

## CHAPTER 473F

## METROPOLITAN REVENUE DISTRIBUTION

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**473F.01 PURPOSE.**

The legislature finds it desirable to improve the revenue raising and distribution system in the seven county Twin Cities area to accomplish the following objectives:

(1) To provide a way for local governments to share in the resources generated by the growth of the area, without removing any resources which local governments already have;

(2) To increase the likelihood of orderly urban development by reducing the impact of fiscal considerations on the location of business and residential growth and of highways, transit facilities and airports;

(3) To establish incentives for all parts of the area to work for the growth of the area as a whole;

(4) To provide a way whereby the area's resources can be made available within and through the existing system of local governments and local decision making;

(5) To help communities in different stages of development by making resources increasingly available to communities at those early stages of development and redevelopment when financial pressures on them are the greatest;

(6) To encourage protection of the environment by reducing the impact of fiscal considerations so that flood plains can be protected and land for parks and open space can be preserved; and

(7) To provide for the distribution to municipalities of additional revenues generated within the area or from outside sources pursuant to other legislation.

**History:** *Ex1971 c 24 s 1*

**473F.02 DEFINITIONS.**

Subdivision 1. The terms defined in this section shall have the meanings therein ascribed to them for purposes of sections 473F.01 to 473F.13 unless context otherwise requires.

Subd. 2. "Area" means the territory included within the boundaries of Anoka, Carver, Dakota excluding the city of Northfield, Hennepin, Ramsey, Scott excluding the city of New Prague, and Washington counties.

Subd. 3. "Commercial-industrial property" means the following categories of property, as defined in section 273.13, excluding that portion of such property (1) which may, by law, constitute the tax base for a tax increment pledged pursuant to section 469.042 or 469.162, certification of which was requested prior to August 1, 1979, to the extent and while such tax increment is so pledged; (2) which may, by law, constitute the tax base for tax revenues set aside and paid over for credit to a sinking fund pursuant to direction of the city council in accordance with Laws 1963, chapter 881, as amended, to the extent that such revenues are so treated in any year; or (3) which is exempt from taxation pursuant to section 272.02:

(a) That portion of class 3 property defined in Minnesota Statutes 1971, section 273.13, consisting of stocks of merchandise and furniture and fixtures used therewith; manufacturers' materials and manufactured articles; and tools, implements and machinery, whether fixtures or otherwise.

(b) That portion of class 4 property defined in Minnesota Statutes 1971, section 273.13, which is either used or zoned for use for any commercial or industrial purpose, except for such property which is, or, in the case of property under construction, will when completed be used exclusively for residential occupancy and the provision of services to residential occupants thereof. Property shall be considered as used exclusively for residential occupancy only if each of not less than 80 percent of its occupied residential units is, or, in the case of property under construction, will when completed be occupied under an oral or written agreement for occupancy over a continuous period of not less than 30 days.

If the classification of property prescribed by section 273.13 is modified by legislative amendment, the references in this subdivision shall be to such successor class or classes of property, or portions thereof, as embrace the kinds of property designated in this subdivision.

Subd. 4. "Residential property" means the following categories of property, as defined in section 273.13, excluding that portion of such property exempt from taxation pursuant to section 272.02:

(a) Class 1, 1b, 2a, 4a, 4b, 4c, and 4d property except resorts and property classified under section 273.13, subdivision 25, paragraph (c), clause (6);

(b) and that portion of class 3a, 3b, and 5 property used exclusively for residential occupancy.

Subd. 5. "Governmental unit" means a county, city, town, school district, or other taxing unit or body which levies ad valorem taxes in whole or in part within the area.

Subd. 6. "Administrative auditor" means the person selected pursuant to section 473F.03.

Subd. 7. "Population" means the most recent estimate of the population of a municipality made by the metropolitan council and filed with the commissioner of revenue. The council shall annually estimate the population of each municipality as of a date which it determines and, in the case of a municipality which is located partly within and partly without the area, the proportion of the total which resides within the area, and shall promptly thereafter file its estimates with the commissioner of revenue.

