

1.1 moves to amend H.F. No. 2020 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "ARTICLE 1
1.4 COUNTY REVENUE REFORM

1.5 Section 1. Minnesota Statutes 2008, section 275.70, subdivision 3, is amended to read:

1.6 Subd. 3. **Local governmental unit.** "Local governmental unit" means a county, ~~or a~~
1.7 ~~statutory or home rule charter city with a population greater than 2,500.~~

1.8 **EFFECTIVE DATE.** This section is effective for taxes levied in calendar year
1.9 2009, payable in 2010.

1.10 Sec. 2. Minnesota Statutes 2008, section 275.71, subdivision 2, is amended to read:

1.11 Subd. 2. **Levy limit base.** (a) The levy limit base for a local governmental unit for
1.12 taxes levied in 2008 is its levy aid base from the previous year, subject to any adjustments
1.13 under section 275.72. For taxes levied in 2009 ~~and 2010~~, the levy limit base for a local
1.14 governmental unit is its adjusted levy limit base in the previous year, subject to any
1.15 adjustments under section 275.72.

1.16 **EFFECTIVE DATE.** This section is effective for taxes levied in calendar year
1.17 2009, payable in 2010.

1.18 Sec. 3. Minnesota Statutes 2008, section 275.71, subdivision 4, is amended to read:

1.19 Subd. 4. **Adjusted levy limit base.** For taxes levied in 2008 ~~through 2010~~ and 2009,
1.20 the adjusted levy limit base is equal to the levy limit base computed under subdivision 2
1.21 or section 275.72, multiplied by:

1.22 (1) one plus the lesser of 3.9 percent or the percentage growth in the implicit price
1.23 deflator;

2.1 (2) one plus a percentage equal to 50 percent of the percentage increase in the number
2.2 of households, if any, for the most recent 12-month period for which data is available; and

2.3 (3) one plus a percentage equal to 50 percent of the percentage increase in the
2.4 taxable market value of the jurisdiction due to new construction of class 3 property, as
2.5 defined in section 273.13, subdivision 4, except for state-assessed utility and railroad
2.6 property, for the most recent year for which data is available.

2.7 **EFFECTIVE DATE.** This section is effective for taxes levied in calendar year
2.8 2009, payable in 2010.

2.9 Sec. 4. Minnesota Statutes 2008, section 275.71, subdivision 5, is amended to read:

2.10 Subd. 5. **Property tax levy limit.** For taxes levied in ~~2008 through 2010~~ 2009, the
2.11 property tax levy limit for a local governmental unit is equal to its adjusted levy limit
2.12 base determined under subdivision 4 plus any additional levy authorized under section
2.13 275.73, which is levied against net tax capacity, reduced by the sum of (i) the total amount
2.14 of aids and reimbursements that the local governmental unit is certified to receive under
2.15 sections 477A.011 to 477A.014, (ii) the amount of aid reduction under section 477A.0124,
2.16 subdivision (6), paragraph (c), (iii) taconite aids under sections 298.28 and 298.282
2.17 including any aid which was required to be placed in a special fund for expenditure in the
2.18 next succeeding year, (iii) (iv) estimated payments to the local governmental unit under
2.19 section 272.029, adjusted for any error in estimation in the preceding year, and (iv) (v)
2.20 aids under section 477A.16.

2.21 **EFFECTIVE DATE.** This section is effective for taxes levied in calendar year
2.22 2009, payable in 2010.

2.23 Sec. 5. Minnesota Statutes 2008, section 297A.99, subdivision 1, is amended to read:

2.24 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may
2.25 impose a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3)
2.26 under section 297A.994, or (4) if permitted by special law enacted prior to May 20, 2008,
2.27 or (4) (5) if the political subdivision enacted and imposed the tax before January 1, 1982,
2.28 and its predecessor provision.

2.29 (b) This section governs the imposition of a general sales tax by the political
2.30 subdivision. The provisions of this section preempt the provisions of any special law:

2.31 (1) enacted before June 2, 1997, or

2.32 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law
2.33 provision from this section's rules by reference.

3.1 (c) This section does not apply to or preempt a sales tax on motor vehicles or a
3.2 special excise tax on motor vehicles.

3.3 (d) Until after May 31, 2010, a political subdivision may not advertise, promote,
3.4 expend funds, or hold a referendum to support imposing a local option sales tax unless
3.5 it is for extension of an existing tax or the tax was authorized by a special law enacted
3.6 prior to May 20, 2008.

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

3.8 Sec. 6. **[297A.994] COUNTY LOCAL OPTION SALES TAX.**

3.9 Subdivision 1. **Authorization; rates.** Notwithstanding section 297A.99,
3.10 subdivisions 2, 3, and 5, or section 477A.016, or any other law, a county board may, by
3.11 resolution, impose a general sales tax of one-half of one percent on sales and uses taxable
3.12 under this chapter and chapter 297B.

3.13 Subd. 2. **Application of election requirement.** (a) Imposition of the tax under this
3.14 section is not subject to the requirements of section 297A.99, subdivision 3.

3.15 (b) Before imposing the tax under this section, the county must publish a notice of
3.16 its intention to impose the tax and the date and time of a hearing to obtain public comment
3.17 on the matter. The notice must be published in the official newspaper of the county, or
3.18 in a newspaper of general circulation in the county. The notice must be published at
3.19 least 14 days before the date of the hearing, but not more than 28 days. Following the
3.20 public hearing the county board may determine to take no further action, or may adopt a
3.21 resolution imposing the tax.

3.22 (c) A county may impose the tax only upon obtaining the approval of the majority
3.23 of voters voting on the question of imposing the tax, if a petition requesting a vote on
3.24 imposition of the tax is signed by voters equal to the greater of (1) 500, or (2) ten percent
3.25 of the votes cast in the county at the last general election is filed with the county auditor
3.26 within 30 days after the public hearing. The vote on the tax may be held at a general or
3.27 special election. The commissioner of revenue shall prepare a suggested form of the
3.28 question to be presented at the election.

3.29 Subd. 3. **Use of revenues.** Revenues from the tax imposed under this section
3.30 must first be used to fund obligations under section 297A.9945. Remaining revenues
3.31 are deposited in the county general fund.

3.32 Subd. 4. **Administration, collection, and enforcement.** The administration,
3.33 collection, and enforcement of the provisions in section 297A.99, subdivisions 4, and 6 to
3.34 12, apply to a tax imposed under this section.

4.1 Subd. 5. **Termination.** A county may terminate a tax imposed under this section
4.2 upon resolution of the county board and notification to the commissioner of revenue, if
4.3 all obligations under section 297A.9945 have been paid.

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

4.5 Sec. 7. **[297A.9945] EFFECT ON EXISTING LOCAL SALES TAXES;**
4.6 **SATISFACTION OF PREEXISTING OBLIGATIONS.**

4.7 Subdivision 1. **Preemption of preexisting local sales taxes.** (a) Notwithstanding
4.8 section 297A.99 or any other law or local ordinance to the contrary, each general local
4.9 sales and use taxes in a county or a part of a county is preempted on the day that a
4.10 county local sales tax under section 297A.994 takes effect, except the following taxes
4.11 are not preempted:

4.12 (1) a local tax imposed under section 297A.992 or 297A.993; and

4.13 (2) a local sales tax authorized by special law in a city of the first class.

4.14 (b) A local sales tax that is imposed by a city located in two or more counties is
4.15 preempted if one or more counties in which the city is located impose the county tax. A
4.16 replacement tax must be imposed under subdivision 6 in any portion of the city located in
4.17 a county that has not imposed the tax under section 297A.994.

4.18 Subd. 2. **County payment to cities; foregone sales tax revenue.** (a) If a local
4.19 sales tax imposed in a city located partially or totally within a county is preempted under
4.20 subdivision 1, the county shall pay a portion of its local sales tax revenues, as provided
4.21 under subdivision 4 or 5, to the city to fund obligations allowed under the law authorizing
4.22 the city tax. The county must make these payments to the city within five business days
4.23 after it receives the revenues from the commissioner.

4.24 (b) If the local sales tax was imposed under a joint powers agreement in cities
4.25 located in more than one county, the share of the obligation to be funded by the county
4.26 must be determined under subdivision 5.

4.27 (c) The requirement to make these payments ceases on the earliest of the following:

4.28 (1) the date on which the city tax was required to expire under the special law
4.29 authorizing it;

4.30 (2) when the city has received sufficient revenues from its tax and from payments
4.31 under this section to pay in full or to defease debt obligations issued by the city under the
4.32 law authorizing the city sales tax and to pay any additional spending obligations allowed
4.33 under the special law and not funded by the issuance of debt obligations; or

4.34 (3) the city becomes a city of the first class and imposes a city sales tax.

5.1 Subd. 3. **Dedication of tax to fund county projects.** If a county imposed local
5.2 sales tax is preempted under subdivision 1, the revenues from the tax imposed under
5.3 section 297A.994 are pledged first to pay and secure the bond obligations secured by and
5.4 to be paid with the revenues from the preempted county sales tax.

5.5 Subd. 4. **Calculation of forgone revenue in cities located entirely within a**
5.6 **county.** For purposes of subdivision 2, the forgone revenue to be paid to the city located
5.7 entirely in a county imposing a tax under section 297A.994 is calculated as follows:

5.8 (1) in the first 12 months after the tax is preempted, the county shall make quarterly
5.9 payments to a city entirely located within the county equal to the amount that the city
5.10 received from the commissioner of revenue from the preempted tax in the corresponding
5.11 quarter in the previous year, multiplied by a percentage equal to the percentage change in
5.12 total state sales tax revenue in the previous quarter compared to the total state sales tax
5.13 revenue for the fifth preceding quarter; and

5.14 (2) in subsequent years, the county shall make quarterly payments to the city equal
5.15 to the payment made in the corresponding quarter in the previous year, multiplied by the
5.16 ratio of the total quarterly remittance to the county in the current year compared to the
5.17 total quarterly remittance to the county in the previous year.

5.18 Subd. 5. **Calculation of forgone revenue in cities located partially within a**
5.19 **county.** (a) For purposes of subdivision 2, the forgone revenue to be paid to the city
5.20 located entirely in a county imposing a tax under section 297A.994 is calculated as
5.21 provided in this subdivision.

5.22 (b) The commissioner of revenue shall determine the percentage of the city's local
5.23 sales tax revenue attributable to transactions located in the county. The commissioner
5.24 may consult with the county and the city to determine a reasonable percentage, or the
5.25 commissioner may set the percentage equal to the percentage of the city's market value
5.26 for the most recently available assessment year of class 3 property, except utility real and
5.27 personal property located in the county. The sum of the percentage of a city's local sales
5.28 tax revenue attributable to each county in which the city is located must equal 100 percent.
5.29 The determination of the commissioner is final.

5.30 (c) In the first 12 months after the tax is preempted, the county shall make quarterly
5.31 payments to a city partially located within the county equal to the amount that the city
5.32 received from the commissioner from the preempted tax in the corresponding quarter in
5.33 the previous year, multiplied by (1) a percentage equal to one plus the percentage change
5.34 in total state sales tax revenue in the previous quarter compared to the total state sales tax
5.35 revenue for the fifth preceding quarter, and (2) one plus the percentage calculated in
5.36 paragraph (b).

6.1 (d) In subsequent years, the county shall make quarterly payments to the city equal
6.2 to the payment made in the corresponding quarter in the previous year multiplied by the
6.3 ratio of the total quarterly remittance to the county in the current year compared to the
6.4 total quarterly remittance to the county in the previous year.

6.5 (e) A county's share of a city's obligations from the special law authorizing the city's
6.6 sales tax is equal to the total obligation under the special law multiplied by one plus the
6.7 percentage determined under paragraph (b).

6.8 Subd. 6. **Establishment of special sales tax districts within certain cities.** (a)
6.9 For any city located in two or more counties, if at least one county imposes a county
6.10 sales tax under subdivision 1, and at least one county does not impose a county sales tax,
6.11 a special sales tax district is established in the portion of the city that is not subject to
6.12 a county sales tax.

6.13 (b) The governing body of the city is the governing body of the special taxing district
6.14 and the special taxing district shall impose a replacement local sales tax by resolution
6.15 to take effect upon the preemption of the city's sales tax under subdivision 1. The
6.16 replacement tax must be imposed at the same rate as the city tax it replaces. Revenues
6.17 from the replacement tax are pledged to and may only be used for the purposes permitted
6.18 by law for the city sales tax, which it replaces. The authority to impose this tax expires
6.19 upon the city's receipt of sufficient revenues to pay the obligations to which the city sales
6.20 tax was pledged and other spending permitted by the law authorizing imposition of the
6.21 city sales tax from the sum of the following:

6.22 (1) the city sales tax;

6.23 (2) county payments of foregone sales tax revenues under this section; and

6.24 (3) the special taxing district sales tax.

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

6.26 Sec. 8. Minnesota Statutes 2008, section 477A.0124, is amended by adding a
6.27 subdivision to read:

6.28 Subd. 6. **County program aid.** (a) For calendar year 2010 and thereafter, a county's
6.29 program aid under this section is equal to (1) its county program aid amount certified for
6.30 aids payable in 2009 under this section, minus (2) an amount determined under paragraph
6.31 (b) or (c). A county's program aid shall not be less than zero.

6.32 (b) For a county that does not impose a tax under section 297A.994, the amount
6.33 subtracted under paragraph (a) is equal to 3.58 percent of the county's 2009 levy plus aid
6.34 revenue base. The "2009 levy plus aid revenue base" for a county is equal to the sum of
6.35 the county's certified property tax levy for taxes payable in 2009 plus the amount the

7.1 county was certified to receive in county program aid in 2009 under this section and
7.2 the amount the county was certified to receive in taconite aids in 2009 under sections
7.3 298.28 and 292.282, including any aid that was required to be placed in a special fund for
7.4 expenditure in the next succeeding year.

7.5 (c) For a county that imposes a tax under section 297A.994, the amount subtracted
7.6 under paragraph (a) is equal to (1) 50 percent of its net sales tax revenue for the preceding
7.7 12-month period in excess of \$7 per capita, plus (2) 25 percent of its net sales tax revenue
7.8 for the preceding 12-month period in excess of \$17 per capita.

7.9 (d) For purposes of this subdivision, "net sales tax revenue for the preceding
7.10 12-month period" means the sales tax revenue for the county for the 12-month period
7.11 ending July 1 of the year in which the aid under this section is certified minus its estimated
7.12 existing obligations under section 297A.9945 for the year in which the aid is paid. For
7.13 the first two years in which the aid is offset under this paragraph, the commissioner of
7.14 revenue shall estimate the offset based on available data regarding sales tax collections in
7.15 the county. Beginning with the third year in which the aid is offset under this paragraph,
7.16 the offset will be based on actual sales tax collections in the county in the 12-month period
7.17 ending July 1 of the year in which the aid is certified.

7.18 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
7.19 2010 and thereafter.

7.20 Sec. 9. Minnesota Statutes 2008, section 477A.03, subdivision 2b, is amended to read:

7.21 Subd. 2b. **Counties.** ~~(a) For aids payable in 2009~~ 2010 and thereafter, in addition
7.22 to the total aid payable under section 477A.0124, subdivision 3, is \$111,500,000 minus
7.23 ~~one-half of the total aid amount determined under section 477A.0124, subdivision 5,~~
7.24 ~~paragraph (b), subject to adjustment in subdivision 5. Each calendar year, 477A.0124,~~
7.25 \$500,000 shall be retained by is appropriated to the commissioner of revenue to make
7.26 reimbursements to the commissioner of finance for payments made under section 611.27,
7.27 \$207,000 is appropriated by the commissioner of revenue to make reimbursements
7.28 to the commissioner of finance for the preparation of local impact notes, and \$7,000 is
7.29 appropriated to the commissioner of revenue to reimburse the commissioner of education
7.30 for the preparation of local impact notes for school districts. For calendar year 2004,
7.31 ~~the amount shall be in addition to the payments authorized under section 477A.0124,~~
7.32 ~~subdivision 1. For calendar year 2005 and subsequent years, the amount shall be deducted~~
7.33 ~~from the appropriation under this paragraph. The reimbursements shall be to defray the~~
7.34 ~~additional costs associated with court-ordered counsel under section 611.27. Any retained~~
7.35 appropriated amounts not used for reimbursement ~~in a year shall be included in the next~~

8.1 ~~distribution of county need aid that is certified to the county auditors for the purpose~~
 8.2 ~~of property tax reduction for the next taxes payable year. under this subdivision shall~~
 8.3 ~~be returned to the general fund.~~

8.4 ~~(b) For aids payable in 2009 and thereafter, the total aid under section 477A.0124,~~
 8.5 ~~subdivision 4, is \$116,132,923 minus one-half of the total aid amount determined under~~
 8.6 ~~section 477A.0124, subdivision 5, paragraph (b), subject to adjustment in subdivision~~
 8.7 ~~5. The commissioner of finance shall bill the commissioner of revenue for the cost of~~
 8.8 ~~preparation of local impact notes as required by section 3.987, not to exceed \$207,000 in~~
 8.9 ~~fiscal year 2004 and thereafter. The commissioner of education shall bill the commissioner~~
 8.10 ~~of revenue for the cost of preparation of local impact notes for school districts as required~~
 8.11 ~~by section 3.987, not to exceed \$7,000 in fiscal year 2004 and thereafter. The commissioner~~
 8.12 ~~of revenue shall deduct the amounts billed under this paragraph from the appropriation~~
 8.13 ~~under this paragraph. The amounts deducted are appropriated to the commissioner of~~
 8.14 ~~finance and the commissioner of education for the preparation of local impact notes.~~

8.15 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
 8.16 2010 and thereafter.

8.17 Sec. 10. **REPEALER.**

8.18 (a) Minnesota Statutes 2008, section 477A.0124, subdivisions 3, 4, and 5, are
 8.19 repealed.

8.20 (b) Laws 2008, chapter 366, article 7, section 18, is repealed.

8.21 **EFFECTIVE DATE.** Paragraph (a) is effective for aids payable in calendar year
 8.22 2010 and thereafter. Paragraph (b) is effective the day following final enactment.

8.23 **ARTICLE 2**

8.24 **PROPERTY TAX REFORM, ACCOUNTABILITY, VALUE AND** 8.25 **EFFICIENCY PROVISIONS**

8.26 Section 1. **[6.90] COUNCIL ON LOCAL RESULTS AND INNOVATION.**

8.27 Subdivision 1. **Creation.** The Council on Local Results and Innovation consists of
 8.28 11 members, as follows:

8.29 (1) the state auditor;

8.30 (2) two persons who are not members of the legislature, appointed by the chair of the
 8.31 Property and Local Sales Tax Division of the house of representatives Taxes Committee;

8.32 (3) two persons who are not members of the legislature, appointed by the designated
 8.33 lead minority member of the Property and Local Sales Tax Division of the house of
 8.34 representatives Taxes Committee;

9.1 (4) two persons who are not members of the legislature, appointed by the chair of
9.2 the Taxes Division on Property Taxes of the senate Taxes Committee;

9.3 (5) two persons who are not members of the legislature, appointed by the designated
9.4 lead minority member of the Taxes Division on Property Taxes of the senate Taxes
9.5 Committee;

9.6 (6) one person who is not a member of the legislature, appointed by the Association
9.7 of Minnesota Counties; and

9.8 (7) one person who is not a member of the legislature, appointed by the League
9.9 of Minnesota Cities.

9.10 Each appointment under clauses (2) to (5) must include one person with expertise
9.11 or interest in county government and one person with expertise or interest in city
9.12 government. The appointing authorities must use their best efforts to ensure that a majority
9.13 of council members have experience with local performance measurement systems. The
9.14 membership of the council must include geographically balanced representation as well as
9.15 representation balanced between large and small jurisdictions. The appointments under
9.16 clauses (2) to (7) must be made within two months of the date of enactment.

9.17 Appointees to the council under clauses (2) to (5) serve terms of four years, except
9.18 that one of each of the initial appointments under clauses (2) to (5) shall serve a term of
9.19 two years; each appointing agent must designate which appointee is serving the two-year
9.20 term. Subsequent appointments for members appointed under clauses (2) to (5) must
9.21 be made by the council, including appointments to replace any appointees who might
9.22 resign from the council prior to completion of their term. Appointees under clauses (2) to
9.23 (5) are not eligible to vote on appointing their successor, nor on the successors of other
9.24 appointees whose terms are expiring contemporaneously. In making appointments, the
9.25 council shall make all possible efforts to reflect the geographical distribution and meet the
9.26 qualifications of appointees required of the initial appointees. Subsequent appointments
9.27 for members appointed under clauses (6) and (7) must be made by the original appointing
9.28 authority. Appointees to the council under clauses (2) to (7) may serve no more than two
9.29 consecutive terms.

9.30 Subd. 2. **Duties.** (a) By February 15, 2010, the council shall develop a standard
9.31 set of approximately ten performance measures for counties and ten performance
9.32 measures for cities that will aid residents, taxpayers, and state and local elected officials
9.33 in determining the efficacy of counties and cities in providing services, and measure
9.34 residents' opinions of those services. In developing its measures, the council must solicit
9.35 input from private citizens. Counties and cities that elect to participate in the standard
9.36 measures system shall report their results to the state auditor under section 6.91, who

10.1 shall compile the results and make them available to all interested parties by publishing
10.2 them on the auditor's Web site and report them to the legislative tax committees. Each
10.3 year after the initial designation of performance measures, the council shall evaluate the
10.4 usefulness of the standard set of performance measures and may revise the set by adding
10.5 or removing measures as it deems appropriate.

10.6 (b) By February 15, 2011, the council shall develop minimum standards for
10.7 comprehensive performance measurement systems, which may vary by size and type
10.8 of governing jurisdiction.

10.9 (c) In addition to its specific duties under paragraphs (a) and (b), the council
10.10 shall generally promote the use of performance measurement for governmental entities
10.11 across the state and shall serve as a resource for all governmental entities seeking to
10.12 implement a system of local performance measurement. The council may highlight and
10.13 promote systems that are innovative, or are ones that it deems to be best practices of local
10.14 performance measurement systems across the state and nation. The council should give
10.15 preference in its recommendations to systems that are results-oriented. The council may,
10.16 with the cooperation of the state auditor, establish and foster a collaborative network
10.17 of practitioners of local performance measurement systems. The council may support
10.18 the Association of Minnesota Counties and the League of Minnesota Cities to seek and
10.19 receive private funding to provide expert technical assistance to local governments for
10.20 the purposes of replicating best practices.

10.21 Subd. 3. **Reports.** (a) The council shall report its initial set of standard performance
10.22 measures to the Property and Local Sales Tax Division of the house of representatives
10.23 Taxes Committee and the Taxes Division on Property Taxes of the senate Taxes Committee
10.24 by February 28, 2010.

10.25 (b) By February 1 of each subsequent year, the council shall report to the committees
10.26 with jurisdiction over taxes in the house of representatives and the senate on participation
10.27 in and results of the performance measurement system, along with any revisions in the
10.28 standard set of performance measures for the upcoming year. These reports may be made
10.29 by the state auditor in lieu of the council if agreed to by the auditor and the council.

10.30 Subd. 4. **Operation of council.** (a) The state auditor shall convene the initial
10.31 meeting of the council.

10.32 (b) The chair of the council shall be elected by the members. Once elected, a chair
10.33 shall serve a term of two years.

10.34 (c) Members of the council serve without compensation.

10.35 (d) Council members shall share and rotate responsibilities for administrative
10.36 support of the council.

11.1 (e) Chapter 13D does not apply to meetings of the council. Meetings of the council
11.2 must be open to the public and the council must provide notice of a meeting on the state
11.3 auditor's Web site at least seven days before the meeting. A meeting of the council occurs
11.4 when a quorum is present.

11.5 (f) The council must meet at least two times prior to the initial release of the standard
11.6 set of measurements. After the initial set has been developed, the council must meet a
11.7 minimum of once per year.

11.8 Subd. 5. **Termination.** The council expires on January 1, 2019.

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

11.10 Sec. 2. **[6.91] LOCAL PERFORMANCE MEASUREMENT AND REPORTING.**

11.11 Subdivision 1. **Reports of local performance measures.** (a) A county or city that
11.12 elects to participate in the standard measures program must report its results to its citizens
11.13 annually through publication, direct mailing, posting on the jurisdiction's Web site, or
11.14 through a presentation at the jurisdiction's truth-in-taxation hearing under section 275.065.

11.15 (b) Each year, jurisdictions participating in the local performance measurement
11.16 and improvement program must file a report with the state auditor by July 1, in a form
11.17 prescribed by the auditor. All reports must include a declaration that the jurisdiction has
11.18 complied with, or will have complied with by the end of the year, the requirement in
11.19 paragraph (a). For jurisdictions participating in the standard measures program, the report
11.20 shall consist of the jurisdiction's results for the standard set of performance measures
11.21 under section 6.90, subdivision 2, paragraph (a). In 2011, jurisdictions participating in the
11.22 comprehensive performance measurement program must submit a resolution approved by
11.23 its local governing body indicating that it either has implemented or is in the process of
11.24 implementing a local performance measurement system that meets the minimum standards
11.25 specified by the council under section 6.90, subdivision 2, paragraph (b). In 2012 and
11.26 thereafter, jurisdictions participating in the comprehensive performance measurement
11.27 program must submit a statement approved by its local governing body affirming that
11.28 it has implemented a local performance measurement system that meets the minimum
11.29 standards specified by the council under section 6.90, subdivision 2, paragraph (b).

