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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **2426**

03/15/2017 Authored by Whelan and Pugh
The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy
03/23/2017 Adoption of Report: Amended and re-referred to the Committee on Taxes
Pursuant to Joint Rule 2.03, re-referred to the Committee on Rules and Legislative Administration
05/22/2017 Pursuant to Joint Rule 3.02(b), returned to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; property; establishing the Legislative Property Tax Reform
1.3 Working Group; requiring a report.

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

1.5 Section 1. **LEGISLATIVE PROPERTY TAX REFORM WORKING GROUP.**

1.6 **Subdivision 1. Membership.** (a) The Legislative Property Tax Reform Working Group
1.7 is created and consists of the following members:

1.8 (1) two representatives appointed by the chair of the tax committee of the house of
1.9 representatives;

1.10 (2) two representatives appointed by the minority leader of the tax committee of the
1.11 house of representatives;

1.12 (3) two senators appointed by the chair of the senate tax committee; and

1.13 (4) two senators appointed by the minority leader of the senate tax committee.

1.14 (b) Any vacancy shall be filled by appointment of the appointing authority for the vacating
1.15 member.

1.16 (c) Members shall be appointed by July 1, 2017.

1.17 **Subd. 2. Duties.** The working group must perform the duties described in section 2.

1.18 **Subd. 3. First meeting; chair.** The first appointee of the chair of the house tax committee
1.19 must convene the initial meeting of the working group by July 21, 2017. The members of
1.20 the working group must elect a chair and vice-chair from the members of the working group
1.21 at the first meeting.

2.1 Subd. 4. **Staff.** Legislative staff of the house of representatives and senate shall provide
2.2 administrative and research support. The working group may request the assistance of staff
2.3 from the Department of Revenue and Department of Education as necessary to facilitate its
2.4 work.

2.5 Subd. 5. **Report.** The working group must submit a report by February 15, 2018, to the
2.6 chairs and ranking minority members of the committees in the senate and house of
2.7 representatives with primary jurisdiction over taxes, presenting two or more alternatives
2.8 for reform of Minnesota's property tax system.

2.9 Subd. 6. **Sunset.** The working group shall sunset the day following the submission of
2.10 the report under subdivision 5.

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

2.12 Sec. 2. **PROPOSALS FOR REFORM OF MINNESOTA'S PROPERTY TAX**
2.13 **SYSTEM.**

2.14 The Legislative Property Tax Reform Working Group must develop proposals to
2.15 restructure Minnesota's property tax system for legislative consideration. The proposals
2.16 must provide for a system that reduces the complexity and cost of Minnesota's property tax
2.17 system to increase transparency and understanding for taxpayers and assessors while
2.18 minimizing the number of properties that experience severe tax changes. The proposals
2.19 must include, but are not limited to, a reduction in the number of classifications and tiers
2.20 in the current property tax system. The proposals may include a transition period of up to
2.21 five years before the final system elements are fully operational. At least one proposal must
2.22 be developed where the highest estimated net state cost does not exceed \$250,000,000 in
2.23 the first year that the proposal is fully phased in. At least one proposal must be developed
2.24 where the highest estimated net state cost does not exceed \$500,000,000 in the first year
2.25 that the proposal is fully phased in. Each proposal should estimate the administrative cost
2.26 savings to county governments and to the state government.

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