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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 4371

03/11/2020 Authored by Marquart The bill was read for the first time and referred to the Property and Local Tax Division

1.1 A bill for an act
1.2 relating to taxes; property and local; requiring additional information to be sent
1.3 with the notice of proposed property taxes; amending Minnesota Statutes 2018,
1.4 section 275.065, subdivision 3, by adding subdivisions.

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

1.6 Section 1. Minnesota Statutes 2018, section 275.065, subdivision 3, is amended to read:

1.7 Subd. 3. Notice of proposed property taxes. (a) The county auditor shall prepare and
1.8 the county treasurer shall deliver after November 10 and on or before November 24 each
1.9 year, by first class mail to each taxpayer at the address listed on the county's current year's
1.10 assessment roll, a notice of proposed property taxes. Upon written request by the taxpayer,
1.11 the treasurer may send the notice in electronic form or by electronic mail instead of on paper
1.12 or by ordinary mail.

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

1.14 (c) The notice must inform taxpayers that it contains the amount of property taxes each
1.15 taxing authority proposes to collect for taxes payable the following year. In the case of a
1.16 town, or in the case of the state general tax, the final tax amount will be its proposed tax.
1.17 The notice must clearly state for each city that has a population over 500, county, school
1.18 district, regional library authority established under section 134.201, and metropolitan taxing
1.19 districts as defined in paragraph (i), the time and place of a meeting for each taxing authority
1.20 in which the budget and levy will be discussed and public input allowed, prior to the final
1.21 budget and levy determination. The taxing authorities must provide the county auditor with
1.22 the information to be included in the notice on or before the time it certifies its proposed
1.23 levy under subdivision 1. The public must be allowed to speak at that meeting, which must

2.1 occur after November 24 and must not be held before 6:00 p.m. It must provide a telephone
2.2 number for the taxing authority that taxpayers may call if they have questions related to the
2.3 notice and an address where comments will be received by mail, except that no notice
2.4 required under this section shall be interpreted as requiring the printing of a personal
2.5 telephone number or address as the contact information for a taxing authority. If a taxing
2.6 authority does not maintain public offices where telephone calls can be received by the
2.7 authority, the authority may inform the county of the lack of a public telephone number and
2.8 the county shall not list a telephone number for that taxing authority.

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

2.10 (1) the market value of the property as determined under section 273.11, and used for
2.11 computing property taxes payable in the following year and for taxes payable in the current
2.12 year as each appears in the records of the county assessor on November 1 of the current
2.13 year; the increase or decrease between the market value used for computing property taxes
2.14 payable in the current year and the market value used for the following year, expressed as
2.15 a percentage; the total amount of increase, if any, attributable to new construction; and, in
2.16 the case of residential property, whether the property is classified as homestead or
2.17 nonhomestead. The notice must clearly inform taxpayers of the years to which the market
2.18 values apply and that the values are final values;

2.19 (2) the items listed below, shown separately by county, city or town, and state general
2.20 tax, agricultural homestead credit under section 273.1384, school building bond agricultural
2.21 credit under section 273.1387, voter approved school levy, other local school levy, and the
2.22 sum of the special taxing districts, and as a total of all taxing authorities:

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

2.24 (ii) the proposed tax amount.

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

2.28 In the case of a town or the state general tax, the final tax shall also be its proposed tax
2.29 unless the town changes its levy at a special town meeting under section 365.52. If a school
2.30 district has certified under section 126C.17, subdivision 9, that a referendum will be held
2.31 in the school district at the November general election, the county auditor must note next
2.32 to the school district's proposed amount that a referendum is pending and that, if approved
2.33 by the voters, the tax amount may be higher than shown on the notice. In the case of the
2.34 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately

3.1 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for
3.2 the St. Paul Library Agency must be listed separately from the remaining amount of the
3.3 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be
3.4 listed separately from the remaining amount of the county's levy. In the case of a parcel
3.5 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F
3.6 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax
3.7 capacity subject to the areawide tax must each be stated separately and not included in the
3.8 sum of the special taxing districts; and

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

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

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

3.16 (1) special assessments;

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

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

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

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

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

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

3.30 (g) If the notice the taxpayer receives under this section lists the property as
3.31 nonhomestead, and satisfactory documentation is provided to the county assessor by the
3.32 applicable deadline, and the property qualifies for the homestead classification in that

4.1 assessment year, the assessor shall reclassify the property to homestead for taxes payable
4.2 in the following year.

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

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

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

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

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

4.15 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,
4.16 473.521, 473.547, or 473.834;

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

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

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

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

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

4.31 (2) population growth and decline;

4.32 (3) state or federal government action; and

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

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

5.7 **EFFECTIVE DATE.** This section is effective July 1, 2020, for proposed levy
 5.8 certifications for property taxes payable in 2021.