Subd. 8. "Municipality" means a city, town, or township located in whole or part within the area, but not the cities of New Prague or Northfield. If a municipality is located partly within and partly without the area, the references in sections 473F.01 to 473F.13 to property or any portion thereof subject to taxation or taxing jurisdiction within the municipality are to such property or portion thereof as is located in that portion of the municipality within the area, except that the fiscal capacity of such a municipality shall be computed upon the basis of the valuation and population of the entire municipality.

Subd. 9. "Qualifying municipality" means each city which is located in whole or in part within the metropolitan area and which has a population of not less than 2,500.

Subd. 10. "County" means each county in which a governmental unit is located in whole or in part.

Subd. 11. "Locally raised revenues" means the total money receipts of a municipality, including those of its constituent agencies, boards, commissions, and other bodies, from all sources and for all purposes, reduced by the expenses, including a reasonable allowance for depreciation of capital assets, incurred in the operation by the municipality of facilities for the production or sale of electricity, water, gas, heat, or telephone service, except that locally raised revenues shall not include:

(a) Revenues derived from the operation of municipal liquor stores;

(b) Public grants, as defined in subdivision 17, except that for purposes of this subdivision the amount prescribed by clause (2) of subdivision 17 shall be multiplied by 10;

(c) Grants or gifts from private persons, unless made by an entity exempt from ad valorem taxation in an amount which does not exceed the ad valorem tax which would

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have been payable by the entity during that year for the benefit of the recipient if the exemption did not exist; and

(d) The proceeds of any indebtedness incurred by the municipality.

The state auditor shall certify the locally raised revenues of each municipality for each year to the commissioner of revenue not later than September 1 of the subsequent year. If the fiscal year of a municipality ends on a date other than December 31, the certification shall relate to the fiscal year which ended in the calendar year preceding that in which the certificate is required to be made, and references in sections 473F.01 to 473F.13 to the locally raised revenues of a municipality in a specified year shall be deemed to refer to the fiscal year ended in the specified calendar year.

Subd. 12. "Market value" of real property within a municipality means the "actual market value" of real property within the municipality, determined in the manner and with respect to the property described for school districts in section 475.53, subdivision 4, except that no adjustment shall be made for property on which taxes are paid into the state treasury under gross earnings tax laws applicable to common carrier railroads. 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 124.2131, subdivision 1, in the same manner and at the same times as are 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 market value of property within each municipality.

Subd. 13. "Valuation" means the market value of real property within a municipality.

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

Subd. 15. "Average fiscal capacity" of municipalities means the sum of the valuations 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.

Subd. 16. "Fiscal effort" of a municipality for any year means its locally raised revenues in that year, divided by its valuation in that year.

Subd. 17. "Public grants" means (1) the sum of all money received by a municipality pursuant to section 273.1394; and (2) one-tenth of all other money received by a municipality from the federal and state governments, and their agencies and political subdivisions, under programs of intergovernmental aids and grants distributed by formula or upon application. The state auditor shall certify the public grants of each municipality for each year to the commissioner of finance not later than September 1 of the subsequent year.

Subd. 18. "Adjusted fiscal capacity" of a municipality means the product of its fiscal capacity and the sum of its locally raised revenues and public grants, divided by its locally raised revenues.

Subd. 19. "Base adjusted fiscal capacity" for municipalities for any year means the highest adjusted fiscal capacity of any qualifying municipality in that year.

Subd. 20. "Metropolitan area municipal equity account" or "municipal equity account" means the moneys deposited in the state treasury and credited to the account, for distribution to municipalities in accordance with sections 473F.01 to 473F.13, pursuant to other legislation. A metropolitan area municipal equity account is hereby established in the state treasury.

Subd. 21. "Metropolitan council" or "council" means the metropolitan council created by section 473.122.

Subd. 22. "Levy" means the amount certified to the county auditor pursuant to chapter 275, less all reductions made by the auditor pursuant to any provision of law in determining the amount to be spread against taxable property.

