

Sec. 46. Minnesota Statutes 2010, section 368.01, subdivision 23, is amended to read:

Subd. 23. **Financing purchase of certain equipment.** The town board may issue certificates of indebtedness within debt limits to purchase fire or police equipment or ambulance equipment or street construction or maintenance equipment. The certificates shall be payable in not more than five years and be issued on terms and in the manner as the board may determine. If the amount of the certificates to be issued to finance a purchase exceeds 0.24177 percent of the estimated market value of the town, ~~excluding money and credits,~~ they shall not be issued for at least ten days after publication in the official newspaper of a town board resolution determining to issue them. If before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular town election is filed with the clerk, the certificates shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election. A tax levy shall be made for the payment of the principal and interest on the certificates as in the case of bonds.

Sec. 47. Minnesota Statutes 2010, section 368.47, is amended to read:

368.47 TOWNS MAY BE DISSOLVED.

(1) When the voters residing within a town have failed to elect any town officials for more than ten years continuously;

(2) when a town has failed for a period of ten years to exercise any of the powers and functions of a town;

(3) when the estimated market value of a town drops to less than $165,000;

(4) when the tax delinquency of a town, exclusive of taxes that are delinquent or unpaid because they are contested in proceedings for the enforcement of taxes, amounts to 12 percent of its market value; or

(5) when the state or federal government has acquired title to 50 percent of the real estate of a town,

which facts, or any of them, may be found and determined by the resolution of the county board of the county in which the town is located, according to the official records in the office of the county auditor, the county board by resolution may declare the town, naming it, dissolved and no longer entitled to exercise any of the powers or functions of a town.

In Cass, Itasca, and St. Louis Counties, before the dissolution is effective the voters of the town shall express their approval or disapproval. The town clerk shall, upon a petition signed by a majority of the registered voters of the town, filed with the clerk at least 60 days before a regular or special town election, give notice at the same time and in the same manner of the election that the question of dissolution of the town will be submitted for determination at the election. At the election the question shall be voted upon by a separate ballot, the terms of which shall be either "for dissolution" or "against dissolution." The ballot shall be deposited in a separate ballot box and the result of the voting canvassed, certified, and returned in the same manner and at the same time as other facts and returns of the election. If a majority of the votes cast at the election are for dissolution, the town shall be dissolved. If a majority of the votes cast at the election are against dissolution, the town shall not be dissolved.

When a town is dissolved under sections 368.47 to 368.49 the county shall acquire title to any telephone company or other business conducted by the town. The business shall be operated by the board of county commissioners until it can be sold. The subscribers or patrons of the business shall have the first opportunity of purchase. If the town has any outstanding indebtedness chargeable to the business, the county auditor shall levy a tax against the property situated in the dissolved town to pay the indebtedness as it becomes due.

Sec. 48. Minnesota Statutes 2010, section 370.01, is amended to read:

370.01 CHANGE OF BOUNDARIES; CREATION OF NEW COUNTIES.

The boundaries of counties may be changed by taking territory from a county and attaching it to an adjoining county, and new counties may be established out of territory of one or more existing counties. A new county shall contain at least 400 square miles and have at least 4,000 inhabitants. A proposed new county must have a total ~~taxable~~ estimated market value of at least 35 percent of (i) the total ~~taxable~~ estimated market value of the existing county, or (ii) the average total ~~taxable~~ estimated market value of the existing counties, included in the proposition. The determination of the ~~taxable~~ estimated market value of a county must be made by the commissioner of revenue. An existing county shall not be reduced in area below 400 square miles, have less than 4,000 inhabitants, or have a total ~~taxable~~ estimated market value of less than that required of a new county.

No change in the boundaries of any county having an area of more than 2,500 square miles, whether by the creation of a new county, or otherwise, shall detach from the existing county any territory within 12 miles of the county seat.

Sec. 49. Minnesota Statutes 2010, section 373.40, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given.

(a) "Bonds" means an obligation as defined under section 475.51.

(b) "Capital improvement" means acquisition or betterment of public lands, buildings, or other improvements within the county for the purpose of a county courthouse, administrative building, health or social service facility, correctional facility, jail, law enforcement center, hospital, morgue, library, park, qualified indoor ice arena, roads and bridges, and the acquisition of development rights in the form of conservation easements under chapter 84C. An improvement must have an expected useful life of five years or more to qualify. "Capital improvement" does not include a recreation or sports facility building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility, swimming pool, exercise room or health spa), unless the building is part of an outdoor park facility and is incidental to the primary purpose of outdoor recreation.

(c) "Metropolitan county" means a county located in the seven-county metropolitan area as defined in section 473.121 or a county with a population of 90,000 or more.

(d) "Population" means the population established by the most recent of the following (determined as of the date the resolution authorizing the bonds was adopted):

(1) the federal decennial census,

(2) a special census conducted under contract by the United States Bureau of the Census, or

(3) a population estimate made either by the Metropolitan Council or by the state demographer under section 4A.02.

(e) "Qualified indoor ice arena" means a facility that meets the requirements of section 373.43.

~~(f) "Tax capacity" means total taxable market value, but does not include captured market value.~~

Sec. 50. Minnesota Statutes 2010, section 373.40, subdivision 4, is amended to read:

Subd. 4. **Limitations on amount.** A county may not issue bonds under this section if the maximum amount of principal and interest to become due in any year on all the outstanding bonds issued pursuant to this section (including the bonds to be issued) will equal or exceed 0.12 percent of ~~taxable~~ the estimated market value of property in the county. Calculation of the limit must be made using the ~~taxable~~ estimated market value for the taxes payable year in which the obligations are issued and sold. This section does not limit the authority to issue bonds under any other special or general law.

Sec. 51. Minnesota Statutes 2010, section 375.167, subdivision 1, is amended to read:

Subdivision 1. **Appropriations.** Notwithstanding any contrary law, a county board may appropriate from the general revenue fund to any nonprofit corporation a sum not to exceed 0.00604 percent of ~~taxable~~ estimated market value to provide legal assistance to persons who are unable to afford private legal counsel.

Sec. 52. Minnesota Statutes 2010, section 375.18, subdivision 3, is amended to read:

Subd. 3. **Courthouse.** Each county board may erect, furnish, and maintain a suitable courthouse. No indebtedness shall be created for a courthouse in excess of an amount equal to a levy of 0.04030 percent of ~~taxable~~ estimated market value without the approval of a majority of the voters of the county voting on the question of issuing the obligation at an election.

Sec. 53. Minnesota Statutes 2010, section 375.555, is amended to read:

375.555 FUNDING.

To implement the county emergency jobs program, the county board may expend an amount equal to what would be generated by a levy of 0.01209 percent of ~~taxable~~

estimated market value. The money to be expended may be from any available funds not otherwise earmarked.

Sec. 54. Minnesota Statutes 2010, section 383B.152, is amended to read:

383B.152 BUILDING AND MAINTENANCE FUND.

The county board may by resolution levy a tax to provide money which shall be kept in a fund known as the county reserve building and maintenance fund. Money in the fund shall be used solely for the construction, maintenance, and equipping of county buildings that are constructed or maintained by the board. The levy shall not be subject to any limit fixed by any other law or by any board of tax levy or other corresponding body, but shall not exceed 0.02215 percent of ~~taxable~~ estimated market value, less the amount required by chapter 475 to be levied in the year for the payment of the principal of and interest on all bonds issued pursuant to Extra Session Laws 1967, chapter 47, section 1.

Sec. 55. Minnesota Statutes 2010, section 383B.245, is amended to read:

383B.245 LIBRARY LEVY.

(a) The county board may levy a tax on the taxable property within the county to acquire, better, and construct county library buildings and branches and to pay principal and interest on bonds issued for that purpose.

