

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 947

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DATE	D-PG	OFFICIAL STATUS
02/19/2015	360	Introduction and first reading Referred to Taxes

A bill for an act

1.1 relating to taxation; property; establishing a targeted homestead property tax
 1.2 credit; updating cross-references; appropriating money; amending Minnesota
 1.3 Statutes 2014, sections 134.34, subdivision 4; 273.124, subdivision 13b;
 1.4 273.1392; 273.1393; 275.065, subdivision 3; 275.07, subdivision 6; 275.70,
 1.5 subdivision 5; 276.04, subdivision 2; 290A.03, subdivision 13; 469.175,
 1.6 subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 273;
 1.7 repealing Minnesota Statutes 2014, section 290A.04, subdivision 2h.
 1.8

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

1.10 Section 1. Minnesota Statutes 2014, section 134.34, subdivision 4, is amended to read:

1.11 Subd. 4. **Limitation.** (a) For calendar year 2010 and later, regional library
 1.12 basic system support aid shall not be provided to a regional public library system for a
 1.13 participating city or county which decreases the dollar amount provided for support for
 1.14 operating purposes of public library service below the amount provided by it for the
 1.15 second, or third preceding year, whichever is less. For purposes of this subdivision and
 1.16 subdivision 1, any funds provided under section 473.757, subdivision 2, for extending
 1.17 library hours of operation shall not be considered amounts provided by a city or county for
 1.18 support for operating purposes of public library service. This subdivision shall not apply
 1.19 to participating cities or counties where the adjusted net tax capacity of that city or county
 1.20 has decreased, if the dollar amount of the reduction in support is not greater than the dollar
 1.21 amount by which support would be decreased if the reduction in support were made in
 1.22 direct proportion to the decrease in adjusted net tax capacity.

1.23 (b) For calendar year 2009 and later, in any calendar year in which a city's or
 1.24 county's aid under sections 477A.011 to 477A.014 or credit reimbursement under ~~section~~
 1.25 sections 273.1384 and 273.87 is reduced after the city or county has certified its levy
 1.26 payable in that year, it may reduce its local support by the lesser of:

2.1 (1) ten percent; or

2.2 (2) a percent equal to the ratio of the aid and credit reimbursement reductions to the
 2.3 city's or county's revenue base, based on aids certified for the current calendar year. For
 2.4 calendar year 2009 only, the reduction under this paragraph shall be based on 2008 aid and
 2.5 credit reimbursement reductions under the December 2008 unallotment, as well as any
 2.6 aid and credit reimbursement reductions in calendar year 2009. For pay 2009 only, the
 2.7 commissioner of revenue will calculate the reductions under this paragraph and certify
 2.8 them to the commissioner of education within 15 days of May 17, 2009.

2.9 (c) For taxes payable in 2010 and later, in any payable year in which the total
 2.10 amounts certified for city or county aids under sections 477A.011 to 477A.014 are less
 2.11 than the total amounts paid under those sections in the previous calendar year, a city or
 2.12 county may reduce its local support by the lesser of:

2.13 (1) ten percent; or

2.14 (2) a percent equal to the ratio of:

2.15 (i) the difference between (A) the sum of the aid it was paid under sections 477A.011
 2.16 to 477A.014 and the credit reimbursement it received under ~~section~~ sections 273.1384
 2.17 and 273.87 in the previous calendar year and (B) the sum of the aid it is certified to be
 2.18 paid in the current calendar year under sections 477A.011 to 477A.014 and the credit
 2.19 reimbursement estimated to be paid under ~~section~~ sections 273.1384 and 273.87; to

2.20 (ii) its revenue base for the previous year, based on aids actually paid in the previous
 2.21 calendar year. The commissioner of revenue shall calculate the percent aid cut for each
 2.22 county and city under this paragraph and certify the percentage cuts to the commissioner
 2.23 of education by August 1 of the year prior to the year in which the reduced aids and
 2.24 credit reimbursements are to be paid. The percentage of reduction related to reductions
 2.25 to credit reimbursements under ~~section~~ sections 273.1384 and 273.87 shall be based on
 2.26 the best estimation available as of July 30.

2.27 (d) Notwithstanding paragraph (a), (b), or (c), no city or county shall reduce its
 2.28 support for public libraries below the minimum level specified in subdivision 1.

2.29 (e) For purposes of this subdivision, "revenue base" means the sum of:

2.30 (1) its levy for taxes payable in the current calendar year, including the levy on the
 2.31 fiscal disparities distribution under section 276A.06, subdivision 3, clause (1), or 473F.08,
 2.32 subdivision 3, paragraph (a);

2.33 (2) its aid under sections 477A.011 to 477A.014 in the current calendar year; and

2.34 (3) its taconite aid in the current calendar year under sections 298.28 and 298.282.

2.35 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2016
 2.36 and thereafter.

3.1 Sec. 2. Minnesota Statutes 2014, section 273.124, subdivision 13b, is amended to read:

3.2 Subd. 13b. **Improper homestead.** (a) If the commissioner finds that a property
3.3 owner may be claiming a fraudulent homestead, the commissioner shall notify the
3.4 appropriate counties. Within 90 days of the notification, the county assessor shall
3.5 investigate to determine if the homestead classification was properly claimed. If the
3.6 property owner does not qualify, the county assessor shall notify the county auditor who
3.7 will determine the amount of homestead benefits that had been improperly allowed. For
3.8 the purpose of this subdivision, "homestead benefits" means the tax reduction resulting
3.9 from the classification as a homestead and the homestead market value exclusion under
3.10 section 273.13, the taconite homestead credit under section 273.135, the agricultural
3.11 homestead credit under section 273.1384, the targeted homestead credit under section
3.12 273.87, and the supplemental homestead credit under section 273.1391.