11.30 Subd. 2. **Benefits of participation.** (a) A county or city that elects to participate in
11.31 the standard measures program for 2010 is: (1) eligible for per capita reimbursement of
11.32 \$0.25 per capita, but not to exceed \$25,000 for any government entity; (2) exempt from
11.33 levy limits under sections 275.70 to 275.74 for taxes payable in 2011, if levy limits are in
11.34 effect; and (3) exempt from the truth-in-taxation public hearing requirement under section
11.35 275.065, subdivision 6, for taxes payable in 2011, if the hearing requirement is in effect.

12.1 (b) Any county or city that elects to participate in the standard measures program
12.2 for 2011 is eligible for per capita reimbursement of \$0.25 per capita, but not to exceed
12.3 \$25,000 for any government entity. Any jurisdiction participating in the comprehensive
12.4 performance measurement program is exempt from levy limits under sections 275.70
12.5 to 275.74 for taxes payable in 2012 if levy limits are in effect, and is exempt from the
12.6 truth-in-taxation public hearing requirement under section 275.065, subdivision 6, for
12.7 taxes payable in 2012, if the hearing requirement is in effect.

12.8 (c) Any county or city that elects to participate in the standard measures program for
12.9 2012 or any year thereafter is eligible for per capita reimbursement of \$0.25 per capita,
12.10 but not to exceed \$25,000 for any government entity. Any jurisdiction participating in
12.11 the comprehensive performance measurement program for 2012 or any year thereafter is
12.12 exempt from levy limits under sections 275.70 to 275.74 for taxes payable in the following
12.13 year, if levy limits are in effect, and is exempt from the truth-in-taxation public hearing
12.14 requirement under section 275.065, subdivision 6, for taxes payable in the following
12.15 year, if the hearing requirement is in effect.

12.16 Subd. 3. **Certification of participation.** (a) The state auditor shall certify to
12.17 the commissioner of revenue by August 1 of each year the counties and cities that are
12.18 participating in the standard measures program and the comprehensive performance
12.19 measurement program.

12.20 (b) The commissioner of revenue shall make per capita aid payments under this
12.21 section on the second payment date specified in section 477A.015, in the same year that
12.22 the measurements were reported.

12.23 (c) The commissioner of revenue shall notify each county and city that is entitled to
12.24 exemption from levy limits by August 10 of each levy year.

12.25 Subd. 4. **Appropriation.** A sum sufficient to meet the requirements of this section
12.26 is annually appropriated from the general fund to the commissioner of revenue.

12.27 **EFFECTIVE DATE.** This section is effective December 31, 2009.

12.28 Sec. 3. Minnesota Statutes 2008, section 134.34, subdivision 1, is amended to read:

12.29 Subdivision 1. **Local support levels.** (a) A regional library basic system support
12.30 grant shall be made to any regional public library system where there are at least three
12.31 participating counties and where each participating city and county is providing for
12.32 public library service support the lesser of (a) an amount equivalent to .82 percent of the
12.33 average of the adjusted net tax capacity of the taxable property of that city or county,
12.34 as determined by the commissioner of revenue for the second, third, and fourth year
12.35 preceding that calendar year in 1991 and later years or (b) a per capita amount calculated

13.1 under the provisions of this subdivision. The per capita amount is established for calendar
13.2 year 1993 as \$7.62. In succeeding calendar years, the per capita amount shall be increased
13.3 by a percentage equal to one-half of the percentage by which the total state adjusted net
13.4 tax capacity of property as determined by the commissioner of revenue for the second
13.5 year preceding that calendar year increases over that total adjusted net tax capacity for
13.6 the third year preceding that calendar year.

13.7 (b) The minimum level of support specified under this subdivision or subdivision 4
13.8 shall be certified annually to the participating cities and counties by the Department of
13.9 Education. If a city or county chooses to reduce its local support in accordance with
13.10 subdivision 4, paragraph (b) or (c), it shall notify its regional public library system. The
13.11 regional public library system shall notify the Department of Education that a revised
13.12 certification is required. The revised minimum level of support shall be certified to the
13.13 city or county by the Department of Education.

13.14 (c) A city which is a part of a regional public library system shall not be required to
13.15 provide this level of support if the property of that city is already taxable by the county
13.16 for the support of that regional public library system. In no event shall the Department
13.17 of Education require any city or county to provide a higher level of support than the
13.18 level of support specified in this section in order for a system to qualify for a regional
13.19 library basic system support grant. This section shall not be construed to prohibit a city
13.20 or county from providing a higher level of support for public libraries than the level of
13.21 support specified in this section.

13.22 **EFFECTIVE DATE.** This section is effective for calendar years 2009 and
13.23 thereafter, except that the change in paragraph (a) is effective for calendar years 2011
13.24 and thereafter.

13.25 Sec. 4. Minnesota Statutes 2008, section 134.34, subdivision 4, is amended to read:

13.26 Subd. 4. **Limitation.** (a) A regional library basic system support grant shall not be
13.27 made to a regional public library system for a participating city or county which decreases
13.28 the dollar amount provided for support for operating purposes of public library service
13.29 below the amount provided by it for the second or third preceding year, whichever is less.
13.30 For purposes of this subdivision and subdivision 1, any funds provided under section
13.31 473.757, subdivision 2, for extending library hours of operation shall not be considered
13.32 amounts provided by a city or county for support for operating purposes of public library
13.33 service. This subdivision shall not apply to participating cities or counties where the
13.34 adjusted net tax capacity of that city or county has decreased, if the dollar amount of the
13.35 reduction in support is not greater than the dollar amount by which support would be

14.1 decreased if the reduction in support were made in direct proportion to the decrease in
14.2 adjusted net tax capacity.

14.3 (b) In addition, in any calendar year in which a city's or county's aid under sections
14.4 477A.011 to 477A.014, or credits under section 273.1384 are reduced after the city or
14.5 county has certified its levy payable in that year, it may reduce its local support by the
14.6 lesser of (1) ten percent, or (2) a percent equal to the percent the aid or credit reduction is
14.7 of the city or county's revenue base as defined in paragraph (e), based on aids certified for
14.8 the current calendar year. For calendar year 2009 only, the reduction under this paragraph
14.9 shall be based on 2008 aid and credit reductions under the December 2008 unallotment, as
14.10 well as any aid and credit reductions in calendar year 2009. For calendar year 2009 only,
14.11 the commissioner of revenue will calculate the reductions under this paragraph and certify
14.12 them to the commissioner of education within 15 days of this provision becoming law.

14.13 (c) In addition, in any payable year in which the total amounts certified for city
14.14 or county aids under sections 477A.011 to 477A.014, are less than the total amounts
14.15 paid under those sections in the previous calendar year, a city or county may reduce its
14.16 local support by the lesser of (1) ten percent, or (2) a percent equal to the ratio of (i) the
14.17 difference between the sum of the aid it was paid under sections 477A.011 to 477A.014
14.18 and the credit reimbursements it received under section 273.1384, in the previous calendar
14.19 year and the aid it is certified to be paid in the current calendar year under sections
14.20 477A.011 to 477A.014 and the credits estimated to be paid under section 273.1384, to (ii)
14.21 its revenue base for the previous year, based on aids actually paid in the previous calendar
14.22 year. The commissioner of revenue shall calculate the percent aid cut for each county and
14.23 city under this paragraph and certify the percentage cuts to the commissioner of education
14.24 by August 1 of the year prior to the year in which the reduced aids and credits are to be
14.25 paid. The percentage of reduction related to reductions to credit reimbursements under
14.26 section 273.1384 shall be based on the best estimation available as of July 30.

14.27 (d) Notwithstanding paragraph (a), (b), or (c), no city or county shall reduce its
14.28 support for public libraries below the minimum level specified in subdivision 1. No county
14.29 may make a reduction under paragraphs (b) or (c) in a year in which it is receiving local
14.30 sales tax revenue under section 297A.994.

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

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

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

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

15.1 **EFFECTIVE DATE.** This section is effective for support in calendar year 2009 and
 15.2 thereafter for library grants paid in fiscal year 2010 and thereafter, except that the changes
 15.3 in paragraph (a) are effective for support in calendar year 2010 and thereafter.

15.4 Sec. 5. **[270C.991] PROPERTY TAX SYSTEM BENCHMARKS AND**
 15.5 **CRITICAL INDICATORS.**

15.6 Subdivision 1. **Purpose.** State policy makers should be provided with the tools to
 15.7 create a more accountable and efficient property tax system. This section provides the
 15.8 principles and available tools necessary to work toward achieving that goal.

15.9 Subd. 2. **Property tax principles.** To better evaluate the various property tax
 15.10 proposals that come before the legislature, the following basic property tax principles
 15.11 should be taken into consideration:

- 15.12 (1) transparent and understandable;
- 15.13 (2) simple and efficient;
- 15.14 (3) equitable;
- 15.15 (4) stable and predictable;
- 15.16 (5) compliance and accountability;
- 15.17 (6) competitive, both nationally and globally; and
- 15.18 (7) responsive to economic conditions.

15.19 Subd. 3. **Major indicators.** There are many different types of indicators available to
 15.20 legislators to evaluate tax legislation. Indicators are useful to have available as benchmarks
 15.21 when legislators are contemplating changes. Each tool has its own limitation, and no one
 15.22 tool is perfect or should be used independently. Some of the tools measure the global
 15.23 characteristics of the entire tax system, while others are only a measure of the property tax
 15.24 impacts and its administration. The following is a list of the available major indicators:

- 15.25 (1) property tax principles scale, the components of which are listed in subdivision
 15.26 2, relate to the various features of the property tax system;
- 15.27 (2) price of government report, as required under section 16A.102;
- 15.28 (3) tax incidence report, as required under section 270C.13;
- 15.29 (4) tax expenditure budget and report, as required under section 270C.11;
- 15.30 (5) state tax rankings;
- 15.31 (6) property tax levy plus aid data, and market value and net tax capacity data, by
 15.32 taxing district for current and past years;
- 15.33 (7) effective tax rate (tax as a percent of market value) and the equalized effective
 15.34 tax rate (effective tax rate adjusted for assessment differences);
- 15.35 (8) assessment sales ratio study, as required under section 127A.48;

16.1 (9) "Voss" database, which matches homeowner property taxes and household
16.2 income;

16.3 (10) revenue estimates under section 270C.11, subdivision 5, and state fiscal notes
16.4 under section 477A.03, subdivision 2b; and

16.5 (11) local impact notes, with improved local analysis as described in subdivision 7.

16.6 Subd. 4. **Property tax working group.** (a) A property tax working group is
16.7 established as provided in this subdivision. The goals of the working group are:

16.8 (1) to investigate ways to simplify the property tax system and make advisory
16.9 recommendations on ways to make the system more understandable;

16.10 (2) to reexamine the property tax calendar to determine what changes could be made
16.11 to shorten the two-year cycle from assessment through property tax collection; and

16.12 (3) to determine the cost versus the benefits of the various property tax components,
16.13 including property classifications, credits, aids, exclusions, exemptions, and abatements,
16.14 and to suggest ways to achieve some of the goals in simpler and more cost-efficient ways.

16.15 (b) The 12-member working group shall consist of the following members:

16.16 (1) two state representatives, both appointed by the chair of the house tax committee,
16.17 one from the majority party and one from the minority party;

16.18 (2) two senators, both appointed by the chair of the senate tax committee, one from
16.19 the majority party and one from the minority party;

16.20 (3) the commissioner of revenue, or designee;

16.21 (4) one person, appointed by the Association of Minnesota Counties;

16.22 (5) one person, appointed by the League of Minnesota Cities;

16.23 (6) one person, appointed by the Minnesota Association of Townships;

16.24 (7) one person, appointed by the Minnesota Chamber of Commerce;

16.25 (8) one person, appointed by the Minnesota Association of Assessing Officers; and

16.26 (9) two homeowners, one who is under 65 years of age, and one who is 65 years of
16.27 age or older, both appointed by the commissioner of revenue.

16.28 The commissioner of revenue shall chair the initial meeting, and the working
16.29 group shall elect a chair at that initial meeting. The working group will meet at the call

16.30 of the chair. Members of the working group shall serve without compensation. The
16.31 commissioner of revenue must provide administrative support to the working group.

16.32 Minnesota Statutes, chapter 13D, does not apply to meetings of the working group.

16.33 Meetings of the working group must be open to the public and the working group must

16.34 provide notice of a meeting to potentially interested persons at least seven days before the

16.35 meeting. A "meeting" of the council occurs when a quorum is present.

17.1 (c) The working group shall make its advisory recommendations to the chairs of
17.2 the house of representatives and senate tax committees on or before February 1, 2011, at
17.3 which time the working group shall be finished and this subdivision expires. The advisory
17.4 recommendations should be reviewed by the tax committee under subdivision 5.

17.5 Subd. 5. **Tax committee review and resolution.** On or before March 1, 2011, and
17.6 every two years thereafter, the house and senate tax committees must review the major
17.7 indicators as contained in subdivision 3, and ascertain the accountability and efficiency of
17.8 the property tax system. The house and senate tax committees shall prepare a resolution
17.9 on targets and benchmarks for use during the current biennium.

17.10 Subd. 6. **Department of Revenue; revenue estimates.** As provided under
17.11 section 270C.11, subdivision 5, the Department of Revenue is required to prepare an
17.12 estimate of the effect on the state's tax revenues which result from the passage of a
17.13 legislative bill establishing, extending, or restricting a tax expenditure. Beginning with
17.14 the 2010 legislative session, those revenue estimates must also identify how the property
17.15 tax principles, contained in subdivision 2, apply to the proposed tax changes. The
17.16 commissioner of revenue shall develop a scale for measuring the appropriate principles
17.17 for each proposed change. The department shall quantify the effects, if possible, or at a
17.18 minimum, shall identify the relevant factors so that legislators are aware of possible
17.19 outcomes, including administrative difficulties and cost. The interaction of property tax
17.20 shifting should be identified and quantified to the degree possible.

17.21 Subd. 7. **Local impact notes.** Local impact notes are statements that provide
17.22 information about changes in local government responsibility, administration, and cost due
17.23 to changes in state law. The local impact note process seeks the participation of political
17.24 subdivisions to gather information as needed by the legislature. The local impact network
17.25 of political subdivisions shall consist of representation from associations from Minnesota
17.26 counties, cities, towns, and school districts, and other members as needed. They shall,
17.27 among other things, work with the legislature and the commissioner of finance to analyze:

17.28 (1) changes in tax revenues for local governments;

17.29 (2) changes in expenditures for local governments, including program and
17.30 administration costs; and

17.31 (3) incidences of tax shifting, including identifying the target audience (taxpayers
17.32 who will benefit from the tax shift) and the impact audience (taxpayers who will bear the
17.33 burden of the tax shift).

17.34 For tax bills the local impact network of political subdivisions shall rate the impact
17.35 on Minnesota's tax system using the tax principles contained in subdivision 2.

18.1 Some of the cost for preparing this information shall be distributed to the local
18.2 impact network as provided under section 477A.03, subdivision 2b, paragraph (b).

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

18.4 Sec. 6. **[275.77] TEMPORARY SUSPENSION OF NEW OR INCREASED**
18.5 **MAINTENANCE OF EFFORT AND MATCHING FUND REQUIREMENTS.**

18.6 Subdivision 1. **Definitions.** For purposes of this section, the following terms have
18.7 the meanings given them:

18.8 (i) "maintenance of effort" means a requirement imposed on a political subdivision
18.9 by state law to continue providing funding of a service or program at a given or increasing
18.10 level based on its funding of the service and program in prior years;

18.11 (ii) "matching fund requirements" means a requirement imposed on a political
18.12 subdivision by state law to fund a portion of a program or service but does not mean
18.13 required nonstate contributions to state capital funded projects or other nonstate
18.14 contributions required in order to receive a grant or loan the political subdivision has
18.15 requested or applied for; and

18.16 (iii) "political subdivision" means a county, town, or statutory or home rule charter
18.17 city.

18.18 Subd. 2. **Temporary suspension.** (a) Notwithstanding any other provision of law
18.19 to the contrary, any new maintenance of effort or matching fund requirement enacted
18.20 after January 1, 2009, that will require spending by a political subdivision shall not be
18.21 effective until January 1, 2012.

18.22 (b) Notwithstanding any other provision of law to the contrary, any changes to
18.23 existing maintenance of effort or matching fund requirement enacted after January 1,
18.24 2009, that will require new spending by a political subdivision shall not be effective
18.25 until January 1, 2012.

18.26 (c) The suspension of changes to existing maintenance of effort and matching fund
18.27 requirements under paragraph (b) does not apply if the spending is required by federal law
18.28 and there would be a cost to the state budget without the change.

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

18.30 Sec. 7. Minnesota Statutes 2008, section 477A.03, subdivision 2b, is amended to read:

18.31 Subd. 2b. **Counties.** (a) For aids payable in 2009 and thereafter, the total aid
18.32 payable under section 477A.0124, subdivision 3, is \$111,500,000 minus one-half of the
18.33 total aid amount determined under section 477A.0124, subdivision 5, paragraph (b),
18.34 subject to adjustment in subdivision 5. Each calendar year, \$500,000 shall be retained

19.1 by the commissioner of revenue to make reimbursements to the commissioner of finance
19.2 for payments made under section 611.27. For calendar year 2004, the amount shall
19.3 be in addition to the payments authorized under section 477A.0124, subdivision 1.
19.4 For calendar year 2005 and subsequent years, the amount shall be deducted from the
19.5 appropriation under this paragraph. The reimbursements shall be to defray the additional
19.6 costs associated with court-ordered counsel under section 611.27. Any retained amounts
19.7 not used for reimbursement in a year shall be included in the next distribution of county
19.8 need aid that is certified to the county auditors for the purpose of property tax reduction
19.9 for the next taxes payable year.

19.10 (b) For aids payable in 2009 and thereafter, the total aid under section 477A.0124,
19.11 subdivision 4, is \$116,132,923 minus one-half of the total aid amount determined under
19.12 section 477A.0124, subdivision 5, paragraph (b), subject to adjustment in subdivision
19.13 5. The commissioner of finance shall bill the commissioner of revenue for the cost of
19.14 preparation of local impact notes as required by section 3.987, not to exceed \$207,000 in
19.15 fiscal year 2004 and thereafter. The commissioner of education shall bill the commissioner
19.16 of revenue for the cost of preparation of local impact notes for school districts as
19.17 required by section 3.987, not to exceed \$7,000 in fiscal year 2004 and thereafter. The
19.18 commissioner of revenue shall deduct the amounts billed under this paragraph from
19.19 the appropriation under this paragraph. The amounts deducted are appropriated to the
19.20 commissioner of finance and the commissioner of education for the preparation of local
19.21 impact notes. The commissioner of finance shall annually use at least \$150,000 of the
19.22 \$207,000 appropriation to contract with the representative associations for counties, cities,
19.23 towns, and school districts to establish a local impact network of political subdivisions
19.24 for preparing local impact notes that provide information to the legislature as provided in
19.25 section 270C.991, subdivision 7.

19.26 **EFFECTIVE DATE.** This section is effective for fiscal year 2010 and thereafter.

19.27 **ARTICLE 3**

19.28 **LOCAL GOVERNMENT FLEXIBILITY AND MANDATE** 19.29 **REDUCTION PROVISIONS**

19.30 Section 1. Minnesota Statutes 2008, section 3.842, subdivision 4a, is amended to read:

19.31 Subd. 4a. **Objections to rules.** (a) For purposes of this subdivision, "committee"
19.32 means the house of representatives policy committee or senate policy committee with
19.33 primary jurisdiction over state governmental operations. The commission, the Legislative
19.34 Commission on Mandate Reform, or a committee may object to a rule as provided in
19.35 this subdivision. If the commission, the Legislative Commission on Mandate Reform,

20.1 or a committee objects to all or some portion of a rule because the commission, the
20.2 Legislative Commission on Mandate Reform, or a committee considers it to be beyond
20.3 the procedural or substantive authority delegated to the agency, including a proposed rule
20.4 submitted under section 14.15, subdivision 4, or 14.26, subdivision 3, paragraph (c), the
20.5 commission, the Legislative Commission on Mandate Reform, or a committee may file
20.6 that objection in the Office of the Secretary of State. The filed objection must contain a
20.7 concise statement of the commission's, the Legislative Commission on Mandate Reform,
20.8 or a committee's reasons for its action. An objection to a proposed rule submitted by the
20.9 commission, the Legislative Commission on Mandate Reform, or a committee under
20.10 section 14.15, subdivision 4, or 14.26, subdivision 3, paragraph (c), may not be filed
20.11 before the rule is adopted.

20.12 (b) The secretary of state shall affix to each objection a certification of the date and
20.13 time of its filing and as soon after the objection is filed as practicable shall transmit a
20.14 certified copy of it to the agency issuing the rule in question and to the revisor of statutes.
20.15 The secretary of state shall also maintain a permanent register open to public inspection of
20.16 all objections by the commission, the Legislative Commission on Mandate Reform, or
20.17 a committee.

20.18 (c) The commission, the Legislative Commission on Mandate Reform, or a
20.19 committee shall publish and index an objection filed under this section in the next issue
20.20 of the State Register. The revisor of statutes shall indicate the existence of the objection
20.21 adjacent to the rule in question when that rule is published in Minnesota Rules.

20.22 (d) Within 14 days after the filing of an objection by the commission, the Legislative
20.23 Commission on Mandate Reform, or a committee to a rule, the issuing agency shall
20.24 respond in writing to the objecting entity. After receipt of the response, the commission,
20.25 the Legislative Commission on Mandate Reform, or a committee may withdraw or modify
20.26 its objection.

20.27 (e) After the filing of an objection by the commission, the Legislative Commission
20.28 on Mandate Reform, or a committee that is not subsequently withdrawn, the burden is
20.29 upon the agency in any proceeding for judicial review or for enforcement of the rule to
20.30 establish that the whole or portion of the rule objected to is valid.

20.31 (f) The failure of the commission, the Legislative Commission on Mandate Reform,
20.32 or a committee to object to a rule is not an implied legislative authorization of its validity.

20.33 (g) In accordance with sections 14.44 and 14.45, the commission, the Legislative
20.34 Commission on Mandate Reform, or a committee may petition for a declaratory judgment
20.35 to determine the validity of a rule objected to by the commission, the Legislative

21.1 Commission on Mandate Reform, or a committee. The action must be started within two
21.2 years after an objection is filed in the Office of the Secretary of State.

21.3 (h) The commission, the Legislative Commission on Mandate Reform, or a
21.4 committee may intervene in litigation arising from agency action. For purposes of this
21.5 paragraph, agency action means the whole or part of a rule, or the failure to issue a rule.

21.6 Sec. 2. Minnesota Statutes 2008, section 3.843, is amended to read:

21.7 **3.843 PUBLIC HEARINGS BY STATE AGENCIES.**

21.8 By a vote of a majority of its members, the commission or the Legislative
21.9 Commission on Mandate Reform may request any agency issuing rules to hold a
21.10 public hearing in respect to recommendations made under section 3.842, including
21.11 recommendations made by the commission or the Legislative Commission on Mandate
21.12 Reform to promote adequate and proper rules by that agency and recommendations
21.13 contained in the commission's biennial report. The agency shall give notice as provided in
21.14 section 14.14, subdivision 1, of a hearing under this section, to be conducted in accordance
21.15 with sections 14.05 to 14.28. The hearing must be held not more than 60 days after receipt
21.16 of the request or within any other longer time period specified by the commission or the
21.17 Legislative Commission on Mandate Reform in the request.

21.18 Sec. 3. **[3.99] LEGISLATIVE COMMISSION ON MANDATE REFORM;**
21.19 **ESTABLISHED.**

21.20 Subdivision 1. **Established.** The Legislative Commission on Mandate Reform is
21.21 established as provided in this section, with the powers and duties given it in sections
21.22 3.842, subdivision 4a; 3.843; and 3.99 to 3.992.

21.23 Subd. 2. **Membership.** The commission consists of four senators appointed by the
21.24 senate Subcommittee on Committees of the Committee on Rules and Administration,
21.25 three senators appointed by the senate minority leader, four state representatives appointed
21.26 by the speaker of the house, and three state representatives appointed by the house
21.27 of representatives minority leader. The appointing authorities must ensure balanced
21.28 geographic representation. Each appointing authority must make appointments as soon as
21.29 possible.

21.30 Subd. 3. **Terms; vacancies.** Members of the commission serve for a two-year term
21.31 beginning upon appointment and expiring upon appointment of a successor after the
21.32 opening of the next regular session of the legislature in the odd-numbered year. A vacancy
21.33 in the membership of the commission must be filled for the unexpired term in a manner
21.34 that will preserve the representation established by this section.

22.1 Subd. 4. **Chair.** The commission must meet as soon as practicable after members
22.2 are appointed in each odd-numbered year to elect its chair and other officers as it may
22.3 determine necessary. A chair serves a two-year term, expiring in the odd-numbered year
22.4 after a successor is elected. The chair must alternate biennially between the senate and the
22.5 house of representatives.

22.6 Subd. 5. **Compensation.** Members may be reimbursed for their reasonable
22.7 expenses as members of the legislature.

22.8 Subd. 6. **Staff.** The Legislative Coordinating Commission must provide
22.9 administrative support to the commission, including secretarial services, record keeping,
22.10 and grants administration.

22.11 Subd. 7. **Meetings; procedures; tie votes.** The first meeting of the biennium must
22.12 be convened by the member designated by the senate majority leader if a senator is to chair
22.13 the commission for the biennium, or by the speaker of the house if a state representative
22.14 is to chair the commission for the biennium. The commission meets at the call of the
22.15 chair. Commission action requires a positive vote of at least four house of representatives
22.16 members and at least four senate members.

