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State of Minnesota  
**HOUSE OF REPRESENTATIVES**

EIGHTY-SEVENTH SESSION

**H. F. No. 1911**

01/24/2012 Authored by Davids and Runbeck  
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to taxes; property; imposing levy limits for certain local governments;  
1.3 providing limits to or requiring voter approval for certain actions that would  
1.4 increase property taxes; amending Minnesota Statutes 2010, sections 275.62,  
1.5 subdivision 1; 275.70, subdivision 3; 275.72; 275.73, subdivision 1; 275.74,  
1.6 subdivisions 1, 3; 275.75; 387.20, subdivision 7; 388.18, subdivision 6; 473.121,  
1.7 by adding a subdivision; 473.167, subdivision 3; 473.249, subdivision 1;  
1.8 473.253, subdivision 1; 475.755; proposing coding for new law in Minnesota  
1.9 Statutes, chapter 275; repealing Minnesota Statutes 2010, sections 275.70,  
1.10 subdivisions 2, 4, 5, 6; 275.71, subdivisions 1, 2, 4, 5, 6; 275.74, subdivision 2.

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

1.12 Section 1. Minnesota Statutes 2010, section 275.62, subdivision 1, is amended to read:

1.13 Subdivision 1. **Report on taxes levied.** The commissioner of revenue shall establish  
1.14 procedures for the annual reporting of local government levies. Each local governmental  
1.15 unit shall submit a report to the commissioner by December 30 of the year in which the  
1.16 tax is levied. The report shall include, but is not limited to, information on the amount of  
1.17 the tax levied by the governmental unit for the following purposes:

1.18 (1) social services and related programs, which include taxes levied for the purposes  
1.19 defined in Minnesota Statutes 1991 Supplement, section 275.50, subdivision 5, clauses  
1.20 (a), (j), and (v);

1.21 (2) the amounts levied for each of the ~~purposes listed in section 275.70, subdivision~~  
1.22 ~~5~~ allowed adjustments under sections 275.705 and 275.72; and

1.23 (3) other levies, which include the taxes levied for all purposes not included in  
1.24 clause (1), (2), or (3).

1.25 **EFFECTIVE DATE.** This section is effective for taxes levied in 2012 and  
1.26 thereafter, payable in 2013 and thereafter.

2.1 Sec. 2. Minnesota Statutes 2010, section 275.70, subdivision 3, is amended to read:

2.2 Subd. 3. **Local governmental unit.** "Local governmental unit" means a county,  
2.3 ~~or a statutory or home rule charter city with a population greater than 2,500,~~ or a special  
2.4 taxing district under section 275.066.

2.5 **EFFECTIVE DATE.** This section is effective for taxes levied in 2012 and  
2.6 thereafter, payable in 2013 and thereafter.

2.7 Sec. 3. **[275.705] LEVY LIMITS.**

2.8 Subdivision 1. **Limit on levies.** Notwithstanding any other law or municipal charter  
2.9 to the contrary that authorizes ad valorem taxes in excess of the limits established by  
2.10 sections 275.70 to 275.74, the provisions of this section apply to local governmental units  
2.11 for all purposes other than those for special assessments.

2.12 Subd. 2. **Preliminary levy limit.** For taxes levied in 2012, the preliminary levy  
2.13 limit for a local governmental unit is equal to (1) the greater of the amount certified to  
2.14 the county auditor under section 275.07, subdivision 1, for either taxes levied in 2010 or  
2.15 taxes levied in 2011, multiplied by (2) 1.019. For taxes levied in 2013 and thereafter, the  
2.16 preliminary levy limit for a local governmental unit is equal to its final levy limit in the  
2.17 previous year multiplied by 1.019.

2.18 Subd. 3. **Final levy limit.** For taxes levied in 2012 and thereafter, the final levy limit  
2.19 for a local governmental unit is equal to its preliminary levy limit under subdivision 2, plus  
2.20 the amount of any adjustments allowed under subdivisions 4 and 5 and section 297A.72.