3.13 The county auditor shall send a notice to the person who owned the affected property
3.14 at the time the homestead application related to the improper homestead was filed,
3.15 demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent
3.16 of the homestead benefits. The person notified may appeal the county's determination
3.17 by serving copies of a petition for review with county officials as provided in section
3.18 278.01 and filing proof of service as provided in section 278.01 with the Minnesota Tax
3.19 Court within 60 days of the date of the notice from the county. Procedurally, the appeal
3.20 is governed by the provisions in chapter 271 which apply to the appeal of a property tax
3.21 assessment or levy, but without requiring any prepayment of the amount in controversy. If
3.22 the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal
3.23 has been filed, the county auditor shall certify the amount of taxes and penalty to the county
3.24 treasurer. The county treasurer will add interest to the unpaid homestead benefits and
3.25 penalty amounts at the rate provided in section 279.03 for real property taxes becoming
3.26 delinquent in the calendar year during which the amount remains unpaid. Interest may be
3.27 assessed for the period beginning 60 days after demand for payment was made.

3.28 If the person notified is the current owner of the property, the treasurer may add the
3.29 total amount of homestead benefits, penalty, interest, and costs to the ad valorem taxes
3.30 otherwise payable on the property by including the amounts on the property tax statements
3.31 under section 276.04, subdivision 3. The amounts added under this paragraph to the ad
3.32 valorem taxes shall include interest accrued through December 31 of the year preceding
3.33 the taxes payable year for which the amounts are first added. These amounts, when added
3.34 to the property tax statement, become subject to all the laws for the enforcement of real or
3.35 personal property taxes for that year, and for any subsequent year.

4.1 If the person notified is not the current owner of the property, the treasurer may
 4.2 collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of
 4.3 the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment
 4.4 of the homestead benefits, penalty, interest, and costs, as if those amounts were delinquent
 4.5 tax obligations of the person who owned the property at the time the application related to
 4.6 the improperly allowed homestead was filed. The treasurer may relieve a prior owner of
 4.7 personal liability for the homestead benefits, penalty, interest, and costs, and instead extend
 4.8 those amounts on the tax lists against the property as provided in this paragraph to the extent
 4.9 that the current owner agrees in writing. On all demands, billings, property tax statements,
 4.10 and related correspondence, the county must list and state separately the amounts of
 4.11 homestead benefits, penalty, interest and costs being demanded, billed or assessed.

4.12 (b) Any amount of homestead benefits recovered by the county from the property
 4.13 owner shall be distributed to the county, city or town, and school district where the
 4.14 property is located in the same proportion that each taxing district's levy was to the total
 4.15 of the three taxing districts' levy for the current year. Any amount recovered attributable
 4.16 to taconite homestead credit shall be transmitted to the St. Louis County auditor to be
 4.17 deposited in the taconite property tax relief account. Any amount recovered that is
 4.18 attributable to supplemental homestead credit is to be transmitted to the commissioner of
 4.19 revenue for deposit in the general fund of the state treasury. The total amount of penalty
 4.20 collected must be deposited in the county general fund.

4.21 (c) If a property owner has applied for more than one homestead and the county
 4.22 assessors cannot determine which property should be classified as homestead, the county
 4.23 assessors will refer the information to the commissioner. The commissioner shall make
 4.24 the determination and notify the counties within 60 days.

4.25 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2016
 4.26 and thereafter.

4.27 Sec. 3. Minnesota Statutes 2014, section 273.1392, is amended to read:

4.28 **273.1392 PAYMENT; SCHOOL DISTRICTS.**

4.29 The amounts of bovine tuberculosis credit reimbursements under section 273.113;
 4.30 conservation tax credits under section 273.119; disaster or emergency reimbursement
 4.31 under sections 273.1231 to 273.1235; homestead and agricultural credits under ~~section~~
 4.32 sections 273.1384 and 273.87; aids and credits under section 273.1398; enterprise zone
 4.33 property credit payments under section 469.171; and metropolitan agricultural preserve
 4.34 reduction under section 473H.10 for school districts, shall be certified to the Department

5.1 of Education by the Department of Revenue. The amounts so certified shall be paid
5.2 according to section 127A.45, subdivisions 9 and 13.

5.3 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2016
5.4 and thereafter.

5.5 Sec. 4. Minnesota Statutes 2014, section 273.1393, is amended to read:

5.6 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

5.7 Notwithstanding any other provisions to the contrary, "net" property taxes are
5.8 determined by subtracting the credits in the order listed from the gross tax:

- 5.9 (1) disaster credit as provided in sections 273.1231 to 273.1235;
5.10 (2) powerline credit as provided in section 273.42;
5.11 (3) agricultural preserves credit as provided in section 473H.10;
5.12 (4) enterprise zone credit as provided in section 469.171;
5.13 (5) disparity reduction credit;
5.14 (6) conservation tax credit as provided in section 273.119;
5.15 (7) agricultural credit as provided in section 273.1384;
5.16 (8) taconite homestead credit as provided in section 273.135;
5.17 (9) supplemental homestead credit as provided in section 273.1391; ~~and~~
5.18 (10) ~~the bovine tuberculosis zone credit, as provided in section 273.113; and~~
5.19 (11) the targeted homestead credit, as provided in section 273.87.