22.17 Subd. 8. **Funding.** The Legislative Coordinating Commission shall annually bill the
22.18 commissioner of revenue for costs incurred by the Legislative Coordinating Commission
22.19 in providing administrative support and to make the grants authorized by the legislative
22.20 commission on unnecessary mandates, in an amount not to exceed \$100,000 per year. The
22.21 commissioner of revenue shall deduct one-half of the certified costs from payments to
22.22 counties under section 477A.03, subdivision 2b, and one-half of the certified costs from
22.23 payments to cities under section 477A.03, subdivision 2a.

22.24 **Sec. 4. [3.991] LEGISLATIVE COMMISSION ON MANDATE REFORM;**
22.25 **REVIEW AND RECOMMENDATIONS TO LEGISLATURE.**

22.26 The Legislative Commission on Mandate Reform must solicit from local
22.27 governments information on state laws and rules that local governments consider to be
22.28 problematic mandates. The commission must review the mandates identified and consider
22.29 why each mandate was enacted or adopted, whether the reason for it still exists, the costs
22.30 to local governments to comply with the mandate, and whether repeal or modification
22.31 of the mandate is appropriate. Before the beginning of each legislative session, the
22.32 commission must prepare for introduction a bill to repeal or modify those laws or rules the
22.33 commission determines are unnecessary.

23.1 Sec. 5. **[3.992] LEGISLATIVE COMMISSION ON MANDATE REFORM;**
 23.2 **GRANTS.**

23.3 Upon recommendation of the Legislative Commission on Mandate Reform,
 23.4 the commissioner of revenue may make grants to the League of Minnesota Cities,
 23.5 the Association of Minnesota Counties, Minnesota Association of Townships, other
 23.6 organizations representing local governments, the Board of Regents of the University of
 23.7 Minnesota, the Board of Trustees of Minnesota State Colleges and Universities, or other
 23.8 accredited postsecondary institutions to research and make recommendations on mandate
 23.9 reform. A grant may be in any amount up to \$..... The commissioner must specify the
 23.10 work to be done, the completion date, and the maximum grant amount, and may specify
 23.11 any other conditions the commissioner deems necessary or useful.

23.12 Sec. 6. **[3.993] EXPIRATION.**

23.13 Sections 3.99 to 3.992 expire June 30, 2013.

23.14 Sec. 7. **[14.128] EFFECTIVE DATE FOR RULES REQUIRING LOCAL**
 23.15 **IMPLEMENTATION.**

23.16 Subdivision 1. **Determination.** An agency must determine if a local government
 23.17 will be required to adopt or amend an ordinance or other regulation to comply with a
 23.18 proposed agency rule. An agency must make this determination before the close of the
 23.19 hearing record or before the agency submits the record to the administrative law judge if
 23.20 there is no hearing. The administrative law judge must review and approve or disapprove
 23.21 the agency's determination. "Local government" means a town, county, or home rule
 23.22 charter or statutory city.

23.23 Subd. 2. **Effective dates.** If the agency determines that the proposed rule requires
 23.24 adoption or amendment of an ordinance or other regulation, or if the administrative law
 23.25 judge disapproves the agency's determination that the rule does not have this effect, the
 23.26 rule may not become effective until:

23.27 (1) the next July 1 or January 1 after notice of final adoption is published in the
 23.28 State Register; or

23.29 (2) a later date provided by law or specified in the proposed rule.

23.30 Subd. 3. **Exceptions.** Subdivision 2 does not apply:

23.31 (1) to a rule adopted under section 14.388, 14.389, or 14.3895, or under another law
 23.32 specifying that the rulemaking procedures of this chapter do not apply;

23.33 (2) if the administrative law judge approves an agency's determination that the rule
 23.34 has been proposed pursuant to a specific federal statutory or regulatory mandate that
 23.35 requires the rule to take effect before the date specified in subdivision 1; or

24.1 (3) if the governor waives application of subdivision 2.

24.2 Sec. 8. Minnesota Statutes 2008, section 16C.28, subdivision 1a, is amended to read:

24.3 Subd. 1a. **Establishment and purpose.** (a) The state recognizes the importance of
24.4 the inclusion of a best value contracting system for construction as an alternative to the
24.5 current low-bid system of procurement. In order to accomplish that goal, state and local
24.6 governmental entities shall be able to choose the best value system in different phases.

24.7 (b) "Best value" means the procurement method defined in section 16C.02,
24.8 subdivision 4a.

24.9 (c) The following entities are eligible to participate in phase I:

24.10 (1) state agencies;

24.11 (2) counties;

24.12 (3) cities; and

24.13 (4) school districts with the highest 25 percent enrollment of students in the state.

24.14 Phase I begins on July 1, 2007.

24.15 (d) The following entities are eligible to participate in phase II:

24.16 (1) those entities included in phase I; and

24.17 (2) school districts with the highest 50 percent enrollment of students in the state.

24.18 Phase II begins two years from July 1, 2007.

24.19 (e) The following entities are eligible to participate in phase III:

24.20 (1) all entities included in phases I and II; and

24.21 (2) all other townships, school districts, and political subdivisions in the state.

24.22 Phase III begins three years from July 1, 2007.

24.23 ~~(f) The commissioner or any agency for which competitive bids or proposals are~~
24.24 ~~required may not use best value contracting as defined in section 16C.02, subdivision 4a,~~
24.25 ~~for more than one project annually, or 20 percent of its projects, whichever is greater, in~~
24.26 ~~each of the first three fiscal years in which best value construction contracting is used.~~

24.27 Sec. 9. Minnesota Statutes 2008, section 306.243, is amended by adding a subdivision
24.28 to read:

24.29 Subd. 6. **Abandonment; end of operation as cemetery.** A county that has accepted
24.30 responsibility for an abandoned cemetery may prohibit further burials in the abandoned
24.31 cemetery, and may cease all acceptance of responsibility for new burials.

24.32 Sec. 10. Minnesota Statutes 2008, section 344.18, is amended to read:

24.33 **344.18 COMPENSATION OF VIEWERS.**

25.1 Fence viewers must be paid for their services by the person employing them ~~at the~~
 25.2 ~~rate of \$15 each for each day's employment. \$60 must be deposited with the town or city~~
 25.3 ~~treasurer before the service is performed. Upon completion of the service, any of the \$60~~
 25.4 ~~not spent to compensate the fence viewers must be returned to the depositor. The town~~
 25.5 ~~board may by resolution require the person employing the fence viewers to post a bond or~~
 25.6 ~~other security acceptable to the board for the total estimated costs before the viewing takes~~
 25.7 ~~place. The total estimated costs may include the cost of professional and other services,~~
 25.8 ~~hearing costs, administrative costs, recording costs, and other costs and expenses which~~
 25.9 ~~the town may incur in connection with the viewing.~~

25.10 Sec. 11. Minnesota Statutes 2008, section 365.28, is amended to read:

25.11 **365.28 PUBLIC BURIAL GROUND IS TOWN'S AFTER TEN YEARS.**

25.12 A tract of land in a town becomes town property after it has been used as a public
 25.13 burial ground for ten years if the tract is not owned by a cemetery association. The town
 25.14 board shall control the burial ground as it controls other town cemeteries. A town that has
 25.15 assumed ownership of a cemetery may prohibit further burials in it.

25.16 Sec. 12. Minnesota Statutes 2008, section 373.052, subdivision 1, is amended to read:

25.17 Subdivision 1. **Business days.** County offices shall be open for public business on
 25.18 ~~at~~ at least four business days per week except (a) legal holidays, (b) holidays established
 25.19 by the county board pursuant to contract with certified employee bargaining units, and
 25.20 (c) emergency situations. For purposes of this section "business day" means Monday,
 25.21 Tuesday, Wednesday, Thursday, and Friday.

25.22 Sec. 13. Minnesota Statutes 2008, section 429.041, subdivision 1, is amended to read:

25.23 Subdivision 1. **Plans and specifications, advertisement for bids.** When the
 25.24 council determines to make any improvement, it shall let the contract for all or part of
 25.25 the work, or order all or part of the work done by day labor or otherwise as authorized by
 25.26 subdivision 2, no later than one year after the adoption of the resolution ordering such
 25.27 improvement, unless a different time limit is specifically stated in the resolution ordering
 25.28 the improvement. The council shall cause plans and specifications of the improvement
 25.29 to be made, or if previously made, to be modified, if necessary, and to be approved and
 25.30 filed with the clerk, and if the estimated cost exceeds ~~\$50,000~~ the amount in section
 25.31 471.345, subdivision 3, shall advertise for bids for the improvement in the newspaper and
 25.32 such other papers and for such length of time as it may deem advisable. If the estimated
 25.33 cost exceeds ~~\$100,000~~ twice the amount in section 471.345, subdivision 3, publication
 25.34 shall be made no less than three weeks before the last day for submission of bids once

26.1 in the newspaper and at least once in either a newspaper published in a city of the first
26.2 class or a trade paper. To be eligible as such a trade paper, a publication shall have all
26.3 the qualifications of a legal newspaper except that instead of the requirement that it shall
26.4 contain general and local news, such trade paper shall contain building and construction
26.5 news of interest to contractors in this state, among whom it shall have a general circulation.
26.6 The advertisement shall specify the work to be done, shall state the time when the bids
26.7 will be publicly opened for consideration by the council, which shall be not less than ten
26.8 days after the first publication of the advertisement when the estimated cost is less than
26.9 ~~\$100,000~~ twice the amount in section 471.345, subdivision 3, and not less than three
26.10 weeks after such publication in other cases, and shall state that no bids will be considered
26.11 unless sealed and filed with the clerk and accompanied by a cash deposit, cashier's check,
26.12 bid bond, or certified check payable to the clerk, for such percentage of the amount of the
26.13 bid as the council may specify. In providing for the advertisement for bids the council
26.14 may direct that the bids shall be opened publicly by two or more designated officers or
26.15 agents of the municipality and tabulated in advance of the meeting at which they are to
26.16 be considered by the council. Nothing herein shall prevent the council from advertising
26.17 separately for various portions of the work involved in an improvement, or from itself,
26.18 supplying by such means as may be otherwise authorized by law, all or any part of the
26.19 materials, supplies, or equipment to be used in the improvement or from combining two or
26.20 more improvements in a single set of plans and specifications or a single contract.

26.21 Sec. 14. Minnesota Statutes 2008, section 429.041, subdivision 2, is amended to read:

26.22 Subd. 2. **Contracts; day labor.** In contracting for an improvement, the council shall
26.23 require the execution of one or more written contracts and bonds, conditioned as required
26.24 by law. The council shall award the contract to the lowest responsible bidder or it may
26.25 reject all bids. If any bidder to whom a contract is awarded fails to enter promptly into
26.26 a written contract and to furnish the required bond, the defaulting bidder shall forfeit to
26.27 the municipality the amount of the defaulter's cash deposit, cashier's check, bid bond, or
26.28 certified check, and the council may thereupon award the contract to the next lowest
26.29 responsible bidder. When it appears to the council that the cost of the entire work projected
26.30 will be less than ~~\$50,000~~ the amount in section 471.345, subdivision 3, or whenever no
26.31 bid is submitted after proper advertisement or the only bids submitted are higher than
26.32 the engineer's estimate, the council may advertise for new bids or, without advertising
26.33 for bids, directly purchase the materials for the work and do it by the employment of day
26.34 labor or in any other manner the council considers proper. The council may have the
26.35 work supervised by the city engineer or other qualified person but shall have the work

27.1 supervised by a registered engineer if done by day labor and it appears to the council that
27.2 the entire cost of all work and materials for the improvement will be more than ~~\$25,000~~
27.3 the lowest amount in section 471.345, subdivision 4. In case of improper construction
27.4 or unreasonable delay in the prosecution of the work by the contractor, the council may
27.5 order and cause the suspension of the work at any time and relet the contract, or order
27.6 a reconstruction of any portion of the work improperly done, and where the cost of
27.7 completion or reconstruction necessary will be less than ~~\$50,000~~ the amount in section
27.8 471.345, subdivision 3, the council may do it by the employment of day labor.

27.9 Sec. 15. Minnesota Statutes 2008, section 469.015, is amended to read:

27.10 **469.015 LETTING OF CONTRACTS; PERFORMANCE BONDS.**

27.11 Subdivision 1. **Bids; notice.** All construction work, and work of demolition or
27.12 clearing, and every purchase of equipment, supplies, or materials, necessary in carrying
27.13 out the purposes of sections 469.001 to 469.047, that involve expenditure of ~~\$50,000~~ the
27.14 amount in section 471.345, subdivision 3, or more shall be awarded by contract. Before
27.15 receiving bids the authority shall publish, once a week for two consecutive weeks in an
27.16 official newspaper of general circulation in the community a notice that bids will be
27.17 received for that construction work, or that purchase of equipment, supplies, or materials.
27.18 The notice shall state the nature of the work and the terms and conditions upon which the
27.19 contract is to be let, naming a time and place where bids will be received, opened and read
27.20 publicly, which time shall be not less than seven days after the date of the last publication.
27.21 After the bids have been received, opened and read publicly and recorded, the authority
27.22 shall award the contract to the lowest responsible bidder, provided that the authority
27.23 reserves the right to reject any or all bids. Each contract shall be executed in writing, and
27.24 the person to whom the contract is awarded shall give sufficient bond to the authority for its
27.25 faithful performance. If no satisfactory bid is received, the authority may readvertise. The
27.26 authority may establish reasonable qualifications to determine the fitness and responsibility
27.27 of bidders and to require bidders to meet the qualifications before bids are accepted.

27.28 Subd. 1a. **Best value alternative.** As an alternative to the procurement method
27.29 described in subdivision 1, the authority may issue a request for proposals and award the
27.30 contract to the vendor or contractor offering the best value under a request for proposals as
27.31 described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

27.32 Subd. 2. **Exception; emergency.** If the authority by a vote of four-fifths of its
27.33 members shall declare that an emergency exists requiring the immediate purchase of any
27.34 equipment or material or supplies at a cost in excess of ~~\$50,000~~ the amount in section
27.35 471.345, subdivision 3, but not exceeding ~~\$75,000~~ half again as much as the amount in

28.1 section 471.345, subdivision 3, or making of emergency repairs, it shall not be necessary
28.2 to advertise for bids, but the material, equipment, or supplies may be purchased in the
28.3 open market at the lowest price obtainable, or the emergency repairs may be contracted for
28.4 or performed without securing formal competitive bids. An emergency, for purposes of
28.5 this subdivision, shall be understood to be unforeseen circumstances or conditions which
28.6 result in the placing in jeopardy of human life or property.

28.7 Subd. 3. **Performance and payment bonds.** Performance and payment bonds shall
28.8 be required from contractors for any works of construction as provided in and subject
28.9 to all the provisions of sections 574.26 to 574.31 except for contracts entered into by
28.10 an authority for an expenditure of less than ~~\$50,000~~ the minimum threshold amount in
28.11 section 471.345, subdivision 3.

28.12 Subd. 4. **Exceptions.** (a) An authority need not require competitive bidding in the
28.13 following circumstances:

28.14 (1) in the case of a contract for the acquisition of a low-rent housing project:

28.15 (i) for which financial assistance is provided by the federal government;

28.16 (ii) which does not require any direct loan or grant of money from the municipality
28.17 as a condition of the federal financial assistance; and

28.18 (iii) for which the contract provides for the construction of the project upon land that
28.19 is either owned by the authority for redevelopment purposes or not owned by the authority
28.20 at the time of the contract but the contract provides for the conveyance or lease to the
28.21 authority of the project or improvements upon completion of construction;

28.22 (2) with respect to a structured parking facility:

28.23 (i) constructed in conjunction with, and directly above or below, a development; and

28.24 (ii) financed with the proceeds of tax increment or parking ramp general obligation
28.25 or revenue bonds;

28.26 (3) until August 1, 2009, with respect to a facility built for the purpose of facilitating
28.27 the operation of public transit or encouraging its use:

28.28 (i) constructed in conjunction with, and directly above or below, a development; and

28.29 (ii) financed with the proceeds of parking ramp general obligation or revenue bonds
28.30 or with at least 60 percent of the construction cost being financed with funding provided
28.31 by the federal government; and

28.32 (4) in the case of any building in which at least 75 percent of the usable square
28.33 footage constitutes a housing development project if:

28.34 (i) the project is financed with the proceeds of bonds issued under section 469.034 or
28.35 from nongovernmental sources;

29.1 (ii) the project is either located on land that is owned or is being acquired by the
 29.2 authority only for development purposes, or is not owned by the authority at the time the
 29.3 contract is entered into but the contract provides for conveyance or lease to the authority
 29.4 of the project or improvements upon completion of construction; and

29.5 (iii) the authority finds and determines that elimination of the public bidding
 29.6 requirements is necessary in order for the housing development project to be economical
 29.7 and feasible.

29.8 (b) An authority need not require a performance bond for the following projects:

29.9 (1) a contract described in paragraph (a), clause (1);

29.10 (2) a construction change order for a housing project in which 30 percent of the
 29.11 construction has been completed;

29.12 (3) a construction contract for a single-family housing project in which the authority
 29.13 acts as the general construction contractor; or

29.14 (4) a services or materials contract for a housing project.

29.15 For purposes of this paragraph, "services or materials contract" does not include
 29.16 construction contracts.

29.17 Subd. 5. **Security in lieu of bond.** The authority may accept a certified check or
 29.18 cashier's check in the same amount as required for a bond in lieu of a performance bond
 29.19 for contracts entered into by an authority for an expenditure of less than ~~\$50,000~~ the
 29.20 minimum threshold amount in section 471.345, subdivision 3. The check must be held by
 29.21 the authority for 90 days after the contract has been completed. If no suit is brought within
 29.22 the 90 days, the authority must return the amount of the check to the person making it. If a
 29.23 suit is brought within the 90-day period, the authority must disburse the amount of the
 29.24 check pursuant to the order of the court.

29.25 Sec. 16. Minnesota Statutes 2008, section 641.12, subdivision 1, is amended to read:

29.26 Subdivision 1. **Fee.** A county board may require that each person who is booked for
 29.27 confinement at a county or regional jail, and not released upon completion of the booking
 29.28 process, pay a fee ~~of up to \$10~~ to the sheriff's department of the county in which the jail
 29.29 is located to cover costs incurred by the county in the booking of that person. The fee
 29.30 is payable immediately from any money then possessed by the person being booked, or
 29.31 any money deposited with the sheriff's department on the person's behalf. If the person
 29.32 has no funds at the time of booking or during the period of any incarceration, the sheriff
 29.33 shall notify the district court in the county where the charges related to the booking are
 29.34 pending, and shall request the assessment of the fee. Notwithstanding section 609.10 or
 29.35 609.125, upon notification from the sheriff, the district court must order the fee paid to the

30.1 sheriff's department as part of any sentence or disposition imposed. If the person is not
 30.2 charged, is acquitted, or if the charges are dismissed, the sheriff shall return the fee to the
 30.3 person at the last known address listed in the booking records.

30.4 Sec. 17. FIRST MEETING AFTER EFFECTIVE DATE OF ACT.

30.5 The first meeting of the Legislative Commission on Mandate Reform must be held
 30.6 as soon as practicable after all appointments are made. The speaker of the house must
 30.7 designate a commission member to convene the first meeting. The first commission serves
 30.8 until a new commission is appointed at the beginning of the next biennium.

30.9 **ARTICLE 4**

30.10 **TRUTH IN TAXATION**

30.11 Section 1. Minnesota Statutes 2008, section 123B.10, subdivision 1, is amended to read:

30.12 Subdivision 1. **Budgets; form of notification.** (a) Every board must publish revenue
 30.13 and expenditure budgets for the current year and the actual revenues, expenditures, fund
 30.14 balances for the prior year and projected fund balances for the current year in a form
 30.15 prescribed by the commissioner within one week of the acceptance of the final audit by
 30.16 the board, or November 30, whichever is earlier. The forms prescribed must be designed
 30.17 so that year to year comparisons of revenue, expenditures and fund balances can be made.

30.18 (b) A school board annually must notify the public of its revenue, expenditures, fund
 30.19 balances, and other relevant budget information. The board must ~~include the budget~~
 30.20 ~~information required by this section in the materials provided as a part of its truth in~~
 30.21 ~~taxation hearing,~~ post the materials in a conspicuous place on the district's official Web
 30.22 site, including a link to the district's school report card on the Department of Education's
 30.23 Web site, and publish the information in a qualified newspaper of general circulation
 30.24 in the district.

30.25 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 30.26 thereafter.

30.27 Sec. 2. Minnesota Statutes 2008, section 275.065, subdivision 1, is amended to read:

30.28 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the
 30.29 contrary, on or before September ~~15~~ 5, each taxing authority, other than a school district,
 30.30 shall adopt a proposed budget and shall certify to the county auditor the proposed or, in
 30.31 the case of a town, the final property tax levy for taxes payable in the following year.

30.32 (b) On or before September ~~30~~ 20, each school district that has not mutually agreed
 30.33 with its home county to extend this date shall certify to the county auditor the proposed
 30.34 property tax levy for taxes payable in the following year. Each school district that has

31.1 agreed with its home county to delay the certification of its proposed property tax levy
31.2 must certify its proposed property tax levy for the following year no later than ~~October 7~~
31.3 September 28. The school district shall certify the proposed levy as:

31.4 (1) a specific dollar amount by school district fund, broken down between
31.5 voter-approved and non-voter-approved levies and between referendum market value
31.6 and tax capacity levies; or

31.7 (2) the maximum levy limitation certified by the commissioner of education
31.8 according to section 126C.48, subdivision 1.

31.9 (c) If the board of estimate and taxation or any similar board that establishes
31.10 maximum tax levies for taxing jurisdictions within a first class city certifies the maximum
31.11 property tax levies for funds under its jurisdiction by charter to the county auditor by
31.12 ~~September 15~~ 1, the city shall be deemed to have certified its levies for those taxing
31.13 jurisdictions.

31.14 (d) For purposes of this section, "taxing authority" includes all home rule and
31.15 statutory cities, towns, counties, school districts, and special taxing districts as defined
31.16 in section 275.066. Intermediate school districts that levy a tax under chapter 124 or
31.17 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common
31.18 School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing
31.19 districts for purposes of this section.

31.20 (e) At the meeting where the taxing authority adopts its proposed tax levy under
31.21 paragraph (a) or (b), the taxing authority shall announce the time and place of its
31.22 subsequent regularly scheduled meetings at which the budget levy will be discussed and at
31.23 which the public will be allowed to speak. The time and place of those meetings must
31.24 be included in the proceedings or summary of the proceedings published in the official
31.25 newspaper of the taxing authority under sections 123B.09, 375.12, or 412.191.

31.26 **EFFECTIVE DATE.** This section is effective for proposed notices prepared in 2010
31.27 and thereafter, for property taxes payable in 2011 and thereafter, except that paragraph
31.28 (e) is effective for taxes payable in 2010 and thereafter.

31.29 Sec. 3. Minnesota Statutes 2008, section 275.065, subdivision 1a, is amended to read:

31.30 Subd. 1a. **Overlapping jurisdictions.** In the case of a taxing authority lying in two
31.31 or more counties, the home county auditor shall certify the proposed levy and the proposed
31.32 local tax rate to the other county auditor by ~~October 5~~ September 20, unless the home
31.33 county has agreed to delay the certification of its proposed property tax levy, in which case
31.34 the home county auditor shall certify the proposed levy and the proposed local tax rate
31.35 to the other county auditor by ~~October 10~~ September 25. The home county auditor must

32.1 estimate the levy or rate in preparing the notices required in subdivision 3, if the other
 32.2 county has not certified the appropriate information. If requested by the home county
 32.3 auditor, the other county auditor must furnish an estimate to the home county auditor.

32.4 **EFFECTIVE DATE.** This section is effective for proposed notices prepared in
 32.5 2010 and thereafter, for property taxes payable in 2011 and thereafter.

32.6 Sec. 4. Minnesota Statutes 2008, section 275.065, subdivision 1c, is amended to read:

32.7 Subd. 1c. **Levy; shared, merged, consolidated services.** If two or more taxing
 32.8 authorities are in the process of negotiating an agreement for sharing, merging, or
 32.9 consolidating services between those taxing authorities at the time the proposed levy is to
 32.10 be certified under subdivision 1, each taxing authority involved in the negotiation shall
 32.11 certify its total proposed levy as provided in that subdivision, including a notification to the
 32.12 county auditor of the specific service involved in the agreement which is not yet finalized.
 32.13 The affected taxing authorities may amend their proposed levies under subdivision 1 until
 32.14 ~~October 10~~ September 25 for levy amounts relating only to the specific service involved.

32.15 **EFFECTIVE DATE.** This section is effective for proposed notices prepared in
 32.16 2010 and thereafter, for property taxes payable in 2011 and thereafter.

32.17 Sec. 5. Minnesota Statutes 2008, section 275.065, subdivision 3, is amended to read:

32.18 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare
 32.19 and the county treasurer shall deliver after ~~November 10~~ October 15 and on or before
 32.20 ~~November~~ October 24 each year, by first class mail to each taxpayer at the address listed
 32.21 on the county's current year's assessment roll, a notice of proposed property taxes. Upon
 32.22 written request by the taxpayer, the treasurer may send the notice in electronic form or by
 32.23 electronic mail instead of on paper or by ordinary mail.