(b) The county board may by resolution adopted by a five-sevenths vote issue and sell general obligation bonds of the county in the manner provided in sections 475.60 to 475.73. The bonds shall not be subject to the limitations of sections 475.51 to 475.59, but the maturity years and amounts and interest rates of each series of bonds shall be fixed so that the maximum amount of principal and interest to become due in any year, on the bonds of that series and of all outstanding series issued by or for the purposes of libraries, shall not exceed an amount equal to 0.01612 percent of estimated market value of all taxable property in the county as last finally equalized before the issuance of the new series. When the tax levy authorized in this section is collected it shall be appropriated and credited to a debt service fund for the bonds in amounts required each year in lieu of a countywide tax levy for the debt service fund under section 475.61.

Sec. 56. Minnesota Statutes 2010, section 383B.73, subdivision 1, is amended to read:

Subdivision 1. **Levy.** To provide funds for the purposes of the Three Rivers Park District as set forth in its annual budget, in lieu of the levies authorized by any other special law for such purposes, the Board of Park District Commissioners may levy taxes on all the taxable property in the county and park district at a rate not exceeding

0.03224 percent of estimated market value. Notwithstanding section 398.16, on or before October 1 of each year, after public hearing, the Board of Park District Commissioners shall adopt a budget for the ensuing year and shall determine the total amount necessary to be raised from ad valorem tax levies to meet its budget. The Board of Park District Commissioners shall submit the budget to the county board. The county board may veto or modify an item contained in the budget. If the county board determines to veto or to modify an item in the budget, it must, within 15 days after the budget was submitted by the district board, state in writing the specific reasons for its objection to the item vetoed or the reason for the modification. The Park District Board, after consideration of the county board's objections and proposed modifications, may reapprove a vetoed item or the original version of an item with respect to which a modification has been proposed, by a two-thirds majority. If the district board does not reapprove a vetoed item, the item shall be deleted from the budget. If the district board does not reapprove the original version of a modified item, the item shall be included in the budget as modified by the county board. After adoption of the final budget and no later than October 1, the superintendent of the park district shall certify to the office of the Hennepin County director of tax and public records exercising the functions of the county auditor the total amount to be raised from ad valorem tax levies to meet its budget for the ensuing year. The director of tax and public records shall add the amount of any levy certified by the district to other tax levies on the property of the county within the district for collection by the director of tax and public records with other taxes. When collected, the director shall make settlement of such taxes with the district in the same manner as other taxes are distributed to the other political subdivisions in Hennepin County.

Sec. 57. Minnesota Statutes 2010, section 383E.20, is amended to read:

383E.20 BONDING FOR COUNTY LIBRARY BUILDINGS.

The Anoka County Board may, by resolution adopted by a four-sevenths vote, issue and sell general obligation bonds of the county in the manner provided in chapter 475 to acquire, better, and construct county library buildings. The bonds shall not be subject to the requirements of sections 475.57 to 475.59. The maturity years and amounts and interest rates of each series of bonds shall be fixed so that the maximum amount of principal and interest to become due in any year, on the bonds of that series and of all outstanding series issued by or for the purposes of libraries, shall not exceed an amount equal to .01 percent of the ~~taxable~~ estimated market value of all taxable property in the county, excluding any taxable property taxed by any city for the support of any free public library. When the tax levy authorized in this section is collected, it shall be appropriated and credited to a debt service fund for the bonds. The tax levy for the debt service fund under section 475.61 shall be reduced by the amount available or reasonably anticipated to be available in the fund to make payments otherwise payable from the levy pursuant to section 475.61.

Sec. 58. Minnesota Statutes 2010, section 383E.23, is amended to read:

383E.23 LIBRARY TAX.

The Anoka County Board may levy a tax of not more than .01 percent of the ~~taxable~~ estimated market value of taxable property located within the county excluding any taxable property taxed by any city for the support of any free public library, to acquire, better, and construct county library buildings and to pay principal and interest on bonds issued for that purpose. The tax shall be disregarded in the calculation of levies or limits on levies provided by section 373.40, or other law.

Sec. 59. Minnesota Statutes 2010, section 385.31, is amended to read:

385.31 PAYMENT OF COUNTY ORDERS OR WARRANTS.

When any order or warrant drawn on the treasurer is presented for payment, if there is money in the treasury for that purpose, the county treasurer shall redeem the same, and write across the entire face thereof the word "redeemed," the date of the redemption, and the treasurer's official signature. If there is not sufficient funds in the proper accounts to pay such orders they shall be numbered and registered in their order of presentation, and proper endorsement thereof shall be made on such orders and they shall be entitled to payment in like order. Such orders shall bear interest at not to exceed the rate of six percent per annum from such date of presentment. The treasurer, as soon as there is sufficient money in the treasury, shall appropriate and set apart a sum sufficient for the payment of the orders so presented and registered, and, if entitled to interest, issue to the original holder a notice that interest will cease in 30 days from the date of such notice; and, if orders thus entitled to priority of payment are not then presented, the next in order of registry may be paid until such orders are presented. No interest shall be paid on any order, except upon a warrant drawn by the county auditor for that purpose, giving the number and the date of the order on account of which the interest warrant is drawn. In any county in this state now or hereafter having ~~a~~ an estimated market value of all taxable property~~,~~ ~~exclusive of money and credits,~~ of not less than $1,033,000,000, the county treasurer, in order to save payment of interest on county warrants drawn upon a fund in which there shall be temporarily insufficient money in the treasury to redeem the same, may borrow temporarily from any other fund in the county treasury in which there is a sufficient balance to care for the needs of such fund and allow a temporary loan or transfer to any other fund, and may pay such warrants out of such funds. Any such money so transferred and used in redeeming such county warrants shall be returned to the fund from which drawn as soon as money shall come in to the credit of such fund on which any such warrant was drawn and paid as aforesaid. Any county operating on a cash basis may use a combined form of warrant or order and check, which, when signed by the chair of the county board and by the auditor, is an order or warrant for the payment of the claim, and, when countersigned by the county treasurer, is a check for the payment of the amount thereof.

Sec. 60. Minnesota Statutes 2010, section 394.36, subdivision 1, is amended to read:

Subdivision 1. **Continuation of nonconformity; limitations.** Except as provided in subdivision 2, 3, or 4, any nonconformity, including the lawful use or occupation of land or premises existing at the time of the adoption of an official control under this chapter, may be continued, although the use or occupation does not conform to the official control. If the nonconformity or occupancy is discontinued for a period of more than one year, or any nonconforming building or structure is destroyed by fire or other peril to the extent of 50 percent of its <u>estimated</u> market value, any subsequent use or occupancy of the land or premises shall be a conforming use or occupancy.

Sec. 61. Minnesota Statutes 2010, section 398A.04, subdivision 8, is amended to read:

Subd. 8. **Taxation.** Before deciding to exercise the power to tax, the authority shall give six weeks' published notice in all municipalities in the region. If a number of voters in the region equal to five percent of those who voted for candidates for governor at the last gubernatorial election present a petition within nine weeks of the first published notice to the secretary of state requesting that the matter be submitted to popular vote, it shall be submitted at the next general election. The question prepared shall be:

"Shall the regional rail authority have the power to impose a property tax?

Yes ....
No ...."

If a majority of those voting on the question approve or if no petition is presented within the prescribed time the authority may levy a tax at any annual rate not exceeding 0.04835 percent of <u>estimated</u> market value of all taxable property situated within the municipality or municipalities named in its organization resolution. Its recording officer shall file, on or before September 15, in the office of the county auditor of each county in which territory under the jurisdiction of the authority is located a certified copy of the board of commissioners' resolution levying the tax, and each county auditor shall assess and extend upon the tax rolls of each municipality named in the organization resolution the portion of the tax that bears the same ratio to the whole amount that the net tax capacity of taxable property in that municipality bears to the net tax capacity of taxable property in all municipalities named in the organization resolution. Collections of the tax shall be remitted by each county treasurer to the treasurer of the authority. For taxes levied in 1991, the amount levied for light rail transit purposes under this subdivision shall not exceed 75 percent of the amount levied in 1990 for light rail transit purposes under this subdivision.