5.20 The combination of all property tax credits must not exceed the gross tax amount.

5.21 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2016
5.22 and thereafter.

5.23 Sec. 5. **[273.87] TARGETED HOMESTEAD TAX CREDIT.**

5.24 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms
5.25 have the meanings given them.

5.26 (b) "Homestead" means the dwelling occupied as the claimant's principal residence
5.27 and so much of the land surrounding it, not exceeding ten acres, as is reasonably necessary
5.28 for use of the dwelling as a home and any other property used for purposes of a homestead
5.29 as defined in section 273.13, subdivision 22, except for agricultural land assessed as part
5.30 of a homestead pursuant to section 273.13, subdivision 23, "homestead" is limited to the
5.31 house and garage and immediately surrounding one acre of land. The homestead may be
5.32 owned or rented and may be a part of a multidwelling or multipurpose building and the
5.33 land on which it is built. A manufactured home, as defined in section 273.125, subdivision

6.1 8, or a park trailer taxed as a manufactured home under section 168.012, subdivision 9,
6.2 assessed as personal property may be a dwelling for purposes of this paragraph.

6.3 (c) "Gross property taxes payable" means property taxes payable determined without
6.4 regard to the credit allowed under this subdivision.

6.5 Subd. 2. **Eligibility; amount of credit.** Homestead property is eligible for a
6.6 homestead property tax credit if the gross property taxes payable on a homestead increase
6.7 more than ten percent over the property taxes payable in the prior year on the same
6.8 property that is owned and occupied by the same owner on January 2 of both years, and
6.9 the amount of that increase is \$100 or more. The amount of the credit shall be equal to the
6.10 amount of the increase over the greater of ten percent of the prior year's property taxes
6.11 payable or \$100. The maximum credit allowed under this section is \$1,000.

6.12 This section shall not apply to any increase in the gross property taxes attributable to
6.13 improvements made to the homestead after the assessment date or the prior year's taxes,
6.14 and shall not apply to any increase in the gross property taxes payable attributable to the
6.15 termination of valuation exclusions under section 273.11, subdivision 16.

6.16 Subd. 3. **Credit reimbursement.** The county auditor shall determine the tax
6.17 reductions allowed under subdivision 2 within the county for each taxes payable year and
6.18 certify that amount to the commissioner of revenue as part of the abstracts of tax listings
6.19 submitted by the county auditors under section 275.29. Any prior year adjustments
6.20 shall also be certified on the abstracts of tax lists. The commissioner shall review the
6.21 certifications for accuracy and make changes as necessary, or return the certification to the
6.22 county auditor for correction. The credit under this section must be used to proportionately
6.23 reduce the net tax capacity-based property tax payable to each local taxing jurisdiction
6.24 as provided in section 273.1393.

6.25 Subd. 4. **Payment.** (a) The commissioner of revenue shall reimburse each local
6.26 taxing jurisdiction, other than school districts, for the tax reductions granted under
6.27 subdivision 2 in two equal installments on October 31 and December 26 of the taxes
6.28 payable year for which the reductions are granted, including in each payment the prior
6.29 year adjustments certified on the abstracts for that taxes payable year. The reimbursements
6.30 related to tax increments shall be issued in one installment each year on December 26.

6.31 (b) The commissioner of revenue shall certify the total of the tax reductions
6.32 granted under subdivision 2 for each taxes payable year within each school district to the
6.33 Department of Education and the commissioner of education shall pay the reimbursement
6.34 amounts to each school district as provided in section 273.1392.

6.35 Subd. 5. **Appropriation.** An amount sufficient to make the payments required by
6.36 this section to taxing jurisdictions other than school districts is annually appropriated

7.1 from the general fund to the commissioner of revenue. An amount sufficient to make the
7.2 payments required under this section for school districts is annually appropriated from the
7.3 general fund to the commissioner of education.

7.4 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2016
7.5 and thereafter.

7.6 Sec. 6. Minnesota Statutes 2014, section 275.065, subdivision 3, is amended to read:

7.7 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare
7.8 and the county treasurer shall deliver after November 10 and on or before November 24
7.9 each year, by first class mail to each taxpayer at the address listed on the county's current
7.10 year's assessment roll, a notice of proposed property taxes. Upon written request by
7.11 the taxpayer, the treasurer may send the notice in electronic form or by electronic mail
7.12 instead of on paper or by ordinary mail.

7.13 (b) The commissioner of revenue shall prescribe the form of the notice.

7.14 (c) The notice must inform taxpayers that it contains the amount of property taxes
7.15 each taxing authority proposes to collect for taxes payable the following year. In the case of
7.16 a town, or in the case of the state general tax, the final tax amount will be its proposed tax.
7.17 The notice must clearly state for each city that has a population over 500, county, school
7.18 district, regional library authority established under section 134.201, and metropolitan
7.19 taxing districts as defined in paragraph (i), the time and place of a meeting for each taxing
7.20 authority in which the budget and levy will be discussed and public input allowed, prior to
7.21 the final budget and levy determination. The taxing authorities must provide the county
7.22 auditor with the information to be included in the notice on or before the time it certifies
7.23 its proposed levy under subdivision 1. The public must be allowed to speak at that
7.24 meeting, which must occur after November 24 and must not be held before 6:00 p.m. It
7.25 must provide a telephone number for the taxing authority that taxpayers may call if they
7.26 have questions related to the notice and an address where comments will be received by
7.27 mail, except that no notice required under this section shall be interpreted as requiring the
7.28 printing of a personal telephone number or address as the contact information for a taxing
7.29 authority. If a taxing authority does not maintain public offices where telephone calls can
7.30 be received by the authority, the authority may inform the county of the lack of a public
7.31 telephone number and the county shall not list a telephone number for that taxing authority.

