

SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH SESSION

S.F. No. 1970

(SENATE AUTHORS: SKOE and Rest)

DATE	D-PG	OFFICIAL STATUS
02/27/2014	5875	Introduction and first reading Referred to Taxes

1.1 A bill for an act
 1.2 relating to taxation; making policy changes to property taxes and other
 1.3 miscellaneous taxes and tax provisions; amending Minnesota Statutes 2012,
 1.4 sections 270C.56, subdivision 3; 274.01, subdivision 1; 274.014, subdivision 3;
 1.5 289A.18, subdivision 2; Minnesota Statutes 2013 Supplement, section 273.1325,
 1.6 subdivision 1.

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

1.8 **ARTICLE 1**

1.9 **PROPERTY TAXES**

1.10 Section 1. Minnesota Statutes 2013 Supplement, section 273.1325, subdivision 1,
 1.11 is amended to read:

1.12 Subdivision 1. **Computation.** The Department of Revenue must annually conduct
 1.13 an assessment/sales ratio study of the taxable property in each county, city, town, and
 1.14 school district in accordance with the procedures in subdivisions 2 and 3. Based upon the
 1.15 results of this assessment/sales ratio study, the Department of Revenue must determine
 1.16 an equalized net tax capacity for the various classes of taxable property in each taxing
 1.17 district, the aggregate of which is designated as the adjusted net tax capacity. The adjusted
 1.18 net tax capacity must be reduced by the captured tax capacity of tax increment districts
 1.19 under section 469.177, subdivision 2, fiscal disparities contribution tax capacities under
 1.20 sections 276A.06 and 473F.08, and the tax capacity of transmission lines required to be
 1.21 subtracted from the local tax base under section 273.425; and increased by fiscal disparities
 1.22 distribution tax capacities under sections 276A.06 and 473F.08. The adjusted net tax
 1.23 capacities shall be determined using the net tax capacity percentages in effect for the
 1.24 assessment year following the assessment year of the study. The Department of Revenue

2.1 must make whatever estimates are necessary to account for changes in the classification
 2.2 system. The Department of Revenue may incur the expense necessary to make the
 2.3 determinations. The commissioner of revenue may reimburse any county or governmental
 2.4 official for requested services performed in ascertaining the adjusted net tax capacity. On
 2.5 or before March 15 annually, the Department of Revenue shall file with the chair of the
 2.6 Tax Committee of the house of representatives and the chair of the Committee on Taxes
 2.7 and Tax laws of the senate a report of adjusted net tax capacities for school districts.
 2.8 On or before June ~~15~~ 30 annually, the Department of Revenue shall file its final report
 2.9 on the adjusted net tax capacities for school districts established by the previous year's
 2.10 assessments and the current year's net tax capacity percentages with the commissioner of
 2.11 education and each county auditor for those school districts for which the auditor has the
 2.12 responsibility for determination of local tax rates. A copy of the report so filed shall be
 2.13 mailed to the clerk of each school district involved and to the county assessor or supervisor
 2.14 of assessments of the county or counties in which each school district is located.

2.15 **EFFECTIVE DATE.** This section is effective January 1, 2014.

2.16 Sec. 2. Minnesota Statutes 2012, section 274.01, subdivision 1, is amended to read:

2.17 Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town
 2.18 board of a town, or the council or other governing body of a city, is the board of appeal
 2.19 and equalization except (1) in cities whose charters provide for a board of equalization or
 2.20 (2) in any city or town that has transferred its local board of review power and duties to
 2.21 the county board as provided in subdivision 3. The county assessor shall fix a day and
 2.22 time when the board or the board of equalization shall meet in the assessment districts
 2.23 of the county. Notwithstanding any law or city charter to the contrary, a city board of
 2.24 equalization shall be referred to as a board of appeal and equalization. On or before
 2.25 February 15 of each year the assessor shall give written notice of the time to the city or
 2.26 town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings
 2.27 must be held between April 1 and May 31 each year. The clerk shall give published and
 2.28 posted notice of the meeting at least ten days before the date of the meeting.

2.29 The board ~~shall~~ may meet either at a central location within the county or at the
 2.30 office of the clerk to review the assessment and classification of property in the town or
 2.31 city. No changes in valuation or classification which are intended to correct errors in
 2.32 judgment by the county assessor may be made by the county assessor after the board has
 2.33 adjourned in those cities or towns that hold a local board of review; however, corrections
 2.34 of errors that are merely clerical in nature or changes that extend homestead treatment to
 2.35 property are permitted after adjournment until the tax extension date for that assessment

3.1 year. The changes must be fully documented and maintained in the assessor's office and
3.2 must be available for review by any person. A copy of the changes made during this
3.3 period in those cities or towns that hold a local board of review must be sent to the county
3.4 board no later than December 31 of the assessment year.