2.21 Subd. 4. **Debt service adjustment.** For taxes levied in 2012 and thereafter,  
2.22 payable in 2013 and thereafter, a local taxing authority may levy an amount in excess of  
2.23 the levy certified pursuant to section 275.07, subdivision 1, in 2011, for debt service on  
2.24 obligations, certificates of indebtedness, capital notes, or other debt instruments sold prior  
2.25 to May 1, 2012, or to make payments on installment purchase contracts or lease purchase  
2.26 agreements entered into before May 1, 2012. The adjustment amount that may be levied  
2.27 must not exceed the difference between (1) what the taxing authority needs to levy for  
2.28 taxes payable in that year for that purpose and (2) the amount it levied in 2011, payable  
2.29 in 2012, for that purpose.

2.30 Subd. 5. **Election adjustment.** A local taxing authority may levy an additional levy  
2.31 in any amount if approved by a majority of the voters as provided in section 275.73.

2.32 Subd. 6. **Levies in excess of levy limits.** If the levy made by a local governmental  
2.33 unit exceeds the final levy limit provided in sections 275.70 to 275.74, except when the  
2.34 excess is due to the rounding of the rate in accordance with section 275.28, the county

3.1 auditor shall only extend the amount of taxes permitted under sections 275.70 to 275.74,  
 3.2 as provided for in section 275.16.

3.3 **EFFECTIVE DATE.** This section is effective for taxes levied in 2012 and  
 3.4 thereafter, payable in 2013 and thereafter.

3.5 Sec. 4. Minnesota Statutes 2010, section 275.72, is amended to read:

3.6 **275.72 LEVY LIMIT ADJUSTMENTS FOR CONSOLIDATION AND**  
 3.7 **ANNEXATION.**

3.8 Subdivision 1. **Adjustments for consolidation.** If all of the area included in two  
 3.9 or more local governmental units is consolidated, merged, or otherwise combined to  
 3.10 constitute a single governmental unit, the preliminary levy limit base for the resulting  
 3.11 governmental unit in the first levy year in which the consolidation is effective shall be  
 3.12 equal to (1) ~~the highest tax rate in any of the merging governmental units in the previous~~  
 3.13 ~~year multiplied by the net tax capacity of all the merging governmental units in the~~  
 3.14 ~~previous year, minus the sum of the levies for all the merging local governmental units,~~  
 3.15 ~~including townships, in the previous year, multiplied by (2) the sum of all levies in the~~  
 3.16 ~~merging governmental units in the previous year that qualify as special levies under~~  
 3.17 ~~section 275.70, subdivision 5 1.019.~~

3.18 Subd. 2. **Adjustments for annexation.** If a local governmental unit increases its tax  
 3.19 base through annexation of an area which is not the area of an entire local governmental  
 3.20 unit and the area of annexation contains a population of 50 or more, the final levy limit  
 3.21 base of the local governmental unit in the first year in which the annexation is effective  
 3.22 shall be equal to its final levy limit base established before the ~~adjustment~~ other allowed  
 3.23 adjustments under section ~~275.71, subdivision 3,~~ 275.705 for the current levy year  
 3.24 multiplied by the ratio of the net tax capacity in the local governmental unit after the  
 3.25 annexation compared to its net tax capacity before the annexation.

3.26 Subd. 3. **Adjustments for changes in service levels.** If a local governmental unit,  
 3.27 as a result of an annexation agreement, has different tax rates in various parts of the  
 3.28 jurisdiction due to different service levels, it may petition the commissioner of revenue to  
 3.29 adjust its levy limits established under section ~~275.71~~ 275.705. The commissioner shall  
 3.30 adjust the levy limits to reflect scheduled changes in tax rates related to increasing service  
 3.31 levels in areas currently receiving less city services. The local governmental unit shall  
 3.32 provide the commissioner with any information the commissioner deems necessary in  
 3.33 making the levy limit adjustment.