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

32.25 (c) The notice must inform taxpayers that it contains the amount of property taxes
 32.26 each taxing authority proposes to collect for taxes payable the following year. In the
 32.27 case of a town, or in the case of the state general tax, the final tax amount will be its
 32.28 proposed tax. ~~In the case of taxing authorities required to hold a public meeting under~~
 32.29 ~~subdivision 6, the notice must clearly state that each taxing authority, including regional~~
 32.30 ~~library districts established under section 134.201, and including the metropolitan taxing~~
 32.31 ~~districts as defined in paragraph (i), but excluding all other special taxing districts and~~
 32.32 ~~towns, will hold a public meeting to receive public testimony on the proposed budget and~~
 32.33 ~~proposed or final property tax levy, or, in case of a school district, on the current budget~~
 32.34 ~~and proposed property tax levy.~~ The notice must clearly state for each city, county, school

33.1 district, regional library authority established under section 134.201, and metropolitan
33.2 taxing districts as defined in paragraph (i), the time and place of the taxing authorities
33.3 regularly scheduled meetings occurring after October 24 at which the budget and levy will
33.4 be discussed. The taxing authorities must provide the county auditor with the information
33.5 to be included in the notice on or before the time it certifies its proposed levy under
33.6 subdivision 1. The public shall be allowed to speak at that meeting. It must clearly state
33.7 ~~the time and place of each taxing authority's meeting,~~ provide a telephone number for the
33.8 taxing authority that taxpayers may call if they have questions related to the notice, and an
33.9 address where comments will be received by mail.

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

33.11 (1) the market value of the property as determined under section 273.11, and used
33.12 for computing property taxes payable in the following year and for taxes payable in the
33.13 current year as each appears in the records of the county assessor on ~~November~~ October
33.14 1 of the current year; and, in the case of residential property, whether the property is
33.15 classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the
33.16 years to which the market values apply and that the values are final values;

33.17 (2) the items listed below, shown separately by county, city or town, and state general
33.18 tax, net of the residential and agricultural homestead credit under section 273.1384, voter
33.19 approved school levy, other local school levy, and the sum of the special taxing districts,
33.20 and as a total of all taxing authorities:

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

33.22 (ii) the proposed tax amount.

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

33.26 In the case of a town or the state general tax, the final tax shall also be its proposed
33.27 tax unless the town changes its levy at a special town meeting under section 365.52. If a
33.28 school district has certified under section 126C.17, subdivision 9, that a referendum will
33.29 be held in the school district at the November general election, the county auditor must
33.30 note next to the school district's proposed amount that a referendum is pending and that, if
33.31 approved by the voters, the tax amount may be higher than shown on the notice. In the
33.32 case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be
33.33 listed separately from the remaining amount of the city's levy. In the case of the city of
33.34 St. Paul, the levy for the St. Paul Library Agency must be listed separately from the
33.35 remaining amount of the city's levy. In the case of Ramsey County, any amount levied
33.36 under section 134.07 may be listed separately from the remaining amount of the county's

34.1 levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax
34.2 under chapter 276A or 473F applies, the proposed tax levy on the captured value or the
34.3 proposed tax levy on the tax capacity subject to the areawide tax must each be stated
34.4 separately and not included in the sum of the special taxing districts; and

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

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

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

34.12 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

35.5 (i) For purposes of this subdivision, ~~subdivisions~~ and subdivision 5a and 6,
35.6 "metropolitan special taxing districts" means the following taxing districts in the
35.7 seven-county metropolitan area that levy a property tax for any of the specified purposes
35.8 listed below:

35.9 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,
35.10 473.446, 473.521, 473.547, or 473.834;

35.11 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672;
35.12 and

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

35.14 For purposes of this section, any levies made by the regional rail authorities in the
35.15 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
35.16 398A shall be included with the appropriate county's levy ~~and shall be discussed at that~~
35.17 ~~county's public hearing.~~

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

35.25 (1) the impact of inflation as measured by the implicit price deflator for state and
35.26 local government purchases;

35.27 (2) population growth and decline;

35.28 (3) state or federal government action; and

35.29 (4) other financial factors that affect the level of property taxation and local services
35.30 that the governing body of the county, city, or school district may deem appropriate to
35.31 include.

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

36.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
36.2 thereafter, except that the changes advancing the dates for preparing and mailing the
36.3 notices are effective for proposed notices in 2010, for taxes payable in 2011 and thereafter.

36.4 Sec. 6. Minnesota Statutes 2008, section 275.065, subdivision 6, is amended to read:

36.5 Subd. 6. ~~Public hearing; Adoption of budget and levy.~~ (a) ~~For purposes of this~~
36.6 ~~section, the following terms shall have the meanings given:~~

36.7 (1) ~~"Initial hearing" means the first and primary hearing held to discuss the taxing~~
36.8 ~~authority's proposed budget and proposed property tax levy for taxes payable in the~~
36.9 ~~following year, or, for school districts, the current budget and the proposed property tax~~
36.10 ~~levy for taxes payable in the following year.~~

36.11 (2) ~~"Continuation hearing" means a hearing held to complete the initial hearing, if~~
36.12 ~~the initial hearing is not completed on its scheduled date.~~

36.13 (3) ~~"Subsequent hearing" means the hearing held to adopt the taxing authority's final~~
36.14 ~~property tax levy, and, in the case of taxing authorities other than school districts, the final~~
36.15 ~~budget, for taxes payable in the following year.~~

36.16 (b) ~~Between November 29 and December 20, the governing bodies of a city that has a~~
36.17 ~~population over 500, county, metropolitan special taxing districts as defined in subdivision~~
36.18 ~~3, paragraph (i), and regional library districts shall each hold an initial public hearing~~
36.19 ~~to discuss and seek public comment on its final budget and property tax levy for taxes~~
36.20 ~~payable in the following year, and the governing body of the school district shall hold an~~
36.21 ~~initial public hearing to review its current budget and proposed property tax levy for taxes~~
36.22 ~~payable in the following year. The metropolitan special taxing districts shall be required to~~
36.23 ~~hold only a single joint initial public hearing, the location of which will be determined by~~
36.24 ~~the affected metropolitan agencies. A city, county, metropolitan special taxing district as~~
36.25 ~~defined in subdivision 3, paragraph (i), regional library district established under section~~
36.26 ~~134.201, or school district is not required to hold a public hearing under this subdivision~~
36.27 ~~unless its proposed property tax levy for taxes payable in the following year, as certified~~
36.28 ~~under subdivision 1, has increased over its final property tax levy for taxes payable in the~~
36.29 ~~current year by a percentage that is greater than the percentage increase in the implicit~~
36.30 ~~price deflator for government consumption expenditures and gross investment for state~~
36.31 ~~and local governments prepared by the Bureau of Economic Analysts of the United States~~
36.32 ~~Department of Commerce for the 12-month period ending March 31 of the current year.~~

36.33 (c) ~~The initial hearing must be held after 5:00 p.m. if scheduled on a day other than~~
36.34 ~~Saturday. No initial hearing may be held on a Sunday.~~

37.1 ~~(d) At the initial hearing under this subdivision, the percentage increase in property~~
37.2 ~~taxes proposed by the taxing authority, if any, and the specific purposes for which property~~
37.3 ~~tax revenues are being increased must be discussed. During the discussion, the governing~~
37.4 ~~body shall hear comments regarding a proposed increase and explain the reasons for the~~
37.5 ~~proposed increase. The public shall be allowed to speak and to ask questions. At the public~~
37.6 ~~hearing, the school district must also provide and discuss information on the distribution~~
37.7 ~~of its revenues by revenue source, and the distribution of its spending by program area.~~

37.8 ~~(e) If the initial hearing is not completed on its scheduled date, the taxing authority~~
37.9 ~~must announce, prior to adjournment of the hearing, the date, time, and place for the~~
37.10 ~~continuation of the hearing. The continuation hearing must be held at least five business~~
37.11 ~~days but no more than 14 business days after the initial hearing. A continuation hearing~~
37.12 ~~may not be held later than December 20 except as provided in paragraphs (f) and (g).~~
37.13 ~~A continuation hearing must be held after 5:00 p.m. if scheduled on a day other than~~
37.14 ~~Saturday. No continuation hearing may be held on a Sunday.~~

37.15 ~~(f) The governing body of a county shall hold its initial hearing on the first Thursday~~
37.16 ~~in December each year, and may hold additional initial hearings on other dates before~~
37.17 ~~December 20 if necessary for the convenience of county residents. If the county needs a~~
37.18 ~~continuation of its hearing, the continuation hearing shall be held on the third Tuesday~~
37.19 ~~in December. If the third Tuesday in December falls on December 21, the county's~~
37.20 ~~continuation hearing shall be held on Monday, December 20.~~

37.21 ~~(g) The metropolitan special taxing districts shall hold a joint initial public hearing~~
37.22 ~~on the first Wednesday of December. A continuation hearing, if necessary, shall be held on~~
37.23 ~~the second Wednesday of December even if that second Wednesday is after December 10.~~

37.24 ~~(h) The county auditor shall provide for the coordination of initial and continuation~~
37.25 ~~hearing dates for all school districts and cities within the county to prevent conflicts under~~
37.26 ~~clauses (i) and (j).~~

37.27 ~~(i) By August 10, each school board and the board of the regional library district~~
37.28 ~~shall certify to the county auditors of the counties in which the school district or regional~~
37.29 ~~library district is located the dates on which it elects to hold its initial hearing and any~~
37.30 ~~continuation hearing. If a school board or regional library district does not certify these~~
37.31 ~~dates by August 10, the auditor will assign the initial and continuation hearing dates. The~~
37.32 ~~dates elected or assigned must not conflict with the initial and continuation hearing dates~~
37.33 ~~of the county or the metropolitan special taxing districts.~~

37.34 ~~(j) By August 20, the county auditor shall notify the clerks of the cities within the~~
37.35 ~~county of the dates on which school districts and regional library districts have elected to~~
37.36 ~~hold their initial and continuation hearings. At the time a city certifies its proposed levy~~

38.1 ~~under subdivision 1 it shall certify the dates on which it elects to hold its initial hearing and~~
38.2 ~~any continuation hearing. Until September 15, the first and second Mondays of December~~
38.3 ~~are reserved for the use of the cities. If a city does not certify its hearing dates by~~
38.4 ~~September 15, the auditor shall assign the initial and continuation hearing dates. The dates~~
38.5 ~~elected or assigned for the initial hearing must not conflict with the initial hearing dates~~
38.6 ~~of the county, metropolitan special taxing districts, regional library districts, or school~~
38.7 ~~districts within which the city is located. To the extent possible, the dates of the city's~~
38.8 ~~continuation hearing should not conflict with the continuation hearing dates of the county,~~
38.9 ~~metropolitan special taxing districts, regional library districts, or school districts within~~
38.10 ~~which the city is located. This paragraph does not apply to cities of 500 population or less.~~

38.11 ~~(k) The county initial hearing date and the city, metropolitan special taxing district,~~
38.12 ~~regional library district, and school district initial hearing dates must be designated on~~
38.13 ~~the notices required under subdivision 3. The continuation hearing dates need not be~~
38.14 ~~stated on the notices.~~

38.15 ~~(l) At a subsequent hearing, each county, school district, city over 500 population,~~
38.16 ~~and metropolitan special taxing district may amend its proposed property tax levy~~
38.17 ~~and must adopt a final property tax levy. Each county, city over 500 population, and~~
38.18 ~~metropolitan special taxing district may also amend its proposed budget and must adopt a~~
38.19 ~~final budget at the subsequent hearing. The final property tax levy must be adopted prior~~
38.20 ~~to adopting the final budget. A school district is not required to adopt its final budget at the~~
38.21 ~~subsequent hearing. The subsequent hearing of a taxing authority must be held on a date~~
38.22 ~~subsequent to the date of the taxing authority's initial public hearing. If a continuation~~
38.23 ~~hearing is held, the subsequent hearing must be held either immediately following the~~
38.24 ~~continuation hearing or on a date subsequent to the continuation hearing. The subsequent~~
38.25 ~~hearing may be held at a regularly scheduled board or council meeting or at a special~~
38.26 ~~meeting scheduled for the purposes of the subsequent hearing. The subsequent hearing~~
38.27 ~~of a taxing authority does not have to be coordinated by the county auditor to prevent a~~
38.28 ~~conflict with an initial hearing, a continuation hearing, or a subsequent hearing of any~~
38.29 ~~other taxing authority. All subsequent hearings must be held prior to five working days~~
38.30 ~~after December 20 of the levy year. The date, time, and place of the subsequent hearing~~
38.31 ~~must be announced at the initial public hearing or at the continuation hearing.~~

38.32 ~~(m) (a) The property tax levy certified under section 275.07 by a city of any~~
38.33 ~~population, county, metropolitan special taxing district, regional library district, or school~~
38.34 ~~district must not exceed the proposed levy determined under subdivision 1, except by an~~
38.35 ~~amount up to the sum of the following amounts:~~

39.1 (1) the amount of a school district levy whose voters approved a referendum to
 39.2 increase taxes under section 123B.63, subdivision 3, or 126C.17, subdivision 9, after
 39.3 the proposed levy was certified;

39.4 (2) the amount of a city or county levy approved by the voters after the proposed
 39.5 levy was certified;

39.6 (3) the amount of a levy to pay principal and interest on bonds approved by the
 39.7 voters under section 475.58 after the proposed levy was certified;

39.8 (4) the amount of a levy to pay costs due to a natural disaster occurring after the
 39.9 proposed levy was certified, if that amount is approved by the commissioner of revenue
 39.10 under subdivision 6a;

39.11 (5) the amount of a levy to pay tort judgments against a taxing authority that become
 39.12 final after the proposed levy was certified, if the amount is approved by the commissioner
 39.13 of revenue under subdivision 6a;

39.14 (6) the amount of an increase in levy limits certified to the taxing authority by the
 39.15 commissioner of education or the commissioner of revenue after the proposed levy was
 39.16 certified; ~~and~~

39.17 (7) the amount required under section 126C.55; and

39.18 (8) the amount of unallotment under section 16A.152 that was recertified under
 39.19 section 275.07, subdivision 6.

39.20 ~~(n)~~ (b) This subdivision does not apply to towns and special taxing districts other
 39.21 than regional library districts and metropolitan special taxing districts.

39.22 ~~(o)~~ (c) Notwithstanding the requirements of this section, the employer is required to
 39.23 meet and negotiate over employee compensation as provided for in chapter 179A.

39.24 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 39.25 thereafter.

39.26 Sec. 7. Minnesota Statutes 2008, section 275.07, subdivision 1, is amended to read:

39.27 Subdivision 1. **Certification of levy.** (a) Except as provided under paragraph (b),
 39.28 the taxes voted by cities, counties, school districts, and special districts shall be certified
 39.29 by the proper authorities to the county auditor on or before five working days after
 39.30 December ~~20~~ 10 in each year. A town must certify the levy adopted by the town board to
 39.31 the county auditor by September ~~15~~ 5 each year. If the town board modifies the levy at
 39.32 a special town meeting after September ~~15~~ 5, the town board must recertify its levy to
 39.33 the county auditor on or before five working days after December ~~20~~ 10. If a city, town,
 39.34 county, school district, or special district fails to certify its levy by that date, its levy shall
 39.35 be the amount levied by it for the preceding year.

40.1 (b)(i) The taxes voted by counties under sections 103B.241, 103B.245, and
 40.2 103B.251 shall be separately certified by the county to the county auditor on or before
 40.3 five working days after December ~~20~~ 10 in each year. The taxes certified shall not be
 40.4 reduced by the county auditor by the aid received under section 273.1398, subdivision
 40.5 3. If a county fails to certify its levy by that date, its levy shall be the amount levied by
 40.6 it for the preceding year.

40.7 (ii) For purposes of the proposed property tax notice under section 275.065 and
 40.8 the property tax statement under section 276.04, for the first year in which the county
 40.9 implements the provisions of this paragraph, the county auditor shall reduce the county's
 40.10 levy for the preceding year to reflect any amount levied for water management purposes
 40.11 under clause (i) included in the county's levy.

40.12 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2011
 40.13 and thereafter.

40.14 Sec. 8. Minnesota Statutes 2008, section 275.07, subdivision 4, is amended to read:

40.15 Subd. 4. **Report to commissioner.** (a) On or before ~~October 8~~ September 20 of
 40.16 each year, the county auditor shall report to the commissioner of revenue the proposed
 40.17 levy certified by local units of government under section 275.065, subdivision 1. If
 40.18 any taxing authorities have notified the county auditor that they are in the process of
 40.19 negotiating an agreement for sharing, merging, or consolidating services but that when
 40.20 the proposed levy was certified under section 275.065, subdivision 1c, the agreement was
 40.21 not yet finalized, the county auditor shall supply that information to the commissioner
 40.22 when filing the report under this section and shall recertify the affected levies as soon as
 40.23 practical after ~~October 10~~ September 25.

40.24 (b) On or before January ~~15~~ 5 of each year, the county auditor shall report to the
 40.25 commissioner of revenue the final levy certified by local units of government under
 40.26 subdivision 1.

40.27 (c) The levies must be reported in the manner prescribed by the commissioner.

40.28 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2011
 40.29 and thereafter.

40.30 Sec. 9. Minnesota Statutes 2008, section 375.194, subdivision 5, is amended to read:

40.31 Subd. 5. **Determination of county tax rate.** The eligible county's proposed and
 40.32 final tax rates shall be determined by dividing the certified levy by the total taxable net tax
 40.33 capacity, without regard to any abatements granted under this section. ~~The county board~~

41.1 ~~shall make available the estimated amount of the abatement at the public hearing under~~
 41.2 ~~section 275.065, subdivision 6.~~

41.3 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 41.4 thereafter.

41.5 Sec. 10. Minnesota Statutes 2008, section 383A.75, subdivision 3, is amended to read:

41.6 Subd. 3. **Duties.** The committee is authorized to and shall meet from time to time
 41.7 to make appropriate recommendations for the efficient and effective use of property tax
 41.8 dollars raised by the jurisdictions for programs, buildings, and operations. In addition,
 41.9 the committee shall:

41.10 (1) identify trends and factors likely to be driving budget outcomes over the next
 41.11 five years with recommendations for how the jurisdictions should manage those trends
 41.12 and factors to increase efficiency and effectiveness;

41.13 (2) agree, by October 1 of each year, on the appropriate level of overall property tax
 41.14 levy for the three jurisdictions and publicly report such to the governing bodies of each
 41.15 jurisdiction for ratification or modification by resolution; and

41.16 ~~(3) plan for the joint truth-in-taxation hearings under section 275.065, subdivision~~
 41.17 ~~8; and~~

41.18 ~~(4)~~ (3) identify, by December 31 of each year, areas of the budget to be targeted in
 41.19 the coming year for joint review to improve services or achieve efficiencies.

41.20 In carrying out its duties, the committee shall consult with public employees of
 41.21 each jurisdiction and with other stakeholders of the city, county, and school district, as
 41.22 appropriate.

41.23 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 41.24 thereafter.

41.25 Sec. 11. Minnesota Statutes 2008, section 446A.086, subdivision 8, is amended to read:

41.26 Subd. 8. **Tax levy for repayment.** (a) With the approval of the authority, a
 41.27 governmental unit may levy in the year the state makes a payment under this section an
 41.28 amount up to the amount necessary to provide funds for the repayment of the amount paid
 41.29 by the state plus interest through the date of estimated repayment by the governmental
 41.30 unit. The proceeds of this levy may be used only for this purpose unless they exceed the
 41.31 amount actually due. Any excess must be used to repay other state payments made under
 41.32 this section or must be deposited in the debt redemption fund of the governmental unit.
 41.33 The amount of aids to be reduced to repay the state are decreased by the amount levied.

42.1 (b) If the state is not repaid in full for a payment made under this section by
42.2 November 30 of the calendar year following the year in which the state makes the
42.3 payment, the authority shall require the governmental unit to certify a property tax levy in
42.4 an amount up to the amount necessary to provide funds for repayment of the amount paid
42.5 by the state plus interest through the date of estimated repayment by the governmental unit.
42.6 To prevent undue hardship, the authority may allow the governmental unit to certify the
42.7 levy over a five-year period. The proceeds of the levy may be used only for this purpose
42.8 unless they are in excess of the amount actually due, in which case the excess must be used
42.9 to repay other state payments made under this section or must be deposited in the debt
42.10 redemption fund of the governmental unit. If the authority orders the governmental unit to
42.11 levy, the amount of aids reduced to repay the state are decreased by the amount levied.

42.12 ~~(c) A levy under this subdivision is an increase in the levy limits of the governmental~~
42.13 ~~unit for purposes of section 275.065, subdivision 6, and must be explained as a specific~~
42.14 ~~increase at the meeting required under that provision.~~

42.15 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
42.16 thereafter.

42.17 Sec. 12. Minnesota Statutes 2008, section 465.719, subdivision 9, is amended to read:

42.18 Subd. 9. **Application of other laws.** A corporation created by a political subdivision
42.19 under this section must comply with every law that applies to the political subdivision,
42.20 as if the corporation is a part of the political subdivision, unless the resolution ratifying
42.21 creation of the corporation specifically exempts the corporation from part or all of a law.
42.22 If the resolution exempts the corporation from part or all of a law, the resolution must
42.23 make a detailed and specific finding as to why the corporation cannot fulfill its purpose if
42.24 the corporation is subject to that law. A corporation may not be exempted from chapter
42.25 13D, the Minnesota Open Meeting Law, sections 138.163 to 138.25, governing records
42.26 management, or chapter 13, the Minnesota Government Data Practices Act. Any affected
42.27 or interested person may bring an action in district court to void the resolution on the
42.28 grounds that the findings are not sufficiently detailed and specific, or that the corporation
42.29 can fulfill its purpose if it is subject to the law from which the resolution exempts the
42.30 corporation. Laws that apply to a political subdivision that also apply to a corporation
42.31 created by a political subdivision under this subdivision include, but are not limited to:

- 42.32 (1) chapter 13D, the Minnesota Open Meeting Law;
- 42.33 (2) chapter 13, the Minnesota Government Data Practices Act;
- 42.34 (3) section 471.345, the Uniform Municipal Contracting Law;

43.1 (4) sections 43A.17, limiting the compensation of employees based on the governor's
 43.2 salary; 471.991 to 471.999, providing for equitable pay; and 465.72 and 465.722,
 43.3 governing severance pay;

43.4 ~~(5) section 275.065, providing for truth-in-taxation hearings. If any tax revenues of~~
 43.5 ~~the political subdivision will be appropriated to the corporation, the corporation's annual~~
 43.6 ~~operating and capital budgets must be included in the truth-in-taxation hearing of the~~
 43.7 ~~political subdivision that created the corporation;~~

43.8 ~~(6)~~ (5) if the corporation issues debt, its debt is included in the political subdivision's
 43.9 debt limit if it would be included if issued by the political subdivision, and issuance of the
 43.10 debt is subject to the election and other requirements of chapter 475 and section 471.69;

43.11 ~~(7)~~ (6) section 471.895, prohibiting acceptance of gifts from interested parties, and
 43.12 sections 471.87 to 471.89, relating to interests in contracts;

43.13 ~~(8)~~ (7) chapter 466, relating to municipal tort liability;

43.14 ~~(9)~~ (8) chapter 118A, requiring deposit insurance or bond or pledged collateral for
 43.15 deposits;

43.16 ~~(10)~~ (9) chapter 118A, restricting investments;

43.17 ~~(11)~~ (10) section 471.346, requiring ownership of vehicles to be identified;

43.18 ~~(12)~~ (11) sections 471.38 to 471.41, requiring claims to be in writing, itemized, and
 43.19 approved by the governing board before payment can be made; and

43.20 ~~(13)~~ (12) the corporation cannot make advances of pay, make or guarantee loans to
 43.21 employees, or provide in-kind benefits unless authorized by law.

43.22 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 43.23 thereafter.

43.24 Sec. 13. Minnesota Statutes 2008, section 473.13, subdivision 1, is amended to read:

43.25 Subdivision 1. **Budget.** (a) On or before December ~~20~~ 10 of each year, the council;
 43.26 ~~after the public hearing required in section 275.065,~~ shall adopt a final budget covering its
 43.27 anticipated receipts and disbursements for the ensuing year and shall decide upon the total
 43.28 amount necessary to be raised from ad valorem tax levies to meet its budget. The budget
 43.29 shall state in detail the expenditures for each program to be undertaken, including the
 43.30 expenses for salaries, consultant services, overhead, travel, printing, and other items. The
 43.31 budget shall state in detail the capital expenditures of the council for the budget year, based
 43.32 on a five-year capital program adopted by the council and transmitted to the legislature.
 43.33 After adoption of the budget and no later than five working days after December 20, the
 43.34 council shall certify to the auditor of each metropolitan county the share of the tax to be
 43.35 levied within that county, which must be an amount bearing the same proportion to the

44.1 total levy agreed on by the council as the net tax capacity of the county bears to the net tax
 44.2 capacity of the metropolitan area. The maximum amount of any levy made for the purpose
 44.3 of this chapter may not exceed the limits set by the statute authorizing the levy.

44.4 (b) Each even-numbered year the council shall prepare for its transit programs a
 44.5 financial plan for the succeeding three calendar years, in half-year segments. The financial
 44.6 plan must contain schedules of user charges and any changes in user charges planned or
 44.7 anticipated by the council during the period of the plan. The financial plan must contain a
 44.8 proposed request for state financial assistance for the succeeding biennium.