7.32 (d) The notice must state for each parcel:

7.33 (1) the market value of the property as determined under section 273.11, and used
7.34 for computing property taxes payable in the following year and for taxes payable in the
7.35 current year as each appears in the records of the county assessor on November 1 of the

8.1 current year; and, in the case of residential property, whether the property is classified as
8.2 homestead or nonhomestead. The notice must clearly inform taxpayers of the years to
8.3 which the market values apply and that the values are final values;

8.4 (2) the items listed below, shown separately by county, city or town, and state
8.5 general tax, agricultural homestead credit under section 273.1384, targeted homestead tax
8.6 credit under section 273.87, voter approved school levy, other local school levy, and the
8.7 sum of the special taxing districts, and as a total of all taxing authorities:

8.8 (i) the actual tax for taxes payable in the current year; and

8.9 (ii) the proposed tax amount.

8.10 If the county levy under clause (2) includes an amount for a lake improvement
8.11 district as defined under sections 103B.501 to 103B.581, the amount attributable for that
8.12 purpose must be separately stated from the remaining county levy amount.

8.13 In the case of a town or the state general tax, the final tax shall also be its proposed
8.14 tax unless the town changes its levy at a special town meeting under section 365.52. If a
8.15 school district has certified under section 126C.17, subdivision 9, that a referendum will
8.16 be held in the school district at the November general election, the county auditor must
8.17 note next to the school district's proposed amount that a referendum is pending and that, if
8.18 approved by the voters, the tax amount may be higher than shown on the notice. In the
8.19 case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be
8.20 listed separately from the remaining amount of the city's levy. In the case of the city of
8.21 St. Paul, the levy for the St. Paul Library Agency must be listed separately from the
8.22 remaining amount of the city's levy. In the case of Ramsey County, any amount levied
8.23 under section 134.07 may be listed separately from the remaining amount of the county's
8.24 levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax
8.25 under chapter 276A or 473F applies, the proposed tax levy on the captured value or the
8.26 proposed tax levy on the tax capacity subject to the areawide tax must each be stated
8.27 separately and not included in the sum of the special taxing districts; and

8.28 (3) the increase or decrease between the total taxes payable in the current year and
8.29 the total proposed taxes, expressed as a percentage.

8.30 For purposes of this section, the amount of the tax on homesteads qualifying under
8.31 the senior citizens' property tax deferral program under chapter 290B is the total amount
8.32 of property tax before subtraction of the deferred property tax amount.

8.33 (e) The notice must clearly state that the proposed or final taxes do not include
8.34 the following:

8.35 (1) special assessments;

9.1 (2) levies approved by the voters after the date the proposed taxes are certified,
9.2 including bond referenda and school district levy referenda;

9.3 (3) a levy limit increase approved by the voters by the first Tuesday after the first
9.4 Monday in November of the levy year as provided under section 275.73;

9.5 (4) amounts necessary to pay cleanup or other costs due to a natural disaster
9.6 occurring after the date the proposed taxes are certified;

9.7 (5) amounts necessary to pay tort judgments against the taxing authority that become
9.8 final after the date the proposed taxes are certified; and

9.9 (6) the contamination tax imposed on properties which received market value
9.10 reductions for contamination.

9.11 (f) Except as provided in subdivision 7, failure of the county auditor to prepare or
9.12 the county treasurer to deliver the notice as required in this section does not invalidate the
9.13 proposed or final tax levy or the taxes payable pursuant to the tax levy.

9.14 (g) If the notice the taxpayer receives under this section lists the property as
9.15 nonhomestead, and satisfactory documentation is provided to the county assessor by the
9.16 applicable deadline, and the property qualifies for the homestead classification in that
9.17 assessment year, the assessor shall reclassify the property to homestead for taxes payable
9.18 in the following year.

9.19 (h) In the case of class 4 residential property used as a residence for lease or rental
9.20 periods of 30 days or more, the taxpayer must either:

9.21 (1) mail or deliver a copy of the notice of proposed property taxes to each tenant,
9.22 renter, or lessee; or

9.23 (2) post a copy of the notice in a conspicuous place on the premises of the property.

9.24 The notice must be mailed or posted by the taxpayer by November 27 or within
9.25 three days of receipt of the notice, whichever is later. A taxpayer may notify the county
9.26 treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to
9.27 which the notice must be mailed in order to fulfill the requirements of this paragraph.

9.28 (i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing
9.29 districts" means the following taxing districts in the seven-county metropolitan area that
9.30 levy a property tax for any of the specified purposes listed below:

9.31 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,
9.32 473.446, 473.521, 473.547, or 473.834;

9.33 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672;

9.34 and

9.35 (3) Metropolitan Mosquito Control Commission under section 473.711.

10.1 For purposes of this section, any levies made by the regional rail authorities in the
 10.2 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
 10.3 398A shall be included with the appropriate county's levy.

10.4 (j) The governing body of a county, city, or school district may, with the consent
 10.5 of the county board, include supplemental information with the statement of proposed
 10.6 property taxes about the impact of state aid increases or decreases on property tax
 10.7 increases or decreases and on the level of services provided in the affected jurisdiction.
 10.8 This supplemental information may include information for the following year, the current
 10.9 year, and for as many consecutive preceding years as deemed appropriate by the governing
 10.10 body of the county, city, or school district. It may include only information regarding:

- 10.11 (1) the impact of inflation as measured by the implicit price deflator for state and
 10.12 local government purchases;
- 10.13 (2) population growth and decline;
- 10.14 (3) state or federal government action; and
- 10.15 (4) other financial factors that affect the level of property taxation and local services
 10.16 that the governing body of the county, city, or school district may deem appropriate to
 10.17 include.