4.1 Subd. 4. **Transfer of governmental functions.** If a function or service of one  
4.2 local governmental unit is transferred to another local governmental unit, the levy limits  
4.3 established under section ~~275.71~~ 275.705 must be adjusted by the commissioner of  
4.4 revenue in such manner so as to fairly and equitably reflect the reduced or increased  
4.5 property tax burden resulting from the transfer. The aggregate of the ~~adjusted~~ final levy  
4.6 limitations must not exceed the aggregate of the final levy limitations of the affected local  
4.7 governmental units prior to adjustment.

4.8 Subd. 5. **Effective date for levy limits purposes.** Annexations, mergers, and shifts  
4.9 in services and functional responsibilities that are effective by June 30 of the levy year are  
4.10 included in the calculation of the levy limit for that levy year. Annexations, mergers, and  
4.11 shifts in services and functional responsibilities that are effective after June 30 of a levy  
4.12 year are not included in the calculation of the levy limit until the subsequent levy year.

4.13 **EFFECTIVE DATE.** This section is effective for taxes levied in 2012 and  
4.14 thereafter, payable in calendar year 2013 and thereafter.

4.15 Sec. 5. Minnesota Statutes 2010, section 275.73, subdivision 1, is amended to read:

4.16 Subdivision 1. **Additional levy authorization.** Notwithstanding the provisions of  
4.17 sections 275.70 to 275.72, but subject to other law or charter provisions establishing other  
4.18 limitations on the amount of property taxes a local governmental unit may levy, a local  
4.19 governmental unit may levy an additional levy ~~in any amount which.~~ Notwithstanding  
4.20 the provisions of sections 275.70 to 275.72, but subject to other law or charter provisions  
4.21 establishing other limitations on the amount of property taxes, a local governmental  
4.22 unit may levy an additional levy for new debt as required under section 275.735 if it is  
4.23 approved by the majority of voters of the governmental unit voting on the question at a  
4.24 general or special election. Notwithstanding the provisions of sections 275.70 to 275.72,  
4.25 but subject to other law or charter provisions establishing other limitations on the amount  
4.26 of property taxes, a local governmental unit may levy an additional levy for a purpose  
4.27 other than new debt, if it is approved by the voters voting on the question at a general  
4.28 election or a special election held on the first Tuesday after the first Monday in November  
4.29 in any year. Notwithstanding section 275.61, any levy authorized under this section must  
4.30 be levied against net tax capacity unless the levy required voter approval under another  
4.31 general or special law or any charter provisions. When the governing body of the local  
4.32 governmental unit resolves to increase the levy pursuant to this section, it shall provide for  
4.33 submission of the proposition of an additional levy at a general or special election. Notice  
4.34 of the election must be given in the manner required by law. The notice must state the  
4.35 purpose and the maximum yearly amount of the additional levy.

5.1       Sec. 6. **[275.735] REQUIRING A REFERENDUM BEFORE INCURRING**  
 5.2 **NEW DEBT.**

5.3       Subdivision 1. **Actions prohibited.** (a) After May 1, 2012, no local taxing authority  
 5.4 may sell obligations, certificates of indebtedness, capital notes, or other debt instruments  
 5.5 under section 412.301, chapter 475, or any other law; nor may it enter into installment  
 5.6 purchase contracts or lease purchase agreements under section 465.71, or any other law  
 5.7 if issuing those debt instruments or entering into those contracts would require a levy  
 5.8 first becoming payable in 2013 or thereafter, unless approved by the voters at a general  
 5.9 or special election under section 275.72.

5.10       (b) For purposes of this section, "obligations" includes certificates of indebtedness,  
 5.11 capital notes, other debt instruments, installment purchase contracts, and lease purchase  
 5.12 agreements.

5.13       Subd. 2. **Exceptions.** This prohibition does not apply to:

5.14       (1) refunding bonds sold to refund bonds originally sold before May 1, 2012;

5.15       (2) obligations which, when added to the existing obligations of the local  
 5.16 governmental authority, do not cause the authority to increase its total tax levy to pay  
 5.17 for total obligations by more than 1.9 percent of the amount it levied to pay for total  
 5.18 obligations in the previous year; or

5.19       (3) obligations with respect to which the local taxing authority makes a finding  
 5.20 at the time of the issuance of the obligation that sufficient funds are available from a  
 5.21 nonproperty tax source to fund the obligation.