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

**History:** *Ex1971 c 24 s 2; 1973 c 35 s 81,82; 1973 c 123 art 5 s 7; 1973 c 492 s 7,14; 1973 c 582 s 3; 1976 c 191 s 1-3; 1978 c 543 s 6,7; 1979 c 322 s 18; 1980 c 378 s 4,5; 1980 c 509 s 154; 1981 c 358 art 1 s 48; 1Sp1981 c 4 art 1 s 177; 1984 c 593 s 40; 1985 c 305 art 12 s 3; 1Sp1985 c 14 art 4 s 92,93; 1987 c 268 art 6 s 50,51; art 7 s 53; 1987 c 291 s 234; 1988 c 719 art 5 s 48,49; 1989 c 329 art 13 s 20*

#### 473F.03 ADMINISTRATIVE AUDITOR.

Subdivision 1. On or before July 1 of 1972 and each subsequent even-numbered year the auditors of the counties within the area shall meet at the call of the auditor of Hennepin county and elect from among their number one auditor to serve as administrative auditor for a period of two years and until a successor is elected. If a majority is unable to agree upon a person to serve as administrative auditor, the commissioner of finance shall appoint one from among the auditors of the counties in the area. If the administrative auditor ceases to serve as a county auditor within the area during the term for which elected or appointed, a successor shall be chosen in the same manner as is provided herein for the original selection, to serve for the unexpired term.

Subd. 2. The administrative auditor shall utilize the staff and facilities of the auditor's office of the county served to perform the functions imposed by sections 473F.01 to 473F.13. The administrative auditor's county shall be reimbursed for the marginal expenses incurred by its county auditor and auditor's staff hereunder by contributions from each other county in the area in an amount which bears the same proportion to the total expenses as the population of the other county bears to the total population of the area. The administrative auditor shall annually, on or before February 1, certify the amounts of total expense for the preceding calendar year, and the share of each county, to the treasurer of each other county. Payment shall be made by the treasurer of each other county to the treasurer of the county incurring expense on or before the succeeding March 1.

**History:** *Ex1971 c 24 s 3; 1973 c 492 s 14; 1986 c 444*

473F.04 [Repealed, 1983 c 222 s 45]

#### 473F.05 GROSS TAX CAPACITY YEARS.

On or before August 5 of each year, the assessors within each county in the area shall determine and certify to the county auditor the gross tax capacity in that year of commercial-industrial property subject to taxation within each municipality in the county, determined without regard to section 469.177, subdivision 3.

**History:** *Ex1971 c 24 s 5; 1979 c 322 s 19; 1986 c 444; 1987 c 291 s 235; 1988 c 719 art 5 s 50; 1989 c 329 art 13 s 20; 1Sp1989 c 1 art 9 s 70*

#### 473F.06 INCREASE IN GROSS TAX CAPACITY.

On or before July 15 of each year, the auditor of each county in the area shall determine the amount, if any, by which the gross tax capacity determined in the preceding year pursuant to section 473F.05, of commercial-industrial property subject to taxation within each municipality in the auditor's county exceeds the gross tax capacity in 1971 of commercial-industrial property subject to taxation within that municipality. If a municipality is located in two or more counties within the area, the auditors of those counties shall certify the data required by section 473F.05 to the county auditor who is responsible under other provisions of law for allocating the levies of that municipality between or among the affected counties. That county auditor shall determine the amount of the net excess, if any, for the municipality under this section, and certify that amount under section 473F.07. Notwithstanding any other provision of sections 473F.01 to 473F.13 to the contrary, in the case of a municipality which is designated on July 24, 1971, as a redevelopment area pursuant to section 401(a)(4) of the Public

Works and Economic Development Act of 1965, Public Law Number 89-136, the increase in its gross tax capacity of commercial-industrial property for purposes of this section shall be determined in each year subsequent to the termination of such designation by using as a base the gross tax capacity of commercial-industrial property in that municipality in the year following that in which such designation is terminated, rather than the gross tax capacity of such property in 1971. The increase in gross tax capacity determined by this section shall be reduced by the amount of any decreases in the gross tax capacity of commercial-industrial property resulting from any court decisions, court related stipulation agreements, or abatements for a prior year, and only in the amount of such decreases made during the 12-month period ending on May 1 of the current assessment year, where such decreases, if originally reflected in the determination of a prior year's gross tax capacity under section 473F.05, would have resulted in a smaller contribution from the municipality in that year. An adjustment for such decreases shall be made only if the municipality made a contribution in a prior year based on the higher gross tax capacity of the commercial-industrial property.

