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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 166

01/11/2017 Authored by Peppin
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 taxation; property; limiting fiscal disparities contributions for certain
1.3 municipalities; amending Minnesota Statutes 2016, sections 473F.07, subdivision
1.4 1; 473F.08, subdivisions 2, 6.

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

1.6 Section 1. Minnesota Statutes 2016, section 473F.07, subdivision 1, is amended to read:

1.7 Subdivision 1. Areawide net tax capacity. (a) Each county auditor shall certify the
1.8 determinations under sections 473F.05 and 473F.06 to the administrative auditor on or
1.9 before August 1 of each year.

1.10 (b) The administrative auditor shall determine an amount equal to 40 percent of the sum
1.11 of the amounts certified under section 473F.06; except that in the case of a municipality
1.12 that is not served by regional wastewater services under chapter 473, the administrative
1.13 auditor shall determine an amount equal to the lesser of:

1.14 (1) 40 percent of the sum of the amounts certified under section 473F.06; or

1.15 (2) ten percent of the municipality's net tax capacity for the same year as the certification
1.16 under section 473F.06.

1.17 The resulting amount shall be known as the "areawide net tax capacity for .....(year)."

1.18 EFFECTIVE DATE. This section is effective for distributions beginning with taxes
1.19 payable in 2018.

2.1 Sec. 2. Minnesota Statutes 2016, section 473F.08, subdivision 2, is amended to read:

2.2 Subd. 2. **Computation of net tax capacity.** The net tax capacity of a governmental unit  
2.3 is its net tax capacity, as determined in accordance with other provisions of law including  
2.4 section 469.177, subdivision 3, subject to the following adjustments:

2.5 (a) There shall be subtracted from its net tax capacity, in each municipality in which the  
2.6 governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same  
2.7 proportion to ~~40 percent of the amount certified in that year under sections 473F.06 and~~  
2.8 section 473F.07, subdivision 1, paragraph (b), for the municipality as the total preceding  
2.9 year's net tax capacity of commercial-industrial property which is subject to the taxing  
2.10 jurisdiction of the governmental unit within the municipality, determined without regard to  
2.11 section 469.177, subdivision 3, bears to the total preceding year's net tax capacity of  
2.12 commercial-industrial property within the municipality, determined without regard to section  
2.13 469.177, subdivision 3;

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

2.20 **EFFECTIVE DATE.** This section is effective for distributions beginning with taxes  
2.21 payable in 2018.

2.22 Sec. 3. Minnesota Statutes 2016, section 473F.08, subdivision 6, is amended to read:

2.23 Subd. 6. **Application to commercial-industrial property.** The areawide tax rate  
2.24 determined in accordance with subdivision 5 shall apply to each commercial-industrial  
2.25 property subject to taxation within a municipality, including property located within any  
2.26 tax increment financing district, as defined in section 469.174, subdivision 9, to that portion  
2.27 of the net tax capacity of the item which bears the same proportion to its total net tax capacity  
2.28 as ~~40 percent of the amount determined under sections 473F.06 and~~ section 473F.07,  
2.29 subdivision 1, paragraph (b), is to the amount determined under section 473F.05. The tax  
2.30 rate determined in accordance with subdivision 4 shall apply in the taxation of the remainder  
2.31 of the net tax capacity of the item.

2.32 **EFFECTIVE DATE.** This section is effective for distributions beginning with taxes  
2.33 payable in 2018.