5.22       Subd. 3. **Date when bonds are deemed sold.** For purposes of this section, bonds  
 5.23 are deemed to have been sold before May 1, 2012, if:

5.24       (1) an agreement has been entered into between the local taxing authority and a  
 5.25 purchaser or underwriter for the sale of the bonds by that date;

5.26       (2) the issuing local taxing authority is a party to a contract or letter of understanding  
 5.27 entered into before May 1, 2012, with the federal or state government that requires the  
 5.28 local taxing authority to pay for a project and the project is funded with the proceeds of  
 5.29 the bonds; or

5.30       (3) the proceeds of the bonds are used to fund a project or acquisition with respect  
 5.31 to which the local taxing authority has entered into a contract with a builder or supplier  
 5.32 before May 1, 2012.

5.33       **EFFECTIVE DATE.** This section is effective for taxes levied in 2012 and  
 5.34 thereafter, payable in 2013 and thereafter.

6.1       Sec. 7. [275.736] LIMITATION OF SALARY AND BUDGET APPEAL  
6.2       AUTHORIZATION.

6.3       After May 1, 2012, no county sheriff may exercise the authority granted under  
6.4       section 387.20, subdivision 7, and no county attorney may exercise the authority granted  
6.5       under section 388.18, subdivision 6, to the extent that the salary or budget increase sought  
6.6       in the appeal would result in an increase of more than 1.9 percent in county expenditures in  
6.7       any calendar year above the level in the previous calendar year for the same purpose. This  
6.8       provision does not prohibit a county from seeking additional levy authority to increase  
6.9       county expenditures for these purposes by more than 1.9 percent under section 275.73.

6.10       **EFFECTIVE DATE.** This section is effective for taxes levied in 2012 and  
6.11       thereafter, payable in 2013 and thereafter.

6.12       Sec. 8. Minnesota Statutes 2010, section 275.74, subdivision 1, is amended to read:

6.13       Subdivision 1. **Calculation and notification.** The commissioner of revenue shall  
6.14       make all necessary calculations for determining levy limits for local governmental units  
6.15       and notify the affected governmental units of their levy limits directly by September 1 of  
6.16       each levy year. The local governmental units shall, upon request, provide the commissioner  
6.17       with any information needed to make the calculations. The local governmental unit shall  
6.18       report by September 30, in a manner prescribed by the commissioner, the maximum  
6.19       amount of taxes it plans to levy ~~for each of the purposes listed under special levies and any~~  
6.20       ~~additional levy authorized~~ under section 275.73, along with any necessary documentation.  
6.21       The commissioner shall review the proposed ~~special~~ levies and make any adjustments  
6.22       needed. The commissioner's decision is final. The final ~~allowed special~~ levy amounts and  
6.23       any levy limit adjustments must be certified back to the local governments by December  
6.24       10. In addition, the commissioner of revenue shall notify all county auditors on or before  
6.25       five working days after December 20 of the sum of the final levy limit ~~plus the total of~~  
6.26       ~~allowed special levies~~ for each local governmental unit located within their boundaries so  
6.27       that they may fix the levies as required in section 275.16. The local governmental units  
6.28       shall provide the commissioner of revenue with all information that the commissioner  
6.29       deems necessary to make the calculations provided for in sections 275.70 to 275.73.

6.30       **EFFECTIVE DATE.** This section is effective for taxes levied in 2012 and  
6.31       thereafter, payable in 2013 and thereafter.