**History:** *Ex1971 c 24 s 6; 1976 c 191 s 4; 1986 c 444; 1987 c 384 art 2 s 107; 1988 c 719 art 5 s 51; 1989 c 329 art 13 s 20; 1Sp1989 c 1 art 9 s 71*

#### 473F.07 COMPUTATION OF AREAWIDE TAX BASE.

Subdivision 1. Each county auditor shall certify the determinations pursuant to sections 473F.05 and 473F.06 to the administrative auditor on or before August 1 of each year. The administrative auditor shall determine the sum of the amounts certified pursuant to section 473F.06, and divide that sum by 2-1/2. The resulting amount shall be known as the "areawide gross tax capacity for .....(year)."

Subd. 2. The commissioner of revenue shall certify to the administrative auditor, on or before August 10 of each year, the population of each municipality for the second preceding year, the proportion of that population which resides within the area, the average fiscal capacity of municipalities for the preceding year, and the fiscal capacity of each municipality for the preceding year.

Subd. 3. The administrative auditor shall determine, for each municipality, the product of (a) its population, (b) the proportion which the average fiscal capacity of municipalities for the preceding year bears to the fiscal capacity of that municipality for the preceding year, and (c) two. The product shall be the areawide tax base distribution index for that municipality, provided that (a) if the product in the case of any municipality is less than its population, its index shall be increased to its population, and (b) if a municipality is located partly within and partly without the area its index shall be that which is otherwise determined hereunder, multiplied by the proportion which its population residing within the area bears to its total population as of the preceding year.

Subd. 4. The administrative auditor shall determine the proportion which the index of each municipality bears to the sum of the indices of all municipalities and shall then multiply this proportion in the case of each municipality, by the areawide net tax capacity.

Subd. 5. The product of the multiplication prescribed by subdivision 4 shall be known as the "areawide gross tax capacity for .....(year) attributable to ..... (municipality)." The administrative auditor shall certify such product to the auditor of the county in which the municipality is located on or before August 15.

**History:** *Ex1971 c 24 s 7; 1973 c 492 s 14; 1976 c 191 s 5; 1976 c 231 s 31,32; 1986 c 444; 1987 c 384 art 2 s 108; 1988 c 719 art 5 s 52-54; 1989 c 329 art 13 s 20; 1Sp1989 c 1 art 9 s 72-74*

#### 473F.08 NET TAX CAPACITY.

Subdivision 1. The county auditor shall determine the net tax capacity of each governmental unit within the auditor's county in the manner prescribed by this section.

Subd. 2. The net tax capacity of a governmental unit is its net tax capacity, as

determined in accordance with other provisions of law including section 469.177, subdivision 3, subject to the following adjustments:

(a) There shall be subtracted from its net tax capacity, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to 40 percent of the amount certified in that year pursuant to section 473F.06 in respect to that municipality as the total preceding year's net tax capacity of commercial-industrial property which is subject to the taxing jurisdiction of the governmental unit within the municipality, determined without regard to section 469.177, subdivision 3, bears to the total preceding year's net tax capacity of commercial-industrial property within the municipality, determined without regard to section 469.177, subdivision 3;

(b) There shall be added to its net tax capacity, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to the areawide net tax capacity for the year attributable to that municipality as the total preceding year's net tax capacity of residential property which is subject to the taxing jurisdiction of the governmental unit within the municipality bears to the total preceding year's net tax capacity of residential property of the municipality.

Subd. 3. The county auditor shall apportion the levy of each governmental unit in the auditor's county in the manner prescribed by this subdivision. The auditor shall:

(a) by August 20, determine the areawide portion of the levy for each governmental unit by multiplying the local tax rate of the governmental unit for the preceding levy year times the distribution value set forth in subdivision 2, clause (b); and

(b) by September 5, determine the local portion of the current year's levy by subtracting the resulting amount from clause (a) from the governmental unit's current year's levy.

