

8106.0500 ALLOCATION.

Subpart 1. **In general.** After the estimated unit value of the railroad property has been determined, the portion of value which is attributable to Minnesota must be established. This is accomplished through the use of certain allocation factors. Each of the factors in the allocation method shows a relationship between the railroad system operations in all states and its Minnesota operations. These relationships are expressed in percentage figures. These percentages are then added and an average is computed. The resulting average of the factors, multiplied by the unit value, yields the Minnesota portion of the railroad property which will, after the adjustments described in parts 8106.0600 and 8106.0800, be subject to ad valorem tax in Minnesota.

Subp. 2. **Allocation factors.** The factors to be considered in making allocations of unit values to Minnesota for railroad companies are:

A. miles of railroad track operated in Minnesota divided by miles of railroad track operated in all states;

B. ton miles of revenue freight transported in Minnesota divided by ton miles of revenue freight transported in all states;

C. gross revenues from transportation operations within Minnesota divided by gross revenues from transportation operations in all states; and

D. cost of road property in Minnesota divided by the cost of road property in all states.

The following example illustrates the allocation method to be applied to the unit value of railroad property.

XYZ Railroad		
Minnesota miles of track	100	
	500	= 20%
Total miles of track		
Minnesota ton miles of revenue freight	2,200,000	
	9,000,000	= 24%
Total ton miles of revenue freight		
Minnesota gross transportation revenue	\$10,000,000	
	\$40,000,000	= 25%
Total gross transportation revenue		
Minnesota cost of road property	2,990,000	

Total cost of road property	_____	=	23%
	13,000,000		
		Total	92%
		Minnesota Percent of Unit Value	23%
Total Unit Value (\$22,212,500 x 23%) =			
Minnesota Portion of Unit Value	\$5,108,875		

Statutory Authority: *MS s 270.84; 270C.06*

History: *11 SR 335; L 2005 c 151 art 1 s 114*

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