6.32       Sec. 9. Minnesota Statutes 2010, section 275.74, subdivision 3, is amended to read:

7.1 Subd. 3. **Information necessary to calculate final levy limit base.** A local  
 7.2 governmental unit must provide the commissioner with the information required to  
 7.3 calculate the amount under section ~~275.71, subdivision 2,~~ 275.705 by July 20 of the levy  
 7.4 year. If the information is not received by the commissioner by that date, or is not deemed  
 7.5 sufficient to make the calculation under that clause, the commissioner has the discretion  
 7.6 to set the local governmental unit's levy limit for all purposes including those purposes  
 7.7 for which ~~special levies~~ levy adjustments may be made, equal to the amount of the local  
 7.8 governmental unit's certified levy for the prior year.

7.9 Sec. 10. Minnesota Statutes 2010, section 275.75, is amended to read:

7.10 **275.75 CHARTER EXEMPTION FOR AID LOSS.**

7.11 Notwithstanding any other provision of a municipal charter that limits ad valorem  
 7.12 taxes to a lesser amount, or that would require voter approval for any increase, the  
 7.13 governing body of a municipality may by resolution increase its levy in any year by an  
 7.14 amount equal to ~~its special levies under section 275.70, subdivision 5, clauses (22) and~~  
 7.15 ~~(25)~~ any reductions in certified aids or credit reimbursements payable under sections  
 7.16 477A.011 to 477A.014, and section 273.1384, due to unallotments under section 16A.152  
 7.17 or reductions under another provision of law in the previous year.

7.18 Sec. 11. Minnesota Statutes 2010, section 387.20, subdivision 7, is amended to read:

7.19 Subd. 7. **Appeal on salary, budget.** The sheriff, if dissatisfied with the action of  
 7.20 the county board in setting the amount of the sheriff's salary or the amount of the budget  
 7.21 for the office of sheriff, may, within the limits imposed under section 275.736, appeal to  
 7.22 the district court on the grounds that the determination of the county board in setting  
 7.23 such salary or budget was arbitrary, capricious, oppressive or without sufficiently taking  
 7.24 into account the extent of the responsibilities and duties of said office, and the sheriff's  
 7.25 experience, qualifications, and performance. The appeal shall be taken within 15 days after  
 7.26 the date of the resolution setting such salary or budget by serving a notice of appeal on the  
 7.27 county auditor and filing same with the court administrator of the district court. The court  
 7.28 either in term or vacation and upon ten days' notice to the chair of the board shall hear such  
 7.29 appeal. On the hearing of the appeal the court shall review the decision or resolution of  
 7.30 the board in a hearing de novo and may hear new or additional evidence, or the court may  
 7.31 order the officer appealing and the board to submit briefs or other memoranda and may  
 7.32 dispose of the appeal on such writings. If the court shall find that the board acted in an  
 7.33 arbitrary, capricious, oppressive or unreasonable manner or without sufficiently taking into  
 7.34 account the extent of the responsibilities and duties of the office of the sheriff, the sheriff's

8.1 experience, qualifications, and performance, it shall make such order to take the place of  
8.2 the order appealed from as is justified by the record and shall remand the matter to the  
8.3 county board for further action consistent with the court's findings. After determination of  
8.4 the appeal the county board shall proceed in conformity therewith.

8.5 **EFFECTIVE DATE.** This section is effective for budgets and salaries for calendar  
8.6 year 2013 and thereafter.

8.7 Sec. 12. Minnesota Statutes 2010, section 388.18, subdivision 6, is amended to read:

8.8 Subd. 6. **Appeal from resolution of board.** The county attorney, if dissatisfied with  
8.9 the action of the county board in setting the amount of the county attorney's salary or the  
8.10 amount of the budget for the office of county attorney, may, within the limits imposed  
8.11 under section 275.736, appeal to the district court on the grounds that the determination of  
8.12 the county board in setting such salary or budget was arbitrary, capricious, oppressive, or  
8.13 in unreasonable disregard for the responsibilities and duties of said office, and the county  
8.14 attorney's experience, qualifications, and performance. The appeal shall be taken within  
8.15 15 days after the date of the resolution setting such salary or budget by serving a notice of  
8.16 appeal on the county auditor and filing same with the court administrator of the district  
8.17 court. The county board may retain special counsel pursuant to section 388.09 to represent  
8.18 it in the appeal proceedings. The court either in term or vacation and upon ten days' notice  
8.19 to the chair of the board shall hear such appeal. On the hearing of the appeal the court  
8.20 shall review the decision or resolution of the board in like manner as though reviewed  
8.21 by certiorari, except new or additional evidence may be taken. The court may order the  
8.22 officer appealing and the board to submit briefs or other memoranda and may dispose of  
8.23 the appeal on such writings. If the court shall find that the board acted in an arbitrary,  
8.24 capricious, oppressive or unreasonable manner it shall remand the matter to the county  
8.25 board for further action consistent with the court's finding.