44.9 (c) In addition, the budget must show for each year:

44.10 (1) the estimated operating revenues from all sources including funds on hand at the
 44.11 beginning of the year, and estimated expenditures for costs of operation, administration,
 44.12 maintenance, and debt service;

44.13 (2) capital improvement funds estimated to be on hand at the beginning of the year
 44.14 and estimated to be received during the year from all sources and estimated cost of capital
 44.15 improvements to be paid out or expended during the year, all in such detail and form as
 44.16 the council may prescribe; and

44.17 (3) the estimated source and use of pass-through funds.

44.18 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 44.19 thereafter, except that the date change in certifying the budget is effective for taxes
 44.20 payable in 2011 and thereafter.

44.21 Sec. 14. **REPEALER.**

44.22 Minnesota Statutes 2008, section 275.065, subdivisions 5a, 6b, 6c, 8, 9, and 10, are
 44.23 repealed.

44.24 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 44.25 thereafter.

44.26 **ARTICLE 5**
 44.27 **PROPERTY TAX**

44.28 Section 1. Minnesota Statutes 2008, section 272.02, subdivision 7, is amended to read:

44.29 Subd. 7. **Institutions of public charity.** (a) Institutions of purely public charity that
 44.30 are exempt from federal income taxation under section 501(c)(3) of the Internal Revenue
 44.31 Code are exempt; if they meet the requirements of this subdivision. In determining
 44.32 whether real property is exempt under this subdivision, the following factors must be
 44.33 considered:

45.1 (1) whether the stated purpose of the undertaking is to be helpful to others without
45.2 immediate expectation of material reward;

45.3 (2) whether the institution of public charity is supported by material donations, gifts,
45.4 or government grants for services to the public in whole or in part;

45.5 (3) whether a material number of the recipients of the charity receive benefits or
45.6 services at reduced or no cost, or whether the organization provides services to the public
45.7 that alleviate burdens or responsibilities that would otherwise be borne by the government;

45.8 (4) whether the income received, including material gifts and donations, produces a
45.9 profit to the charitable institution that is distributed to private interests;

45.10 (5) whether the beneficiaries of the charity are restricted or unrestricted, and, if
45.11 restricted, whether the class of persons to whom the charity is made available is one
45.12 having a reasonable relationship to the charitable objectives; and

45.13 (6) whether dividends, in form or substance, or assets upon dissolution, are available
45.14 to private interests.

45.15 A charitable organization must satisfy the factors in clauses (1) to (6) for its property
45.16 to be exempt under this subdivision, unless there is a reasonable justification for missing
45.17 the factors in clause (2), (3), or (5). If there is reasonable justification for failing to meet
45.18 the factors in clause (2), (3), or (5), an organization is a purely public charity under this
45.19 subdivision without meeting those factors. After an exemption is properly granted under
45.20 this subdivision, it will remain in effect unless there is a material change in facts.

45.21 (b) For purposes of this subdivision, a grant is a written instrument or electronic
45.22 document defining a legal relationship between a granting agency and a grantee when
45.23 the principal purpose of the relationship is to transfer cash or something of value to the
45.24 grantee to support a public purpose authorized by law in a general manner instead of
45.25 acquiring by professional or technical contract, purchase, lease, or barter property or
45.26 services for the direct benefit or use of the granting agency.

45.27 (c) In determining whether rental housing property qualifies for exemption under
45.28 this subdivision, the following are not gifts or donations to the owner of the rental housing:

45.29 (1) rent assistance provided by the government to or on behalf of tenants; and

45.30 (2) financing assistance or tax credits provided by the government to the owner on
45.31 condition that specific units or a specific quantity of units be set aside for persons or
45.32 families with certain income characteristics.

45.33 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
45.34 thereafter.

45.35 Sec. 2. **PURPOSE; COMMISSIONER OF REVENUE GUIDANCE.**

46.1 The purpose of section 1 is not to contract or expand the definition of "institutions
46.2 of purely public charity" but to provide clear standards that can be applied uniformly to
46.3 determine eligibility for exemption from property taxation. To carry out this purpose and
46.4 to promote uniformity in application of the provisions of section 1, the commissioner of
46.5 revenue shall prepare a bulletin providing guidance to assessors as to the commissioner's
46.6 interpretation of section 1. The bulletin may include a discussion of court decisions
46.7 that provide background to and context for section 1's provisions, as the commissioner
46.8 deems appropriate. This guidance must include examples of facts or circumstances
46.9 that satisfy the requirement of "a reasonable justification for failing to meet clause (2),
46.10 (3), or (5)" under section 1. Assessors shall give due consideration to the bulletin in
46.11 assessing property requesting an exemption as an institution of purely public charity. The
46.12 commissioner shall distribute the bulletin to all assessors by July 1, 2010.

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

46.14 Sec. 3. Minnesota Statutes 2008, section 272.02, is amended by adding a subdivision
46.15 to read:

46.16 Subd. 90. **Nursing homes.** A nursing home licensed under section 144A.02 or a
46.17 boarding care home certified as a nursing facility under title 19 of the Social Security
46.18 Act that is exempt from federal income taxation pursuant to section 501(c)(3) of the
46.19 Internal Revenue Code is exempt from property taxation if the nursing home or boarding
46.20 care home either:

46.21 (1) is certified to participate in the medical assistance program under title 19 of
46.22 the Social Security Act; or

46.23 (2) certifies to the commissioner of revenue that it does not discharge residents
46.24 due to the inability to pay.

46.25 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
46.26 thereafter.

46.27 Sec. 4. Minnesota Statutes 2008, section 273.1231, subdivision 1, is amended to read:

46.28 Subdivision 1. **Applicability.** For purposes of sections 273.1231 to ~~273.1235~~
46.29 273.1236, the following words, terms, and phrases have the meanings given them in this
46.30 section unless the language or context clearly indicates that a different meaning is intended.

46.31 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and
46.32 thereafter.

46.33 Sec. 5. Minnesota Statutes 2008, section 273.1232, subdivision 1, is amended to read:

47.1 Subdivision 1. **Reassessments required.** For the purposes of sections 273.1231 to
47.2 ~~273.1235~~ 273.1236, the county assessor must reassess all damaged property in a disaster
47.3 or emergency area, except that the commissioner of revenue shall reassess all property
47.4 for which an application is submitted to the commissioner under section 273.1233 or
47.5 273.1235. As soon as practical, the assessor or commissioner of revenue must report
47.6 the reassessed value to the county auditor.

47.7 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and
47.8 thereafter.

47.9 Sec. 6. **[273.1236] DISASTER-DAMAGED HOMES; PARTIAL VALUATION**
47.10 **EXCLUSION.**

47.11 (a) A homestead property that (i) sustained physical damage from a disaster or
47.12 emergency resulting in a reassessed market value that is at least \$15,000 less than the
47.13 market value of the property established for the January 2 assessment in the year in which
47.14 the damage occurred, (ii) has been restored or rebuilt by the end of the year following the
47.15 year in which the damage occurred, (iii) has a gross living area after reconstruction that
47.16 does not exceed 130 percent of the gross living area prior to the disaster or emergency, and
47.17 (iv) has an estimated market value for the assessment year following the year in which
47.18 the restoration or reconstruction was completed that exceeds its estimated market value
47.19 established for the January 2 assessment in the year in which the damage occurred by at
47.20 least \$50,000 due to the restoration or reconstruction, is eligible for a valuation exclusion
47.21 under this section for the three assessment years immediately following the year in which
47.22 the restoration or reconstruction was completed.

47.23 (b) The assessor shall determine the difference between the estimated market value
47.24 established for the January 2 assessment in the year in which the damage occurred and the
47.25 estimated market value established for the January 2 assessment in the year following the
47.26 completion of the restoration or reconstruction.

47.27 (c) In the first assessment year following the restoration or reconstruction,
47.28 three-quarters of the difference identified under paragraph (b) shall be excluded in
47.29 determining taxable market value. In the second assessment year following the restoration
47.30 or reconstruction, half of the difference identified under paragraph (b) shall be excluded in
47.31 determining taxable market value. In the third assessment year following the restoration
47.32 or reconstruction, one-quarter of the difference identified under paragraph (b) shall be
47.33 excluded in determining taxable market value.

47.34 (d) For the purposes of this section, "gross living area" includes only above-grade
47.35 living area, and does not include any finished basement living area.

48.1 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and
48.2 thereafter.

48.3 Sec. 7. Minnesota Statutes 2008, section 273.124, subdivision 1, is amended to read:

48.4 Subdivision 1. **General rule.** (a) Residential real estate that is occupied and used
48.5 for the purposes of a homestead by its owner, who must be a Minnesota resident, is
48.6 a residential homestead.

48.7 Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and
48.8 used as a homestead by its owner, who must be a Minnesota resident, is an agricultural
48.9 homestead.

48.10 Dates for establishment of a homestead and homestead treatment provided to
48.11 particular types of property are as provided in this section.

48.12 Property held by a trustee under a trust is eligible for homestead classification if the
48.13 requirements under this chapter are satisfied.

48.14 The assessor shall require proof, as provided in subdivision 13, of the facts upon
48.15 which classification as a homestead may be determined. Notwithstanding any other law,
48.16 the assessor may at any time require a homestead application to be filed in order to verify
48.17 that any property classified as a homestead continues to be eligible for homestead status.
48.18 Notwithstanding any other law to the contrary, the Department of Revenue may, upon
48.19 request from an assessor, verify whether an individual who is requesting or receiving
48.20 homestead classification has filed a Minnesota income tax return as a resident for the most
48.21 recent taxable year for which the information is available.

48.22 When there is a name change or a transfer of homestead property, the assessor may
48.23 reclassify the property in the next assessment unless a homestead application is filed to
48.24 verify that the property continues to qualify for homestead classification.

48.25 (b) For purposes of this section, homestead property shall include property which
48.26 is used for purposes of the homestead but is separated from the homestead by a road,
48.27 street, lot, waterway, or other similar intervening property. The term "used for purposes
48.28 of the homestead" shall include but not be limited to uses for gardens, garages, or other
48.29 outbuildings commonly associated with a homestead, but shall not include vacant land
48.30 held primarily for future development. In order to receive homestead treatment for
48.31 the noncontiguous property, the owner must use the property for the purposes of the
48.32 homestead, and must apply to the assessor, both by the deadlines given in subdivision
48.33 9. After initial qualification for the homestead treatment, additional applications for
48.34 subsequent years are not required.

49.1 (c) Residential real estate that is occupied and used for purposes of a homestead by a
49.2 relative of the owner is a homestead but only to the extent of the homestead treatment
49.3 that would be provided if the related owner occupied the property. For purposes of this
49.4 paragraph and paragraph (g), "relative" means a parent, stepparent, child, stepchild,
49.5 grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship
49.6 may be by blood or marriage. Property that has been classified as seasonal residential
49.7 recreational property at any time during which it has been owned by the current owner or
49.8 spouse of the current owner will not be reclassified as a homestead unless it is occupied as
49.9 a homestead by the owner; this prohibition also applies to property that, in the absence of
49.10 this paragraph, would have been classified as seasonal residential recreational property at
49.11 the time when the residence was constructed. Neither the related occupant nor the owner of
49.12 the property may claim a property tax refund under chapter 290A for a homestead occupied
49.13 by a relative. In the case of a residence located on agricultural land, only the house,
49.14 garage, and immediately surrounding one acre of land shall be classified as a homestead
49.15 under this paragraph, except as provided in paragraph (d). In the case of nonagricultural
49.16 property, this paragraph only applies to applications approved before July 1, 2009.

49.17 (d) Agricultural property that is occupied and used for purposes of a homestead by
49.18 a relative of the owner, is a homestead, only to the extent of the homestead treatment
49.19 that would be provided if the related owner occupied the property, and only if all of the
49.20 following criteria are met:

49.21 (1) the relative who is occupying the agricultural property is a son, daughter, brother,
49.22 sister, grandson, granddaughter, father, or mother of the owner of the agricultural property
49.23 or a son, daughter, brother, sister, grandson, or granddaughter of the spouse of the owner
49.24 of the agricultural property;

49.25 (2) the owner of the agricultural property must be a Minnesota resident;

49.26 (3) the owner of the agricultural property must not receive homestead treatment on
49.27 any other agricultural property in Minnesota; and

49.28 (4) the owner of the agricultural property is limited to only one agricultural
49.29 homestead per family under this paragraph.

49.30 Neither the related occupant nor the owner of the property may claim a property
49.31 tax refund under chapter 290A for a homestead occupied by a relative qualifying under
49.32 this paragraph. For purposes of this paragraph, "agricultural property" means the house,
49.33 garage, other farm buildings and structures, and agricultural land.

49.34 Application must be made to the assessor by the owner of the agricultural property to
49.35 receive homestead benefits under this paragraph. The assessor may require the necessary
49.36 proof that the requirements under this paragraph have been met.

50.1 (e) In the case of property owned by a property owner who is married, the assessor
50.2 must not deny homestead treatment in whole or in part if only one of the spouses occupies
50.3 the property and the other spouse is absent due to: (1) marriage dissolution proceedings,
50.4 (2) legal separation, (3) employment or self-employment in another location, or (4) other
50.5 personal circumstances causing the spouses to live separately, not including an intent to
50.6 obtain two homestead classifications for property tax purposes. To qualify under clause
50.7 (3), the spouse's place of employment or self-employment must be at least 50 miles distant
50.8 from the other spouse's place of employment, and the homesteads must be at least 50 miles
50.9 distant from each other. Homestead treatment, in whole or in part, shall not be denied to
50.10 the owner's spouse who previously occupied the residence with the owner if the absence
50.11 of the owner is due to one of the exceptions provided in this paragraph.

50.12 (f) The assessor must not deny homestead treatment in whole or in part if:

50.13 (1) in the case of a property owner who is not married, the owner is absent due to
50.14 residence in a nursing home, boarding care facility, or an elderly assisted living facility
50.15 property as defined in section 273.13, subdivision 25a, and the property is not otherwise
50.16 occupied; or

50.17 (2) in the case of a property owner who is married, the owner or the owner's spouse
50.18 or both are absent due to residence in a nursing home, boarding care facility, or an elderly
50.19 assisted living facility property as defined in section 273.13, subdivision 25a, and the
50.20 property is not occupied or is occupied only by the owner's spouse.

50.21 (g) If an individual is purchasing property with the intent of claiming it as a
50.22 homestead and is required by the terms of the financing agreement to have a relative
50.23 shown on the deed as a co-owner, the assessor shall allow a full homestead classification.
50.24 This provision only applies to first-time purchasers, whether married or single, or to a
50.25 person who had previously been married and is purchasing as a single individual for the
50.26 first time. The application for homestead benefits must be on a form prescribed by the
50.27 commissioner and must contain the data necessary for the assessor to determine if full
50.28 homestead benefits are warranted.

50.29 (h) If residential or agricultural real estate is occupied and used for purposes of a
50.30 homestead by a child of a deceased owner and the property is subject to jurisdiction of
50.31 probate court, the child shall receive relative homestead classification under paragraph (c)
50.32 or (d) to the same extent they would be entitled to it if the owner was still living, until
50.33 the probate is completed. For purposes of this paragraph, "child" includes a relationship
50.34 by blood or by marriage.

50.35 (i) If a single-family home, duplex, or triplex classified as either residential
50.36 homestead or agricultural homestead is also used to provide licensed child care, the

51.1 portion of the property used for licensed child care must be classified as a part of the
51.2 homestead property.

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

51.4 Sec. 8. Minnesota Statutes 2008, section 273.13, subdivision 25, is amended to read:

51.5 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more
51.6 units and used or held for use by the owner or by the tenants or lessees of the owner
51.7 as a residence for rental periods of 30 days or more, excluding property qualifying for
51.8 class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other
51.9 than hospitals exempt under section 272.02, and contiguous property used for hospital
51.10 purposes, without regard to whether the property has been platted or subdivided. The
51.11 market value of class 4a property has a class rate of 1.25 percent.

51.12 (b) Class 4b includes:

51.13 (1) residential real estate containing less than four units that does not qualify as class
51.14 4bb, other than seasonal residential recreational property;

51.15 (2) manufactured homes not classified under any other provision;

51.16 (3) a dwelling, garage, and surrounding one acre of property on a nonhomestead
51.17 farm classified under subdivision 23, paragraph (b) containing two or three units; and

51.18 (4) unimproved property that is classified residential as determined under subdivision
51.19 33.

51.20 The market value of class 4b property has a class rate of 1.25 percent.

51.21 (c) Class 4bb includes:

51.22 (1) nonhomestead residential real estate containing one unit, other than seasonal
51.23 residential recreational property; and

51.24 (2) a single family dwelling, garage, and surrounding one acre of property on a
51.25 nonhomestead farm classified under subdivision 23, paragraph (b).

51.26 Class 4bb property has the same class rates as class 1a property under subdivision 22.

51.27 Property that has been classified as seasonal residential recreational property at
51.28 any time during which it has been owned by the current owner or spouse of the current
51.29 owner does not qualify for class 4bb.

51.30 (d) Class 4c property includes:

51.31 (1) except as provided in subdivision 22, paragraph (c), or subdivision 23, paragraph
51.32 (b), clause (1), real and personal property devoted to temporary and seasonal residential
51.33 occupancy for recreation purposes, including real and personal property devoted to
51.34 temporary and seasonal residential occupancy for recreation purposes and not devoted to
51.35 commercial purposes for more than 250 days in the year preceding the year of assessment.

52.1 For purposes of this clause, property is devoted to a commercial purpose on a specific
52.2 day if any portion of the property is used for residential occupancy, and a fee is charged
52.3 for residential occupancy. Class 4c property must contain three or more rental units. A
52.4 "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual
52.5 camping site equipped with water and electrical hookups for recreational vehicles. Except
52.6 for property described in item (iii) below, class 4c property must provide recreational
52.7 activities such as renting ice fishing houses, boats and motors, snowmobiles, downhill or
52.8 cross-country ski equipment; provide marina services, launch services, or guide services;
52.9 or sell bait and fishing tackle. A camping pad offered for rent by a property that otherwise
52.10 qualifies for class 4c is also class 4c regardless of the term of the rental agreement, as
52.11 long as the use of the camping pad does not exceed 250 days. In order for a property to
52.12 be classified as class 4c, seasonal residential recreational for commercial purposes under
52.13 this clause, at least 40 percent of the annual gross lodging receipts related to the property
52.14 must be from business conducted during 90 consecutive days and either (i) at least 60
52.15 percent of all paid bookings by lodging guests during the year must be for periods of at
52.16 least two consecutive nights; ~~or~~ (ii) at least 20 percent of the annual gross receipts must
52.17 be from charges for rental of fish houses, boats and motors, snowmobiles, downhill or
52.18 cross-country ski equipment, or charges for marina services, launch services, and guide
52.19 services, or the sale of bait and fishing tackle; or (iii) the property contains 20 rental units
52.20 or less, is devoted to temporary residential occupancy, is located in a township or a city
52.21 that has a population of 2,500 or less, and is located outside the metropolitan area as
52.22 defined under section 473.121, subdivision 2. For purposes of this determination, a paid
52.23 booking of five or more nights shall be counted as two bookings. Class 4c also includes
52.24 commercial use real property used exclusively for recreational purposes in conjunction
52.25 with class 4c property devoted to temporary and seasonal residential occupancy for
52.26 recreational purposes, up to a total of two acres, provided the property is not devoted
52.27 to commercial recreational use for more than 250 days in the year preceding the year
52.28 of assessment and is located within two miles of the class 4c property with which it is
52.29 used. Owners of real and personal property devoted to temporary and seasonal residential
52.30 occupancy for recreation purposes and all or a portion of which was devoted to commercial
52.31 purposes for not more than 250 days in the year preceding the year of assessment desiring
52.32 classification as class 4c, must submit a declaration to the assessor designating the cabins
52.33 or units occupied for 250 days or less in the year preceding the year of assessment by
52.34 January 15 of the assessment year. Those cabins or units and a proportionate share of the
52.35 land on which they are located must be designated class 4c as otherwise provided. The
52.36 remainder of the cabins or units and a proportionate share of the land on which they are

53.1 located will be designated as class 3a. The owner of property desiring designation as class
53.2 4c property must provide guest registers or other records demonstrating that the units for
53.3 which class 4c designation is sought were not occupied for more than 250 days in the
53.4 year preceding the assessment if so requested. The portion of a property operated as a
53.5 (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other
53.6 nonresidential facility operated on a commercial basis not directly related to temporary
53.7 and seasonal residential occupancy for recreation purposes does not qualify for class 4c;

53.8 (2) qualified property used as a golf course if:

53.9 (i) it is open to the public on a daily fee basis. It may charge membership fees or
53.10 dues, but a membership fee may not be required in order to use the property for golfing,
53.11 and its green fees for golfing must be comparable to green fees typically charged by
53.12 municipal courses; and

53.13 (ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

53.14 A structure used as a clubhouse, restaurant, or place of refreshment in conjunction
53.15 with the golf course is classified as class 3a property;

53.16 (3) real property up to a maximum of three acres of land owned and used by a
53.17 nonprofit community service oriented organization and that is not used for residential
53.18 purposes on either a temporary or permanent basis, qualifies for class 4c provided that
53.19 it meets either of the following:

53.20 (i) the property is not used for a revenue-producing activity for more than six days
53.21 in the calendar year preceding the year of assessment; or

53.22 (ii) the organization makes annual charitable contributions and donations at least
53.23 equal to the property's previous year's property taxes and the property is allowed to be
53.24 used for public and community meetings or events for no charge, as appropriate to the
53.25 size of the facility.

53.26 For purposes of this clause,

53.27 (A) "charitable contributions and donations" has the same meaning as lawful
53.28 gambling purposes under section 349.12, subdivision 25, excluding those purposes
53.29 relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;

53.30 (B) "property taxes" excludes the state general tax;

53.31 (C) a "nonprofit community service oriented organization" means any corporation,
53.32 society, association, foundation, or institution organized and operated exclusively for
53.33 charitable, religious, fraternal, civic, or educational purposes, and which is exempt
53.34 from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal
53.35 Revenue Code; and

54.1 (D) "revenue-producing activities" shall include but not be limited to property or that
54.2 portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt
54.3 liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling
54.4 alley, a retail store, gambling conducted by organizations licensed under chapter 349, an
54.5 insurance business, or office or other space leased or rented to a lessee who conducts a
54.6 for-profit enterprise on the premises.

54.7 Any portion of the property qualifying under item (i) which is used for revenue-producing
54.8 activities for more than six days in the calendar year preceding the year of assessment
54.9 shall be assessed as class 3a. The use of the property for social events open exclusively
54.10 to members and their guests for periods of less than 24 hours, when an admission is
54.11 not charged nor any revenues are received by the organization shall not be considered a
54.12 revenue-producing activity.

54.13 The organization shall maintain records of its charitable contributions and donations
54.14 and of public meetings and events held on the property and make them available upon
54.15 request any time to the assessor to ensure eligibility. An organization meeting the
54.16 requirement under item (ii) must file an application by May 1 with the assessor for
54.17 eligibility for the current year's assessment. The commissioner shall prescribe a uniform
54.18 application form and instructions;

54.19 (4) postsecondary student housing of not more than one acre of land that is owned by
54.20 a nonprofit corporation organized under chapter 317A and is used exclusively by a student
54.21 cooperative, sorority, or fraternity for on-campus housing or housing located within two
54.22 miles of the border of a college campus;

54.23 (5) manufactured home parks as defined in section 327.14, subdivision 3;

54.24 (6) real property that is actively and exclusively devoted to indoor fitness, health,
54.25 social, recreational, and related uses, is owned and operated by a not-for-profit corporation,
54.26 and is located within the metropolitan area as defined in section 473.121, subdivision 2;

54.27 (7) a leased or privately owned noncommercial aircraft storage hangar not exempt
54.28 under section 272.01, subdivision 2, and the land on which it is located, provided that:

54.29 (i) the land is on an airport owned or operated by a city, town, county, Metropolitan
54.30 Airports Commission, or group thereof; and

54.31 (ii) the land lease, or any ordinance or signed agreement restricting the use of the
54.32 leased premise, prohibits commercial activity performed at the hangar.

54.33 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must
54.34 be filed by the new owner with the assessor of the county where the property is located
54.35 within 60 days of the sale;

55.1 (8) a privately owned noncommercial aircraft storage hangar not exempt under
55.2 section 272.01, subdivision 2, and the land on which it is located, provided that:

55.3 (i) the land abuts a public airport; and

55.4 (ii) the owner of the aircraft storage hangar provides the assessor with a signed
55.5 agreement restricting the use of the premises, prohibiting commercial use or activity
55.6 performed at the hangar; and

55.7 (9) residential real estate, a portion of which is used by the owner for homestead
55.8 purposes, and that is also a place of lodging, if all of the following criteria are met:

55.9 (i) rooms are provided for rent to transient guests that generally stay for periods
55.10 of 14 or fewer days;

55.11 (ii) meals are provided to persons who rent rooms, the cost of which is incorporated
55.12 in the basic room rate;

55.13 (iii) meals are not provided to the general public except for special events on fewer
55.14 than seven days in the calendar year preceding the year of the assessment; and

55.15 (iv) the owner is the operator of the property.

55.16 The market value subject to the 4c classification under this clause is limited to five rental
55.17 units. Any rental units on the property in excess of five, must be valued and assessed as
55.18 class 3a. The portion of the property used for purposes of a homestead by the owner must
55.19 be classified as class 1a property under subdivision 22; and

55.20 (10) real property up to a maximum of three acres and operated as a restaurant
55.21 as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake
55.22 as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B)
55.23 is either devoted to commercial purposes for not more than 250 consecutive days, or
55.24 receives at least 60 percent of its annual gross receipts from business conducted during
55.25 four consecutive months. Gross receipts from the sale of alcoholic beverages must be
55.26 included in determining the property's qualification under subitem (B). The property's
55.27 primary business must be as a restaurant and not as a bar. Gross receipts from gift shop
55.28 sales located on the premises must be excluded. Owners of real property desiring 4c
55.29 classification under this clause must submit an annual declaration to the assessor by
55.30 February 1 of the current assessment year, based on the property's relevant information for
55.31 the preceding assessment year.