Subd. 3a. Beginning in 1987 and each subsequent year through 1998, the city of Bloomington shall determine the interest payments for that year for the bonds which have been sold for the highway improvements pursuant to Laws 1986, chapter 391, section 2, paragraph (g). Effective for property taxes payable in 1988 through property taxes payable in 1999, after the Hennepin county auditor has computed the areawide portion of the levy for the city of Bloomington pursuant to subdivision 3, clause (a), the auditor shall annually add a dollar amount to the city of Bloomington's areawide portion of the levy equal to the amount which has been certified to the auditor by the city of Bloomington for the interest payments for that year for the bonds which were sold for highway improvements. The total areawide portion of the levy for the city of Bloomington including the additional amount for interest repayment certified pursuant to this subdivision shall be certified by the Hennepin county auditor to the administrative auditor pursuant to subdivision 5. The Hennepin county auditor shall distribute to the city of Bloomington the additional areawide portion of the levy computed pursuant to this subdivision at the same time that payments are made to the other counties pursuant to subdivision 7a. For property taxes payable from the year 2000 through 2009, the Hennepin county auditor shall adjust Bloomington's contribution to the areawide gross tax capacity upward each year by a value equal to ten percent of the total additional areawide levy distributed to Bloomington under this subdivision from 1988 to 1999, divided by the areawide tax rate for taxes payable in the previous year.

Subd. 4. In 1972 and subsequent years, the county auditor shall divide that portion of the levy determined pursuant to subdivision 3, clause (b), by the net tax capacity of the governmental unit, taking section 469.177, subdivision 3, into account, less that portion subtracted from net tax capacity pursuant to subdivision 2, clause (a). The resulting tax rate shall apply to all taxable property except commercial-industrial property, which shall be taxed in accordance with subdivision 6.

Subd. 5. On or before August 25 of each year, the county auditor shall certify to the administrative auditor that portion of the levy of each governmental unit determined pursuant to subdivision 3, clause (a). The administrative auditor shall then determine the areawide tax rate sufficient to yield an amount equal to the sum of such levies from the areawide gross tax capacity. On or before September 1 of each year, the administrative auditor shall certify the areawide tax rate to each of the county auditors.

Subd. 5a. If a governmental unit is located in two or more counties, the computations and certifications required by subdivisions 3 to 5 with respect to it shall be made by the county auditor who is responsible under other provisions of law for allocating its levies between or among the affected counties.

Subd. 6. The areawide tax rate determined in accordance with subdivision 5 shall apply in the taxation of each item of commercial-industrial property subject to taxation within a municipality, including property located within any tax increment financing district, as defined in section 469.174, subdivision 9, to that portion of the net tax capacity of the item which bears the same proportion to its total net tax capacity as 40 percent of the amount determined pursuant to section 473F.06 in respect to the municipality in which the property is taxable bears to the amount determined pursuant to section 473F.05. The tax rate determined in accordance with subdivision 4 shall apply in the taxation of the remainder of the net tax capacity of the item.

Subd. 7. [Repealed, 1980 c 437 s 20]

Subd. 7a. The administrative auditor shall determine for each county the difference between the total levy on distribution value pursuant to subdivision 3, clause (a), within the county and the total tax on contribution value pursuant to subdivision 6, within the county. On or before May 16 of each year, the administrative auditor shall certify the differences so determined to each county auditor. In addition, the administrative auditor shall certify to those county auditors for whose county the total tax on contribution value exceeds the total levy on distribution value the settlement the county is to make to the other counties of the excess of the total tax on contribution value over the total levy on distribution value in the county. On or before June 15 and November 15 of each year, each county treasurer in a county having a total tax on contribution value in excess of the total levy on distribution value shall pay one-half of the excess to the other counties in accordance with the administrative auditors certification.