Sec. 62. Minnesota Statutes 2010, section 401.05, subdivision 3, is amended to read:

Subd. 3. **Leasing.** (a) A county or joint powers board of a group of counties which acquires or constructs and equips or improves facilities under this chapter may, with the approval of the board of county commissioners of each county, enter into a lease agreement with a city situated within any of the counties, or a county housing and redevelopment authority established under chapter 469 or any special law. Under the lease agreement, the city or county housing and redevelopment authority shall:

(1) construct or acquire and equip or improve a facility in accordance with plans prepared by or at the request of a county or joint powers board of the group of counties and approved by the commissioner of corrections; and

(2) finance the facility by the issuance of revenue bonds.

(b) The county or joint powers board of a group of counties may lease the facility site, improvements, and equipment for a term upon rental sufficient to produce revenue for the prompt payment of the revenue bonds and all interest accruing on them. Upon completion of payment, the lessee shall acquire title. The real and personal property acquired for the facility constitutes a project and the lease agreement constitutes a revenue agreement as provided in sections 469.152 to 469.165. All proceedings by the city or county housing and redevelopment authority and the county or joint powers board shall be as provided in sections 469.152 to 469.165, with the following adjustments:

(1) no tax may be imposed upon the property;

(2) the approval of the project by the commissioner of employment and economic development is not required;

(3) the Department of Corrections shall be furnished and shall record information concerning each project as it may prescribe, in lieu of reports required on other projects to the commissioner of employment and economic development;

(4) the rentals required to be paid under the lease agreement shall not exceed in any year one-tenth of one percent of the estimated market value of property within the county or group of counties as last equalized before the execution of the lease agreement;

(5) the county or group of counties shall provide for payment of all rentals due during the term of the lease agreement in the manner required in subdivision 4;

(6) no mortgage on the facilities shall be granted for the security of the bonds, but compliance with clause (5) may be enforced as a nondiscretionary duty of the county or group of counties; and

(7) the county or the joint powers board of the group of counties may sublease any part of the facilities for purposes consistent with their maintenance and operation.

Sec. 63. Minnesota Statutes 2010, section 410.32, is amended to read:

410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.

(a) Notwithstanding any contrary provision of other law or charter, a home rule charter city may, by resolution and without public referendum, issue capital notes subject to the city debt limit to purchase capital equipment.

(b) For purposes of this section, "capital equipment" means:

(1) public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment; and

(2) computer hardware and software, whether bundled with machinery or equipment or unbundled.

(c) The equipment or software must have an expected useful life at least as long as the term of the notes.

(d) The notes shall be payable in not more than ten years and be issued on terms and in the manner the city determines. The total principal amount of the capital notes issued in a fiscal year shall not exceed 0.03 percent of the <u>estimated</u> market value of taxable property in the city for that year.

(e) A tax levy shall be made for the payment of the principal and interest on the notes, in accordance with section 475.61, as in the case of bonds.

(f) Notes issued under this section shall require an affirmative vote of two-thirds of the governing body of the city.

(g) Notwithstanding a contrary provision of other law or charter, a home rule charter city may also issue capital notes subject to its debt limit in the manner and subject to the limitations applicable to statutory cities pursuant to section 412.301.

Sec. 64. Minnesota Statutes 2010, section 412.221, subdivision 2, is amended to read:

Subd. 2. **Contracts.** The council shall have power to make such contracts as may be deemed necessary or desirable to make effective any power possessed by the council. The city may purchase personal property through a conditional sales contract and real property through a contract for deed under which contracts the seller is confined to the remedy of recovery of the property in case of nonpayment of all or part of the purchase price, which shall be payable over a period of not to exceed five years. When the contract price of property to be purchased by contract for deed or conditional sales contract exceeds 0.24177 percent of the estimated market value of the city, the city may not enter into such a contract for at least ten days after publication in the official newspaper of a council resolution determining to purchase property by such a contract; and, if before the end of that time a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular city election is filed with the clerk, the city may not enter into such a contract until the proposition has been approved by a majority of the votes cast on the question at a regular or special election.

Sec. 65. Minnesota Statutes 2010, section 412.301, is amended to read:

412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.

(a) The council may issue certificates of indebtedness or capital notes subject to the city debt limits to purchase capital equipment.

(b) For purposes of this section, "capital equipment" means:

(1) public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment; and

(2) computer hardware and software, whether bundled with machinery or equipment or unbundled.

(c) The equipment or software must have an expected useful life at least as long as the terms of the certificates or notes.

(d) Such certificates or notes shall be payable in not more than ten years and shall be issued on such terms and in such manner as the council may determine.

(e) If the amount of the certificates or notes to be issued to finance any such purchase exceeds 0.25 percent of the estimated market value of taxable property in the city, they shall not be issued for at least ten days after publication in the official newspaper of a council resolution determining to issue them; and if before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular municipal election is filed with the clerk, such certificates or notes shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election.

(f) A tax levy shall be made for the payment of the principal and interest on such certificates or notes, in accordance with section 475.61, as in the case of bonds.

Sec. 66. Minnesota Statutes 2010, section 428A.02, subdivision 1, is amended to read:

Subdivision 1. **Ordinance.** The governing body of a city may adopt an ordinance establishing a special service district. Only property that is classified under section 273.13 and used for commercial, industrial, or public utility purposes, or is vacant land zoned or designated on a land use plan for commercial or industrial use and located in the special service district, may be subject to the charges imposed by the city on the special service district. Other types of property may be included within the boundaries of the special service district but are not subject to the levies or charges imposed by the city on the special service district. If 50 percent or more of the <u>estimated</u> market value of a parcel of property is classified under section 273.13 as commercial, industrial, or vacant land zoned or designated on a land use plan for commercial or industrial use, or public utility for the current assessment year, then the entire <u>taxable</u> market value of the property is subject to a service charge based on net tax capacity for purposes of sections 428A.01 to 428A.10. The ordinance shall describe with particularity the area within the city to be included in the district and the special services to be furnished in the district. The ordinance may not be adopted until after a public hearing has been held on the question. Notice of the hearing shall include the time and place of hearing, a map showing the boundaries of the proposed district, and a statement that all persons owning property in the proposed district that would be subject to a service charge will be given opportunity to be heard at the hearing. Within 30 days after adoption of the ordinance under this subdivision, the governing body shall send a copy of the ordinance to the commissioner of revenue.

Sec. 67. Minnesota Statutes 2010, section 430.102, subdivision 2, is amended to read:

Subd. 2. **Council approval; special tax levy limitation.** The council shall receive and consider the estimate required in subdivision 1 and the items of cost after notice and hearing before it or its appropriate committee as it considers necessary or expedient, and shall approve the estimate, with necessary amendments. The amounts of each item of cost estimated are then appropriated to operate, maintain, and improve the pedestrian mall during the next fiscal year. The amount of the special tax to be charged under subdivision 1, clause (3), must not, however, exceed 0.12089 percent of <u>estimated</u> market value of taxable property in the district. The council shall make any necessary adjustment in costs of operating and maintaining the district to keep the amount of the tax within this limitation.

Sec. 68. Minnesota Statutes 2010, section 447.10, is amended to read:

447.10 TAX LEVY FOR OPERATING AND MAINTAINING HOSPITAL.

The governing body of a city of the first class owning a hospital may annually levy a tax to operate and maintain the hospital. The tax must not exceed 0.00806 percent of ~~taxable~~ estimated market value.

Sec. 69. Minnesota Statutes 2010, section 450.19, is amended to read:

450.19 TOURIST CAMPING GROUNDS.

A home rule charter or statutory city or town may establish and maintain public tourist camping grounds. The governing body thereof may acquire by lease, purchase, or gift, suitable lands located either within or without the corporate limits for use as public tourist camping grounds and provide for the equipment, operation, and maintenance of the same. The amount that may be expended for the maintenance, improvement, or operation of tourist camping grounds shall not exceed, in any year, a sum equal to 0.00806 percent of ~~taxable~~ estimated market value.