3.5 (b) The board shall determine whether the taxable property in the town or city has
3.6 been properly placed on the list and properly valued by the assessor. If real or personal
3.7 property has been omitted, the board shall place it on the list with its market value, and
3.8 correct the assessment so that each tract or lot of real property, and each article, parcel,
3.9 or class of personal property, is entered on the assessment list at its market value. No
3.10 assessment of the property of any person may be raised unless the person has been
3.11 duly notified of the intent of the board to do so. On application of any person feeling
3.12 aggrieved, the board shall review the assessment or classification, or both, and correct
3.13 it as appears just. The board may not make an individual market value adjustment or
3.14 classification change that would benefit the property if the owner or other person having
3.15 control over the property has refused the assessor access to inspect the property and the
3.16 interior of any buildings or structures as provided in section 273.20. A board member
3.17 shall not participate in any actions of the board which result in market value adjustments
3.18 or classification changes to property owned by the board member, the spouse, parent,
3.19 stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew,
3.20 or niece of a board member, or property in which a board member has a financial interest.
3.21 The relationship may be by blood or marriage.

3.22 (c) A local board may reduce assessments upon petition of the taxpayer but the total
3.23 reductions must not reduce the aggregate assessment made by the county assessor by more
3.24 than one percent. If the total reductions would lower the aggregate assessments made by
3.25 the county assessor by more than one percent, none of the adjustments may be made. The
3.26 assessor shall correct any clerical errors or double assessments discovered by the board
3.27 without regard to the one percent limitation.

3.28 (d) A local board does not have authority to grant an exemption or to order property
3.29 removed from the tax rolls.

3.30 (e) A majority of the members may act at the meeting, and adjourn from day to day
3.31 until they finish hearing the cases presented. The assessor shall attend, with the assessment
3.32 books and papers, and take part in the proceedings, but must not vote. The county assessor,
3.33 or an assistant delegated by the county assessor shall attend the meetings. The board shall
3.34 list separately, on a form appended to the assessment book, all omitted property added
3.35 to the list by the board and all items of property increased or decreased, with the market

4.1 value of each item of property, added or changed by the board, placed opposite the item.
4.2 The county assessor shall enter all changes made by the board in the assessment book.

4.3 (f) Except as provided in subdivision 3, if a person fails to appear in person, by
4.4 counsel, or by written communication before the board after being duly notified of the
4.5 board's intent to raise the assessment of the property, or if a person feeling aggrieved by an
4.6 assessment or classification fails to apply for a review of the assessment or classification,
4.7 the person may not appear before the county board of appeal and equalization for a review
4.8 of the assessment or classification. This paragraph does not apply if an assessment was
4.9 made after the local board meeting, as provided in section 273.01, or if the person can
4.10 establish not having received notice of market value at least five days before the local
4.11 board meeting.

4.12 (g) The local board must complete its work and adjourn within 20 days from the
4.13 time of convening stated in the notice of the clerk, unless a longer period is approved by
4.14 the commissioner of revenue. No action taken after that date is valid. All complaints
4.15 about an assessment or classification made after the meeting of the board must be heard
4.16 and determined by the county board of equalization. A nonresident may, at any time,
4.17 before the meeting of the board file written objections to an assessment or classification
4.18 with the county assessor. The objections must be presented to the board at its meeting by
4.19 the county assessor for its consideration.

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

4.21 Sec. 3. Minnesota Statutes 2012, section 274.014, subdivision 3, is amended to read:

4.22 Subd. 3. **Proof of compliance; transfer of duties.** (a) Any city or town that
4.23 conducts local boards of appeal and equalization meetings must provide proof to the
4.24 county assessor by ~~December 1, 2006~~ February 15, 2015, and each year thereafter, that it
4.25 is in compliance with the requirements of subdivision 2. Beginning in ~~2006~~ 2015, this
4.26 notice must also verify that there was a quorum of voting members at each meeting of the
4.27 board of appeal and equalization in the current year. A city or town that does not comply
4.28 with these requirements is deemed to have transferred its board of appeal and equalization
4.29 powers to the county beginning with the following year's assessment and continuing
4.30 unless the powers are reinstated under paragraph (c).

4.31 (b) The county shall notify the taxpayers when the board of appeal and equalization
4.32 for a city or town has been transferred to the county under this subdivision and, prior to
4.33 the meeting time of the county board of equalization, the county shall make available to
4.34 those taxpayers a procedure for a review of the assessments, including, but not limited to,
4.35 open book meetings. This alternate review process shall take place in April and May.

5.1 (c) A local board whose powers are transferred to the county under this subdivision
 5.2 may be reinstated by resolution of the governing body of the city or town and upon proof
 5.3 of compliance with the requirements of subdivision 2. The resolution and proofs must be
 5.4 provided to the county assessor by ~~December 1~~ February 15 in order to be effective for
 5.5 the following year's assessment.