55.32 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each
55.33 parcel of seasonal residential recreational property not used for commercial purposes has
55.34 the same class rates as class 4bb property, (ii) manufactured home parks assessed under
55.35 clause (5) have the same class rate as class 4b property, (iii) commercial-use seasonal
55.36 residential recreational property has a class rate of one percent for the first \$500,000 of

56.1 market value, and 1.25 percent for the remaining market value, (iv) the market value of
56.2 property described in clause (4) has a class rate of one percent, (v) the market value of
56.3 property described in clauses (2), (6), and (10) has a class rate of 1.25 percent, and (vi)
56.4 that portion of the market value of property in clause (9) qualifying for class 4c property
56.5 has a class rate of 1.25 percent.

56.6 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
56.7 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion
56.8 of the units in the building qualify as low-income rental housing units as certified under
56.9 section 273.128, subdivision 3, only the proportion of qualifying units to the total number
56.10 of units in the building qualify for class 4d. The remaining portion of the building shall be
56.11 classified by the assessor based upon its use. Class 4d also includes the same proportion of
56.12 land as the qualifying low-income rental housing units are to the total units in the building.
56.13 For all properties qualifying as class 4d, the market value determined by the assessor must
56.14 be based on the normal approach to value using normal unrestricted rents.

56.15 Class 4d property has a class rate of 0.75 percent.

56.16 **EFFECTIVE DATE.** This section is effective for assessment year 2009, taxes
56.17 payable in 2010, and thereafter. For assessment year 2009 only, the January 15 application
56.18 date under paragraph (d), clause (1), shall be extended to July 1, 2009, for property
56.19 initially qualifying for the 2009 assessment under paragraph (d), clause (1), item (iii).

56.20 Sec. 9. Minnesota Statutes 2008, section 273.13, subdivision 34, is amended to read:

56.21 Subd. 34. **Homestead of disabled veteran.** (a) All or a portion of the market value
56.22 of property owned by a veteran or by the veteran and the veteran's spouse qualifying
56.23 for homestead classification under subdivision 22 or 23 is excluded in determining the
56.24 property's taxable market value if it serves as the homestead of a military veteran, as
56.25 defined in section 197.447, who has a service-connected disability of 70 percent or more.
56.26 To qualify for exclusion under this subdivision, the veteran must have been honorably
56.27 discharged from the United States armed forces, as indicated by United States Government
56.28 Form DD214 or other official military discharge papers, and must be certified by the
56.29 United States Veterans Administration as having a service-connected disability.

56.30 (b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is
56.31 excluded, except as provided in clause (2); and

56.32 (2) for a total (100 percent) and permanent disability, \$300,000 of market value is
56.33 excluded.

56.34 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b),
56.35 clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the

57.1 spouse holds the legal or beneficial title to the homestead and permanently resides there,
57.2 the exclusion shall carry over to the benefit of the veteran's spouse for ~~one~~ five additional
57.3 ~~assessment year or~~ years or until such time as the spouse sells, transfers, or otherwise
57.4 disposes of the property or remarries, whichever comes first.

57.5 (d) In the case of an agricultural homestead, only the portion of the property
57.6 consisting of the house and garage and immediately surrounding one acre of land qualifies
57.7 for the valuation exclusion under this subdivision.

57.8 (e) A property qualifying for a valuation exclusion under this subdivision is not
57.9 eligible for the credit under section 273.1384, subdivision 1, or classification under
57.10 subdivision 22, paragraph (b).

57.11 (f) To qualify for a valuation exclusion under this subdivision a property owner must
57.12 apply to the assessor by July 1 of each assessment year, except that an annual reapplication
57.13 is not required once a property has been accepted for a valuation exclusion under paragraph
57.14 (b), clause (2), and the property continues to qualify until there is a change in ownership.

57.15 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
57.16 thereafter.

57.17 Sec. 10. Minnesota Statutes 2008, section 276.04, subdivision 2, is amended to read:

57.18 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the
57.19 printing of the tax statements. The commissioner of revenue shall prescribe the form of
57.20 the property tax statement and its contents. The tax statement must not state or imply
57.21 that property tax credits are paid by the state of Minnesota. The statement must contain
57.22 a tabulated statement of the dollar amount due to each taxing authority and the amount
57.23 of the state tax from the parcel of real property for which a particular tax statement is
57.24 prepared. The dollar amounts attributable to the county, the state tax, the voter approved
57.25 school tax, the other local school tax, the township or municipality, and the total of
57.26 the metropolitan special taxing districts as defined in section 275.065, subdivision 3,
57.27 paragraph (i), must be separately stated. The amounts due all other special taxing districts,
57.28 if any, may be aggregated except that any levies made by the regional rail authorities in the
57.29 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
57.30 398A shall be listed on a separate line directly under the appropriate county's levy. If the
57.31 county levy under this paragraph includes an amount for a lake improvement district as
57.32 defined under sections 103B.501 to 103B.581, the amount attributable for that purpose
57.33 must be separately stated from the remaining county levy amount. In the case of Ramsey
57.34 County, if the county levy under this paragraph includes an amount for public library
57.35 service under section 134.07, the amount attributable for that purpose may be separated

58.1 from the remaining county levy amount. The amount of the tax on homesteads qualifying
58.2 under the senior citizens' property tax deferral program under chapter 290B is the total
58.3 amount of property tax before subtraction of the deferred property tax amount. The
58.4 amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any,
58.5 must also be separately stated. The dollar amounts, including the dollar amount of any
58.6 special assessments, may be rounded to the nearest even whole dollar. For purposes of this
58.7 section whole odd-numbered dollars may be adjusted to the next higher even-numbered
58.8 dollar. The amount of market value excluded under section 273.11, subdivision 16, if any,
58.9 must also be listed on the tax statement.

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

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

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

58.18 (2) the property's taxable market value after reductions under section 273.11,
58.19 subdivisions 1a and 16;

58.20 (3) the property's gross tax, before credits;

58.21 (4) for homestead residential and agricultural properties, the credits under section
58.22 273.1384;

58.23 (5) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;
58.24 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of
58.25 credit received under section 273.135 must be separately stated and identified as "taconite
58.26 tax relief"; and

58.27 (6) the net tax payable in the manner required in paragraph (a).

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

59.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 and
59.2 thereafter.

59.3 Sec. 11. Minnesota Statutes 2008, section 282.08, is amended to read:

59.4 **282.08 APPORTIONMENT OF PROCEEDS TO TAXING DISTRICTS.**

59.5 The net proceeds from the sale or rental of any parcel of forfeited land, or from the
59.6 sale of products from the forfeited land, must be apportioned by the county auditor to the
59.7 taxing districts interested in the land, as follows:

59.8 (1) the portion required to pay any amounts included in the appraised value
59.9 under section 282.01, subdivision 3, as representing increased value due to any public
59.10 improvement made after forfeiture of the parcel to the state, but not exceeding the
59.11 amount certified by the appropriate governmental authority must be apportioned to the
59.12 governmental subdivision entitled to it;

59.13 (2) the portion required to pay any amount included in the appraised value under
59.14 section 282.019, subdivision 5, representing increased value due to response actions
59.15 taken after forfeiture of the parcel to the state, but not exceeding the amount of expenses
59.16 certified by the Pollution Control Agency or the commissioner of agriculture, must be
59.17 apportioned to the agency or the commissioner of agriculture and deposited in the fund
59.18 from which the expenses were paid;

59.19 (3) the portion of the remainder required to discharge any special assessment
59.20 chargeable against the parcel for drainage or other purpose whether due or deferred at the
59.21 time of forfeiture, must be apportioned to the governmental subdivision entitled to it; and

59.22 (4) any balance must be apportioned as follows:

59.23 (i)(A) Except as provided in subitem (B), the county board may annually by
59.24 resolution set aside no more than 30 percent of the receipts remaining to be used for forest
59.25 development on tax-forfeited land and dedicated memorial forests, to be expended under
59.26 the supervision of the county board. It must be expended only on projects improving the
59.27 health and management of the forest resource.

59.28 (B) The county board is authorized to use some of the money set aside under subitem
59.29 (A) to replace all or a portion of the amount of aid or credit reimbursement that the county
59.30 was to receive under sections 273.1384 and 477A.0124, but did not receive due to aid cuts
59.31 or unallotment from the state. Within six months of the actual aid or credit reimbursement
59.32 loss, the county board may adopt a resolution transferring money from this fund to the
59.33 county's general fund, not to exceed the amount of aid or credit reimbursement loss to the
59.34 county. This subitem expires January 1, 2012.

60.1 (ii) The county board may annually by resolution set aside no more than 20 percent
60.2 of the receipts remaining to be used for the acquisition and maintenance of county parks
60.3 or recreational areas as defined in sections 398.31 to 398.36, to be expended under the
60.4 supervision of the county board.

60.5 (iii) Any balance remaining must be apportioned as follows: county, 40 percent;
60.6 town or city, 20 percent; and school district, 40 percent, provided, however, that in
60.7 unorganized territory that portion which would have accrued to the township must be
60.8 administered by the county board of commissioners.

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

60.10 Sec. 12. Minnesota Statutes 2008, section 290B.03, subdivision 1, is amended to read:

60.11 Subdivision 1. **Program qualifications.** The qualifications for the senior citizens'
60.12 property tax deferral program are as follows:

60.13 (1) the property must be owned and occupied as a homestead by a person 65 years
60.14 of age or older. In the case of a married couple, ~~both~~ at least one of the spouses must
60.15 be at least 65 years old at the time the first property tax deferral is granted, regardless
60.16 of whether the property is titled in the name of one spouse or both spouses, or titled in
60.17 another way that permits the property to have homestead status, and the other spouse
60.18 must be at least 62 years of age;

60.19 (2) the total household income of the qualifying homeowners, as defined in section
60.20 290A.03, subdivision 5, for the calendar year preceding the year of the initial application
60.21 may not exceed ~~\$60,000~~ \$75,000;

60.22 (3) the homestead must have been owned and occupied as the homestead of at
60.23 least one of the qualifying homeowners for at least ~~15~~ ten years prior to the year the
60.24 initial application is filed;

60.25 (4) there are no state or federal tax liens or judgment liens on the homesteaded
60.26 property;

60.27 (5) there are no mortgages or other liens on the property that secure future advances,
60.28 except for those subject to credit limits that result in compliance with clause (6); and

60.29 (6) the total unpaid balances of debts secured by mortgages and other liens on the
60.30 property, including unpaid and delinquent special assessments and interest and any
60.31 delinquent property taxes, penalties, and interest, but not including property taxes payable
60.32 during the year, does not exceed 75 percent of the assessor's estimated market value for
60.33 the year.

60.34 **EFFECTIVE DATE.** This section is effective July 1, 2009, and thereafter.

61.1 Sec. 13. Minnesota Statutes 2008, section 290B.04, subdivision 3, is amended to read:

61.2 Subd. 3. **Excess-income certification by taxpayer.** A taxpayer whose initial
61.3 application has been approved under subdivision 2 shall notify the commissioner of
61.4 revenue in writing by July 1 if the taxpayer's household income for the preceding calendar
61.5 year exceeded ~~\$60,000~~ \$75,000. The certification must state the homeowner's total
61.6 household income for the previous calendar year. No property taxes may be deferred
61.7 under this chapter in any year following the year in which a program participant filed
61.8 or should have filed an excess-income certification under this subdivision, unless the
61.9 participant has filed a resumption of eligibility certification as described in subdivision 4.

61.10 **EFFECTIVE DATE.** This section is effective July 1, 2009, and thereafter.

61.11 Sec. 14. Minnesota Statutes 2008, section 290B.04, subdivision 4, is amended to read:

61.12 Subd. 4. **Resumption of eligibility certification by taxpayer.** A taxpayer who has
61.13 previously filed an excess-income certification under subdivision 3 may resume program
61.14 participation if the taxpayer's household income for a subsequent year is ~~\$60,000~~ \$75,000
61.15 or less. If the taxpayer chooses to resume program participation, the taxpayer must notify
61.16 the commissioner of revenue in writing by July 1 of the year following a calendar year in
61.17 which the taxpayer's household income is ~~\$60,000~~ \$75,000 or less. The certification must
61.18 state the taxpayer's total household income for the previous calendar year. Once a taxpayer
61.19 resumes participation in the program under this subdivision, participation will continue
61.20 until the taxpayer files a subsequent excess-income certification under subdivision 3 or
61.21 until participation is terminated under section 290B.08, subdivision 1.

61.22 **EFFECTIVE DATE.** This section is effective July 1, 2009, and thereafter.

61.23 Sec. 15. Minnesota Statutes 2008, section 290B.05, subdivision 1, is amended to read:

61.24 Subdivision 1. **Determination by commissioner.** The commissioner shall
61.25 determine each qualifying homeowner's "annual maximum property tax amount"
61.26 following approval of the homeowner's initial application and following the receipt of a
61.27 resumption of eligibility certification. The "annual maximum property tax amount" equals
61.28 three percent of the homeowner's total household income for the year preceding either the
61.29 initial application or the resumption of eligibility certification, whichever is applicable.
61.30 Following approval of the initial application, the commissioner shall determine the
61.31 qualifying homeowner's "maximum allowable deferral." No tax may be deferred relative
61.32 to the appropriate assessment year for any homeowner whose total household income
61.33 for the previous year exceeds ~~\$60,000~~ \$75,000. No tax shall be deferred in any year in
61.34 which the homeowner does not meet the program qualifications in section 290B.03. The

62.1 maximum allowable total deferral is equal to 75 percent of the assessor's estimated market
62.2 value for the year, less the balance of any mortgage loans and other amounts secured by
62.3 liens against the property at the time of application, including any unpaid and delinquent
62.4 special assessments and interest and any delinquent property taxes, penalties, and interest,
62.5 but not including property taxes payable during the year.

62.6 **EFFECTIVE DATE.** This section is effective July 1, 2009, and thereafter.

62.7 Sec. 16. Minnesota Statutes 2008, section 290B.07, is amended to read:

62.8 **290B.07 LIEN; DEFERRED PORTION.**

62.9 (a) Payment by the state to the county treasurer of property taxes, penalties, interest,
62.10 or special assessments and interest deferred under this chapter is deemed a loan from the
62.11 state to the program participant. The commissioner must compute the interest as provided
62.12 in section 270C.40, subdivision 5, but not to exceed ~~five~~ three percent, and maintain
62.13 records of the total deferred amount and interest for each participant. Interest shall accrue
62.14 beginning September 1 of the payable year for which the taxes are deferred. Any deferral
62.15 made under this chapter shall not be construed as delinquent property taxes.

62.16 The lien created under section 272.31 continues to secure payment by the taxpayer,
62.17 or by the taxpayer's successors or assigns, of the amount deferred, including interest, with
62.18 respect to all years for which amounts are deferred. The lien for deferred taxes and interest
62.19 has the same priority as any other lien under section 272.31, except that liens, including
62.20 mortgages, recorded or filed prior to the recording or filing of the notice under section
62.21 290B.04, subdivision 2, have priority over the lien for deferred taxes and interest. A
62.22 seller's interest in a contract for deed, in which a qualifying homeowner is the purchaser
62.23 or an assignee of the purchaser, has priority over deferred taxes and interest on deferred
62.24 taxes, regardless of whether the contract for deed is recorded or filed. The lien for deferred
62.25 taxes and interest for future years has the same priority as the lien for deferred taxes and
62.26 interest for the first year, which is always higher in priority than any mortgages or other
62.27 liens filed, recorded, or created after the notice recorded or filed under section 290B.04,
62.28 subdivision 2. The county treasurer or auditor shall maintain records of the deferred
62.29 portion and shall list the amount of deferred taxes for the year and the cumulative deferral
62.30 and interest for all previous years as a lien against the property. In any certification of
62.31 unpaid taxes for a tax parcel, the county auditor shall clearly distinguish between taxes
62.32 payable in the current year, deferred taxes and interest, and delinquent taxes. Payment
62.33 of the deferred portion becomes due and owing at the time specified in section 290B.08.
62.34 Upon receipt of the payment, the commissioner shall issue a receipt for it to the person
62.35 making the payment upon request and shall notify the auditor of the county in which the

63.1 parcel is located, within ten days, identifying the parcel to which the payment applies.
 63.2 Upon receipt by the commissioner of revenue of collected funds in the amount of the
 63.3 deferral, the state's loan to the program participant is deemed paid in full.

63.4 (b) If property for which taxes have been deferred under this chapter forfeits
 63.5 under chapter 281 for nonpayment of a nondeferred property tax amount, or because
 63.6 of nonpayment of amounts previously deferred following a termination under section
 63.7 290B.08, the lien for the taxes deferred under this chapter, plus interest and costs, shall be
 63.8 canceled by the county auditor as provided in section 282.07. However, notwithstanding
 63.9 any other law to the contrary, any proceeds from a subsequent sale of the property under
 63.10 chapter 282 or another law, must be used to first reimburse the county's forfeited tax sale
 63.11 fund for any direct costs of selling the property or any costs directly related to preparing
 63.12 the property for sale, and then to reimburse the state for the amount of the canceled
 63.13 lien. Within 90 days of the receipt of any sale proceeds to which the state is entitled
 63.14 under these provisions, the county auditor must pay those funds to the commissioner of
 63.15 revenue by warrant for deposit in the general fund. No other deposit, use, distribution,
 63.16 or release of gross sale proceeds or receipts may be made by the county until payments
 63.17 sufficient to fully reimburse the state for the canceled lien amount have been transmitted
 63.18 to the commissioner.

63.19 **EFFECTIVE DATE.** This section is effective July 1, 2009, and thereafter.

63.20 Sec. 17. Minnesota Statutes 2008, section 290C.07, is amended to read:

63.21 **290C.07 CALCULATION OF INCENTIVE PAYMENT.**

63.22 An approved claimant under the sustainable forest incentive program is eligible to
 63.23 receive an annual payment. The payment shall equal the greater of:

63.24 (1) the difference between the property tax that would be paid on the land using the
 63.25 previous year's statewide average total township tax rate and the class rate for class 2b
 63.26 timberland under section 273.13, subdivision 23, paragraph (b), if the land were valued
 63.27 at (i) the average statewide timberland market value per acre calculated under section
 63.28 290C.06, and (ii) the average statewide timberland current use value per acre calculated
 63.29 under section 290C.02, subdivision 5; or

63.30 (2) two-thirds of the property tax amount determined by using the previous year's
 63.31 statewide average total township tax rate, the estimated market value per acre as calculated
 63.32 in section 290C.06, and the class rate for 2b timberland under section 273.13, subdivision
 63.33 23, paragraph (b), provided that the payment shall be no ~~less~~ greater than ~~\$7~~ \$6 per acre
 63.34 for each acre enrolled in the sustainable forest incentive program and the maximum annual
 63.35 payment per claimant shall be \$400,000.

64.1 **EFFECTIVE DATE.** This section is effective for payments made in 2010 and
64.2 thereafter.

64.3 Sec. 18. Laws 2001, First Special Session chapter 5, article 3, section 8, the effective
64.4 date, as amended by Laws 2005, chapter 151, article 3, section 19, and Laws 2006, chapter
64.5 259, article 4, section 20, is amended to read:

64.6 **EFFECTIVE DATE.** This section is effective for taxes levied in 2002, payable in
64.7 2003, through taxes levied in ~~2011~~ 2014, payable in ~~2012~~ 2015.

64.8 Sec. 19. Laws 2008, chapter 366, article 6, section 9, the effective date, is amended to
64.9 read:

64.10 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
64.11 thereafter, on land platted after May 18, 2008.

64.12 Sec. 20. Laws 2008, chapter 366, article 6, section 10, the effective date, is amended to
64.13 read:

64.14 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
64.15 thereafter, on land platted after May 18, 2008.

64.16 Sec. 21. **FISCAL DISPARITIES STUDY.**

64.17 **Subdivision 1. Study required.** The commissioner of revenue must conduct a study
64.18 of the metropolitan revenue distribution program contained in Minnesota Statutes, chapter
64.19 473F, commonly known as the fiscal disparities program. On or before February 1, 2010,
64.20 the commissioner shall make a report to the chairs of the house of representatives and
64.21 senate tax committees consisting of the findings of the study and any recommendations
64.22 resulting from the study.

64.23 The study shall consider to what extent the program is meeting the following goals,
64.24 and what changes could be made to the program in the furtherance of meeting those goals:

64.25 (1) reducing the extent to which the property tax encourages development patterns
64.26 that do not make cost-effective use of public infrastructure or impose other high public
64.27 costs;

64.28 (2) ensuring that the benefits of economic growth of the region are shared throughout
64.29 the region, especially for growth that results from state and/or regional decisions;

64.30 (3) improving the ability of each jurisdiction within the region to deliver services at
64.31 a level commensurate with its tax effort;

65.1 (4) compensating jurisdictions containing properties that provide regional benefits
 65.2 for the costs those properties impose on their host jurisdictions in excess of their tax
 65.3 payments;

65.4 (5) promoting a fair distribution of property tax burdens across jurisdictions of
 65.5 the region; and

65.6 (6) reducing the economic losses that result from competition among communities
 65.7 for commercial-industrial tax base.

65.8 Subd. 2. **Appropriation.** \$50,000 is appropriated to the commissioner of revenue
 65.9 from the general fund in fiscal year 2010 to conduct the study required under subdivision 1.

65.10 **EFFECTIVE DATE.** This section is effective July 1, 2009.

65.11 **ARTICLE 6**

65.12 **AIDS AND CREDITS**

65.13 Section 1. Minnesota Statutes 2008, section 273.1384, subdivision 1, is amended to
 65.14 read:

65.15 Subdivision 1. **Residential homestead market value credit.** Each county auditor
 65.16 shall determine a homestead credit for each class 1a, 1b, and 2a homestead property
 65.17 within the county equal to 0.4 percent of the first ~~\$76,000~~ \$75,000 of market value of
 65.18 the property minus ~~0.1~~ 0.1 percent of the market value in excess of ~~\$76,000~~ \$75,000.
 65.19 The credit amount may not be less than zero. In the case of an agricultural or resort
 65.20 homestead, only the market value of the house, garage, and immediately surrounding one
 65.21 acre of land is eligible in determining the property's homestead credit. In the case of a
 65.22 property that is classified as part homestead and part nonhomestead, (i) the credit shall
 65.23 apply only to the homestead portion of the property, but (ii) if a portion of a property is
 65.24 classified as nonhomestead solely because not all the owners occupy the property, not all
 65.25 the owners have qualifying relatives occupying the property, or solely because not all the
 65.26 spouses of owners occupy the property, the credit amount shall be initially computed as
 65.27 if that nonhomestead portion were also in the homestead class and then prorated to the
 65.28 owner-occupant's percentage of ownership. For the purpose of this section, when an
 65.29 owner-occupant's spouse does not occupy the property, the percentage of ownership for
 65.30 the owner-occupant spouse is one-half of the couple's ownership percentage.

65.31 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
 65.32 thereafter.

65.33 Sec. 2. Minnesota Statutes 2008, section 273.1384, subdivision 4, is amended to read:

66.1 Subd. 4. **Payment.** (a) The commissioner of revenue shall reimburse each local
66.2 taxing jurisdiction, other than school districts, for the tax reductions granted under this
66.3 section in two equal installments on October 31 and December 26 of the taxes payable
66.4 year for which the reductions are granted, including in each payment the prior year
66.5 adjustments certified on the abstracts for that taxes payable year. The reimbursements
66.6 related to tax increments shall be issued in one installment each year on December 26.

66.7 (b) The commissioner of revenue shall certify the total of the tax reductions
66.8 granted under this section for each taxes payable year within each school district to the
66.9 commissioner of the Department of Education and the commissioner of education shall
66.10 pay the reimbursement amounts to each school district as provided in section 273.1392.

66.11 (c) The market value credit reimbursements payable in 2011 and 2012 for each city
66.12 under this section are reduced by the dollar amount of the 2010 reduction in market value
66.13 credit reimbursements under section 477A.013, subdivision 11. The payable market value
66.14 credit reimbursement for a city is not reduced less than zero under this paragraph.

66.15 **EFFECTIVE DATE.** This section is effective for credits payable in calendar year
66.16 2011 and thereafter.

66.17 Sec. 3. Minnesota Statutes 2008, section 275.08, subdivision 1d, is amended to read:

66.18 Subd. 1d. **Additional adjustment.** If, after computing each local government's
66.19 adjusted local tax rate within a unique taxing jurisdiction pursuant to subdivision 1c, the
66.20 auditor finds that the total adjusted local tax rate of all local governments combined is less
66.21 than ~~90 percent of gross tax capacity for taxes payable in 1989 and 90~~ 113 percent of net
66.22 tax capacity ~~for taxes payable in 1990 and thereafter~~, the auditor shall increase each local
66.23 government's adjusted local tax rate proportionately so the total adjusted local tax rate of
66.24 all local governments combined equals ~~90~~ 113 percent. The total amount of the increase in
66.25 tax resulting from the increased local tax rates must not exceed the amount of disparity
66.26 aid allocated to the unique taxing district under section 273.1398. The auditor shall
66.27 certify to the Department of Revenue the difference between the disparity aid originally
66.28 allocated under section 273.1398, subdivision 3, and the amount necessary to reduce
66.29 the total adjusted local tax rate of all local governments combined to 90 percent. Each
66.30 local government's disparity reduction aid payment under section 273.1398, subdivision
66.31 6, must be reduced accordingly.

