

SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 1101

(SENATE AUTHORS: SIMONSON and Bakk)

DATE
02/16/2017

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641 Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
 1.2 relating to taxation; property; amending the state general levy; amending Minnesota
 1.3 Statutes 2016, section 275.025, subdivisions 1, 2.

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

1.5 Section 1. Minnesota Statutes 2016, section 275.025, subdivision 1, is amended to read:

1.6 Subdivision 1. **Levy amount.** The state general levy is levied against
 1.7 commercial-industrial property and seasonal residential recreational property, as defined
 1.8 in this section. The state general levy base amount for commercial-industrial property is
 1.9 \$592,000,000 \$785,387,000 for taxes payable in ~~2002~~ 2018. The state general levy base
 1.10 amount for seasonal-recreational property is \$44,213,000 for taxes payable in 2018. For
 1.11 taxes payable in subsequent years, ~~the~~ each levy base amount is increased each year by
 1.12 multiplying the levy base amount for the prior year by the sum of one plus the rate of
 1.13 increase, if any, in the implicit price deflator for government consumption expenditures and
 1.14 gross investment for state and local governments prepared by the Bureau of Economic
 1.15 Analysts of the United States Department of Commerce for the 12-month period ending
 1.16 March 31 of the year prior to the year the taxes are payable. The tax under this section is
 1.17 not treated as a local tax rate under section 469.177 and is not the levy of a governmental
 1.18 unit under chapters 276A and 473F.

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

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

2.2 (2) an erroneous calculation by the commissioner; and

2.3 (3) an increase or decrease in taxable value for commercial-industrial or seasonal
2.4 residential recreational property reported on the abstracts of tax lists submitted under section
2.5 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89
2.6 for the same year.

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

2.9 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

2.10 Sec. 2. Minnesota Statutes 2016, section 275.025, subdivision 2, is amended to read:

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

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

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

2.17 (3) property described in section 473.625.

2.18 County commercial-industrial tax capacity amounts are not adjusted for the captured
2.19 net tax capacity of a tax increment financing district under section 469.177, subdivision 2,
2.20 the net tax capacity of transmission lines deducted from a local government's total net tax
2.21 capacity under section 273.425, or fiscal disparities contribution and distribution net tax
2.22 capacities under chapter 276A or 473F. For the purposes of this subdivision, the procedures
2.23 for determining eligibility for tier 1 under section 273.13, subdivision 24, clauses (1) and
2.24 (2), apply in determining the portion of a property eligible to be considered within the first
2.25 \$100,000 of market value.

2.26 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.