10.18 The information may be presented using tables, written narrative, and graphic
 10.19 representations and may contain instruction toward further sources of information or
 10.20 opportunity for comment.

10.21 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2016
 10.22 and thereafter.

10.23 Sec. 7. Minnesota Statutes 2014, section 275.07, subdivision 6, is amended to read:

10.24 Subd. 6. **Recertification due to unallotment.** If a local government's December
 10.25 aid or credit payments under sections 477A.011 to 477A.014 ~~and~~, 273.1384, and 273.87
 10.26 are reduced due to unallotment under section 16A.152, the local government may
 10.27 recertify its levy under subdivision 1 by January 15 of the year in which the levy will be
 10.28 paid. The local government must report the recertified amount to the county auditor
 10.29 within two business days of January 15 or the levy will remain at the amount certified
 10.30 under subdivision 1. Notwithstanding subdivision 4, the county auditor shall report to
 10.31 the commissioner of revenue any recertified levies under this subdivision by January 30
 10.32 of the year in which the levy will be paid.

10.33 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2016
 10.34 and thereafter.

11.1 Sec. 8. Minnesota Statutes 2014, section 275.70, subdivision 5, is amended to read:

11.2 Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes
11.3 levied by a local governmental unit for the following purposes or in the following manner:

11.4 (1) to pay the costs of the principal and interest on bonded indebtedness or to
11.5 reimburse for the amount of liquor store revenues used to pay the principal and interest
11.6 due on municipal liquor store bonds in the year preceding the year for which the levy
11.7 limit is calculated;

11.8 (2) to pay the costs of principal and interest on certificates of indebtedness issued for
11.9 any corporate purpose except for the following:

11.10 (i) tax anticipation or aid anticipation certificates of indebtedness;

11.11 (ii) certificates of indebtedness issued under sections 298.28 and 298.282;

11.12 (iii) certificates of indebtedness used to fund current expenses or to pay the costs of
11.13 extraordinary expenditures that result from a public emergency; or

11.14 (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an
11.15 insufficiency in other revenue sources, provided that nothing in this subdivision limits the
11.16 special levy authorized under section 475.755;

11.17 (3) to provide for the bonded indebtedness portion of payments made to another
11.18 political subdivision of the state of Minnesota;

11.19 (4) to fund payments made to the Minnesota State Armory Building Commission
11.20 under section 193.145, subdivision 2, to retire the principal and interest on armory
11.21 construction bonds;

11.22 (5) property taxes approved by voters which are levied against the referendum
11.23 market value as provided under section 275.61;

11.24 (6) to fund matching requirements needed to qualify for federal or state grants or
11.25 programs to the extent that either (i) the matching requirement exceeds the matching
11.26 requirement in calendar year 2001, or (ii) it is a new matching requirement that did not
11.27 exist prior to 2002;

11.28 (7) to pay the expenses reasonably and necessarily incurred in preparing for or
11.29 repairing the effects of natural disaster including the occurrence or threat of widespread
11.30 or severe damage, injury, or loss of life or property resulting from natural causes, in
11.31 accordance with standards formulated by the Emergency Services Division of the state
11.32 Department of Public Safety, as allowed by the commissioner of revenue under section
11.33 275.74, subdivision 2;

11.34 (8) pay amounts required to correct an error in the levy certified to the county
11.35 auditor by a city or county in a levy year, but only to the extent that when added to the
11.36 preceding year's levy it is not in excess of an applicable statutory, special law or charter

12.1 limitation, or the limitation imposed on the governmental subdivision by sections 275.70
12.2 to 275.74 in the preceding levy year;

12.3 (9) to pay an abatement under section 469.1815;

12.4 (10) to pay any costs attributable to increases in the employer contribution rates under
12.5 chapter 353, or locally administered pension plans, that are effective after June 30, 2001;

12.6 (11) to pay the operating or maintenance costs of a county jail as authorized in section
12.7 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1,
12.8 paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue
12.9 that the amount has been included in the county budget as a direct result of a rule, minimum
12.10 requirement, minimum standard, or directive of the Department of Corrections, or to pay
12.11 the operating or maintenance costs of a regional jail as authorized in section 641.262. For
12.12 purposes of this clause, a district court order is not a rule, minimum requirement, minimum
12.13 standard, or directive of the Department of Corrections. If the county utilizes this special
12.14 levy, except to pay operating or maintenance costs of a new regional jail facility under
12.15 sections 641.262 to 641.264 which will not replace an existing jail facility, any amount
12.16 levied by the county in the previous levy year for the purposes specified under this clause
12.17 and included in the county's previous year's levy limitation computed under section
12.18 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2,
12.19 when determining the county's current year levy limitation. The county shall provide the
12.20 necessary information to the commissioner of revenue for making this determination;

12.21 (12) to pay for operation of a lake improvement district, as authorized under section
12.22 103B.555. If the county utilizes this special levy, any amount levied by the county in the
12.23 previous levy year for the purposes specified under this clause and included in the county's
12.24 previous year's levy limitation computed under section 275.71 shall be deducted from
12.25 the levy limit base under section 275.71, subdivision 2, when determining the county's
12.26 current year levy limitation. The county shall provide the necessary information to the
12.27 commissioner of revenue for making this determination;

