

CHAPTER 275

TAXES; LEVY, EXTENSION

275.065	Proposed property taxes; notice.	275.70	Levy limitations; definitions.
275.078	Authorization; tax rate increase.	275.71	Levy limits.
275.16	County auditor to fix amount of levy.	275.72	Levy limit adjustments for consolidation and annexation.
275.295	Wetlands exemption; replacement of revenue.	275.73	Elections for additional levies.
275.62	Tax levies; report to the commissioner of revenue.	275.74	State regulation of levies.

275.065 PROPOSED PROPERTY TAXES; NOTICE.

[For text of subds. 1 to 4, see M.S. 1998]

Subd. 5a. **Public advertisement.** (a) A city that has a population of more than 2,500, county, a metropolitan special taxing district as defined in subdivision 3, paragraph (i), a regional library district established under section 134.201, or school district shall advertise in a newspaper a notice of its intent to adopt a budget and property tax levy or, in the case of a school district, to review its current budget and proposed property taxes payable in the following year, at a public hearing. The notice must be published not less than two business days nor more than six business days before the hearing.

The advertisement must be at least one-eighth page in size of a standard-size or a tabloid-size newspaper. The advertisement must not be placed in the part of the newspaper where legal notices and classified advertisements appear. The advertisement must be published in an official newspaper of general circulation in the taxing authority. The newspaper selected must be one of general interest and readership in the community, and not one of limited subject matter. The advertisement must appear in a newspaper that is published at least once per week.

For purposes of this section, the metropolitan special taxing district's advertisement must only be published in the Minneapolis Star and Tribune and the Saint Paul Pioneer Press.

(b) The advertisement for school districts, metropolitan special taxing districts, and regional library districts must be in the following form, except that the notice for a school district may include references to the current budget in regard to proposed property taxes.

**"NOTICE OF
PROPOSED PROPERTY TAXES**

(School District/Metropolitan
Special Taxing District/Regional
Library District) of

The governing body of will soon hold budget hearings and vote on the property taxes for (metropolitan special taxing district/regional library district services that will be provided in (year)/school district services that will be provided in (year) and (year)).

NOTICE OF PUBLIC HEARING:

All concerned citizens are invited to attend a public hearing and express their opinions on the proposed (school district/ metropolitan special taxing district/ regional library district) budget and property taxes, or in the case of a school district, its current budget and proposed property taxes, payable in the following year. The hearing will be held on (Month/Day/Year) at (Time) at (Location, Address)."

(c) The advertisement for cities and counties must be in the following form.

**"NOTICE OF PROPOSED
TOTAL BUDGET AND PROPERTY TAXES**

The (city/county) governing body or board of commissioners will hold a public hearing to discuss the budget and to vote on the amount of property taxes to collect for services the (city/county) will provide in (year).

SPENDING: The total budget amounts below compare (city's/county's) (year) total actual budget with the amount the (city/county) proposes to spend in (year).

(Year) Total Actual Budget	Proposed (Year) Budget	Change from (Year)–(Year)
\$	\$ %

TAXES: The property tax amounts below compare that portion of the current budget levied in property taxes in (city/county) for (year) with the property taxes the (city/county) proposes to collect in (year).

(Year) Property Taxes	Proposed (Year) Property Taxes	Change from (Year)–(Year)
\$	\$ %

ATTEND THE PUBLIC HEARING

All (city/county) residents are invited to attend the public hearing of the (city/county) to express your opinions on the budget and the proposed amount of (year) property taxes. The hearing will be held on:

(Month/Day/Year/Time)
(Location/Address)

If the discussion of the budget cannot be completed, a time and place for continuing the discussion will be announced at the hearing. You are also invited to send your written comments to:

(City/County)
(Location/Address)"

(d) For purposes of this subdivision, the budget amounts listed on the advertisement mean:

(1) for cities, the total government fund expenditures, as defined by the state auditor under section 471.6965, less any expenditures for improvements or services that are specially assessed or charged under chapter 429, 430, 435, or the provisions of any other law or charter; and

(2) for counties, the total government fund expenditures, as defined by the state auditor under section 375.169, less any expenditures for direct payments to recipients or providers for the human service aids listed below:

- (i) Minnesota family investment program under chapters 256J and 256K;
- (ii) medical assistance under sections 256B.041, subdivision 5, and 256B.19, subdivision 1;
- (iii) general assistance medical care under section 256D.03, subdivision 6;
- (iv) general assistance under section 256D.03, subdivision 2;
- (v) emergency assistance under section 256J.48;
- (vi) Minnesota supplemental aid under section 256D.36, subdivision 1;
- (vii) preadmission screening under section 256B.0911, and alternative care grants under section 256B.0913;
- (viii) general assistance medical care claims processing, medical transportation and related costs under section 256D.03, subdivision 4;
- (ix) medical transportation and related costs under section 256B.0625, subdivisions 17 to 18a;

(x) group residential housing under section 256I.05, subdivision 8, transferred from programs in clauses (iv) and (vi); or

(xi) any successor programs to those listed in clauses (i) to (x).

(e) A city with a population of over 500 but not more than 2,500 must advertise by posted notice as defined in section 645.12, subdivision 1. The advertisement must be posted at the time provided in paragraph (a). It must be in the form required in paragraph (b).

(f) For purposes of this subdivision, the population of a city is the most recent population as determined by the state demographer under section 4A.02.

(g) The commissioner of revenue, subject to the approval of the chairs of the house and senate tax committees, shall prescribe the form and format of the advertisement.

[For text of subds 6 to 8, see M.S.1998]

History: 1999 c 159 s 126

275.078 AUTHORIZATION; TAX RATE INCREASE.

On or before October 1, 1999, and each subsequent year, the county auditor shall certify to the governing body of each home rule charter or statutory city with a population greater than 500 in the county and to the county board, the following information for the taxing jurisdiction:

(1) the taxing jurisdiction's certified levy under section 275.08 for the previous year, taxes payable in the current year, excluding any amount levied to pay general obligation bonds, less (i) the arcawide portion of the levy under section 276A.06, subdivision 3, or 473F.08, subdivision 3, if any, for taxes payable in the following year; and (ii) the sum of the net tax capacity adjustment amount and the fiscal disparities adjustment amount under section 273.1398, subdivision 2, if any, for aids payable in the following year;

(2) the taxing jurisdiction's taxable net tax capacity for the current assessment year, for taxes payable in the following year; and

(3) the tax rate obtained by dividing the amount in clause (1) by the amount in clause (2), rounded to the nearest hundredth percent.

In order to impose a tax rate for purposes other than to pay general obligation bonds for taxes payable in the following year that is higher than the tax rate certified by the county auditor under clause (3), the governing body of the city with a population greater than 500 or the county board must adopt a resolution, after holding a public hearing, authorizing a higher tax rate and file a copy of the resolution with the county auditor on or before October 20, 1999, and each year thereafter. A county auditor is prohibited from fixing a tax rate for purposes other than to pay general obligation bonds for taxes payable in the following year that is higher than the rate certified under clause (3) if a resolution has not been filed, unless the higher rate is due solely to a reduction in the taxing jurisdiction's net tax capacity certified under clause (2) resulting from classification changes, exemptions, tax court judgments, or clerical or administrative errors made by the county. For purposes of this section, "public hearing" includes, but is not limited to, regularly scheduled city council hearings and county board meetings.

History: 1999 c 243 art 6 s 2; 1999 c 249 s 21

275.16 COUNTY AUDITOR TO FIX AMOUNT OF LEVY.

[For text of this section, see M.S.1998]

NOTE: The amendment to this section by Laws 1997, chapter 231, article 3, section 1, is effective for the taxes levied in 1997 through 1999, payable in 1998 through 2000. Laws 1997, chapter 231, article 3, section 9, as amended by Laws 1999, chapter 243, article 6, section 10.

275.295 WETLANDS EXEMPTION; REPLACEMENT OF REVENUE.

Subdivision 1. Certification. The total amount of revenue lost as a result of the exemption provided in section 272.02, subdivision 11, clause (iii), must be certified by the county auditor to the commissioner of revenue and submitted to the commissioner as part of the ab-

stract of tax lists to be filed with the commissioner under the provisions of section 275.29. The amount of revenue lost as a result of the exemption must be computed each year by applying the current local tax rates of the taxing jurisdictions in which the wetlands are located to the net tax capacity of the wetlands. Payment to the county for lost revenue must not be less than the revenue that would have been received in taxes if the wetlands had a net tax capacity of 50 cents per acre. The commissioner of revenue shall review the certification for accuracy and may make necessary changes or return the certification to the county auditor for corrections.