5.6 (d) A local board whose powers are transferred to the county under this subdivision
 5.7 may continue to employ a local assessor and is not deemed to have transferred its powers
 5.8 to make assessments.

5.9 **EFFECTIVE DATE.** This section is effective beginning with local boards of appeal
 5.10 and equalization meetings held after December 31, 2014.

5.11 ARTICLE 2

5.12 MISCELLANEOUS

5.13 Section 1. Minnesota Statutes 2012, section 270C.56, subdivision 3, is amended to read:

5.14 Subd. 3. **Procedure for assessment; claims for refunds.** (a) The commissioner
 5.15 may assess liability for the taxes described in subdivision 1 against a person liable
 5.16 under this section. The assessment may be based upon information available to the
 5.17 commissioner. It must be made within the prescribed period of limitations for assessing
 5.18 the underlying tax, ~~or~~ within one year after the date of an order assessing underlying
 5.19 tax, or within one year after the date of a final administrative or judicial determination,
 5.20 whichever period expires later. An order assessing personal liability under this section is
 5.21 reviewable under section 270C.35 and is appealable to Tax Court.

5.22 (b) If the time for appealing the order has expired and a payment is made by or
 5.23 collected from the person assessed on the order in excess of the amount lawfully due
 5.24 from that person of any portion of the liability shown on the order, a claim for refund
 5.25 may be made by that person within 120 days after any payment of the liability if the
 5.26 payment is within 3-1/2 years after the date the order was issued. Claims for refund under
 5.27 this paragraph are limited to the amount paid during the 120-day period. Any amounts
 5.28 collected under paragraph (c) after a claim for refund is filed in order to satisfy the unpaid
 5.29 balance of the assessment that is the subject of the claim shall be returned if the claim is
 5.30 allowed. There is no claim for refund available under this paragraph if the assessment has
 5.31 previously been the subject of an administrative or Tax Court appeal, or a denied claim
 5.32 for refund. The taxpayer may contest denial of the refund as provided in the procedures
 5.33 governing claims for refunds under section 289A.50, subdivision 7.

6.1 (c) If a person has been assessed under this section for an amount for a given period
 6.2 and the time for appeal has expired, regardless of whether an action contesting denial of a
 6.3 claim for refund has been filed under paragraph (b), or there has been a final determination
 6.4 that the person is liable, collection action is not stayed pursuant to section 270C.33,
 6.5 subdivision 5, for that assessment or for subsequent assessments of additional amounts for
 6.6 the same person for the same period and tax type.

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

6.8 Sec. 2. Minnesota Statutes 2012, section 289A.18, subdivision 2, is amended to read:

6.9 Subd. 2. **Withholding returns, entertainer withholding returns, returns for**
 6.10 **withholding from payments to out-of-state contractors, and withholding returns**
 6.11 **from partnerships and S corporations.** (a) ~~Withholding returns for the first, second,~~
 6.12 ~~and third quarters~~ are due on or before the last day of the month following the close of
 6.13 the quarterly period. However, if the return shows timely deposits in full payment of
 6.14 the taxes due for that period, the returns ~~for the first, second, and third quarters~~ may be
 6.15 filed on or before the tenth day of the second calendar month following the period. ~~The~~
 6.16 ~~return for the fourth quarter must be filed on or before the 28th day of the second calendar~~
 6.17 ~~month following the period.~~ An employer, in preparing a quarterly return, may take credit
 6.18 for deposits previously made for that quarter. Entertainer withholding tax returns are
 6.19 due within 30 days after each performance. Returns for withholding from payments to
 6.20 out-of-state contractors are due within 30 days after the payment to the contractor. Returns
 6.21 for withholding by partnerships are due on or before the due date specified for filing
 6.22 partnership returns. Returns for withholding by S corporations are due on or before the
 6.23 due date specified for filing corporate franchise tax returns.

6.24 (b) A seasonal employer who provides notice in the form and manner prescribed
 6.25 by the commissioner before the end of the calendar quarter is not required to file a
 6.26 withholding tax return for periods of anticipated inactivity unless the employer pays wages
 6.27 during the period from which tax is withheld. For purposes of this paragraph, a seasonal
 6.28 employer is an employer that regularly, in the same one or more quarterly periods of each
 6.29 calendar year, pays no wages to employees.

6.30 **EFFECTIVE DATE.** (a) The amendments in paragraph (a) are effective for returns
 6.31 due after January 1, 2016.

6.32 (b) The amendment adding paragraph (b) is effective for wages paid after December
 6.33 31, 2015.

APPENDIX
Article locations in 14-3467

ARTICLE 1 PROPERTY TAXES Page.Ln 1.8
ARTICLE 2 MISCELLANEOUS Page.Ln 5.11