State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 4063

03/21/2018 Authored by Bliss and Marquart
The bill was read for the first time and referred to the Committee on Taxes

A bill for an act

relating to taxation; property; exempting certain property from the state general levy; amending Minnesota Statutes 2017 Supplement, section 275.025, subdivisions 1, 2.

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

Section 1. Minnesota Statutes 2017 Supplement, section 275.025, subdivision 1, is amended to read:

Subdivision 1. **Levy amount.** (a) The state general levy is levied against commercial-industrial property and seasonal residential recreational property, as defined in this section. The state general levy for commercial-industrial property is $784,590,000 for taxes payable in 2018 and thereafter. The state general levy for seasonal-recreational property is $44,190,000 for taxes payable in 2018 and thereafter. The tax under this section is not treated as a local tax rate under section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

(b) The commissioner shall increase or decrease the preliminary or final rate for a year as necessary to account for errors and tax base changes that affected a preliminary or final rate for either of the two preceding years. Adjustments are allowed to the extent that the necessary information is available to the commissioner at the time the rates for a year must be certified, and for the following reasons:

(1) an erroneous report of taxable value by a local official;

(2) an erroneous calculation by the commissioner; and

(3) an increase or decrease in taxable value for commercial-industrial or seasonal residential recreational property reported on the abstracts of tax lists submitted under section

275.29 that was not reported on the abstracts of assessment submitted under section 270C.89 for the same year.

The commissioner may, but need not, make adjustments if the total difference in the tax levied for the year would be less than $100,000.

(c) Each year, the commissioner must reduce the state commercial-industrial levy under paragraph (a) by the amount of state general tax that would be paid by property defined in subdivision 2, paragraph (c), if it were not exempt.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2020.

Sec. 2. Minnesota Statutes 2017 Supplement, section 275.025, subdivision 2, is amended to read:

Subd. 2. **Commercial-industrial tax capacity.** (a) For the purposes of this section, "commercial-industrial tax capacity" means the tax capacity of all taxable property classified as class 3 or class 5(1) under section 273.13, excluding:

(1) the tax capacity attributable to the first $100,000 of market value of each parcel of commercial-industrial property as defined under section 273.13, subdivision 24, clauses (1) and (2);

(2) electric generation attached machinery under class 3; ~~and~~

(3) property described in section 473.625; and

(4) property described in paragraph (c).

(b) County commercial-industrial tax capacity amounts are not adjusted for the captured net tax capacity of a tax increment financing district under section 469.177, subdivision 2, the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425, or fiscal disparities contribution and distribution net tax capacities under chapter 276A or 473F. For purposes of this subdivision, the procedures for determining eligibility for tier 1 under section 273.13, subdivision 24, clauses (1) and (2), shall apply in determining the portion of a property eligible to be considered within the first $100,000 of market value.

(c) Personal property that is part of an intrastate natural gas transportation or distribution pipeline system is exempt from the tax imposed under this section if:

(1) construction of the pipeline system began after January 1, 2018; and

(2) the property is located in an area:

(i) outside the seven-county metropolitan area, as defined in section 473.121, subdivision 3; and

(ii) in which households or businesses lacked access to natural gas distribution systems as of January 1, 2018.

The exemption under this paragraph applies for a period not to exceed 12 years, provided that once a property no longer qualifies, it may not subsequently qualify for the exemption under this paragraph.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2020.