[For text of subds 2 and 3, see M.S.1998]

275.62 TAX LEVIES; REPORT TO THE COMMISSIONER OF REVENUE.

[For text of this section, see M.S.1998]

NOTE: Laws 1999, chapter 243, article 6, section 10, makes permanent the amendments to the section by Laws 1997, chapter 231, article 3, section 2.

275.70 LEVY LIMITATIONS; DEFINITIONS.

[For text of subds 1 to 4, see M.S.1998]

Subd. 5. Special levies. "Special levies" means those portions of ad valorem taxes levied by a local governmental unit for the following purposes or in the following manner:

(1) to pay the costs of the principal and interest on bonded indebtedness or to reimburse for the amount of liquor store revenues used to pay the principal and interest due on municipal liquor store bonds in the year preceding the year for which the levy limit is calculated;

(2) to pay the costs of principal and interest on certificates of indebtedness issued for any corporate purpose except for the following:

(i) tax anticipation or aid anticipation certificates of indebtedness;

(ii) certificates of indebtedness issued under sections 298.28 and 298.282;

(iii) certificates of indebtedness used to fund current expenses or to pay the costs of extraordinary expenditures that result from a public emergency; or

(iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an insufficiency in other revenue sources;

(3) to provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(4) to fund payments made to the Minnesota state armory building commission under section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(5) for unreimbursed expenses related to flooding that occurred during the first half of calendar year 1997, as allowed by the commissioner of revenue under section 275.74, paragraph (b);

(6) for local units of government located in an area designated by the Federal Emergency Management Agency pursuant to a major disaster declaration issued for Minnesota by President Clinton after April 1, 1997, and before June 11, 1997, for the amount of tax dollars lost due to abatements authorized under section 273.123, subdivision 7, and Laws 1997, chapter 231, article 2, section 64, to the extent that they are related to the major disaster and to the extent that neither the state or federal government reimburses the local government for the amount lost;

(7) property taxes approved by voters which are levied against the referendum market value as provided under section 275.61;

(8) to fund matching requirements needed to qualify for federal or state grants or programs to the extent that either (i) the matching requirement exceeds the matching requirement in calendar year 1997, or (ii) it is a new matching requirement that didn't exist prior to 1998;

(9) to pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe dam-

age, injury, or loss of life or property resulting from natural causes, in accordance with standards formulated by the emergency services division of the state department of public safety, as allowed by the commissioner of revenue under section 275.74, paragraph (b);

(10) for the amount of tax revenue lost due to abatements authorized under section 273.123, subdivision 7, for damage related to the tornadoes of March 29, 1998, to the extent that neither the state or federal government provides reimbursement for the amount lost;

(11) pay amounts required to correct an error in the levy certified to the county auditor by a city or county in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.70 to 275.74 in the preceding levy year;

(12) to pay an abatement under section 469.1815;

(13) to pay the employer contribution to the local government correctional service retirement plan under section 353E.03, subdivision 2, to the extent that the employer contribution exceeds 5.49 percent of total salary; and

(14) to pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (5), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the department of corrections. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination.

[For text of subd 6, see M.S.1998]

History: 1999 c 222 art 2 s 4; 1999 c 243 art 6 s 3

NOTE: This section, as added by Laws 1997, chapter 231, article 3, section 3, is effective for taxes levied in 1997 through 1999, payable in 1998 through 2000. Laws 1997, chapter 231, article 3, section 9, as amended by Laws 1999, chapter 243, article 6, section 10.

275.71 LEVY LIMITS.

[For text of subd 1, see M.S.1998]

Subd. 2. Levy limit base. (a) The levy limit base for a local governmental unit for taxes levied in 1997 shall be equal to the sum of:

(1) the amount the local governmental unit levied in 1996, less any amount levied for debt, as reported to the department of revenue under section 275.62, subdivision 1, clause (1), and less any tax levied in 1996 against market value as provided for in section 275.61;

(2) the amount of aids the local governmental unit was certified to receive in calendar year 1997 under sections 477A.011 to 477A.03 before any reductions for state tax increment financing aid under section 273.1399, subdivision 5;

(3) the amount of homestead and agricultural credit aid the local governmental unit was certified to receive under section 273.1398 in calendar year 1997 before any reductions for tax increment financing aid under section 273.1399, subdivision 5;

(4) the amount of local performance aid the local governmental unit was certified to receive in calendar year 1997 under section 477A.05; and

(5) the amount of any payments certified to the local government unit in 1997 under sections 298.28 and 298.282.