66.32 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
66.33 thereafter.

66.34 Sec. 4. Minnesota Statutes 2008, section 290A.04, subdivision 2, is amended to read:

67.1 Subd. 2. **Homeowners.** A claimant whose property taxes payable are in excess
 67.2 of the percentage of the household income stated below shall pay an amount equal to
 67.3 the percent of income shown for the appropriate household income level along with the
 67.4 percent to be paid by the claimant of the remaining amount of property taxes payable.
 67.5 The state refund equals the amount of property taxes payable that remain, up to the state
 67.6 refund amount shown below.

67.7	Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
67.8				
67.9				1,850
67.10	\$0 to 1,189	1.0 percent	15 percent	\$ <u>2,040</u>
67.11				1,850
67.12	1,190 to 2,379	1.1 percent	15 percent	\$ <u>2,040</u>
67.13				1,800
67.14	2,380 to 3,589	1.2 percent	15 percent	\$ <u>1,980</u>
67.15				1,800
67.16	3,590 to 4,789	1.3 percent	20 percent	\$ <u>1,980</u>
67.17				1,730
67.18	4,790 to 5,979	1.4 percent	20 percent	\$ <u>1,900</u>
67.19				1,730
67.20	5,980 to 8,369	1.5 percent	20 percent	\$ <u>1,900</u>
67.21				1,670
67.22	8,370 to 9,559	1.6 percent	25 percent	\$ <u>1,840</u>
67.23				1,670
67.24	9,560 to 10,759	1.7 percent	25 percent	\$ <u>1,840</u>
67.25				1,610
67.26	10,760 to 11,949	1.8 percent	25 percent	\$ <u>1,770</u>
67.27				1,610
67.28	11,950 to 13,139	1.9 percent	30 percent	\$ <u>1,770</u>
67.29				1,540
67.30	13,140 to 14,349	2.0 percent	30 percent	\$ <u>1,690</u>
67.31				1,540
67.32	14,350 to 16,739	2.1 <u>2.0</u> percent	30 percent	\$ <u>1,690</u>
67.33	16,740 to 17,929	2.2 percent	35 percent	\$ 1,480
67.34				1,480
67.35	17,930 to 19,119	2.3 <u>2.0</u> percent	35 percent	\$ <u>1,630</u>

67.36					1,420
67.37	19,120 to 20,319	2.4 <u>2.1</u> percent	35 percent		\$ <u>1,560</u>
67.38					1,420
67.39	20,320 to 25,099	2.5 <u>2.2</u> percent	40 percent		\$ <u>1,560</u>
67.40					1,360
67.41	25,100 to 28,679	2.6 <u>2.3</u> percent	40 percent		\$ <u>1,500</u>
67.42					1,360
67.43	28,680 to 35,849	2.7 <u>2.5</u> percent	40 percent		\$ <u>1,500</u>
67.44					1,240
67.45	35,850 to 41,819	2.8 <u>2.6</u> percent	45 percent		\$ <u>1,360</u>
67.46					1,240
67.47	41,820 to 47,799	3.0 <u>2.8</u> percent	45 percent		\$ <u>1,360</u>
68.1					1,110
68.2	47,800 to 53,779	3.2 <u>3.0</u> percent	45 percent		\$ <u>1,220</u>
68.3					990
68.4	53,780 to 59,749	3.5 percent	50 percent		\$ <u>1,090</u>
68.5					870
68.6	59,750 to 65,729	3.5 percent	50 percent		\$ <u>960</u>
68.7					740
68.8	65,730 to 69,319	3.5 percent	50 percent		\$ <u>810</u>
68.9					610
68.10	69,320 to 71,719	3.5 percent	50 percent		\$ <u>670</u>
68.11					500
68.12	71,720 to 74,619	3.5 percent	50 percent		\$ <u>550</u>
68.13					370
68.14	74,620 to 77,519	3.5 percent	50 percent		\$ <u>410</u>

68.15 The payment made to a claimant shall be the amount of the state refund calculated
68.16 under this subdivision. No payment is allowed if the claimant's household income is
68.17 \$77,520 or more.

68.18 **EFFECTIVE DATE.** This section is effective beginning with refunds based on
68.19 property taxes payable in 2010.

68.20 Sec. 5. Minnesota Statutes 2008, section 477A.011, subdivision 36, is amended to read:

68.21 Subd. 36. **City aid base.** (a) Except as otherwise provided in this subdivision,
68.22 "city aid base" is zero.

68.23 (b) The city aid base for any city with a population less than 500 is increased by
68.24 \$40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount

68.25 of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also
68.26 increased by \$40,000 for aids payable in calendar year 1995 only, provided that:

- 68.27 (i) the average total tax capacity rate for taxes payable in 1995 exceeds 200 percent;
- 68.28 (ii) the city portion of the tax capacity rate exceeds 100 percent; and
- 68.29 (iii) its city aid base is less than \$60 per capita.

68.30 (c) The city aid base for a city is increased by \$20,000 in 1998 and thereafter and
68.31 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
68.32 paragraph (c), is also increased by \$20,000 in calendar year 1998 only, provided that:

- 68.33 (i) the city has a population in 1994 of 2,500 or more;
- 68.34 (ii) the city is located in a county, outside of the metropolitan area, which contains a
68.35 city of the first class;

68.36 (iii) the city's net tax capacity used in calculating its 1996 aid under section
68.37 477A.013 is less than \$400 per capita; and

69.1 (iv) at least four percent of the total net tax capacity, for taxes payable in 1996, of
69.2 property located in the city is classified as railroad property.

69.3 (d) The city aid base for a city is increased by \$200,000 in 1999 and thereafter and
69.4 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
69.5 paragraph (c), is also increased by \$200,000 in calendar year 1999 only, provided that:

- 69.6 (i) the city was incorporated as a statutory city after December 1, 1993;
- 69.7 (ii) its city aid base does not exceed \$5,600; and
- 69.8 (iii) the city had a population in 1996 of 5,000 or more.

69.9 (e) The city aid base for a city is increased by \$150,000 for aids payable in 2000 and
69.10 thereafter, and the maximum amount of total aid it may receive under section 477A.013,
69.11 subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2000 only,
69.12 provided that:

- 69.13 (1) the city has a population that is greater than 1,000 and less than 2,500;
- 69.14 (2) its commercial and industrial percentage for aids payable in 1999 is greater
69.15 than 45 percent; and
- 69.16 (3) the total market value of all commercial and industrial property in the city
69.17 for assessment year 1999 is at least 15 percent less than the total market value of all
69.18 commercial and industrial property in the city for assessment year 1998.

69.19 (f) The city aid base for a city is increased by \$200,000 in 2000 and thereafter, and
69.20 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
69.21 paragraph (c), is also increased by \$200,000 in calendar year 2000 only, provided that:

- 69.22 (1) the city had a population in 1997 of 2,500 or more;

69.23 (2) the net tax capacity of the city used in calculating its 1999 aid under section
69.24 477A.013 is less than \$650 per capita;

69.25 (3) the pre-1940 housing percentage of the city used in calculating 1999 aid under
69.26 section 477A.013 is greater than 12 percent;

69.27 (4) the 1999 local government aid of the city under section 477A.013 is less than
69.28 20 percent of the amount that the formula aid of the city would have been if the need
69.29 increase percentage was 100 percent; and

69.30 (5) the city aid base of the city used in calculating aid under section 477A.013
69.31 is less than \$7 per capita.

69.32 (g) The city aid base for a city is increased by \$102,000 in 2000 and thereafter, and
69.33 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
69.34 paragraph (c), is also increased by \$102,000 in calendar year 2000 only, provided that:

69.35 (1) the city has a population in 1997 of 2,000 or more;

70.1 (2) the net tax capacity of the city used in calculating its 1999 aid under section
70.2 477A.013 is less than \$455 per capita;

70.3 (3) the net levy of the city used in calculating 1999 aid under section 477A.013 is
70.4 greater than \$195 per capita; and

70.5 (4) the 1999 local government aid of the city under section 477A.013 is less than
70.6 38 percent of the amount that the formula aid of the city would have been if the need
70.7 increase percentage was 100 percent.

70.8 (h) The city aid base for a city is increased by \$32,000 in 2001 and thereafter, and
70.9 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
70.10 paragraph (c), is also increased by \$32,000 in calendar year 2001 only, provided that:

70.11 (1) the city has a population in 1998 that is greater than 200 but less than 500;

70.12 (2) the city's revenue need used in calculating aids payable in 2000 was greater
70.13 than \$200 per capita;

70.14 (3) the city net tax capacity for the city used in calculating aids available in 2000
70.15 was equal to or less than \$200 per capita;

70.16 (4) the city aid base of the city used in calculating aid under section 477A.013
70.17 is less than \$65 per capita; and

70.18 (5) the city's formula aid for aids payable in 2000 was greater than zero.

70.19 (i) The city aid base for a city is increased by \$7,200 in 2001 and thereafter, and
70.20 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,
70.21 paragraph (c), is also increased by \$7,200 in calendar year 2001 only, provided that:

70.22 (1) the city had a population in 1998 that is greater than 200 but less than 500;

70.23 (2) the city's commercial industrial percentage used in calculating aids payable in
70.24 2000 was less than ten percent;

70.25 (3) more than 25 percent of the city's population was 60 years old or older according
70.26 to the 1990 census;

70.27 (4) the city aid base of the city used in calculating aid under section 477A.013
70.28 is less than \$15 per capita; and

70.29 (5) the city's formula aid for aids payable in 2000 was greater than zero.

70.30 (j) The city aid base for a city is increased by \$45,000 in 2001 and thereafter and
70.31 by an additional \$50,000 in calendar years 2002 to 2011, and the maximum amount of
70.32 total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also
70.33 increased by \$45,000 in calendar year 2001 only, and by \$50,000 in calendar year 2002
70.34 only, provided that:

70.35 (1) the net tax capacity of the city used in calculating its 2000 aid under section
70.36 477A.013 is less than \$810 per capita;

71.1 (2) the population of the city declined more than two percent between 1988 and 1998;

71.2 (3) the net levy of the city used in calculating 2000 aid under section 477A.013 is
71.3 greater than \$240 per capita; and

71.4 (4) the city received less than \$36 per capita in aid under section 477A.013,
71.5 subdivision 9, for aids payable in 2000.

71.6 (k) The city aid base for a city with a population of 10,000 or more which is located
71.7 outside of the seven-county metropolitan area is increased in 2002 and thereafter, and the
71.8 maximum amount of total aid it may receive under section 477A.013, subdivision 9,
71.9 paragraph (b) or (c), is also increased in calendar year 2002 only, by an amount equal to
71.10 the lesser of:

71.11 (1)(i) the total population of the city, as determined by the United States Bureau of
71.12 the Census, in the 2000 census, (ii) minus 5,000, (iii) times 60; or

71.13 (2) \$2,500,000.

71.14 (l) The city aid base is increased by \$50,000 in 2002 and thereafter, and the
71.15 maximum amount of total aid it may receive under section 477A.013, subdivision 9,
71.16 paragraph (c), is also increased by \$50,000 in calendar year 2002 only, provided that:

71.17 (1) the city is located in the seven-county metropolitan area;

71.18 (2) its population in 2000 is between 10,000 and 20,000; and

71.19 (3) its commercial industrial percentage, as calculated for city aid payable in 2001,
71.20 was greater than 25 percent.

71.21 (m) The city aid base for a city is increased by \$150,000 in calendar years 2002 to
71.22 2011 and by an additional \$75,000 in calendar years 2009 to 2014 and the maximum

71.23 amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is
71.24 also increased by \$150,000 in calendar year 2002 only and by \$75,000 in calendar year
71.25 2009 only, provided that:

- 71.26 (1) the city had a population of at least 3,000 but no more than 4,000 in 1999;
- 71.27 (2) its home county is located within the seven-county metropolitan area;
- 71.28 (3) its pre-1940 housing percentage is less than 15 percent; and
- 71.29 (4) its city net tax capacity per capita for taxes payable in 2000 is less than \$900
71.30 per capita.

71.31 (n) The city aid base for a city is increased by \$200,000 beginning in calendar
71.32 year 2003 and the maximum amount of total aid it may receive under section 477A.013,
71.33 subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2003 only,
71.34 provided that the city qualified for an increase in homestead and agricultural credit aid
71.35 under Laws 1995, chapter 264, article 8, section 18.

72.1 (o) The city aid base for a city is increased by \$200,000 in 2004 only and the
72.2 maximum amount of total aid it may receive under section 477A.013, subdivision 9, is
72.3 also increased by \$200,000 in calendar year 2004 only, if the city is the site of a nuclear
72.4 dry cask storage facility.

72.5 (p) The city aid base for a city is increased by \$10,000 in 2004 and thereafter and the
72.6 maximum total aid it may receive under section 477A.013, subdivision 9, is also increased
72.7 by \$10,000 in calendar year 2004 only, if the city was included in a federal major disaster
72.8 designation issued on April 1, 1998, and its pre-1940 housing stock was decreased by
72.9 more than 40 percent between 1990 and 2000.

72.10 (q) The city aid base for a city is increased by \$30,000 in 2009 and thereafter and the
72.11 maximum total aid it may receive under section 477A.013, subdivision 9, is also increased
72.12 by \$25,000 in calendar year 2006 only if the city had a population in 2003 of at least 1,000
72.13 and has a state park for which the city provides rescue services and which comprised at
72.14 least 14 percent of the total geographic area included within the city boundaries in 2000.

72.15 (r) The city aid base for a city is increased by \$80,000 in 2009 and thereafter and
72.16 the minimum and maximum amount of total aid it may receive under section 477A.013,
72.17 subdivision 9, is also increased by \$80,000 in calendar year 2009 only, if:

- 72.18 (1) as of May 1, 2006, at least 25 percent of the tax capacity of the city is proposed
72.19 to be placed in trust status as tax-exempt Indian land;
- 72.20 (2) the placement of the land is being challenged administratively or in court; and
- 72.21 (3) due to the challenge, the land proposed to be placed in trust is still on the tax
72.22 rolls as of May 1, 2006.

72.23 (s) The city aid base for a city is increased by \$100,000 in 2007 and thereafter and
72.24 the minimum and maximum total amount of aid it may receive under this section is also
72.25 increased in calendar year 2007 only, provided that:

72.26 (1) the city has a 2004 estimated population greater than 200 but less than 2,000;

72.27 (2) its city net tax capacity for aids payable in 2006 was less than \$300 per capita;

72.28 (3) the ratio of its pay 2005 tax levy compared to its city net tax capacity for aids
72.29 payable in 2006 was greater than 110 percent; and

72.30 (4) it is located in a county where at least 15,000 acres of land are classified as
72.31 tax-exempt Indian reservations according to the 2004 abstract of tax-exempt property.

72.32 (t) The city aid base for a city is increased by \$30,000 in 2009 only, and the
72.33 maximum total aid it may receive under section 477A.013, subdivision 9, is also increased
72.34 by \$30,000 in calendar year 2009, only if the city had a population in 2005 of less than
72.35 3,000 and the city's boundaries as of 2007 were formed by the consolidation of two cities
72.36 and one township in 2002.

73.1 (u) The city aid base for a city is increased by \$100,000 in 2009 and thereafter, and
73.2 the maximum total aid it may receive under section 477A.013, subdivision 9, is also
73.3 increased by \$100,000 in calendar year 2009 only, if the city had a city net tax capacity for
73.4 aids payable in 2007 of less than \$150 per capita and the city experienced flooding on
73.5 March 14, 2007, that resulted in evacuation of at least 40 homes.

73.6 (v) The city aid base for a city is increased by \$100,000 in 2009 to 2013, and the
73.7 maximum total aid it may receive under section 477A.013, subdivision 9, is also increased
73.8 by \$100,000 in calendar year 2009 only, if the city:

73.9 (1) is located outside of the Minneapolis-St. Paul standard metropolitan statistical
73.10 area;

73.11 (2) has a 2005 population greater than 7,000 but less than 8,000; and

73.12 (3) has a 2005 net tax capacity per capita of less than \$500.

73.13 (w) The city aid base is increased by \$25,000 in calendar years 2009 to 2013 and the
73.14 maximum amount of total aid it may receive under section 477A.013, subdivision 9, is
73.15 increased by \$25,000 in calendar year 2009 only, provided that:

73.16 (1) the city is located in the seven-county metropolitan area;

73.17 (2) its population in 2006 is less than 200; and

73.18 (3) the percentage of its housing stock built before 1940, according to the 2000
73.19 United States Census, is greater than 40 percent.

73.20 (x) The city aid base is increased by \$90,000 in calendar year 2009 only and the
73.21 minimum and maximum total amount of aid it may receive under section 477A.013,
73.22 subdivision 9, is also increased by \$90,000 in calendar year 2009 only, provided that the

73.23 city is located in the seven-county metropolitan area, has a 2006 population between 5,000
73.24 and 7,000 and has a 1997 population of over 7,000.

73.25 (y) The city aid base is increased by \$100,000 in calendar years 2011 to 2015 and
73.26 the maximum amount of total aid a city may receive under section 477A.013, subdivision
73.27 9, is increased by \$250,000 in 2011 only, provided that:

73.28 (1) the city is located in the metropolitan area;

73.29 (2) its 2006 population is less than 2,000; and

73.30 (3) its population has grown by at least 200 percent between 1996 and 2006.

73.31 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
73.32 2011 and thereafter.

73.33 Sec. 6. Minnesota Statutes 2008, section 477A.013, subdivision 9, is amended to read:

73.34 Subd. 9. **City aid distribution.** (a) In calendar year 2009 ~~and thereafter~~, each
73.35 city shall receive an aid distribution equal to the sum of (1) the city formula aid under
74.1 subdivision 8, and (2) its city aid base. In calendar year 2010, each city receives an aid
74.2 distribution under this section, before the reductions under subdivision 11, equal to the
74.3 amount of aid under this section that it was certified to receive in 2009. In calendar year
74.4 2011 and thereafter, each city receives an aid distribution under this section equal to the
74.5 sum of (1) the city formula aid under subdivision 8, and (2) its city aid base.

74.6 (b) For aids payable in 2009 only, the total aid for any city shall not exceed the sum
74.7 of (1) 35 percent of the city's net levy for the year prior to the aid distribution, plus (2)
74.8 its total aid in the previous year.

74.9 (c) For aids payable in 2010 and thereafter, the total aid for any city shall not exceed
74.10 the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution
74.11 plus (2) its total aid in the previous year. For aids payable in 2009 and thereafter, the total
74.12 aid for any city with a population of 2,500 or more may not be less than its total aid under
74.13 this section in the previous year minus the lesser of \$10 multiplied by its population, or ten
74.14 percent of its net levy in the year prior to the aid distribution.

74.15 (d) For aids payable in 2010 and thereafter, the total aid for a city with a population
74.16 less than 2,500 must not be less than the amount it was certified to receive in the
74.17 previous year minus the lesser of \$10 multiplied by its population, or five percent of its
74.18 2003 certified aid amount. For aids payable in 2009 only, the total aid for a city with a
74.19 population less than 2,500 must not be less than what it received under this section in the
74.20 previous year unless its total aid in calendar year 2008 was aid under section 477A.011,
74.21 subdivision 36, paragraph (s), in which case its minimum aid is zero.

74.22 (e) A city's aid loss under this section may not exceed \$300,000 in any year in
 74.23 which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or
 74.24 greater than the appropriation under that subdivision in the previous year, unless the
 74.25 city has an adjustment in its city net tax capacity under the process described in section
 74.26 469.174, subdivision 28.

74.27 (f) If a city's net tax capacity used in calculating aid under this section has decreased
 74.28 in any year by more than 25 percent from its net tax capacity in the previous year due to
 74.29 property becoming tax-exempt Indian land, the city's maximum allowed aid increase
 74.30 under paragraph (c) shall be increased by an amount equal to (1) the city's tax rate in the
 74.31 year of the aid calculation, multiplied by (2) the amount of its net tax capacity decrease
 74.32 resulting from the property becoming tax exempt.

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

74.34 Sec. 7. Minnesota Statutes 2008, section 477A.013, is amended by adding a
 74.35 subdivision to read:

75.1 Subd. 11. **2010 city aid.** For aid payable in 2010 only, each city's distribution
 75.2 amount under subdivision 9 is reduced by an amount equal to 1.935 percent of the city's
 75.3 net tax capacity, as defined in section 477A.011, subdivision 20.

75.4 The reduction is limited to the sum of the city's payable 2010 distribution under
 75.5 this section and the city's payable 2010 reimbursement under section 273.1384 before
 75.6 the reductions in this subdivision.

75.7 The reduction is applied first to the city's distribution under this section, and then, if
 75.8 necessary, to the city's reimbursements under section 273.1384.

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

75.10 Sec. 8. **[477A.0133] 2009 CITY AND COUNTY AID REDUCTIONS.**

75.11 Subdivision 1. **City aid.** The commissioner of revenue shall compute an aid
 75.12 reduction amount for each city for aid payable in 2009 equal to 1.2452 percent of the city's
 75.13 net tax capacity, as defined in section 477A.011, subdivision 20, that would be used in
 75.14 calculating for aids payable in 2010.

75.15 The reduction is limited to the sum of the city's payable 2009 distributions, prior to
 75.16 the reductions under this subdivision, under sections 273.1384 and 477A.013.

75.17 The reduction is applied first to the city's distribution under section 477A.013, and
 75.18 then, if necessary, to the city's reimbursements under section 273.1384.

75.19 To the extent that sufficient information is available on each successive payment date
 75.20 within the year, the commissioner of revenue shall pay any remaining 2009 distribution or

75.21 reimbursement amount that is reduced under this subdivision in equal installments on the
75.22 payment dates provided by law.

75.23 Subd. 2. **County aid.** The commissioner of revenue shall compute an aid reduction
75.24 amount for each county's aid under section 477A.0124 for aid payable in 2009 equal
75.25 to 0.2308 percent of the county's net tax capacity, as defined in section 477A.0124,
75.26 subdivision 2, used in calculating the 2009 certified amount.

75.27 To the extent that sufficient information is available on each payment date in 2009,
75.28 the commissioner of revenue shall pay any remaining 2009 distribution or reimbursement
75.29 amount that is reduced under this section in equal installments on the payment dates
75.30 provided by law.

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

75.32 Sec. 9. Minnesota Statutes 2008, section 477A.03, subdivision 2a, is amended to read:

75.33 Subd. 2a. **Cities.** For aids payable in 2009 ~~and thereafter~~, the total aid paid under
75.34 section 477A.013, subdivision 9, is \$526,148,487, ~~subject to adjustment in subdivision 5.~~
76.1 For aids payable in 2010, the total aid paid under section 477A.013, subdivision 9, prior
76.2 to the reductions under section 477A.013, subdivision 11, is \$526,148,487. For aids
76.3 payable in 2011 and thereafter, the total aid paid under section 477A.013, subdivision
76.4 9, is \$516,500,000.

76.5 **EFFECTIVE DATE.** This section is effective for aid paid in 2010 and thereafter.

76.6 Sec. 10. **PAYMENTS TO CITY OF COON RAPIDS.**

76.7 The commissioner of revenue shall make a payment of \$225,000 to the city of Coon
76.8 Rapids to compensate for its final city aid base payment of \$225,000 in December 2008
76.9 under Minnesota Statutes 2006, section 477A.011, subdivision 36, paragraph (e), which
76.10 was canceled due to the governor's unallotment. The payment shall be made at the time of
76.11 the first aid payments in calendar year 2010 under section 477A.015. This payment shall
76.12 not be included when calculating any city aid or credit reductions.

76.13 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
76.14 2010.

76.15 Sec. 11. **REPEALER.**

76.16 Minnesota Statutes 2008, section 477A.03, subdivision 5, is repealed.

76.17 **EFFECTIVE DATE.** This section is effective for aid paid in 2010 and thereafter.

ARTICLE 7

SEASONAL RECREATIONAL PROPERTY TAX DEFERRAL PROGRAM

Section 1. [290D.01] CITATION.

This program shall be named the "seasonal recreational property tax deferral program."

Sec. 2. [290D.02] TERMS.

Subdivision 1. Terms. For purposes of sections 290D.01 to 290D.08, the terms defined in this section have the meanings given them.

Subd. 2. Primary property owner. "Primary property owner" means a person who (1) has been the owner, or one of the owners, of the eligible property for at least 15 years prior to the year the application is filed under section 290D.04; and (2) applies for the deferral of property taxes under section 290D.04.

Subd. 3. Secondary property owner. "Secondary property owner" means any person, other than the primary property owner, who has been an owner of the eligible property for at least 15 years prior to the year the initial application is filed for deferral of property taxes under section 290D.04.

Subd. 4. Eligible property. "Eligible property" means a parcel of property or contiguous parcels of property under the same ownership classified as noncommercial seasonal residential recreational 4c(1) property under section 273.13, subdivision 25.

Subd. 5. Base property tax amount. "Base property tax amount" means the total property taxes levied by all taxing jurisdictions, including special assessments, on the eligible property in the year prior to the year that the initial application is approved under section 290D.04 and payable in the year of the application.

Subd. 6. Special assessments. "Special assessments" mean any assessment, fee, or other charge that may be made by law, and that appears on the property tax statement for the property for collection under the laws applicable to the enforcement of real estate taxes.