Sec. 70. Minnesota Statutes 2010, section 450.25, is amended to read:

450.25 MUSEUM, GALLERY, OR SCHOOL OF ARTS OR CRAFTS; TAX LEVY.

After the acquisition of any museum, gallery, or school of arts or crafts, the board of park commissioners of the city in which it is located shall cause to be included in the annual tax levy upon all the taxable property of the county in which the museum, gallery, or school of arts or crafts is located, a tax of 0.00846 percent of estimated market value. The board shall certify the levy to the county auditor and it shall be added to, and collected with and as part of, the general, real, and personal property taxes, with like penalties and interest, in case of nonpayment and default, and all provisions of law in respect to the levy, collection, and enforcement of other taxes shall, so far as applicable, be followed in respect of these taxes. All of these taxes, penalties, and interest, when collected, shall be paid to the city treasurer of the city in which is located the museum, gallery, or school of arts or crafts and credited to a fund to be known as the park museum fund, and shall be used only for the purposes specified in sections 450.23 to 450.25. Any part of the proceeds of the levy not expended for the purposes specified in section 450.24 may be used for the erection of new buildings for the same purposes.

Sec. 71. Minnesota Statutes 2010, section 458A.10, is amended to read:

458A.10 PROPERTY TAX.

The commission shall annually levy a tax not to exceed 0.12089 percent of estimated market value on all the taxable property in the transit area at a rate sufficient to produce an amount necessary for the purposes of sections 458A.01 to 458A.15, other than the payment of principal and interest due on any revenue bonds issued pursuant to section 458A.05. Property taxes levied under this section shall be certified by the commission to the county auditors of the transit area, extended, assessed, and collected in the manner provided by law for the property taxes levied by the governing bodies of cities. The proceeds of the taxes levied under this section shall be remitted by the respective county treasurers to the treasurer of the commission, who shall credit the same to the funds of the commission for use for the purposes of sections 458A.01 to 458A.15 subject to any applicable pledges or limitations on account of tax anticipation certificates or other specific purposes. At any time after making a tax levy under this section and certifying it to the county auditors, the commission may issue general obligation certificates of indebtedness in anticipation of the collection of the taxes as provided by section 412.261.

Sec. 72. Minnesota Statutes 2010, section 458A.31, subdivision 1, is amended to read:

Subdivision 1. **Levy limit.** Notwithstanding anything to the contrary contained in the charter of the city of Duluth, any ordinance thereof, or any statute applicable thereto, limiting the amount levied in any one year for general or special purposes, the city council of the city of Duluth shall each year levy a tax in an amount not to exceed 0.07253 percent of ~~taxable~~ estimated market value, by ordinance. An ordinance fixing the levy shall take effect immediately upon its passage and approval. The proceeds of the levy shall be paid into the city treasury and deposited in the operating fund provided for in section 458A.24, subdivision 3.

Sec. 73. Minnesota Statutes 2010, section 465.04, is amended to read:

465.04 ACCEPTANCE OF GIFTS.

Cities of the second, third, or fourth class, having at any time ~~a~~ an estimated market value of not more than $41,000,000, ~~exclusive of money and credits,~~ as officially equalized by the commissioner of revenue, either under home rule charter or under the laws of this state, in addition to all other powers possessed by them, hereby are authorized and empowered to receive and accept gifts and donations for the use and benefit of such cities and the inhabitants thereof upon terms and conditions to be approved by the governing bodies of such cities; and such cities are authorized to comply with and perform such terms and conditions, which may include payment to the donor or donors of interest on the value of the gift at not exceeding five percent per annum payable annually or semiannually, during the remainder of the natural life or lives of such donor or donors.

Sec. 74. Minnesota Statutes 2010, section 469.033, subdivision 6, is amended to read:

Subd. 6. **Operation area as taxing district, special tax.** All of the territory included within the area of operation of any authority shall constitute a taxing district for the purpose of levying and collecting special benefit taxes as provided in this subdivision. All of the taxable property, both real and personal, within that taxing district shall be deemed to be benefited by projects to the extent of the special taxes levied under this subdivision. Subject to the consent by resolution of the governing body of the city in and for which it was created, an authority may levy a tax upon all taxable property within that taxing district. The tax shall be extended, spread, and included with and as a part of the general taxes for state, county, and municipal purposes by the county auditor, to be collected and enforced therewith, together with the penalty, interest, and costs. As the tax, including any penalties, interest, and costs, is collected by the county treasurer it shall be accumulated and kept in a separate fund to be known as the "housing and redevelopment project fund." The money in the fund shall be turned over to the authority at the same time and in the same manner that the tax collections for the city are turned over to the city, and shall be expended only for the purposes of sections 469.001 to 469.047. It shall be paid out upon vouchers signed by the chair of the authority or an authorized representative. The amount of the levy shall be an amount approved by the governing body of the city, but shall not exceed 0.0185 percent of ~~taxable~~ estimated market value. The authority shall each year formulate and file a budget in accordance with the budget procedure of the city in the same manner as required of executive departments of the city or, if no budgets are required to be filed, by August 1. The amount of the tax levy for the following year shall be based on that budget.

Sec. 75. Minnesota Statutes 2010, section 469.034, subdivision 2, is amended to read:

Subd. 2. **General obligation revenue bonds.** (a) An authority may pledge the general obligation of the general jurisdiction governmental unit as additional security for bonds payable from income or revenues of the project or the authority. The authority must find that the pledged revenues will equal or exceed 110 percent of the principal and interest due on the bonds for each year. The proceeds of the bonds must be used for a qualified housing development project or projects. The obligations must be issued and sold in the manner and following the procedures provided by chapter 475, except the obligations are not subject to approval by the electors, and the maturities may extend to not more than 35 years for obligations sold to finance housing for the elderly and 40 years for other obligations issued under this subdivision. The authority is the municipality for purposes of chapter 475.

(b) The principal amount of the issue must be approved by the governing body of the general jurisdiction governmental unit whose general obligation is pledged. Public hearings must be held on issuance of the obligations by both the authority and the general jurisdiction governmental unit. The hearings must be held at least 15 days, but not more than 120 days, before the sale of the obligations.

(c) The maximum amount of general obligation bonds that may be issued and outstanding under this section equals the greater of (1) one-half of one percent of the ~~taxable~~ estimated market value of the general jurisdiction governmental unit whose general obligation is pledged, or (2) $3,000,000. In the case of county or multicounty general obligation bonds, the outstanding general obligation bonds of all cities in the county or counties issued under this subdivision must be added in calculating the limit under clause (1).

(d) "General jurisdiction governmental unit" means the city in which the housing development project is located. In the case of a county or multicounty authority, the county or counties may act as the general jurisdiction governmental unit. In the case of a multicounty authority, the pledge of the general obligation is a pledge of a tax on the taxable property in each of the counties.

(e) "Qualified housing development project" means a housing development project providing housing either for the elderly or for individuals and families with incomes not greater than 80 percent of the median family income as estimated by the United States Department of Housing and Urban Development for the standard metropolitan statistical area or the nonmetropolitan county in which the project is located. The project must be owned for the term of the bonds either by the authority or by a limited partnership or other entity in which the authority or another entity under the sole control of the authority is the sole general partner and the partnership or other entity must receive (1) an allocation from the Department of Management and Budget or an entitlement issuer of tax-exempt bonding authority for the project and a preliminary determination by the Minnesota Housing Finance Agency or the applicable suballocator of tax credits that the project will qualify for four percent low-income housing tax credits or (2) a reservation of nine percent low-income housing tax credits from the Minnesota Housing Finance Agency or a suballocator of tax credits for the project. A qualified housing development project may admit nonelderly individuals and families with higher incomes if:

(1) three years have passed since initial occupancy;

(2) the authority finds the project is experiencing unanticipated vacancies resulting in insufficient revenues, because of changes in population or other unforeseen circumstances that occurred after the initial finding of adequate revenues; and

(3) the authority finds a tax levy or payment from general assets of the general jurisdiction governmental unit will be necessary to pay debt service on the bonds if higher income individuals or families are not admitted.