5.9 Sec. 2. Minnesota Statutes 2018, section 275.065, is amended by adding a subdivision to
 5.10 read:

5.11 **Subd. 3b. Notice of proposed property taxes required supplemental information. (a)**
 5.12 The county auditor must prepare a separate statement to be delivered with the notice of
 5.13 proposed taxes described in subdivision 3, that contains summary budget data from the city
 5.14 and the county that proposes a property tax levy for taxes payable the following year. The
 5.15 reported summary budget data must contain the same information, in the same categories,
 5.16 and in the same format as provided to the Office of the State Auditor as required by section
 5.17 6.745. The statement must provide the information in clauses (1) and (2) for the taxing
 5.18 authority's budget for taxes payable the following year and the taxing authority's budget
 5.19 from taxes payable in the current year, as well as the percent change between the two years.
 5.20 The city must provide the county auditor with the summary budget data at the same time
 5.21 as the information required under subdivision 3. Only cities with a population over 500 are
 5.22 required to report the data described in this subdivision. The statement must dedicate one
 5.23 half of the page to the city's budget information and the other half of the page to the county's
 5.24 budget information. If a city with a population over 500 fails to report the required
 5.25 information to the county auditor, the county auditor must list the city as "budget information
 5.26 not reported" on the half of the page dedicated to the city's budget information. The statement
 5.27 may take the same format as the annual summary budget report for cities and counties issued
 5.28 by the Office of the State Auditor. The summary budget data must include:

5.29 (1) a "governmental revenues" category, including and separately stating:

5.30 (i) "property taxes" defined as property taxes levied on an assessed valuation of real
 5.31 property and personal property, if applicable, by the city and county, including fiscal
 5.32 disparities;

6.1 (ii) "special assessments" defined as levies made against certain properties to defray all
6.2 or part of the costs of a specific improvement, such as new sewer and water mains, deemed
6.3 to benefit primarily those properties;

6.4 (iii) "state general purpose aid" defined as aid received from the state that has no
6.5 restrictions on its use, including local government aid, county program aid, and market
6.6 value credits; and

6.7 (iv) "state categorical aid" defined as revenues received for a specific purpose, such as
6.8 streets and highways, fire relief, and flood control, including, but not limited to, police and
6.9 fire state aid, and out-of-home placement aid; and

6.10 (2) a "current expenditures" category, including and separately stating:

6.11 (i) "general government" defined as administration costs of city or county governments,
6.12 including salaries of officials and maintenance of buildings;

6.13 (ii) "public safety" defined as costs related to the protection of persons and property,
6.14 such as police, fire, ambulance services, building inspections, animal control, and flood
6.15 control;

6.16 (iii) "streets and highways" defined as costs associated with the maintenance and repair
6.17 of local highways, streets, bridges, and street equipment, such as patching, seal coating,
6.18 street lighting, street cleaning, and snow removal;

6.19 (iv) "sanitation" defined as costs of refuse collection and disposal, recycling, and weed
6.20 and pest control;

6.21 (v) "human services" defined as activities designed to provide public assistance and
6.22 institutional care for individuals economically unable to provide for themselves;

6.23 (vi) "health" defined as costs of the maintenance of vital statistics, restaurant inspection,
6.24 communicable disease control, and various health services and clinics;

6.25 (vii) "culture and recreation" defined as costs of libraries, park maintenance, mowing,
6.26 planting, removal of trees, festivals, bands, museums, community centers, cable television,
6.27 baseball fields, and organized recreation activities;

6.28 (viii) "conservation of natural resources" defined as the conservation and development
6.29 of natural resources, including agricultural and forestry programs and services, weed
6.30 inspection services, and soil and water conservation services;

6.31 (ix) "economic development and housing" defined as costs for development and
6.32 redevelopment activities in blighted or otherwise economically disadvantaged areas, including

7.1 low-interest loans, cleanup of hazardous sites, rehabilitation of substandard housing and
 7.2 other physical facilities, and other assistance to those wanting to provide housing and
 7.3 economic opportunity within a disadvantaged area; and

7.4 (x) "all other current expenditures" defined as costs not classified elsewhere, such as
 7.5 airport expenditures, cemeteries, unallocated insurance costs, unallocated pension costs,
 7.6 and public transportation costs.

7.7 (b) If either taxing authority reporting this data does not have revenues or expenditures
 7.8 in a category listed in paragraph (a), then the taxing authority must designate the amount
 7.9 as "0" for that specific category.

7.10 **EFFECTIVE DATE.** This section is effective July 1, 2020.