If a governmental unit was not required to report under section 275.62 for taxes levied in 1997, the commissioner shall request information on levies used for debt from the local governmental unit and adjust its levy limit base accordingly.

(b) The levy limit base for a local governmental unit for taxes levied in 1998 is equal to its adjusted levy limit base in the previous year, subject to any adjustments under section 275.72 and multiplied by the increase that would have occurred under subdivision 3, clause (3), if that clause had been in effect for taxes levied in 1997.

(c) The levy limit base for a city with a population greater than 2,500 for taxes levied in 1999 is limited to its adjusted levy limit base in the previous year, subject to adjustments under section 275.72.

(d) The levy limit base for a county for taxes levied in 1999 is limited to the difference between (1) its adjusted levy limit base in the previous year subject to adjustments under section 275.72, and (2) one-half of the county's share of the net cost to the state for assumption of district court costs, as reported by the supreme court to the commissioner of revenue under section 273.1398, subdivision 4a, paragraph (a).

Subd. 3. Adjusted levy limit base. For taxes levied in 1998 and 1999, the adjusted levy limit is equal to the levy limit base computed under subdivision 2 or section 275.72, multiplied by:

(1) one plus a percentage equal to the percentage growth in the implicit price deflator; and

(2) for all cities and for counties outside of the seven-county metropolitan area, one plus a percentage equal to the percentage increase in number of households, if any, for the most recent 12-month period for which data is available; and for counties located in the seven-county metropolitan area, one plus a percentage equal to the greater of the percentage increase in the number of households in the county or the percentage increase in the number of households in the entire seven-county metropolitan area for the most recent 12-month period for which data is available; and

(3) one plus a percentage equal to the percentage increase in the taxable market value of the jurisdiction due to new construction of class 3 and class 5 property, as defined in section 273.13, subdivisions 24 and 31, for the most recent year for which data are available.

Subd. 4. Property tax levy limit. For taxes levied in 1998 and 1999, the property tax levy limit for a local governmental unit is equal to its adjusted levy limit base determined under subdivision 3 plus any additional levy authorized under section 275.73, which is levied against net tax capacity, reduced by the sum of (1) the total amount of aids that the local governmental unit is certified to receive under sections 477A.011 to 477A.014, (2) homestead and agricultural aids it is certified to receive under section 273.1398, (3) local performance aid it is certified to receive under section 477A.05, (4) taconite aids under sections 298.28 and 298.282 including any aid which was required to be placed in a special fund for expenditure in the next succeeding year, (5) flood loss aid under section 273.1383, and (6) low-income housing aid under sections 477A.06 and 477A.065.

[For text of subd. 5, see M.S.1998]

History: 1999 c 243 art 6 s 4-6

NOTE: This section, as added by Laws 1997, chapter 231, article 3, section 4, is effective for taxes levied in 1997 through 1999, payable in 1998 through 2000. Laws 1997, chapter 231, article 3, section 9, as amended by Laws 1999, chapter 243, article 6, section 10.

275.72 LEVY LIMIT ADJUSTMENTS FOR CONSOLIDATION AND ANNEXATION.

[For text of this section, see M.S.1998]

NOTE: This section, as added by Laws 1997, chapter 231, article 3, section 5, is effective for taxes levied in 1997 through 1999, payable in 1998 through 2000. Laws 1997, chapter 231, article 3, section 9, as amended by Laws 1999, chapter 243, article 6, section 10.

275.73 ELECTIONS FOR ADDITIONAL LEVIES.

[For text of this section, see M.S.1998]

NOTE: This section, as added by Laws 1997, chapter 231, article 3, section 6, is effective for taxes levied in 1997 through 1999, payable in 1998 through 2000. Laws 1997, chapter 231, article 3, section 9, as amended by Laws 1999, chapter 243, article 6, section 10.

275.74 STATE REGULATION OF LEVIES.

[For text of this section, see M.S.1998]

NOTE: This section, as added by Laws 1997, chapter 231, article 3, section 7, is effective for taxes levied in 1997 through 1999, payable in 1998 through 2000. Laws 1997, chapter 231, article 3, section 9, as amended by Laws 1999, chapter 243, article 6, section 10.