(f) The authority may issue bonds to refund bonds issued under this subdivision in accordance with section 475.67. The finding of the adequacy of pledged revenues required by paragraph (a) and the public hearing required by paragraph (b) shall not apply to the issuance of refunding bonds. This paragraph applies to refunding bonds issued on and after July 1, 1992.

Sec. 76. Minnesota Statutes 2010, section 469.053, subdivision 4, is amended to read:

Subd. 4. **Mandatory city levy.** A city shall, at the request of the port authority, levy a tax in any year for the benefit of the port authority. The tax must not exceed 0.01813 percent of ~~taxable~~ estimated market value. The amount levied must be paid by the city treasurer to the treasurer of the port authority, to be spent by the authority.

Sec. 77. Minnesota Statutes 2010, section 469.053, subdivision 4a, is amended to read:

Subd. 4a. **Seaway port authority levy.** A levy made under this subdivision shall replace the mandatory city levy under subdivision 4. A seaway port authority is a special taxing district under section 275.066 and may levy a tax in any year for the benefit of the seaway port authority. The tax must not exceed 0.01813 percent of ~~taxable~~ estimated market value. The county auditor shall distribute the proceeds of the property tax levy to the seaway port authority.

Sec. 78. Minnesota Statutes 2010, section 469.053, subdivision 6, is amended to read:

Subd. 6. **Discretionary city levy.** Upon request of a port authority, the port authority's city may levy a tax to be spent by and for its port authority. The tax must enable the port authority to carry out efficiently and in the public interest sections 469.048 to 469.068 to create and develop industrial development districts. The levy must not be more than 0.00282 percent of ~~taxable~~ estimated market value. The county treasurer shall pay the proceeds of the tax to the port authority treasurer. The money may be spent by the authority in performance of its duties to create and develop industrial development districts. In spending the money the authority must judge what best serves the public interest. The levy in this subdivision is in addition to the levy in subdivision 4.

Sec. 79. Minnesota Statutes 2010, section 469.107, subdivision 1, is amended to read:

Subdivision 1. **City tax levy.** A city may, at the request of the authority, levy a tax in any year for the benefit of the authority. The tax must be not more than 0.01813 percent of ~~taxable~~ estimated market value. The amount levied must be paid by the city treasurer to the treasurer of the authority, to be spent by the authority.

Sec. 80. Minnesota Statutes 2010, section 469.177, subdivision 1, is amended to read:

Subdivision 1. **Original net tax capacity.** (a) Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original net tax capacity of the tax increment financing district and that portion of the district overlying any subdistrict as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original net tax capacity has increased or decreased as a result of a change in tax exempt status of property within the district and any subdistrict, reduction or enlargement of the district or changes pursuant to subdivision 4. The auditor shall certify the amount within 30 days after receipt of the request and sufficient information to identify the parcels included in the district. The certification relates to the taxes payable year as provided in subdivision 6.

(b) If the classification under section 273.13 of property located in a district changes to a classification that has a different assessment ratio, the original net tax capacity of that property must be redetermined at the time when its use is changed as if the property had originally been classified in the same class in which it is classified after its use is changed.

(c) The amount to be added to the original net tax capacity of the district as a result of previously tax exempt real property within the district becoming taxable equals the net tax capacity of the real property as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If improvements are made to tax exempt property after the municipality approves the district and before the parcel becomes taxable, the assessor shall, at the request of the authority, separately assess the estimated market value of the improvements. If the property becomes taxable, the county auditor shall add to original net tax capacity, the net tax capacity of the parcel, excluding the separately assessed improvements. If substantial taxable improvements were made to a parcel after certification of the district and if the property later becomes tax exempt, in whole or part, as a result of the authority acquiring the property through foreclosure or exercise of remedies under a lease or other revenue agreement or as a result of tax forfeiture, the amount to be added to the original net tax capacity of the district as a result of the property again becoming taxable is the amount of the parcel's value that was included in original net tax capacity when the parcel was first certified. The amount to be added to the original net tax capacity of the district as a result of enlargements equals the net tax capacity of the added real property as most recently certified by the commissioner of revenue as of the date of modification of the tax increment financing plan pursuant to section 469.175, subdivision 4.

(d) If the net tax capacity of a property increases because the property no longer qualifies under the Minnesota Agricultural Property Tax Law, section 273.111; the Minnesota Open Space Property Tax Law, section 273.112; or the Metropolitan Agricultural Preserves Act, chapter 473H, or because platted, unimproved property is improved or market value is increased after approval of the plat under section 273.11, subdivision ~~14,~~ 14a~~,~~ or 14b, the increase in net tax capacity must be added to the original net tax capacity. If the net tax capacity of a property increases because the property no longer qualifies for the homestead market value exclusion under section 273.13, subdivision 35, the increase in net tax capacity must be added to the original net tax capacity if the original construction of the affected home was completed before the date the assessor certified the original net tax capacity of the district.

(e) The amount to be subtracted from the original net tax capacity of the district as a result of previously taxable real property within the district becoming tax exempt or qualifying in whole or part for an exclusion from taxable market value, or a reduction in the geographic area of the district, shall be the amount of original net tax capacity initially attributed to the property becoming tax exempt, being excluded from taxable market value, or being removed from the district. If the net tax capacity of property located within the tax increment financing district is reduced by reason of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original net tax capacity of the district when the property upon which the abatement is made has not been improved since the date of certification of the district and to the captured net tax capacity of the district in each year thereafter when the abatement relates to improvements made after the date of certification. The county auditor may specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 469.175, subdivision 4.

(f) If a parcel of property contained a substandard building or improvements described in section 469.174, subdivision 10, paragraph (e), that were demolished or removed and if the authority elects to treat the parcel as occupied by a substandard building under section 469.174, subdivision 10, paragraph (b), or by improvements under section 469.174, subdivision 10, paragraph (e), the auditor shall certify the original net tax capacity of the parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated market value of the parcel for the year in which the building or other improvements were demolished or removed, but applying the class rates for the current year.

(g) For a redevelopment district qualifying under section 469.174, subdivision 10, paragraph (a), clause (4), as a qualified disaster area, the auditor shall certify the value of the land as the original tax capacity for any parcel in the district that contains a building that suffered substantial damage as a result of the disaster or emergency.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all districts, regardless of when the request for certification was made, and to computation of increment beginning with taxes payable in 2013.

Sec. 81. Minnesota Statutes 2010, section 469.180, subdivision 2, is amended to read:

Subd. 2. **Tax levies.** Notwithstanding any law, the county board of any county may appropriate from the general revenue fund a sum not to exceed a county levy of 0.00080 percent of ~~taxable~~ estimated market value to carry out the purposes of this section.

Sec. 82. Minnesota Statutes 2010, section 469.187, is amended to read:

469.187 FIRST CLASS CITY SPENDING FOR PUBLICITY; PUBLICITY BOARD.

Any city of the first class may expend money for city publicity purposes. The city may levy a tax, not exceeding 0.00080 percent of ~~taxable~~ estimated market value. The proceeds of the levy shall be expended in the manner and for the city publicity purposes the council directs. The council may establish and provide for a publicity board or bureau to administer the fund, subject to the conditions and limitations the council prescribes by ordinance.

