

CHAPTER 473F

METROPOLITAN REVENUE DISTRIBUTION

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473F.01 PURPOSE; USE OF PROCEEDS.

Subdivision 1. **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; and

(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.

Subd. 2. **Use of proceeds.** Except as provided in section 473F.08, subdivision 3a, the proceeds from the areawide tax imposed under this chapter must be used by a local governmental unit in the same manner and for the same purposes as the proceeds from other ad valorem taxes levied by the local governmental unit.

History: 1991 c 291 art 1 s 37

473F.02 DEFINITIONS.

[For text of subds 1 and 2, see M.S.1990]

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 under 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; or (2) which is exempt from taxation under 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 residen-

tial 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.

[For text of subds 4 to 7, see M.S.1990]

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.

A municipality shall be excluded from the area if its municipal comprehensive zoning and planning policies conscientiously exclude most commercial-industrial development, for reasons other than preserving an agricultural use. The metropolitan council and the commissioner of revenue shall jointly make this determination annually and shall notify those municipalities that are ineligible to participate in the tax base sharing program provided in this chapter for the following year.

Subd. 9. [Repealed, 1991 c 291 art 1 s 63]

[For text of subd 10, see M.S.1990]

Subd. 11. [Repealed, 1991 c 291 art 1 s 63]

Subd. 12. "Market value" of real and personal property within a municipality means the assessor's estimated market value of all real and personal property, including the value of manufactured housing, within the municipality. 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 equalized market value of property within each municipality using the aggregate sales ratios from the department of revenue's sales ratio study.

Subd. 13. "Valuation" means the market value of real and personal property within a municipality as defined in subdivision 12.

[For text of subds 14 and 15, see M.S.1990]

Subd. 16. [Repealed, 1991 c 291 art 1 s 63]

Subd. 17. [Repealed, 1991 c 291 art 1 s 63]

Subd. 18. [Repealed, 1991 c 291 art 1 s 63]

Subd. 19. [Repealed, 1991 c 291 art 1 s 63]

Subd. 20. [Repealed, 1991 c 291 art 1 s 63]

[For text of subds 21 to 23, see M.S.1990]

History: 1991 c 291 art 1 s 38-41

473F.05 NET TAX CAPACITY.

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 net 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: 1991 c 291 art 1 s 42

473F.06 INCREASE IN NET 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 net tax capacity determined in the preceding year under section 473F.05, of commercial-industrial property subject to taxation within each municipality in the auditor's county exceeds the net 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 under section 401(a)(4) of the Public Works and Economic Development Act of 1965, Public Law Number 89-136, the increase in its net tax capacity of commercial-industrial property for purposes of this section shall be determined in each year by using as a base the net tax capacity of commercial-industrial property in that municipality in the 1989 assessment year, rather than the net tax capacity of such property in 1971. The increase in total net tax capacity determined by this section shall be reduced by the amount of any decreases in net 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 net 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 net tax capacity of the commercial-industrial property.

History: 1991 c 291 art 1 s 43

473F.07 COMPUTATION OF AREAWIDE TAX BASE.

Subdivision 1. Each county auditor shall certify the determinations under sections 473F.05 and 473F.06 to the administrative auditor on or before August 1 of each year.

The administrative auditor shall determine an amount equal to 40 percent of the sum of the amounts certified under section 473F.06. The resulting amount shall be known as the "areawide net 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 preceding year, the proportion of that population which resides within the area, the average fiscal capacity of all municipalities in the area for the preceding year, and the fiscal capacity of each municipality in the area for the preceding year.

Subd. 3. The administrative auditor shall determine, for each municipality, the product of (a) its population, and (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. The product shall be the areawide tax base distribution index for that municipality. 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, provided that if the distribution net tax capacity for a municipality is less than 95 percent of the municipality's previous year distribution net tax capacity, and more than ten percent of the municipality's fiscal capacity consists of manufactured home property, the municipality's distribution net tax capacity will be increased to 95 percent of the previous year net tax capacity and the distribution net tax capacity of other municipalities in the area will be proportionately reduced.

Subd. 5. The result of the procedure prescribed by subdivision 4 shall be known as the "areawide net 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: 1991 c 291 art 1 s 44

473F.08 NET TAX CAPACITY.

[For text of subd 1, see M.S.1990]

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 under sections 473F.06 and 473F.07 for the 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.

[For text of subs 3 to 4, see M.S.1990]

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 under 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 net 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.

[For text of subd 5a, see M.S.1990]

Subd. 6. The areawide tax rate determined in accordance with subdivision 5 shall apply to each 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 under sections 473F.06 and 473F.07 is to the amount determined under 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.

[For text of subs 7a to 10, see M.S.1990]

History: 1991 c 291 art 1 s 45-47

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 net 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: 1991 c 291 art 1 s 48

473F.12 [Repealed, 1991 c 291 art 1 s 63]

473F.13 CHANGE IN STATUS OF MUNICIPALITY.

Subdivision 1. If a 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. [Repealed, 1991 c 291 art 1 s 63]

Subd. 3. [Repealed, 1991 c 291 art 1 s 63]

History: 1991 c 291 art 1 s 49