12.28 (13) to repay a state or federal loan used to fund the direct or indirect required
12.29 spending by the local government due to a state or federal transportation project or other
12.30 state or federal capital project. This authority may only be used if the project is not a
12.31 local government initiative;

12.32 (14) to fund a firefighters relief association as required under Laws 2013, chapter
12.33 111, article 5, sections 31 to 42, to the extent that the required amount exceeds the amount
12.34 levied for this purpose in 2001;

12.35 (15) for purposes of a storm sewer improvement district under section 444.20;

13.1 (16) to pay for the maintenance and support of a city or county society for the
13.2 prevention of cruelty to animals under section 343.11, but not to exceed in any year
13.3 \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most
13.4 recent federal census, whichever is greater. If the city or county uses this special levy, any
13.5 amount levied by the city or county in the previous levy year for the purposes specified
13.6 in this clause and included in the city's or county's previous year's levy limit computed
13.7 under section 275.71, must be deducted from the levy limit base under section 275.71,
13.8 subdivision 2, in determining the city's or county's current year levy limit;

13.9 (17) for counties, to pay for the increase in their share of health and human service
13.10 costs caused by reductions in federal health and human services grants effective after
13.11 September 30, 2007;

13.12 (18) for a city, for the costs reasonably and necessarily incurred for securing,
13.13 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by
13.14 the commissioner of revenue under section 275.74, subdivision 2. A city must have either
13.15 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in
13.16 the city or in a zip code area of the city that is at least 50 percent higher than the average
13.17 foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2,
13.18 to use this special levy. For purposes of this paragraph, "foreclosure rate" means the
13.19 number of foreclosures, as indicated by sheriff sales records, divided by the number of
13.20 households in the city in 2007;

13.21 (19) to pay costs attributable to wages and benefits for sheriff, police, and fire
13.22 personnel. If a local governmental unit did not use this special levy in the previous year its
13.23 levy limit base under section 275.71 shall be reduced by the amount equal to the amount it
13.24 levied for the purposes specified in this clause in the previous year;

13.25 (20) an amount equal to any reductions in the certified aids or credit reimbursements
13.26 payable under sections 477A.011 to 477A.014, and ~~section~~ sections 273.1384 and 273.87,
13.27 due to unallotment under section 16A.152 or reductions under another provision of law.
13.28 The amount of the levy allowed under this clause for each year is limited to the amount
13.29 unallotted or reduced from the aids and credit reimbursements certified for payment in the
13.30 year following the calendar year in which the tax levy is certified unless the unallotment
13.31 or reduction amount is not known by September 1 of the levy certification year, and
13.32 the local government has not adjusted its levy under section 275.065, subdivision 6, or
13.33 275.07, subdivision 6, in which case that unallotment or reduction amount may be levied
13.34 in the following year;

14.1 (21) to pay for the difference between one-half of the costs of confining sex
 14.2 offenders undergoing the civil commitment process and any state payments for this
 14.3 purpose pursuant to section 253D.12;

14.4 (22) for a county to pay the costs of the first year of maintaining and operating a
 14.5 new facility or new expansion, either of which contains courts, corrections, dispatch,
 14.6 criminal investigation labs, or other public safety facilities and for which all or a portion
 14.7 of the funding for the site acquisition, building design, site preparation, construction, and
 14.8 related equipment was issued or authorized prior to the imposition of levy limits. The levy
 14.9 limit base shall then be increased by an amount equal to the new facility's first full year's
 14.10 operating costs as described in this clause; and

14.11 (23) for the estimated amount of reduction to ~~market value~~ credit reimbursements
 14.12 under ~~section~~ sections 273.1384 and 273.87 for credits payable in the year in which the
 14.13 levy is payable.

14.14 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2016
 14.15 and thereafter.

14.16 Sec. 9. Minnesota Statutes 2014, section 276.04, subdivision 2, is amended to read:

14.17 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing
 14.18 of the tax statements. The commissioner of revenue shall prescribe the form of the property
 14.19 tax statement and its contents. The tax statement must not state or imply that property tax
 14.20 credits are paid by the state of Minnesota. The statement must contain a tabulated statement
 14.21 of the dollar amount due to each taxing authority and the amount of the state tax from the
 14.22 parcel of real property for which a particular tax statement is prepared. The dollar amounts
 14.23 attributable to the county, the state tax, the voter approved school tax, the other local school
 14.24 tax, the township or municipality, and the total of the metropolitan special taxing districts
 14.25 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated.

14.26 The amounts due all other special taxing districts, if any, may be aggregated except that
 14.27 any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota,
 14.28 Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate
 14.29 line directly under the appropriate county's levy. If the county levy under this paragraph
 14.30 includes an amount for a lake improvement district as defined under sections 103B.501
 14.31 to 103B.581, the amount attributable for that purpose must be separately stated from the
 14.32 remaining county levy amount. In the case of Ramsey County, if the county levy under this
 14.33 paragraph includes an amount for public library service under section 134.07, the amount
 14.34 attributable for that purpose may be separated from the remaining county levy amount.

14.35 The amount of the tax on homesteads qualifying under the senior citizens' property tax

15.1 deferral program under chapter 290B is the total amount of property tax before subtraction
 15.2 of the deferred property tax amount. The amount of the tax on contamination value
 15.3 imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar
 15.4 amounts, including the dollar amount of any special assessments, may be rounded to the
 15.5 nearest even whole dollar. For purposes of this section whole odd-numbered dollars may
 15.6 be adjusted to the next higher even-numbered dollar. The amount of market value excluded
 15.7 under section 273.11, subdivision 16, if any, must also be listed on the tax statement.

