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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 3755

02/24/2022 Authored by Davids and Theis
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; requiring the state to pay the costs of property tax
1.3 judgments against state-assessed property; requiring reports; appropriating money;
1.4 amending Minnesota Statutes 2020, sections 273.372, by adding subdivisions;
1.5 278.12; 290.06, by adding a subdivision; 297E.021, subdivision 4.

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

1.7 Section 1. Minnesota Statutes 2020, section 273.372, is amended by adding a subdivision
1.8 to read:

1.9 Subd. 7. Report on large judgments and settlements. The commissioner must produce
1.10 a report on large judgments and court-stipulated settlements totaling \$50,000 or greater,
1.11 concerning utility and railroad property for which the commissioner provided or
1.12 recommended values for assessment. The commissioner must provide a copy of the report
1.13 to the chairs and ranking minority members of the legislative committees with jurisdiction
1.14 over property taxation within 90 days of a final judgment or court-stipulated settlement.
1.15 The report must comply with the requirements of sections 3.195 and 3.197. The report must
1.16 include:

1.17 (1) a listing of the professional qualifications of the Department of Revenue staff that
1.18 assess utility and railroad property, including the licensing and certification qualifications
1.19 of those that made the initial valuation that resulted in the petition for relief and those
1.20 classified as supervisory staff that reviewed and approved the initial valuation;

1.21 (2) corrective actions taken by the commissioner to accurately assess and value utility
1.22 and railroad property including but not limited to additional staff training, adjustments to
1.23 the internal review process for reaching final valuation assessment decisions, and where

2.1 applicable, a comparison of the initial valuation assessment made by the commissioner and  
 2.2 valuation assessments made by state authorities on similar infrastructure in other states; and

2.3 (3) a full cost accounting of all staff time involved in defense of the initial assessment,  
 2.4 including but not limited to all department internal and external costs of legal counsel that  
 2.5 accrued during the actions related to reported judgments and court-stipulated settlements.

2.6 Sec. 2. Minnesota Statutes 2020, section 273.372, is amended by adding a subdivision to  
 2.7 read:

2.8 Subd. 8. **Annual report.** The commissioner must produce an annual report on the tax  
 2.9 appeals it is a party to under this chapter and chapters 271 and 278. The commissioner must  
 2.10 provide a copy of the report to the chairs and ranking minority members of the legislative  
 2.11 committees with jurisdiction over property taxation no later than January 20 each year. The  
 2.12 report must comply with the requirements of sections 3.195 and 3.197. The report must  
 2.13 include:

2.14 (1) a list of cases resulting in judgments or court-stipulated settlements during the prior  
 2.15 calendar year;

2.16 (2) a list of active cases that remain unresolved;

2.17 (3) the cause of action for each appeal and the specific amounts in dispute for each case;  
 2.18 and

2.19 (4) the staff costs associated with each resolved tax court case, whether resolved by  
 2.20 judgment or court-stipulated settlement, including the legal counsel costs from other  
 2.21 departments and outside legal counsel, if applicable.

2.22 Sec. 3. Minnesota Statutes 2020, section 278.12, is amended to read:

2.23 **278.12 REFUNDS OF OVERPAYMENT.**

2.24 (a) If upon final determination the petitioner has paid more than the amount so determined  
 2.25 to be due, judgment shall be entered in favor of the petitioner for such excess, ~~and~~. Upon  
 2.26 filing a copy thereof with the county auditor the auditor shall forthwith draw a warrant upon  
 2.27 the county treasurer for the payment thereof; provided that, with the consent of the petitioner,  
 2.28 the county auditor may, in lieu of drawing such warrant, issue to the petitioner a certificate  
 2.29 stating the amount of such judgment, which amount may be used to apply upon any taxes  
 2.30 due or to become due for the taxing district or districts whose taxes or assessments are  
 2.31 reduced, or their successors in the event of a reorganization or reincorporation of any such  
 2.32 taxing district. In the event the auditor shall issue a warrant for refund or certificates, the

3.1 amount thereof shall be charged to the state and other taxing districts in proportion to the  
3.2 amount of their respective taxes included in the levy and deduct the same in the subsequent  
3.3 distribution of any tax proceeds to the state or such taxing districts, and upon receiving any  
3.4 such certificate in payment of other taxes, the amount thereof shall be distributed to the  
3.5 state and other taxing districts in proportion to the amount of their respective taxes included  
3.6 in the levy; provided that if in the judgment the levy of one or more of the districts be found  
3.7 to be illegal, to the extent that the tax so levied is reduced on account of the illegal levies,  
3.8 the amount to be charged back shall be charged to the districts and the amount thereof  
3.9 deducted from any distributions thereafter made to them.