Sec. 83. Minnesota Statutes 2010, section 469.206, is amended to read:

469.206 HAZARDOUS PROPERTY PENALTY.

A city may assess a penalty up to one percent of the estimated market value of real property, including any building located within the city that the city determines to be hazardous as defined in section 463.15, subdivision 3. The city shall send a written notice to the address to which the property tax statement is sent at least 90 days before it may assess the penalty. If the owner of the property has not paid the penalty or fixed the property within 90 days after receiving notice of the penalty, the penalty is considered delinquent and is increased by 25 percent each 60 days the penalty is not paid and the property remains hazardous. For the purposes of this section, a penalty that is delinquent is considered a delinquent property tax and subject to chapters 279, 280, and 281, in the same manner as delinquent property taxes.

Sec. 84. Minnesota Statutes 2010, section 471.24, is amended to read:

471.24 TOWNS, STATUTORY CITIES; JOINT MAINTENANCE OF CEMETERY.

Where a statutory city or town owns and maintains an established cemetery or burial ground, either within or without the municipal limits, the statutory city or town may, by mutual agreement with contiguous statutory cities and towns, each having ~~a~~ an estimated market value of not less than $2,000,000, join together in the maintenance of such public cemetery or burial ground for the use of the inhabitants of each of such municipalities; and each such municipality is hereby authorized, by action of its council or governing body, to levy a tax or make an appropriation for the annual support and maintenance of such cemetery or burial ground; provided, the amount thus appropriated by each municipality shall not exceed a total of $10,000 in any one year.

Sec. 85. Minnesota Statutes 2010, section 471.571, subdivision 1, is amended to read:

Subdivision 1. **Application.** This section applies to each city in which the net tax capacity of real and personal property consists in part of iron ore or lands containing taconite or semitaconite and in which the total ~~taxable~~ estimated market value of real and personal property exceeds $2,500,000.

Sec. 86. Minnesota Statutes 2010, section 471.571, subdivision 2, is amended to read:

Subd. 2. **Creation of fund, tax levy.** The governing body of the city may create a permanent improvement and replacement fund to be maintained by an annual tax levy. The governing body may levy a tax in excess of any charter limitation for the support of the permanent improvement and replacement fund, but not exceeding the following:

(a) in cities having a population of not more than 500 inhabitants, the lesser of $20 per capita or 0.08059 percent of ~~taxable~~ estimated market value;

(b) in cities having a population of more than 500 and less than ~~2500~~ 2,500, the greater of $12.50 per capita or $10,000 but not exceeding 0.08059 percent of ~~taxable~~ estimated market value;

(c) in cities having a population of ~~more than 2500~~ 2,500 or more inhabitants, the greater of $10 per capita or $31,500 but not exceeding 0.08059 percent of ~~taxable~~ estimated market value.

Sec. 87. Minnesota Statutes 2010, section 471.73, is amended to read:

471.73 ACCEPTANCE OF PROVISIONS.

In the case of any city within the class specified in section 471.72 having ~~a~~ an estimated market value~~, as defined in section 471.72,~~ in excess of $37,000,000; and in the case of any statutory city within such class having ~~a~~ an estimated market value~~, as defined in section 471.72,~~ of less than $5,000,000; and in the case of any statutory city within such class which is governed by Laws 1933, chapter 211, or Laws 1937, chapter 356; and in the case of any statutory city within such class which is governed by Laws 1929, chapter 208, and has ~~a~~ an estimated market value of less than $83,000,000; and in the case of any school district within such class having ~~a~~ an estimated market value~~, as defined in section 471.72,~~ of more than $54,000,000; and in the case of all towns within said class; sections 471.71 to 471.83 apply only if the governing body of the city or statutory city, the board of the school district, or the town board of the town shall have adopted a resolution determining to issue bonds under the provisions of sections 471.71 to 471.83 or to go upon a cash basis in accordance with the provisions thereof.

Sec. 88. Minnesota Statutes 2010, section 473.325, subdivision 2, is amended to read:

Subd. 2. **Chapter 475 applies; exceptions.** The Metropolitan Council shall sell and issue the bonds in the manner provided in chapter 475, and shall have the same powers and duties as a municipality issuing bonds under that law, except that the approval of a majority of the electors shall not be required and the net debt limitations shall not apply. The terms of each series of bonds shall be fixed so that the amount of principal and interest on all outstanding and undischarged bonds, together with the bonds proposed to be issued, due in any year shall not exceed 0.01209 percent of estimated market value of all taxable property in the metropolitan area as last finally equalized prior to a proposed issue. The bonds shall be secured in accordance with section 475.61, subdivision 1, and any taxes required for their payment shall be levied by the council, shall not affect the amount or rate of taxes which may be levied by the council for other purposes, shall be spread against all taxable property in the metropolitan area and shall not be subject to limitation as to rate or amount. Any taxes certified by the council to the county auditors for collection shall be reduced by the amount received by the council from the commissioner of management and budget or the federal government for the purpose of paying the principal and interest on bonds to which the levy relates. The council shall certify the fact and amount of all money so received to the county auditors, and the auditors shall reduce the levies previously made for the bonds in the manner and to the extent provided in section 475.61, subdivision 3.

Sec. 89. Minnesota Statutes 2010, section 473.629, is amended to read:

473.629 VALUE OF PROPERTY FOR BOND ISSUES BY SCHOOL DISTRICTS.

As to any lands ~~to be~~ detached from any school district under ~~the provisions hereof~~ section 473.625, notwithstanding ~~such prospective~~ the detachment, the estimated market value of ~~such~~ the detached lands and ~~the net tax capacity of~~ taxable properties ~~now~~ located ~~therein or thereon shall be and~~ on the lands on the date of the detachment constitute ~~from and after the date of the enactment hereof~~ a part of the estimated market value of properties ~~upon the basis of which such~~ used to calculate the net debt limit of the school district ~~may issue its bonds,~~. The value of ~~such~~ the lands ~~for such purpose to be~~ and other taxable properties for purposes of the school district's net debt limit are 33-1/3 percent of the estimated market value thereof as determined and certified by ~~said~~ the assessor to ~~said~~ the school district, and ~~it shall be the duty of such~~ the assessor annually on or before the tenth day of October ~~from and after the passage hereof, to so~~ of each year, shall determine and certify that value; provided, however, that the value of ~~such~~ the detached lands and ~~such~~ taxable properties shall never exceed 20 percent of the estimated market value of all properties ~~constituting and making up the basis aforesaid~~ used to calculate the net debt limit of the school district.

Sec. 90. Minnesota Statutes 2010, section 473.661, subdivision 3, is amended to read:

Subd. 3. **Levy limit.** In any budget certified by the commissioners under this section, the amount included for operation and maintenance shall not exceed an amount which, when extended against the property taxable therefor under section 473.621, subdivision 5, will require a levy at a rate of 0.00806 percent of estimated market value. Taxes levied by the corporation shall not affect the amount or rate of taxes which may be levied by any other local government unit within the metropolitan area under the provisions of any charter.

Sec. 91. Minnesota Statutes 2010, section 473.667, subdivision 9, is amended to read:

Subd. 9. **Additional taxes.** Nothing herein shall prevent the commission from levying a tax not to exceed 0.00121 percent of estimated market value on taxable property within its taxing jurisdiction, in addition to any levies found necessary for the debt service fund authorized by section 473.671. Nothing herein shall prevent the levy and appropriation for purposes of the commission of any other tax on property or on any income, transaction, or privilege, when and if authorized by law. All collections of any taxes so levied shall be included in the revenues appropriated for the purposes referred to in this section, unless otherwise provided in the law authorizing the levies; but no covenant as to the continuance or as to the rate and amount of any such levy shall be made with the holders of the commission's bonds unless specifically authorized by law.