Subd. 8. [Repealed, 1980 c 437 s 20]

Subd. 8a. **Fiscal disparities adjustment.** In any year in which the highest class rate for class 3a property changes from the rate in the previous year, the following adjustments shall be made to the procedures described in sections 473F.06 to 473F.08.

(1) An initial contribution tax capacity shall be determined for each municipality based on the previous year's class rates.

(2) Each jurisdiction's distribution tax capacity shall be determined based upon the areawide tax base determined by summing the tax capacities computed under clause (1) for all municipalities and apportioning the resulting sum pursuant to section 473F.07, subdivision 5.

(3) Each jurisdiction's distribution levy shall be determined by applying the procedures described in subdivision 3, clause (a), to the distribution tax capacity determined pursuant to clause (2).

(4) Each municipality's final contribution tax capacity shall be determined equal to its initial contribution tax capacity multiplied by the ratio of the new highest class rate for class 3a property to the previous year's highest class rate for class 3a property.

(5) For the purposes of computing education aids and any other state aids requiring the addition of the fiscal disparities distribution tax capacity to the local tax capacity, each municipality's final distribution tax capacity shall be determined equal to its initial distribution tax capacity multiplied by the ratio of the new highest class rate for class 3a property to the previous year's highest class rate for class 3a property.

(6) The areawide tax rate shall be determined by dividing the sum of the amounts determined in clause (3) by the sum of the values determined in clause (4).

(7) The final contribution tax capacity determined in clause (4) shall also be used to determine the portion of each commercial/industrial property's tax capacity subject to the areawide tax rate pursuant to subdivision 6.

Subd. 9. [Repealed, 1976 c 191 s 14]

Subd. 10. For the purpose of computing the amount or rate of any salary, aid, tax, or debt authorized, required, or limited by any provision of any law or charter, where such authorization, requirement, or limitation is related in any manner to any value or valuation of taxable property within any governmental unit, such value or net tax capacity shall be adjusted to reflect the adjustments to net tax capacity effected by subdivision 2, provided that: (1) in determining the market value of commercial-industrial property or any class thereof within a governmental unit for any purpose other than section 473F.07, (a) the reduction required by this subdivision shall be that amount which bears the same proportion to the amount subtracted from the governmental unit's net tax capacity pursuant to subdivision 2, clause (a), as the market value of commercial-industrial property, or such class thereof, located within the governmental unit bears to the net tax capacity of commercial-industrial property, or such class thereof, located within the governmental unit, and (b) the increase required by this subdivision shall be that amount which bears the same proportion to the amount added to the governmental unit's net tax capacity pursuant to subdivision 2, clause (b), as the market value of commercial-industrial property, or such class thereof, located within the governmental unit bears to the net tax capacity of commercial-industrial property, or such class thereof, located within the governmental unit; and (2) in determining the market value of real property within a municipality for purposes of section 473F.07, the adjustment prescribed by clause (1)(a) hereof shall be made and that prescribed by clause (1)(b) hereof shall not be made.

Subd. 11. [Repealed, 1Sp1981 c 4 art 1 s 192]

**History:** *Ex1971 c 24 s 8; 1976 c 191 s 6-9; 1979 c 322 s 20-22; 1980 c 437 s 18; 1980 c 607 art 6 s 20; 1983 c 342 art 7 s 14; 1986 c 391 s 12; 1986 c 444; 1987 c 291 s 236-238; 1988 c 719 art 5 s 55-62; 1989 c 329 art 13 s 20; 1Sp1989 c 1 art 2 s 11; art 3 s 28; art 5 s 42; art 9 s 75-76; 1990 c 480 art 7 s 27*

**NOTE:** Subdivision 3a, as amended by Laws 1989, First Special Session chapter 1, article 5, section 42, is effective for taxes levied in 1992, payable in 1993 and thereafter. See Laws 1989, First Special Session chapter 1, article 5, section 52, as amended by Laws 1990, chapter 604, article 3, section 47.

#### 473F.09 ADJUSTMENTS IN DATES.

If, by reason of the enactment of any other law, the date by which the commissioner of revenue is required to certify to the county auditors the records of proceedings affecting the gross tax capacity of property is advanced to a date earlier than June 30, the dates specified in sections 473F.07 and 473F.10 may be modified in the years to which such other law applies in the manner and to the extent prescribed by the administrative auditor.

