

**473F.08 NET TAX CAPACITY.**

Subdivision 1. **County auditor to determine.** 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. **Computation of net tax capacity.** 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.

Subd. 3. **Apportionment of levy.** 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);

(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;

(c) for determinations made under clause (a) in the case of school districts, for taxes payable in 2002, exclude the general education tax rate and the portion of the referendum tax rate attributable to the first \$415 per pupil unit from the local tax rate for the preceding levy year;

(d) for determinations made under clause (a) in the case of the Metropolitan Council, for taxes payable in 2002, exclude the transit operating tax rate from the local tax rate for the preceding levy year; and

(e) for determinations made under clause (a) in the case of transit opt-out cities, for taxes payable in 2002, exclude the opt-out transit rate from the local tax rate for the preceding levy year.

Subd. 3a. **Bloomington computation.** 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 2009 through 2018, 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. 3b. **Livable communities fund.** (a) The Hennepin County auditor shall certify the city of Bloomington's interest payments for 1987 for the bonds which were sold for highway improvements pursuant to Laws 1986, chapter 391, section 2, paragraph (g), and which were certified as an addition to the city of Bloomington's areawide levy for taxes payable in 1988.

(b) For taxes payable in 1996 through taxes payable in 1999, the Hennepin County auditor shall certify the amount calculated by subtracting the amount certified under subdivision 3a from the amount in paragraph (a). For taxes payable in 2000 and subsequent years, the Hennepin County auditor shall certify the amount calculated in paragraph (a).

(c) The Metropolitan Council may annually certify to the Ramsey County auditor the amount calculated under paragraph (b), or a lesser amount, but not to exceed \$5,000,000, to be used to provide funds for the cleanup of polluted lands in the metropolitan area.

(d) The amount certified under paragraph (c) shall be certified annually by the Ramsey County auditor to the administrative auditor as an addition to the Metropolitan Council's areawide levy under subdivision 5.

Subd. 4. **Tax rate; noncommercial property.** 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. **Areawide tax rate.** 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 subdivisions 3, clause (a), 3a, and 3b. 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.

Subd. 5a. **Governmental unit in two or more counties.** 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. **Application to commercial-industrial property.** 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.

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

Subd. 7a. **Certification of values; payment.** The administrative auditor shall determine for each county the difference between the total levy on distribution value pursuant to subdivisions 3, clause (a), 3a, and 3b, 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. **Adjustment of value or net tax capacity.** 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; 1991 c 291 art 1 s 45-47; 1995 c 255 art 2 s 10-13; 1Sp2001 c 5 art 3 s 73; 1Sp2005 c 3 art 1 s 30*