Sec. 92. Minnesota Statutes 2010, section 473.671, is amended to read:

473.671 LIMIT OF TAX LEVY.

The taxes levied against the property of the metropolitan area in any one year shall not exceed 0.00806 percent of ~~taxable~~ estimated market value, exclusive of taxes levied to pay the principal or interest on any bonds or indebtedness of the city issued under Laws 1943, chapter 500, and exclusive of any taxes levied to pay the share of the city for payments on bonded indebtedness of the corporation provided for in Laws 1943, chapter 500. The levy of taxes authorized in Laws 1943, chapter 500, shall be in addition to the maximum rate allowed to be levied to defray the cost of government under the provisions of the charter of any city affected by Laws 1943, chapter 500.

Sec. 93. Minnesota Statutes 2010, section 473.711, subdivision 2a, is amended to read:

Subd. 2a. **Tax levy.** (a) The commission may levy a tax on all taxable property in the district as defined in section 473.702 to provide funds for the purposes of sections 473.701 to 473.716. The tax shall not exceed the property tax levy limitation determined in this subdivision. A participating county may agree to levy an additional tax to be used by the commission for the purposes of sections 473.701 to 473.716 but the sum of the county's and commission's taxes may not exceed the county's proportionate share of the property tax levy limitation determined under this subdivision based on the ratio of its total net tax capacity to the total net tax capacity of the entire district as adjusted by section 270.12, subdivision 3. The auditor of each county in the district shall add the amount of the levy made by the district to other taxes of the county for collection by the county treasurer with other taxes. When collected, the county treasurer shall make settlement of the tax with the district in the same manner as other taxes are distributed to political subdivisions. No county shall levy any tax for mosquito, disease vectoring tick, and black gnat (Simuliidae) control except under this section. The levy shall be in addition to other taxes authorized by law.

(b) The property tax levied by the Metropolitan Mosquito Control Commission shall not exceed the product of (i) the commission's property tax levy limitation for the previous year determined under this subdivision multiplied by (ii) an index for market valuation changes equal to the total estimated market ~~valuation~~ value of all taxable property for the current tax payable year located within the district plus any area that has been added to the district since the previous year, divided by the total estimated market ~~valuation~~ value of all taxable property located within the district for the previous taxes payable year.

~~(c) For the purpose of determining the commission's property tax levy limitation under this subdivision, "total market valuation" means the total market valuation of all taxable property within the district without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).~~

Sec. 94. Minnesota Statutes 2010, section 473F.02, subdivision 12, is amended to read:

Subd. 12. **Adjusted market value.** "Adjusted market value" of real and personal property within a municipality means the ~~assessor's estimated~~ taxable market value, as defined in section 272.03, of all real and personal property, including the value of manufactured housing, within the municipality, adjusted for sales ratios in a manner similar to the adjustments made to city and town net tax capacities ~~. For purposes of sections 473F.01 to 473F.13, the commissioner of revenue shall annually make determinations and reports with respect to each municipality which are comparable to those it makes for school districts~~ under section 127A.48, subdivisions 1 to 6~~, in the same manner and at the same times as are prescribed by the subdivisions. The commissioner of revenue shall annually determine, for each municipality, information comparable to that required by section 475.53, subdivision 4, for school districts, as soon as practicable after it becomes available. The commissioner of revenue shall then compute the equalized market value of property within each municipality using the aggregate sales ratios from the Department of Revenue's sales ratio study~~.

Sec. 95. Minnesota Statutes 2010, section 473F.02, subdivision 14, is amended to read:

Subd. 14. **Fiscal capacity.** "Fiscal capacity" of a municipality means its ~~valuation~~ adjusted market value, determined as of January 2 of any year, divided by its population, determined as of a date in the same year.

Sec. 96. Minnesota Statutes 2010, section 473F.02, subdivision 15, is amended to read:

Subd. 15. **Average fiscal capacity.** "Average fiscal capacity" of municipalities means the sum of the ~~valuations~~ adjusted market values of all municipalities, determined as of January 2 of any year, divided by the sum of their populations, determined as of a date in the same year.

Sec. 97. Minnesota Statutes 2010, section 473F.02, subdivision 23, is amended to read:

Subd. 23. **Net tax capacity.** "Net tax capacity" means the taxable market value of real and personal property multiplied by its net tax capacity rates in section 273.13.

Sec. 98. Minnesota Statutes 2010, section 475.521, subdivision 4, is amended to read:

Subd. 4. **Limitations on amount.** A municipality may not issue bonds under this section if the maximum amount of principal and interest to become due in any year on all the outstanding bonds issued under this section, including the bonds to be issued, will equal or exceed 0.16 percent of the ~~taxable~~ estimated market value of property in the municipality. Calculation of the limit must be made using the ~~taxable~~ estimated market value for the taxes payable year in which the obligations are issued and sold. In the case of a municipality with a population of 2,500 or more, the bonds are subject to the net debt limits under section 475.53. In the case of a shared facility in which more than one municipality participates, upon compliance by each participating municipality with the requirements of subdivision 2, the limitations in this subdivision and the net debt represented by the bonds shall be allocated to each participating municipality in proportion to its required financial contribution to the financing of the shared facility, as set forth in the joint powers agreement relating to the shared facility. This section does not limit the authority to issue bonds under any other special or general law.

Sec. 99. Minnesota Statutes 2010, section 475.53, subdivision 1, is amended to read:

Subdivision 1. **Generally.** Except as otherwise provided in sections 475.51 to 475.74, no municipality, except a school district or a city of the first class, shall incur or be subject to a net debt in excess of three percent of the estimated market value of taxable property in the municipality.

Sec. 100. Minnesota Statutes 2010, section 475.53, subdivision 3, is amended to read:

Subd. 3. **Cities first class.** Unless its charter permits a greater net debt a city of the first class may not incur a net debt in excess of two percent of the estimated market value of all taxable property therein. If the charter of the city permits a net debt of the city in excess of two percent of its valuation, it may not incur a net debt in excess of 3-2/3 percent of the estimated market value of the taxable property therein.

The county auditor, at the time of preparing the tax list of the city, shall compile a statement setting forth the total net tax capacity and the total estimated market value of each class of taxable property in such city for such year.

Sec. 101. Minnesota Statutes 2010, section 475.53, subdivision 4, is amended to read:

Subd. 4. **School districts.** Except as otherwise provided by law, no school district shall be subject to a net debt in excess of 15 percent of the ~~actual~~ estimated market value of all taxable property situated within its corporate limits, as computed in accordance with this subdivision. The county auditor of each county containing taxable real or personal property situated within any school district shall certify to the district upon request the estimated market value of all such property. Whenever the commissioner of revenue, in accordance with section 127A.48, subdivisions 1 to 6, has determined that the ~~net tax capacity of any district furnished by county auditors is not based upon the~~ adjusted market value of taxable property in the district exceeds the estimated market value of property within the district, the commissioner of revenue shall certify to the district upon request the ratio most recently ascertained to exist between ~~such~~ the estimated market value and the ~~actual~~ adjusted market value of property within the district~~.~~, and the ~~actual market value of property within a district, on which its~~ debt limit under this subdivision ~~is~~ will be based~~, is (a) the value certified by the county auditors, or (b) this~~ on the estimated market value divided by the ratio certified by the commissioner of revenue~~, whichever results in a higher value~~.

Sec. 102. Minnesota Statutes 2010, section 475.53, subdivision 5, is amended to read:

Subd. 5. **Certain independent school districts.** No independent school district located wholly or partly within a city of the first class shall issue obligations with a term of more than two years, whenever the aggregate of the outstanding obligations of the district equals or exceeds 0.7 percent of the estimated market value of the taxable property within the school district.