15.8 (b) The property tax statements for manufactured homes and sectional structures
 15.9 taxed as personal property shall contain the same information that is required on the
 15.10 tax statements for real property.

15.11 (c) Real and personal property tax statements must contain the following information
 15.12 in the order given in this paragraph. The information must contain the current year tax
 15.13 information in the right column with the corresponding information for the previous year
 15.14 in a column on the left:

15.15 (1) the property's estimated market value under section 273.11, subdivision 1;

15.16 (2) the property's homestead market value exclusion under section 273.13,
 15.17 subdivision 35;

15.18 (3) the property's taxable market value under section 272.03, subdivision 15;

15.19 (4) the property's gross tax, before credits;

15.20 (5) for homestead properties, the credit under section 273.87;

15.21 ~~(5)~~ (6) for homestead agricultural properties, the credit under section 273.1384;

15.22 ~~(6)~~ (7) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;
 15.23 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of
 15.24 credit received under section 273.135 must be separately stated and identified as "taconite
 15.25 tax relief"; and

15.26 ~~(7)~~ (8) the net tax payable in the manner required in paragraph (a).

15.27 (d) If the county uses envelopes for mailing property tax statements and if the county
 15.28 agrees, a taxing district may include a notice with the property tax statement notifying
 15.29 taxpayers when the taxing district will begin its budget deliberations for the current
 15.30 year, and encouraging taxpayers to attend the hearings. If the county allows notices to
 15.31 be included in the envelope containing the property tax statement, and if more than
 15.32 one taxing district relative to a given property decides to include a notice with the tax
 15.33 statement, the county treasurer or auditor must coordinate the process and may combine
 15.34 the information on a single announcement.

15.35 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2016
 15.36 and thereafter.

16.1 Sec. 10. Minnesota Statutes 2014, section 290A.03, subdivision 13, is amended to read:

16.2 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property
16.3 tax exclusive of special assessments, penalties, and interest payable on a claimant's
16.4 homestead after deductions made under sections 273.135, 273.1384, 273.1391, 273.42,
16.5 subdivision 2, 273.87, and any other state paid property tax credits in any calendar year,
16.6 ~~and after any refund claimed and allowable under section 290A.04, subdivision 2h~~, that is
16.7 first payable in the year that the property tax is payable. In the case of a claimant who
16.8 makes ground lease payments, "property taxes payable" includes the amount of the
16.9 payments directly attributable to the property taxes assessed against the parcel on which
16.10 the house is located. No apportionment or reduction of the "property taxes payable" shall
16.11 be required for the use of a portion of the claimant's homestead for a business purpose if
16.12 the claimant does not deduct any business depreciation expenses for the use of a portion
16.13 of the homestead in the determination of federal adjusted gross income. For homesteads
16.14 which are manufactured homes as defined in section 273.125, subdivision 8, and for
16.15 homesteads which are park trailers taxed as manufactured homes under section 168.012,
16.16 subdivision 9, "property taxes payable" shall also include 17 percent of the gross rent paid
16.17 in the preceding year for the site on which the homestead is located. When a homestead
16.18 is owned by two or more persons as joint tenants or tenants in common, such tenants
16.19 shall determine between them which tenant may claim the property taxes payable on the
16.20 homestead. If they are unable to agree, the matter shall be referred to the commissioner of
16.21 revenue whose decision shall be final. Property taxes are considered payable in the year
16.22 prescribed by law for payment of the taxes.

16.23 In the case of a claim relating to "property taxes payable," the claimant must have
16.24 owned and occupied the homestead on January 2 of the year in which the tax is payable
16.25 and (i) the property must have been classified as homestead property pursuant to section
16.26 273.124, on or before December 15 of the assessment year to which the "property taxes
16.27 payable" relate; or (ii) the claimant must provide documentation from the local assessor
16.28 that application for homestead classification has been made on or before December 15
16.29 of the year in which the "property taxes payable" were payable and that the assessor has
16.30 approved the application.

16.31 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2016
16.32 and thereafter.

16.33 Sec. 11. Minnesota Statutes 2014, section 469.175, subdivision 6, is amended to read:

17.1 Subd. 6. **Annual financial reporting.** (a) The state auditor shall develop a uniform
17.2 system of accounting and financial reporting for tax increment financing districts. The
17.3 system of accounting and financial reporting shall, as nearly as possible:

17.4 (1) provide for full disclosure of the sources and uses of tax increments of the district;

17.5 (2) permit comparison and reconciliation with the affected local government's
17.6 accounts and financial reports;

17.7 (3) permit auditing of the funds expended on behalf of a district, including a single
17.8 district that is part of a multidistrict project or that is funded in part or whole through
17.9 the use of a development account funded with tax increments from other districts or
17.10 with other public money;

17.11 (4) be consistent with generally accepted accounting principles.

17.12 (b) The authority must annually submit to the state auditor a financial report
17.13 in compliance with paragraph (a). Copies of the report must also be provided to the
17.14 county auditor and to the governing body of the municipality, if the authority is not
17.15 the municipality. To the extent necessary to permit compliance with the requirement
17.16 of financial reporting, the county and any other appropriate local government unit or
17.17 private entity must provide the necessary records or information to the authority or the
17.18 state auditor as provided by the system of accounting and financial reporting developed
17.19 pursuant to paragraph (a). The authority must submit the annual report for a year on or
17.20 before August 1 of the next year.

