

8106.0600 ADJUSTMENTS FOR NONFORMULA ASSESSED PROPERTY OR EXEMPT PROPERTY.

After the Minnesota portion of the unit value of the railroad company is determined, property which is either exempt from taxation, such as personal property, or classified as nonoperating will be deducted from the Minnesota portion of the unit value to the extent that it has been included in the computation of this value.

Property which has been included in the computation of the unit value but has been defined as nonoperating property will be valued by the local assessor. The Minnesota portion of the unit value will be reduced by the restated cost of this property. Only nonoperating property located within Minnesota will be eligible for this exclusion.

The railroad company shall have the responsibility to submit to the commissioner of revenue, in the form required by the commissioner, such schedules of nonoperating property as the commissioner may require.

In addition to nonoperating property which will be valued and assessed locally, a deduction from the Minnesota portion of the unit value will be made for personal property.

A percentage of the Minnesota portion of the unit value before deducting nonoperating property will be excluded as personal property. This percentage will be computed in the following way:

- A. The following STB accounts for property within Minnesota will be totaled:
 - (1) that portion of coal and ore wharves determined to be personal property;
 - (2) communication systems;
 - (3) signals and interlockers;
 - (4) roadway machines;
 - (5) shop machinery;
 - (6) power plant machinery;
 - (7) computer and word processing equipment; and
 - (8) equipment, allocated to Minnesota on the basis of car and locomotive miles in Minnesota compared to total system car and locomotive miles.
- B. The total of these accounts will then be divided by the total of the Minnesota road, equipment, leased property, general expenditures, construction work in progress, and other elements of investment accounts. The resulting percentage will be used to determine the personal property amount of the Minnesota portion of the unit value. This amount will not be taxable for ad valorem purposes.

C. The following is an illustration of the computation for the personal property exclusion.

XYZ Railway

		Amount in Minnesota
Personal Property Account		
Computer and Word Processing Equipment		\$ 89,200
Coal and Ore Wharves		100,000
Communication Equipment		100,000
Signals and Interlockers		200,000
Roadway Machines		200,000
Shop Machinery		100,000
Power Plant Machinery		100,000
* Equipment – Owned and Leased		2,250,000
		3,139,200
* Total Equipment Account	\$9,000,000	
Car and Locomotive Miles in Minnesota	1,000,000	
Total Car and Locomotive Miles	4,000,000	
Ratio of Minnesota to Total	25%	
Minnesota Allocated Equipment Account	\$2,250,000	
		Amount in Minnesota
Restated Cost Account		
Road		\$2,990,000
Equipment – Owned and Leased		2,250,000
Construction Work in Progress		800,000
General expenditures		500,000
		\$6,540,000
Minnesota Personal Property Accounts	\$3,139,200	
Minnesota Restated Cost	\$6,540,000	
Ratio of Personal Property to Cost	48%	

Minnesota portion of unit value	5,108,875
Personal Property exclusion at 48%	2,452,260
Taxable Minnesota Portion of Unit Value	\$2,656,615

Statutory Authority: *MS s 14.388; 270.84; 270C.06*

History: *11 SR 335; 28 SR 1297; L 2005 c 151 art 1 s 114*

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