8.26 **EFFECTIVE DATE.** This section is effective for budgets and salaries for calendar  
8.27 year 2013 and thereafter.

8.28 Sec. 13. Minnesota Statutes 2010, section 473.121, is amended by adding a subdivision  
8.29 to read:

8.30 Subd. 37. **Implicit price deflator.** "Implicit price deflator" means the implicit  
8.31 price deflator for government consumption expenditures and gross investment for state  
8.32 and local governments prepared by the Bureau of Economic Analysis of the United States  
8.33 Department of Commerce for the 12-month period ending March 31 of the levy year.

9.1 Sec. 14. Minnesota Statutes 2010, section 473.167, subdivision 3, is amended to read:

9.2 Subd. 3. **Tax.** The council may levy a tax on all taxable property in the metropolitan  
9.3 area, as defined in section 473.121, to provide funds for loans made pursuant to  
9.4 subdivisions 2 and 2a. This tax for the right-of-way acquisition loan fund shall be certified  
9.5 by the council, levied, and collected in the manner provided by section 473.13. The tax  
9.6 shall be in addition to that authorized by section 473.249 and any other law and shall not  
9.7 affect the amount or rate of taxes which may be levied by the council or any metropolitan  
9.8 agency or local governmental unit. The amount of the levy shall be as determined and  
9.9 certified by the council, provided that the tax levied by the Metropolitan Council for the  
9.10 right-of-way acquisition loan fund shall not exceed \$2,828,379 for taxes payable in 2004  
9.11 and \$2,828,379 for taxes payable in 2005. The amount of the levy for taxes payable in  
9.12 2006 and subsequent years shall not exceed the product of (1) the Metropolitan Council's  
9.13 property tax levy limitation under this subdivision for the previous year, multiplied by  
9.14 (2) one plus a percentage equal to the growth in the implicit price deflator as defined in  
9.15 section ~~275.70, subdivision 2~~ 473.121, subdivision 37.

9.16 Sec. 15. Minnesota Statutes 2010, section 473.249, subdivision 1, is amended to read:

9.17 Subdivision 1. **Indexed limit.** (a) The Metropolitan Council may levy a tax on all  
9.18 taxable property in the metropolitan area defined in section 473.121 to provide funds for  
9.19 the purposes of sections 473.121 to 473.249 and for the purpose of carrying out other  
9.20 responsibilities of the council as provided by law. This tax for general purposes shall be  
9.21 levied and collected in the manner provided by section 473.13.

9.22 (b) The property tax levied by the Metropolitan Council for general purposes shall  
9.23 not exceed \$10,522,329 for taxes payable in 2004 and \$10,522,329 for taxes payable  
9.24 in 2005.

9.25 (c) The property tax levy limitation for general purposes for taxes payable in 2006  
9.26 and subsequent years shall not exceed the product of: (1) the Metropolitan Council's  
9.27 property tax levy limitation for general purposes for the previous year determined under  
9.28 this subdivision multiplied by (2) one plus a percentage equal to the growth in the implicit  
9.29 price deflator as defined in section ~~275.70, subdivision 2~~ 473.121, subdivision 37.