17.21 (c) The annual financial report must also include the following items:

17.22 (1) the original net tax capacity of the district and any subdistrict under section
17.23 469.177, subdivision 1;

17.24 (2) the net tax capacity for the reporting period of the district and any subdistrict;

17.25 (3) the captured net tax capacity of the district;

17.26 (4) any fiscal disparity deduction from the captured net tax capacity under section
17.27 469.177, subdivision 3;

17.28 (5) the captured net tax capacity retained for tax increment financing under section
17.29 469.177, subdivision 2, paragraph (a), clause (1);

17.30 (6) any captured net tax capacity distributed among affected taxing districts under
17.31 section 469.177, subdivision 2, paragraph (a), clause (2);

17.32 (7) the type of district;

17.33 (8) the date the municipality approved the tax increment financing plan and the
17.34 date of approval of any modification of the tax increment financing plan, the approval of
17.35 which requires notice, discussion, a public hearing, and findings under subdivision 4,
17.36 paragraph (a);

18.1 (9) the date the authority first requested certification of the original net tax capacity
18.2 of the district and the date of the request for certification regarding any parcel added
18.3 to the district;

18.4 (10) the date the county auditor first certified the original net tax capacity of the
18.5 district and the date of certification of the original net tax capacity of any parcel added
18.6 to the district;

18.7 (11) the month and year in which the authority has received or anticipates it will
18.8 receive the first increment from the district;

18.9 (12) the date the district must be decertified;

18.10 (13) for the reporting period and prior years of the district, the actual amount
18.11 received from, at least, the following categories:

18.12 (i) tax increments paid by the captured net tax capacity retained for tax increment
18.13 financing under section 469.177, subdivision 2, paragraph (a), clause (1), but excluding
18.14 any excess taxes;

18.15 (ii) tax increments that are interest or other investment earnings on or from tax
18.16 increments;

18.17 (iii) tax increments that are proceeds from the sale or lease of property, tangible or
18.18 intangible, purchased by the authority with tax increments;

18.19 (iv) tax increments that are repayments of loans or other advances made by the
18.20 authority with tax increments;

18.21 (v) bond proceeds; and

18.22 (vi) the agricultural homestead market value credit paid to the authority under section
18.23 273.1384 and the targeted homestead tax credit paid to the authority under section 273.87;

18.24 (14) for the reporting period and for the prior years of the district, the actual amount
18.25 expended for, at least, the following categories:

18.26 (i) acquisition of land and buildings through condemnation or purchase;

18.27 (ii) site improvements or preparation costs;

18.28 (iii) installation of public utilities, parking facilities, streets, roads, sidewalks, or
18.29 other similar public improvements;

18.30 (iv) administrative costs, including the allocated cost of the authority; and

18.31 (v) for housing districts, construction of affordable housing;

18.32 (15) the amount of any payments for activities and improvements located outside of
18.33 the district that are paid for or financed with tax increments;

18.34 (16) the amount of payments of principal and interest that are made during the
18.35 reporting period on any nondefeased:

18.36 (i) general obligation tax increment financing bonds; and

- 19.1 (ii) other tax increment financing bonds, including pay-as-you-go contracts and notes;
19.2 (17) the principal amount, at the end of the reporting period, of any nondefeased:
19.3 (i) general obligation tax increment financing bonds; and
19.4 (ii) other tax increment financing bonds, including pay-as-you-go contracts and notes;
19.5 (18) the amount of principal and interest payments that are due for the current
19.6 calendar year on any nondefeased:
19.7 (i) general obligation tax increment financing bonds; and
19.8 (ii) other tax increment financing bonds, including pay-as-you-go contracts and notes;
19.9 (19) if the fiscal disparities contribution under chapter 276A or 473F for the district
19.10 is computed under section 469.177, subdivision 3, paragraph (a), the amount of total
19.11 increased property taxes to be paid from outside the tax increment financing district; and
19.12 (20) any additional information the state auditor may require.
19.13 (d) The reporting requirements imposed by this subdivision apply to districts
19.14 certified before, on, and after August 1, 1979.

19.15 **EFFECTIVE DATE.** This section is effective for districts for which the request for
19.16 certification was made after June 30, 2015.

19.17 Sec. 12. **REPEALER.**

19.18 Minnesota Statutes 2014, section 290A.04, subdivision 2h, is repealed.

19.19 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2016
19.20 and thereafter.

290A.04 REFUND ALLOWABLE.

Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead increase more than 12 percent over the property taxes payable in the prior year on the same property that is owned and occupied by the same owner on January 2 of both years, and the amount of that increase is \$100 or more, a claimant who is a homeowner shall be allowed an additional refund equal to 60 percent of the amount of the increase over the greater of 12 percent of the prior year's property taxes payable or \$100. This subdivision shall not apply to any increase in the gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes. This subdivision shall not apply to any increase in the gross property taxes payable attributable to the termination of valuation exclusions under section 273.11, subdivision 16.

The maximum refund allowed under this subdivision is \$1,000.

(b) For purposes of this subdivision "gross property taxes payable" means property taxes payable determined without regard to the refund allowed under this subdivision.

(c) In addition to the other proofs required by this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

(d) Upon request, the appropriate county official shall make available the names and addresses of the property taxpayers who may be eligible for the additional property tax refund under this section. The information shall be provided on a magnetic computer disk. The county may recover its costs by charging the person requesting the information the reasonable cost for preparing the data. The information may not be used for any purpose other than for notifying the homeowner of potential eligibility and assisting the homeowner, without charge, in preparing a refund claim.