**History:** *Ex1971 c 24 s 9; 1973 c 582 s 3; 1987 c 384 art 2 s 109; 1988 c 719 art 5 s 84; 1989 c 329 art 13 s 20; 1Sp1989 c 1 art 9 s 77*

#### 473F.10 REASSESSMENTS AND OMITTED PROPERTY.

Subdivision 1. If the commissioner of revenue orders a reassessment of all or any portion of the property in a municipality other than in the form of a mathematically prescribed adjustment of valuation, or if omitted property is placed upon the tax rolls, and the reassessment has not been completed or the property placed upon the rolls, as the case may be, by November 15, the net tax capacity of the affected property shall, for purposes of sections 473F.03 to 473F.08, be determined from the abstracts filed by the county auditor with the commissioner of revenue.

Subd. 2. If the reassessment, when completed and incorporated in the commissioner of revenue's certification of the net tax capacity of the municipality, or the listing of omitted property, when placed on the rolls, results in an increase in the net tax capacity of commercial-industrial property in the municipality which differs from that used, pursuant to subdivision 1, for purposes of sections 473F.03 to 473F.08, the increase in the net tax capacity of commercial-industrial property in that municipality in the succeeding year, as otherwise computed under section 473F.06, shall be adjusted in a like amount, by an increase if the reassessment or listing discloses a larger increase than



was used for purposes of sections 473F.03 to 473F.08, or by a decrease if the reassessment or listing discloses a smaller increase than was used for those purposes, provided that no adjustment shall reduce the amount determined under section 473F.06 to an amount less than zero.

Subd. 3. Subdivisions 1 and 2 shall not apply to the determination of the tax rate under section 473F.08, subdivision 4, or to the determination of the net tax capacity of commercial-industrial property and each item thereof for purposes of section 473F.08, subdivision 6.

**History:** *Ex1971 c 24 s 10; 1973 c 582 s 3; 1986 c 444; 1988 c 719 art 5 s 63; 1989 c 329 art 13 s 20; 1Sp1989 c 1 art 2 s 11*

#### **473F.11 LATE LEVIES.**

Subdivision 1. If a governmental unit does not certify its levy to the county auditor by November 25, then for purposes of section 473F.08, subdivision 3, clause (a), and section 473F.08, subdivision 5, its levy shall be deemed to equal its levy in the preceding year.

Subd. 2. If a governmental unit certifies its levy to the county auditor on or before November 25, no change in its levy subsequent to that date shall be recognized for purposes of section 473F.08, subdivision 3, clause (a), and section 473F.08, subdivision 5.

Subd. 3. Subdivisions 1 and 2 shall not apply to section 473F.08, subdivision 3, clause (b), and section 473F.08, subdivision 4.

Subd. 4. If, in any year, the levy employed in respect to a governmental unit, for purposes of section 473F.08, subdivision 3, clause (a), and section 473F.08, subdivision 5, is determined under subdivision 1 or subdivision 2, and its actual levy as determined subsequent to November 25 is a different amount, then its levy as otherwise determined in the succeeding year shall, for purposes of those provisions, be increased in the amount of the difference if the actual levy was greater than that employed for purposes of those provisions, or decreased in the amount of the difference if the actual levy was less than that employed for purposes of those provisions.

**History:** *Ex1971 c 24 s 11*

#### **473F.12 DISTRIBUTIONS FROM MUNICIPAL EQUITY ACCOUNT.**

Subdivision 1. The sums deposited in the state treasury to the credit of the municipal equity account and all interest earned thereon shall be distributed to qualifying municipalities in the manner provided by this section. Amounts so distributed shall be expended by each municipality in the manner determined by its governing body consistently with other statutory and charter provisions.