9.30 Sec. 16. Minnesota Statutes 2010, section 473.253, subdivision 1, is amended to read:

9.31 Subdivision 1. **Sources of funds.** The council shall credit to the livable communities  
9.32 demonstration account the revenues provided in this subdivision. This tax shall be levied  
9.33 and collected in the manner provided by section 473.13. The levy shall not exceed the  
9.34 following amount for the years specified:

- 10.1 (1) for taxes payable in 2004 and 2005, \$8,259,070; and  
 10.2 (2) for taxes payable in 2006 and subsequent years, the product of (i) the property  
 10.3 tax levy limit under this subdivision for the previous year multiplied by (ii) one plus a  
 10.4 percentage equal to the growth in the implicit price deflator as defined in section ~~275.70,~~  
 10.5 ~~subdivision 2~~ 473.121, subdivision 37.

10.6 Sec. 17. Minnesota Statutes 2010, section 475.755, is amended to read:

10.7 **475.755 EMERGENCY DEBT CERTIFICATES.**

10.8 (a) If at any time during a fiscal year the receipts of a local government are  
 10.9 reasonably expected to be reduced below the amount provided in the local government's  
 10.10 budget when the final property tax levy to be collected during the fiscal year was certified  
 10.11 and the receipts are insufficient to meet the expenses incurred or to be incurred during the  
 10.12 fiscal year, the governing body of the local government may authorize and sell certificates  
 10.13 of indebtedness to mature within two years or less from the end of the fiscal year in which  
 10.14 the certificates are issued. The maximum principal amount of the certificates that it may  
 10.15 issue in a fiscal year is limited to the expected reduction in receipts plus the cost of  
 10.16 issuance. The certificates may be issued in the manner and on the terms the governing  
 10.17 body determines by resolution.

10.18 (b) The governing body of the local government shall levy taxes for the payment of  
 10.19 principal and interest on the certificates in accordance with section 475.61.

10.20 (c) The certificates are not to be included in the net debt of the issuing local  
 10.21 government.

10.22 ~~(d) To the extent that a local government issues certificates under this section to fund~~  
 10.23 ~~an unallotment or other reduction in its state aid, the local government must not use the~~  
 10.24 ~~special levy authority for aid reductions under section 275.70, subdivision 5, clause (22),~~  
 10.25 ~~or a similar or successor provision, but must instead use the special levy authority for~~  
 10.26 ~~the repayment of indebtedness under section 275.70, subdivision 5, clause (2), in order~~  
 10.27 ~~to levy under section 475.61 to fund repayment of the certificates with a levy that is~~  
 10.28 ~~not subject to levy limits.~~

10.29 ~~(e)~~ (d) For purposes of this section, the following terms have the meanings given:

10.30 (1) "Local government" means a statutory or home rule charter city, a town, or  
 10.31 a county.

10.32 (2) "Receipts" includes the following amounts scheduled to be received by the  
 10.33 local government for the fiscal year from:

10.34 (i) taxes;

10.35 (ii) aid payments previously certified by the state to be paid to the local government;

- 11.1 (iii) state reimbursement payments for property tax credits; and  
11.2 (iv) any other source.

11.3 Sec. 18. **SAVINGS CLAUSE.**

11.4 Notwithstanding any provision in this act, the provisions of this act neither constitute  
11.5 an impairment of any obligation, certificate of indebtedness, capital note, or other debt  
11.6 instrument sold prior to May 1, 2012, nor does it constitute an impairment on the ability  
11.7 of a local taxing authority to make payments on installment purchase contracts or lease  
11.8 purchase agreements entered into by a local taxing authority before May 1, 2012.

11.9 **EFFECTIVE DATE.** This section is effective for taxes levied in 2012 and  
11.10 thereafter, payable in 2013 and thereafter.

11.11 Sec. 19. **REPEALER.**

11.12 Minnesota Statutes 2010, sections 275.70, subdivisions 2, 4, 5, and 6; 275.71,  
11.13 subdivisions 1, 2, 4, 5, and 6; and 275.74, subdivision 2, are repealed.

11.14 **EFFECTIVE DATE.** This section is effective for taxes levied in 2012 and  
11.15 thereafter, payable in 2013 and thereafter.