7.11 Sec. 3. Minnesota Statutes 2018, section 275.065, is amended by adding a subdivision to
 7.12 read:

7.13 Subd. 7a. **Joint public hearing; nonmetropolitan cities and school districts.** (a)
 7.14 Notwithstanding any other provision of law, the governing body of a school district must
 7.15 hold a joint hearing with the governing bodies of all cities located wholly or partially within
 7.16 the district with a population over 500. The primary purpose of the joint hearing is for
 7.17 taxpayer efficiency by allowing taxpayers to come to a single public hearing to discuss the
 7.18 budgets and proposed property tax levies of two taxing authorities that impact the taxes on
 7.19 their property. The public must be allowed to speak at the meeting that must be held after
 7.20 November 24 and must not be held before 6:00 p.m.

7.21 (b) This subdivision applies only to cities and school districts located outside the
 7.22 metropolitan area as defined under section 473.121, subdivision 2. If a school district is
 7.23 located partially within the metropolitan area, the district may hold a joint hearing, if it so
 7.24 chooses. If a city is located partially within the metropolitan area and is located within a
 7.25 district holding a joint hearing under this subdivision, the city may participate in the joint
 7.26 hearing, if it so chooses.

7.27 (c) The school district must notify each city within the district with a population over
 7.28 500 of the date and time of the joint public hearing. If a participating city is located in more
 7.29 than one school district, the hearing under this subdivision is in lieu of the requirement to
 7.30 hold a separate public hearing if 75 percent or more of that city's previous year's net tax
 7.31 capacity is in the district holding the hearing.

8.1 (d) To the extent possible, the school district must obtain a meeting space to hold the
 8.2 joint hearing at a public building such as the court house, school, or community center. The
 8.3 location must be as centrally located within the district as possible.

8.4 (e) The meeting must generally be structured in the following general manner:

8.5 (1) the first 30 to 60 minutes must be devoted to discussion of the school district's budget
 8.6 and levy;

8.7 (2) the next 30 to 60 minutes must be devoted to discussion of the city's budget and levy,
 8.8 with each city's discussion held in a separate room, preferably in the same building; and

8.9 (3) during the last 30 minutes the governing bodies must reassemble in a joint meeting
 8.10 to entertain any follow-up questions that have arisen from the separate discussions.

8.11 The school district must attempt to keep the total public hearing to within three hours.

8.12 (f) In lieu of the public advertisement requirement in this section, the school district may
 8.13 provide a single advertisement listing each city with a population of over 500 participating
 8.14 in the joint public hearing. Any taxing authority participating under this subdivision is
 8.15 exempt from the separate public advertisement requirement under this section. The cost of
 8.16 the joint hearing advertisement must be apportioned so that each participating jurisdiction
 8.17 pays an equal amount. The school district must publish notice of the public hearing not less
 8.18 than two business days nor more than six business days before the hearing. The school
 8.19 district must select a newspaper of general interest and readership in the community, and
 8.20 not one of limited subject matter. The advertisement must appear in a newspaper that is
 8.21 published at least once per week. The advertisement must be in the following form:

8.22 "NOTICE OF JOINT PUBLIC HEARING

8.23 PROPOSED TOTAL PROPERTY TAXES

8.24 FOR PARTICIPATING TAXING AUTHORITIES

8.25 The property tax amounts below compare that portion of the current budget levied in property
 8.26 taxes in the cities and school district for (year) with the property taxes the cities and school
 8.27 district propose to collect in (year) for those taxing authorities participating in the joint
 8.28 public hearing.

8.29		<u>Proposed (Year)</u>	<u>Change (Year) -</u>
8.30	<u>Taxing Authority</u>	<u>(Year) Property Taxes</u>	<u>Property Taxes</u>
8.31	<u>\$.....</u>	<u>\$.....</u>	<u>...%</u>
8.32	<u>\$.....</u>	<u>\$.....</u>	<u>...%</u>
8.33	<u>\$.....</u>	<u>\$.....</u>	<u>...%</u>

9.1 ATTEND THE JOINT PUBLIC HEARING

9.2 All residents are invited to attend the joint public hearing of the cities and school district to
9.3 express your opinions on the proposed amount of (year) property taxes. The hearing will
9.4 be held on:

9.5 (Month/Day/Year/Time)

9.6 (Location/Address)

9.7 If the discussion cannot be completed, and another hearing is scheduled, a time and place
9.8 for that hearing will be announced at this hearing. You are also invited to send your written
9.9 comments to the school district. Please identify which jurisdiction your comments relate to
9.10 so that they can be directed to the right jurisdiction."

9.11 The formal adoption of the taxing authority's levy must not be made at the joint public
9.12 hearing held under this subdivision. The formal adoption must be made at one of the regularly
9.13 scheduled meetings of the taxing authority's governing body. However, the property tax
9.14 levy amount that is subsequently adopted cannot exceed the amount shown to taxpayers at
9.15 the joint public hearing.

9.16 **EFFECTIVE DATE.** This section is effective July 1, 2020.