Subd. 2. On September 1 of each year, the commissioner of revenue shall estimate the total amount available for distribution to municipalities from the municipal equity account during the subsequent calendar year. The amount so estimated shall be the sum of the estimated balance in the account on November 15 of the year in which the estimate is made, the estimated deposits to the credit of the account thereafter through November 15 of the subsequent year, and interest earned by the fund over the 12-month period. The amount to be distributed to each qualifying municipality shall be the amount determined in accordance with subdivision 3, except that (a) if the sum of the amounts so determined differs from the total amount estimated to be available for distribution, the amount of the distribution to each municipality shall be adjusted proportionately, and (b) the amount to be distributed to each qualifying municipality, after any adjustment prescribed by clause (a), shall not be less than \$9, or, if the total amount estimated to be available for distribution is less than \$40 millions, that proportion of \$9 which equals the proportion which the total amount estimated to be available for distribution bears to \$40 millions, multiplied by the population of the municipality residing within the area as determined in the year preceding that in which the estimate is made. To the extent that the distributions to any municipality or group of municipali-

ties are adjusted pursuant to clause (b), the distributions to all other municipalities shall be adjusted proportionately in amounts sufficient to make the total of the distributions to all municipalities equal the total amount estimated to be available for distribution. The commissioner of revenue shall notify the governing body of each qualifying municipality of the amount so determined with respect to that municipality before September 20.

Subd. 3. The amount of the distribution to each qualifying municipality is the product of its fiscal effort for the year preceding that in which the estimate is made and the excess of base adjusted fiscal capacity for municipalities for the preceding year over the adjusted fiscal capacity of the municipality for the preceding year. If a qualifying municipality is located partly within and partly without the area, its distribution shall be that which is otherwise determined hereunder, multiplied by the proportion which its population residing within the area bears to its total population as of the year preceding that in which the estimate is made.

Subd. 4. On or before each of the dates June 15 and November 15 of each year, the commissioner of revenue shall issue a warrant in favor of the treasurer of each qualifying municipality in an amount equal to one-half the amount determined by the commissioner of revenue to be due the municipality in that year under the terms of subdivision 2. There is hereby appropriated from the municipal equity account, to each municipality entitled to payments authorized by this section, sufficient moneys to make such payments.

**History:** *Ex1971 c 24 s 12; 1973 c 492 s 14; 1976 c 191 s 10,11; 1986 c 444*

#### **473F.13 CHANGE IN STATUS OF MUNICIPALITY.**

Subdivision 1. If a qualifying municipality is dissolved, is consolidated with all or part of another municipality, annexes territory, has a portion of its territory detached from it, or is newly incorporated, the secretary of state shall immediately certify that fact to the commissioner of revenue. The secretary of state shall also certify to the commissioner of revenue the current population of the new, enlarged, or successor municipality, if determined by the Minnesota municipal board incident to consolidation, annexation, or incorporation proceedings. The population so certified shall govern for purposes of sections 473F.01 to 473F.13 until the metropolitan council files its first population estimate as of a later date with the commissioner of revenue. If an annexation of unincorporated land occurs without proceedings before the Minnesota municipal board, the population of the annexing municipality as previously determined shall continue to govern for purposes of sections 473F.01 to 473F.13 until the metropolitan council files its first population estimate as of a later date with the commissioner of revenue.

Subd. 2. The amount of each distribution from the municipal equity account shall reflect the status of municipalities as certified to the commissioner of revenue on September 1 of the year preceding that in which the distribution is made. If the status of a municipality thereafter changes before the distribution is made, the distribution shall be made to the successor municipality or municipalities. If there are two or more successors, the distribution shall be apportioned among them in accordance with section 414.067.

Subd. 3. In determining the locally raised revenues or market value of property attributable to a successor municipality for a year prior to a change in status, such amount shall be deemed the sum of the amounts of its predecessor municipalities and towns. If any of the predecessors were divided incident to the change, then for purposes of sections 473F.01 to 473F.13 its locally raised revenues shall be apportioned among its successors in proportion to the division of population between them, and the market value of property located therein shall be allocated to the successor in which the property is located.

**History:** *Ex1971 c 24 s 13; 1973 c 492 s 14; 1975 c 271 s 6; 1976 c 191 s 12,13*