3.10 (b) In the case of a petition under section 273.372 where a petitioner receives a judgment  
3.11 determining the petitioner has overpaid tax liabilities relative to property value determined  
3.12 by the commissioner of revenue, the petitioner may file a copy of the judgment with the  
3.13 commissioner and the commissioner must issue a warrant for the payment of the judgment.  
3.14 At the time of filing the judgment, the petitioner must elect a method for payment. A  
3.15 petitioner may elect for the payment to be:

3.16 (1) applied to the petitioner's estimated tax liability under section 290.06, subdivision  
3.17 41, in the following year; or

3.18 (2) refunded within 30 days of the petitioner's election. An amount necessary to pay  
3.19 judgments under this clause is appropriated to the commissioner from the account in section  
3.20 297E.021.

3.21 Sec. 4. Minnesota Statutes 2020, section 290.06, is amended by adding a subdivision to  
3.22 read:

3.23 Subd. 41. **State-assessed property judgment credit.** (a) A taxpayer may take a credit  
3.24 against the tax due under this chapter, including the tax imposed by sections 290.0921 and  
3.25 290.0922, equal to the amount of warrant for the payment of the judgment under section  
3.26 278.12.

3.27 (b) If the amount of credit the taxpayer is eligible to receive under this subdivision  
3.28 exceeds the taxpayer's tax liability under this chapter, the commissioner must refund the  
3.29 excess to the taxpayer. The amount necessary to pay claims for refunds provided in this  
3.30 subdivision is appropriated to the commissioner from the account in section 297E.021.

4.1 Sec. 5. Minnesota Statutes 2020, section 297E.021, subdivision 4, is amended to read:

4.2 Subd. 4. **Appropriation; general reserve account.** To the extent the commissioner  
 4.3 determines that revenues are available under subdivision 3 for the fiscal year, those amounts  
 4.4 are appropriated from the general fund for deposit in a general reserve account established  
 4.5 by order of the commissioner of management and budget, but after refunds of payments in  
 4.6 sections 278.12, paragraph (b), and 290.06, subdivision 41. Amounts in this reserve are  
 4.7 appropriated as necessary for application against any shortfall in the amounts deposited to  
 4.8 the general fund under section 297A.994 or, after consultation with the Legislative  
 4.9 Commission on Planning and Fiscal Policy, amounts in this reserve are appropriated to the  
 4.10 commissioner of management and budget for other uses related to the stadium authorized  
 4.11 under section 473J.03, subdivision 8, that the commissioner deems financially prudent  
 4.12 including but not limited to reimbursements for capital and operating costs relating to the  
 4.13 stadium, refundings, and prepayment of debt. In no event, shall available revenues be  
 4.14 pledged, nor shall the appropriations of available revenues made by this section constitute  
 4.15 a pledge of available revenues as security for the prepayment of principal and interest on  
 4.16 the appropriation bonds under section 16A.965.

4.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.18 Sec. 6. **LOCAL GOVERNMENT GRANTS; APPROPRIATION.**

4.19 (a) The commissioner of revenue shall issue grants to counties and other taxing districts  
 4.20 to cover the costs of refunds of overpayments by a taxpayer under Minnesota Statutes,  
 4.21 chapter 271, or section 278.12, under the following conditions:

4.22 (1) between January 1, 2018, and December 31, 2021, a taxpayer petitioning under  
 4.23 Minnesota Statutes, section 273.372, received a judgment or a court-stipulated settlement  
 4.24 determining the taxpayer had overpaid tax liabilities relative to property value determined  
 4.25 by the commissioner of revenue; and

4.26 (2) the commissioner did not previously issue a grant to cover a portion of the refund.

4.27 (b) An amount necessary to issue grants under this section is appropriated to the  
 4.28 commissioner from the general fund. This is a onetime appropriation.

4.29 (c) The grants are exempt from the requirements of Minnesota Statutes, section 16B.98,  
 4.30 and must be paid by August 15, 2022.

4.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.