Sec. 103. Minnesota Statutes 2010, section 475.58, subdivision 2, is amended to read:

Subd. 2. **Funding, refunding.** Any county, city, town, or school district whose outstanding gross debt, including all items referred to in section 475.51, subdivision 4, exceed in amount 1.62 percent of its estimated market value may issue bonds under this subdivision for the purpose of funding or refunding such indebtedness or any part thereof. A list of the items of indebtedness to be funded or refunded shall be made by the recording officer and treasurer and filed in the office of the recording officer. The initial resolution of the governing body shall refer to this subdivision as authority for the issue, state the amount of bonds to be issued and refer to the list of indebtedness to be funded or refunded. This resolution shall be published once each week for two successive weeks in a legal newspaper published in the municipality or if there be no such newspaper, in a legal newspaper published in the county seat. Such bonds may be issued without the submission of the question of their issue to the electors unless within ten days after the second publication of the resolution a petition requesting such election signed by ten or more voters who are taxpayers of the municipality, shall be filed with the recording officer. In event such petition is filed, no bonds shall be issued hereunder unless authorized by a majority of the electors voting on the question.

Sec. 104. Minnesota Statutes 2010, section 475.73, subdivision 1, is amended to read:

Subdivision 1. **May purchase these bonds; conditions.** Obligations sold under the provisions of section 475.60 may be purchased by the State Board of Investment if the obligations meet the requirements of section 11A.24, subdivision 2, upon the approval of the attorney general as to form and execution of the application therefor, and under rules as the board may specify, and the state board shall have authority to purchase the same to an amount not exceeding 3.63 percent of the estimated market value of the taxable property of the municipality, according to the last preceding assessment. The obligations shall not run for a shorter period than one year, nor for a longer period than 30 years and shall bear interest at a rate to be fixed by the state board but not less than two percent per annum. Forthwith upon the delivery to the state of Minnesota of any obligations issued by virtue thereof, the commissioner of management and budget shall certify to the respective auditors of the various counties wherein are situated the municipalities issuing the same, the number, denomination, amount, rate of interest and date of maturity of each obligation.

Sec. 105. Minnesota Statutes 2011 Supplement, section 477A.011, subdivision 20, is amended to read:

Subd. 20. **City net tax capacity.** "City net tax capacity" means ~~(1) the net tax capacity computed using the net tax capacity rates in section 273.13 for taxes payable in the year of the aid distribution, and the market values, after the exclusion in section 273.13, subdivision 35, for taxes payable in the year prior to the aid distribution plus (2) a city's fiscal disparities distribution tax capacity under section 276A.06, subdivision 2, paragraph (b), or 473F.08, subdivision 2, paragraph (b), for taxes payable in the year prior~~

~~to that for which aids are being calculated. The market value utilized in computing city net tax capacity shall be reduced by the sum of (1) a city's market value of commercial industrial property as defined in section 276A.01, subdivision 3, or 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 276A.06, subdivision 2, paragraph (a), or 473F.08, subdivision 2, paragraph (a), (2) the market value of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the market value of transmission lines deducted from a city's total net tax capacity under section 273.425. The city net tax capacity will be computed using equalized market values~~ the city's adjusted net tax capacity under section 273.1325.

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

Sec. 106. Minnesota Statutes 2010, section 477A.0124, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given them.

(b) "County program aid" means the sum of "county need aid," "county tax base equalization aid," and "county transition aid."

(c) "Age-adjusted population" means a county's population multiplied by the county age index.

(d) "County age index" means the percentage of the population over age 65 within the county divided by the percentage of the population over age 65 within the state, except that the age index for any county may not be greater than 1.8 nor less than 0.8.

(e) "Population over age 65" means the population over age 65 established as of July 15 in an aid calculation year by the most recent federal census, by a special census conducted under contract with the United States Bureau of the Census, by a population estimate made by the Metropolitan Council, or by a population estimate of the state demographer made pursuant to section 4A.02, whichever is the most recent as to the stated date of the count or estimate for the preceding calendar year and which has been certified to the commissioner of revenue on or before July 15 of the aid calculation year. A revision to an estimate or count is effective for these purposes only if certified to the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and counts established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under section 477A.014.

(f) "Part I crimes" means the three-year average annual number of Part I crimes reported for each county by the Department of Public Safety for the most recent years available. By July 1 of each year, the commissioner of public safety shall certify to the commissioner of revenue the number of Part I crimes reported for each county for the three most recent calendar years available.

(g) "Households receiving food stamps" means the average monthly number of households receiving food stamps for the three most recent years for which data is available. By July 1 of each year, the commissioner of human services must certify to the commissioner of revenue the average monthly number of households in the state and in each county that receive food stamps, for the three most recent calendar years available.

(h) "County net tax capacity" means the ~~net tax capacity of the county, computed analogously to city net tax capacity under section 477A.011, subdivision 20~~ county's adjusted net tax capacity under section 273.1325.

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

Sec. 107. Minnesota Statutes 2010, section 641.23, is amended to read:

641.23 FUNDS; HOW PROVIDED.

Before any contract is made for the erection of a county jail, sheriff's residence, or both, the county board shall either levy a sufficient tax to provide the necessary funds, or issue county bonds therefor in accordance with the provisions of chapter 475, provided that no election is required if the amount of all bonds issued for this purpose and interest on them which are due and payable in any year does not exceed an amount equal to 0.09671 percent of estimated market value of taxable property within the county, as last determined before the bonds are issued.

Sec. 108. Minnesota Statutes 2010, section 641.24, is amended to read:

641.24 LEASING.

The county may, by resolution of the county board, enter into a lease agreement with any statutory or home rule charter city situated within the county, or a county housing and redevelopment authority established pursuant to chapter 469 or any special law whereby the city or county housing and redevelopment authority will construct a jail or other law enforcement facilities for the county sheriff, deputy sheriffs, and other employees of the sheriff and other law enforcement agencies, in accordance with plans prepared by or at the request of the county board and, when required, approved by the commissioner of corrections and will finance it by the issuance of revenue bonds, and the county may lease the site and improvements for a term and upon rentals sufficient to produce revenue for the prompt payment of the bonds and all interest accruing thereon and, upon completion of payment, will acquire title thereto. The real and personal property acquired for the jail shall constitute a project and the lease agreement shall constitute a revenue agreement as contemplated in chapter 469, and all proceedings shall be taken by the city or county housing and redevelopment authority and the county in the manner and with the force and effect provided in chapter 469; provided that:

(1) no tax shall be imposed upon or in lieu of a tax upon the property;

(2) the approval of the project by the commissioner of commerce shall not be required;

(3) the Department of Corrections shall be furnished and shall record such information concerning each project as it may prescribe;

(4) the rentals required to be paid under the lease agreement shall not exceed in any year one-tenth of one percent of the estimated market value of property within the county, as last finally equalized before the execution of the agreement;

(5) the county board shall provide for the payment of all rentals due during the term of the lease, in the manner required in section 641.264, subdivision 2;

(6) no mortgage on the property shall be granted for the security of the bonds, but compliance with clause (5) hereof may be enforced as a nondiscretionary duty of the county board; and

(7) the county board may sublease any part of the jail property for purposes consistent with the maintenance and operation of a county jail or other law enforcement facility.

Sec. 109. Minnesota Statutes 2010, section 645.44, is amended by adding a subdivision to read:

Subd. 20. **Estimated market value.** When used in determining or calculating a limit on taxation, spending, state aid amounts, or debt, bond, certificate of indebtedness, or capital note issuance by or for a local government unit, "estimated market value" has the meaning given in section 273.032.

Sec. 110. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall recodify Minnesota Statutes, section 127A.48, subdivisions 1 to 6, as section 273.1325, subdivisions 1 to 6, and change all cross-references to the affected subdivisions accordingly.

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

Sec. 111. **REPEALER.**

Minnesota Statutes 2010, sections 273.11, subdivision 1a; 276A.01, subdivision 11; 276A.06, subdivision 10; 473F.02, subdivision 13; 473F.08, subdivision 10; and 477A.011, subdivision 21, are repealed.

Sec. 112. **EFFECTIVE DATE.**

Unless otherwise specifically provided, this act is effective the day following final enactment for purposes of limits on net debt, the issuance of bonds, certificates of indebtedness, and capital notes and is effective beginning for taxes payable in 2013 for all other purposes.