

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 1561

(SENATE AUTHORS: GAZELKA and Dahms)

DATE	D-PG	OFFICIAL STATUS
03/11/2015		Introduction and first reading Referred to Taxes

A bill for an act

1.1 relating to taxation; property; eliminating the automatic inflation and exempting
 1.2 the first tier of commercial-industrial property from the state general levy;
 1.3 repealing apportionment; amending Minnesota Statutes 2014, section 275.025,
 1.4 subdivisions 1, 2; repealing Minnesota Statutes 2014, section 275.025,
 1.5 subdivision 4.
 1.6

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

1.8 Section 1. Minnesota Statutes 2014, section 275.025, subdivision 1, is amended to read:

1.9 Subdivision 1. **Levy amount.** The state general levy is levied against
 1.10 commercial-industrial property and seasonal residential recreational property, as defined
 1.11 in this section. The state general levy ~~base amount~~ amount for commercial-industrial
 1.12 property is \$592,000,000 \$736,170,800 for taxes payable in 2016 and thereafter and
 1.13 \$43,057,500 for seasonal residential recreational property for taxes payable in 2002.
 1.14 ~~For taxes payable in subsequent years, the levy base amount is increased each year by~~
 1.15 ~~multiplying the levy base amount for the prior year by the sum of one plus the rate of~~
 1.16 ~~increase, if any, in the implicit price deflator for government consumption expenditures~~
 1.17 ~~and gross investment for state and local governments prepared by the Bureau of Economic~~
 1.18 ~~Analysts of the United States Department of Commerce for the 12-month period ending~~
 1.19 ~~March 31 of the year prior to the year the taxes are payable~~ 2016 and thereafter. The tax
 1.20 under this section is not treated as a local tax rate under section 469.177 and is not the
 1.21 levy of a governmental unit under chapters 276A and 473F.

1.22 The commissioner shall increase or decrease the preliminary or final rate for a year
 1.23 as necessary to account for errors and tax base changes that affected a preliminary or final
 1.24 rate for either of the two preceding years. Adjustments are allowed to the extent that the

2.1 necessary information is available to the commissioner at the time the rates for a year must
2.2 be certified, and for the following reasons:

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

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

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

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

2.11 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in
2.12 2016 and thereafter.

2.13 Sec. 2. Minnesota Statutes 2014, section 275.025, subdivision 2, is amended to read:

2.14 Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section,
2.15 "commercial-industrial tax capacity" means the tax capacity of all taxable property
2.16 classified as class 3 or class 5(1) under section 273.13, ~~except for~~ excluding: (1) the
2.17 first tier of commercial-industrial value as defined under section 273.13, subdivision 24;
2.18 and (2) electric generation attached machinery under class 3 and property described in
2.19 section 473.625. County commercial-industrial tax capacity amounts are not adjusted
2.20 for the captured net tax capacity of a tax increment financing district under section
2.21 469.177, subdivision 2, the net tax capacity of transmission lines deducted from a local
2.22 government's total net tax capacity under section 273.425, or fiscal disparities contribution
2.23 and distribution net tax capacities under chapter 276A or 473F.

2.24 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in
2.25 2016 and thereafter.

2.26 Sec. 3. **REPEALER.**

2.27 Minnesota Statutes 2014, section 275.025, subdivision 4, is repealed.

2.28 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in
2.29 2016 and thereafter.

APPENDIX
Repealed Minnesota Statutes: 15-3521

275.025 STATE GENERAL TAX.

Subd. 4. **Apportionment and levy of state general tax.** Ninety-five percent of the state general tax must be levied by applying a uniform rate to all commercial-industrial tax capacity and five percent of the state general tax must be levied by applying a uniform rate to all seasonal residential recreational tax capacity. On or before October 1 each year, the commissioner of revenue shall certify the preliminary state general levy rates to each county auditor that must be used to prepare the notices of proposed property taxes for taxes payable in the following year. By January 1 of each year, the commissioner shall certify the final state general levy rate to each county auditor that shall be used in spreading taxes.