Subd. 7. Commissioner. "Commissioner" means the commissioner of revenue.

Sec. 3. [290D.03] QUALIFICATIONS FOR DEFERRAL.

In order for an eligible property to qualify for treatment under this program:

(1) the eligible property must have been owned solely by the primary property owner, or jointly with others, for at least 15 years prior to the year the initial application is filed;

(2) there must be no state or federal tax liens or judgment liens on the eligible property;

77.20 (3) there must be no mortgages or other liens on the eligible property that secure
77.21 future advances, except for those subject to credit limits that result in compliance with
77.22 clause (4); and

77.23 (4) the total unpaid balances of debts secured by mortgages and other liens on the
77.24 eligible property, including unpaid and delinquent special assessments and interest and
77.25 any delinquent property taxes, penalties, and interest, but not including property taxes
77.26 payable during the year, must not exceed 60 percent of the assessor's estimated market
77.27 value for the current assessment year.

77.28 Sec. 4. **[290D.04] APPLICATION FOR DEFERRAL.**

77.29 Subdivision 1. **Initial application.** (a) A primary owner of a property meeting
77.30 the qualifications under section 290D.03 may apply to the commissioner for deferral
77.31 of taxes on the eligible property. Applications are due on or before July 1 for deferral
77.32 of any taxes payable in the following year. The application, which must be prescribed
77.33 by the commissioner, shall include the following items and any other information the
77.34 commissioner deems necessary:

78.1 (1) the name, address, and Social Security number of the primary property owner
78.2 and secondary property owners, if any;

78.3 (2) a copy of the property tax statement for the current taxes payable year for the
78.4 eligible property;

78.5 (3) the initial year of ownership of the primary property owner and any second
78.6 property owners of the eligible property;

78.7 (4) information on any mortgage loans or other amounts secured by mortgages or
78.8 other liens against the eligible property, for which purpose the commissioner may require
78.9 the applicant to provide a copy of the mortgage note, the mortgage, or a statement of the
78.10 balance owing on the mortgage loan provided by the mortgage holder. The commissioner
78.11 may require the appropriate documents in connection with obtaining and confirming
78.12 information on unpaid amounts secured by other liens; and

78.13 (5) the signatures of the primary property owner and all other owners, if any, stating
78.14 that each owner agrees to enroll the eligible property in the program to defer property
78.15 taxes under this chapter.

78.16 The application must state that program participation is voluntary. The application
78.17 must also state that program participation includes authorization for the annual deferred
78.18 amount. The deferred property tax calculated by the county and the cumulative deferred
78.19 property tax amount is public data.

78.20 (b) As part of the initial application process, if the property is abstract property, the
78.21 commissioner may require the applicant to obtain at the applicant's cost a report prepared
78.22 by a licensed abstracter showing the last deed and any unsatisfied mortgages, liens,
78.23 judgments, and state and federal tax lien notices which were recorded on or after the date
78.24 of that last deed with respect to the eligible property or to the applicant.

78.25 The certificate or report need not include references to any documents filed or
78.26 recorded more than 40 years prior to the date of the certification or report. The certification
78.27 or report must be as of a date not more than 30 days prior to submission of the application
78.28 under this section.

78.29 The commissioner may also require the county recorder or county registrar of the
78.30 county where the eligible property is located to provide copies of recorded documents
78.31 related to the applicant of the eligible property, for which the recorder or registrar shall
78.32 not charge a fee. The commissioner may use any information available to determine or
78.33 verify eligibility under this section.

78.34 Subd. 2. **Approval; recording.** The commissioner shall approve all initial
78.35 applications that qualify under this chapter and shall notify the primary property owner on
78.36 or before December 1. The commissioner may investigate the facts or require confirmation
79.1 in regard to an application. The commissioner shall record or file a notice of qualification
79.2 for deferral, including the names of the primary and any secondary property owners and a
79.3 legal description of the eligible property, in the office of the county recorder, or registrar of
79.4 titles, whichever is applicable, in the county where the eligible property is located. The
79.5 notice must state that it serves as a notice of lien and that it includes deferrals under this
79.6 section for future years. The primary property owner shall pay the recording or filing fees
79.7 for the notice, which, notwithstanding section 357.18, shall be paid by that owner at the
79.8 time of satisfaction of the lien.

79.9 Subd. 3. **Penalty for failure; investigations.** (a) The commissioner shall assess
79.10 a penalty equal to 20 percent of the property taxes improperly deferred in the case of a
79.11 false application. The commissioner shall assess a penalty equal to 50 percent of the
79.12 property taxes improperly deferred if the taxpayer knowingly filed a false application. The
79.13 commissioner shall assess penalties under this section through the issuance of an order
79.14 under the provisions of chapter 270C. Persons affected by a commissioner's order issued
79.15 under this section may appeal as provided in chapter 270C.

79.16 (b) The commissioner may conduct investigations related to initial applications
79.17 required under this chapter within the period ending 3-1/2 years from the due date of
79.18 the application.

79.19 Subd. 4. **Annual certification to commissioner.** Annually on or before July 1,
79.20 the primary property owner must certify to the commissioner that the person continues
79.21 to qualify as a primary property owner. If the primary owner has died or has transferred
79.22 the property in the preceding year, a certification may be filed by the primary owner's
79.23 spouse, or by one of the secondary owners, provided that the person is currently an
79.24 owner of the property. In this case, the primary owner's spouse or the secondary owner
79.25 shall be considered the primary owner from that point forward. If neither the primary
79.26 owner, the primary owner's spouse, or a secondary owner is eligible to file the required
79.27 annual certification for the property, the property's participation in the program shall be
79.28 terminated, and the procedures in section 290D.08 apply.

79.29 Subd. 5. **Annual notice to primary property owner.** Annually, on or before
79.30 September 1, the commissioner shall notify each primary property owner, in writing, of
79.31 the total cumulative deferred taxes and accrued interest on the qualifying property as of
79.32 that date.

79.33 Sec. 5. **[290D.05] DEFERRED PROPERTY TAX AMOUNT.**

79.34 Subdivision 1. **Calculation of deferred property tax amount.** Each year after
79.35 the county auditor has determined the final property tax rates under section 275.08, the
80.1 "deferred property tax amount" must be calculated on each eligible property. The deferred
80.2 property tax amount is equal to 50 percent of the amount of the difference between (1) the
80.3 total amount of property taxes and special assessments levied upon the eligible property
80.4 for the current year by all taxing jurisdictions and (2) the eligible property's base property
80.5 tax amount. Any tax attributable to new improvements made to the eligible property after
80.6 the initial application has been approved under section 290D.04, subdivision 2, must be
80.7 excluded in determining the deferred property tax amount. The eligible property's total
80.8 current year's tax less the deferred property tax amount for the current year must be listed
80.9 on the property tax statement and is the amount due to the county under chapter 276.
80.10 Reference that the property is enrolled in the seasonal recreational property tax deferral
80.11 program under this chapter and a state lien has been recorded must be clearly printed on
80.12 the statement.

80.13 Subd. 2. **Certification to commissioner.** The county auditor shall annually, on or
80.14 before April 15, certify to the commissioner the property tax deferral amounts determined
80.15 under this section for each eligible property in the county. The commissioner shall
80.16 prescribe the information that is necessary to identify the eligible properties.

80.17 Subd. 3. **Limitation on total amount of deferred taxes.** The total amount of
80.18 deferred taxes and interest on a property, when added to (1) the balance owed on any

80.19 mortgages on the property at the time of initial application; (2) other amounts secured by
80.20 liens on the property at the time of the initial application; and (3) any unpaid and delinquent
80.21 special assessments and interest and any delinquent property taxes, penalties, and interest,
80.22 but not including property taxes payable during the year, must not exceed 60 percent of
80.23 the assessor's estimated market value of the property for the current assessment year.

80.24 Sec. 6. **[290D.06] LIEN; DEFERRED PORTION.**

80.25 (a) Payment by the state to the county treasurer of property taxes, penalties, interest,
80.26 or special assessments and interest, deferred under this chapter is deemed a loan from the
80.27 state to the program participant. The commissioner shall compute the interest as provided
80.28 in section 270C.40, subdivision 5, but not to exceed two percent over the maximum
80.29 interest rate provided in section 290B.07, paragraph (a), and maintain records of the total
80.30 deferred amount and interest for each participant. Interest accrues beginning September 1
80.31 of the payable year for which the taxes are deferred. Any deferral made under this chapter
80.32 must not be construed as delinquent property taxes.

80.33 The lien created under section 272.31 continues to secure payment by the taxpayer,
80.34 or by the taxpayer's successors or assigns, of the amount deferred, including interest, with
80.35 respect to all years for which amounts are deferred. The lien for deferred taxes and interest
81.1 has the same priority as any other lien under section 272.31, except that liens, including
81.2 mortgages, recorded or filed prior to the recording or filing of the notice under section
81.3 290D.04, subdivision 2, have priority over the lien for deferred taxes and interest. A
81.4 seller's interest in a contract for deed, in which a qualifying owner is the purchaser or an
81.5 assignee of the purchaser, has priority over deferred taxes and interest on deferred taxes,
81.6 regardless of whether the contract for deed is recorded or filed. The lien for deferred taxes
81.7 and interest for future years has the same priority as the lien for deferred taxes and interest
81.8 for the first year, which is always higher in priority than any mortgages or other liens filed,
81.9 recorded, or created after the notice recorded or filed under section 290D.04, subdivision
81.10 2. The county treasurer or auditor shall maintain records of the deferred portion and shall
81.11 list the amount of deferred taxes for the year and the cumulative deferral and interest for
81.12 all previous years as a lien against the eligible property. In any certification of unpaid
81.13 taxes for a tax parcel, the county auditor shall clearly distinguish between taxes payable in
81.14 the current year, deferred taxes and interest, and delinquent taxes. Payment of the deferred
81.15 portion becomes due and owing at the time specified in section 290D.07. Upon receipt of
81.16 the payment, the commissioner shall issue a receipt to the person making the payment
81.17 upon request and shall notify the auditor of the county in which the parcel is located,
81.18 within ten days, identifying the parcel to which the payment applies. Upon receipt by the

81.19 commissioner of collected funds in the amount of the deferral, the state's loan to the
81.20 program participant is deemed paid in full.

81.21 (b) If eligible property for which taxes have been deferred under this chapter forfeits
81.22 under chapter 281 for nonpayment of a nondeferred property tax amount, or because
81.23 of nonpayment of amounts previously deferred following a termination under section
81.24 290D.07, the lien for the taxes deferred under this chapter, plus interest and costs, shall be
81.25 canceled by the county auditor as provided in section 282.07. However, notwithstanding
81.26 any other law to the contrary, any proceeds from a subsequent sale of the eligible property
81.27 under chapter 282 or another law, must be used to first reimburse the county's forfeited
81.28 tax sale fund for any direct costs of selling the eligible property or any costs directly
81.29 related to preparing the eligible property for sale, and then to reimburse the state for
81.30 the amount of the canceled lien. Within 90 days of the receipt of any sale proceeds to
81.31 which the state is entitled under these provisions, the county auditor must pay those funds
81.32 to the commissioner by warrant for deposit in the general fund. No other deposit, use,
81.33 distribution, or release of gross sale proceeds or receipts may be made by the county until
81.34 payments sufficient to fully reimburse the state for the canceled lien amount have been
81.35 transmitted to the commissioner.

82.1 **Sec. 7. [290D.07] TERMINATION OF DEFERRAL; PAYMENT OF DEFERRED**
82.2 **TAXES.**

82.3 Subdivision 1. **Termination.** (a) The deferral of taxes granted under this chapter
82.4 terminates when one of the following occurs:

82.5 (1) the eligible property is sold or transferred to someone other than the primary
82.6 owner's spouse or a secondary owner;

82.7 (2) the death of the primary owner, or in the case of a married couple, after the
82.8 death of both spouses, provided that there is not a secondary owner eligible to become
82.9 the primary owner;

82.10 (3) the primary property owner notifies the commissioner, in writing, that all owners,
82.11 including any secondary property owners, desire to discontinue the deferral; or

82.12 (4) the eligible property no longer qualifies under section 290D.03.

82.13 (b) An eligible property is not terminated from the program because no deferred
82.14 property tax amount is determined for any given year after the eligible property's initial
82.15 enrollment into the program.

82.16 (c) An eligible property is not terminated from the program if the eligible property
82.17 subsequently becomes the homestead of one or more of the property owners and the

82.18 property and the owners qualify for, and are immediately enrolled in, the senior deferral
82.19 program under chapter 290B.

82.20 Subd. 2. **Payment upon termination.** Upon the termination of the deferral under
82.21 subdivision 1, the amount of deferred taxes, penalties, interest, and special assessments
82.22 and interest, plus the recording or filing fees under this subdivision and section 290D.04,
82.23 subdivision 2, becomes due and payable to the commissioner within 90 days of termination
82.24 of the deferral for terminations under subdivision 1, paragraph (a), clauses (1) and (2),
82.25 and within one year of termination of the deferral for terminations under subdivision 1,
82.26 paragraph (a), clauses (3) and (4). No additional interest is due on the deferral if timely
82.27 paid. On receipt of payment, the commissioner shall, within ten days, notify the auditor
82.28 of the county in which the parcel is located, identifying the parcel to which the payment
82.29 applies and shall remit the recording or filing fees under this subdivision and section
82.30 290D.04, subdivision 2, to the auditor. A notice of termination of deferral, containing the
82.31 legal description and the recording or filing data for the notice of qualification for deferral
82.32 under section 290D.04, subdivision 2, shall be prepared and recorded or filed by the
82.33 county auditor in the same office in which the notice of qualification for deferral under
82.34 section 290D.04, subdivision 2, was recorded or filed, and the county auditor shall mail a
82.35 copy of the notice of termination to the property owner. The property owner shall pay the
82.36 recording or filing fees. Upon recording or filing of the notice of termination of deferral,
83.1 the notice of qualification for deferral under section 290D.04, subdivision 2, and the lien
83.2 created by it are discharged. If the deferral is not timely paid, the penalty, interest, lien,
83.3 forfeiture, and other rules for the collection of ad valorem property taxes apply.

83.4 **Sec. 8. [290D.08] STATE REIMBURSEMENT.**

83.5 Subdivision 1. **Determination; payment.** The county auditor shall determine the
83.6 total current year's deferred amount of property tax under this chapter in the county, and
83.7 submit those amounts as part of the abstracts of tax lists submitted by the county auditors
83.8 under section 275.29. The commissioner may make changes in the abstracts of tax lists as
83.9 deemed necessary. The commissioner, after such review, shall pay the deferred amount of
83.10 property tax to each county treasurer on or before August 31.

83.11 The county treasurer shall distribute as part of the October settlement the funds
83.12 received as if they had been collected as part of the property tax.

83.13 Subd. 2. **Appropriation.** An amount sufficient to pay the total amount of property
83.14 tax determined under subdivision 1, plus any other amounts paid under this chapter, is
83.15 annually appropriated from the general fund to the commissioner.

83.16 **Sec. 9. EFFECTIVE DATE.**

83.17 Sections 1 to 8 are effective for applications filed July 1, 2009, and thereafter.

83.18 **ARTICLE 8**

83.19 **MISCELLANEOUS**

83.20 Section 1. Minnesota Statutes 2008, section 275.07, is amended by adding a
83.21 subdivision to read:

83.22 Subd. 6. **Recertification due to unallotment.** If a local government's December
83.23 aid or credit payments under sections 477A.011 to 477A.014 and section 273.1384 are
83.24 reduced due to unallotment under section 16A.152, the local government may recertify
83.25 its levy under subdivision 1, by January 15 of the year in which the levy will be paid.
83.26 The local government must report the recertified amount to the county auditor within
83.27 two business days of January 15 or the levy will remain at the amount certified under
83.28 subdivision 1. Notwithstanding subdivision 4, the county auditor shall report to the
83.29 commissioner of revenue any recertified levies under this subdivision by January 30
83.30 of the year in which the levy will be paid.

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

83.32 Sec. 2. Minnesota Statutes 2008, section 275.70, subdivision 5, is amended to read:

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

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

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

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

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

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

84.13 (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or
84.14 an insufficiency in other revenue sources;

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

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

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

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

84.26 (7) to pay the expenses reasonably and necessarily incurred in preparing for or
84.27 repairing the effects of natural disaster including the occurrence or threat of widespread
84.28 or severe damage, injury, or loss of life or property resulting from natural causes, in
84.29 accordance with standards formulated by the Emergency Services Division of the state
84.30 Department of Public Safety, as allowed by the commissioner of revenue under section
84.31 275.74, subdivision 2;

84.32 (8) pay amounts required to correct an error in the levy certified to the county
84.33 auditor by a city or county in a levy year, but only to the extent that when added to the
84.34 preceding year's levy it is not in excess of an applicable statutory, special law or charter
84.35 limitation, or the limitation imposed on the governmental subdivision by sections 275.70
84.36 to 275.74 in the preceding levy year;

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

85.2 (10) to pay any costs attributable to increases in the employer contribution rates
85.3 under chapter 353, or locally administered pension plans, that are effective after June
85.4 30, 2001;

85.5 (11) to pay the operating or maintenance costs of a county jail as authorized in
85.6 section 641.01 or 641.262, or of a correctional facility as defined in section 241.021,
85.7 subdivision 1, paragraph (f), to the extent that the county can demonstrate to the
85.8 commissioner of revenue that the amount has been included in the county budget as
85.9 a direct result of a rule, minimum requirement, minimum standard, or directive of the
85.10 Department of Corrections, or to pay the operating or maintenance costs of a regional jail
85.11 as authorized in section 641.262. For purposes of this clause, a district court order is
85.12 not a rule, minimum requirement, minimum standard, or directive of the Department of
85.13 Corrections. If the county utilizes this special levy, except to pay operating or maintenance
85.14 costs of a new regional jail facility under sections 641.262 to 641.264 which will not
85.15 replace an existing jail facility, any amount levied by the county in the previous levy year
85.16 for the purposes specified under this clause and included in the county's previous year's

85.17 levy limitation computed under section 275.71, shall be deducted from the levy limit
85.18 base under section 275.71, subdivision 2, when determining the county's current year
85.19 levy limitation. The county shall provide the necessary information to the commissioner
85.20 of revenue for making this determination;

85.21 (12) to pay for operation of a lake improvement district, as authorized under section
85.22 103B.555. If the county utilizes this special levy, any amount levied by the county in the
85.23 previous levy year for the purposes specified under this clause and included in the county's
85.24 previous year's levy limitation computed under section 275.71 shall be deducted from
85.25 the levy limit base under section 275.71, subdivision 2, when determining the county's
85.26 current year levy limitation. The county shall provide the necessary information to the
85.27 commissioner of revenue for making this determination;

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

85.32 (14) to pay for court administration costs as required under section 273.1398,
85.33 subdivision 4b, less the (i) county's share of transferred fines and fees collected by the
85.34 district courts in the county for calendar year 2001 and (ii) the aid amount certified to be
85.35 paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes
85.36 levied to pay for these costs in the year in which the court financing is transferred to the
86.1 state, the amount under this clause is limited to the amount of aid the county is certified to
86.2 receive under section 273.1398, subdivision 4a;

86.3 (15) to fund a police or firefighters relief association as required under section 69.77
86.4 to the extent that the required amount exceeds the amount levied for this purpose in 2001;

86.5 (16) for purposes of a storm sewer improvement district under section 444.20;

86.6 (17) to pay for the maintenance and support of a city or county society for the
86.7 prevention of cruelty to animals under section 343.11. If the city or county uses this
86.8 special levy, any amount levied by the city or county in the previous levy year for the
86.9 purposes specified in this clause and included in the city's or county's previous year's levy
86.10 limit computed under section 275.71, must be deducted from the levy limit base under
86.11 section 275.71, subdivision 2, in determining the city's or county's current year levy limit;

86.12 (18) for counties, to pay for the increase in their share of health and human service
86.13 costs caused by reductions in federal health and human services grants effective after
86.14 September 30, 2007;

86.15 (19) for a city, for the costs reasonably and necessarily incurred for securing,
86.16 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by

86.17 the commissioner of revenue under section 275.74, subdivision 2. A city must have either
86.18 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in
86.19 the city or in a zip code area of the city that is at least 50 percent higher than the average
86.20 foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2,
86.21 to use this special levy. For purposes of this paragraph, "foreclosure rate" means the
86.22 number of foreclosures, as indicated by sheriff sales records, divided by the number of
86.23 households in the city in 2007;

86.24 (20) for a city, for the unreimbursed costs of redeployed traffic control agents and
86.25 lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified
86.26 to the Federal Highway Administration;

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

86.31 (22) an amount equal to any reductions in the certified aids or credits payable
86.32 under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment under
86.33 section 16A.152 in any year, reductions in aids under chapter 477A, that are enacted by
86.34 the legislature in the year in which the aid is paid, and reductions to credits under section
86.35 273.1398 enacted by the legislature in any year. The amount of the levy allowed under
86.36 this clause is equal to the amount unallotted or reduced in the calendar year in which the
87.1 tax is levied unless the ~~unallotment~~ amount is not known by September 1 of the levy year,
87.2 and the local government has not adjusted its levy under section 275.065, subdivision 6,
87.3 or section 275.07, subdivision 6, in which case the ~~unallotment~~ amount may be levied in
87.4 the following year;

87.5 (23) to pay for the difference between one-half of the costs of confining sex offenders
87.6 undergoing the civil commitment process and any state payments for this purpose pursuant
87.7 to section 253B.185, subdivision 5; and

87.8 (24) for a county to pay the costs of the first year of maintaining and operating a new
87.9 facility or new expansion, either of which contains courts, corrections, dispatch, criminal
87.10 investigation labs, or other public safety facilities and for which all or a portion of the
87.11 funding for the site acquisition, building design, site preparation, construction, and related
87.12 equipment was issued or authorized prior to the imposition of levy limits in 2008. The
87.13 levy limit base shall then be increased by an amount equal to the new facility's first full
87.14 year's operating costs as described in this clause.

87.15 **EFFECTIVE DATE.** This section is effective for levies certified in calendar year
87.16 2009 and thereafter, payable in 2010 and thereafter.

87.17 Sec. 3. Minnesota Statutes 2008, section 275.71, subdivision 4, is amended to read:

87.18 Subd. 4. **Adjusted levy limit base.** For taxes levied in ~~2008 through~~ 2009 and 2010,
87.19 the adjusted levy limit base is equal to the levy limit base computed under subdivision 2
87.20 or section 275.72, multiplied by:

87.21 (1) one plus the lesser of 3.9 percent or the percentage growth in the implicit price
87.22 deflator, but not less than zero;

87.23 (2) one plus a percentage equal to 50 percent of the percentage increase in the number
87.24 of households, if any, for the most recent 12-month period for which data is available; and

87.25 (3) one plus a percentage equal to 50 percent of the percentage increase in the
87.26 taxable market value of the jurisdiction due to new construction of class 3 property, as
87.27 defined in section 273.13, subdivision 4, except for state-assessed utility and railroad
87.28 property, for the most recent year for which data is available.

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

87.30 Sec. 4. **[475.755] EMERGENCY DEBT CERTIFICATES.**

87.31 (a) If at any time during a fiscal year the receipts of a local government are
87.32 reasonably expected to be reduced below the amount provided in the local government's
87.33 budget when the final property tax levy to be collected during the fiscal year was certified
87.34 and the receipts are insufficient to meet the expenses incurred or to be incurred during the
88.1 fiscal year, the governing body of the local government may authorize and sell certificates
88.2 of indebtedness to mature within two years or less from the end of the fiscal year in which
88.3 the certificates are issued. The maximum principal amount of the certificates that it may
88.4 issue in a fiscal year is limited to the expected reduction in receipts plus the cost of
88.5 issuance. The certificates may be issued in the manner and on the terms the governing
88.6 body determines by resolution.

88.7 (b) The governing body of the local government shall levy taxes for the payment of
88.8 principal and interest on the certificates in accordance with section 475.61.

88.9 (c) The certificates are not to be included in the net debt of the issuing local
88.10 government.

88.11 (d) To the extent that a local government issues certificates under this section to fund
88.12 an unallotment or other reduction in its state aid, the local government may not use a
88.13 special levy for the aid reduction under section 275.70, subdivision 5, clause (22), or a
88.14 similar or successor provision. This provision does not affect the status of the levy under
88.15 section 475.61 to pay the certificates as a levy that is not subject to levy limits.

88.16 (e) For purposes of this section, the following terms have the meanings given:

88.17 (1) "Local government" means a statutory or home rule charter city, a town, or
 88.18 a county.

88.19 (2) "Receipts" includes the following amounts scheduled to be received by the
 88.20 local government for the fiscal year from:

88.21 (i) taxes;

88.22 (ii) aid payments previously certified by the state to be paid to the local government;

88.23 (iii) state reimbursement payments for property tax credits; and

88.24 (iv) any other source.

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

88.26 Sec. 5. Laws 1986, chapter 400, section 44, as amended by Laws 1995, chapter 264,
 88.27 article 2, section 39, is amended to read:

88.28 Sec. 44. **DOWNTOWN TAXING AREA.**

88.29 If a bill is enacted into law in the 1986 legislative session which authorizes the city
 88.30 of Minneapolis to issue bonds and expend certain funds including taxes to finance the
 88.31 acquisition and betterment of a convention center and related facilities, which authorizes
 88.32 certain taxes to be levied in a downtown taxing area, then, notwithstanding the provisions
 88.33 of that law "downtown taxing area" shall mean the geographic area bounded by the
 88.34 portion of the Mississippi River between I-35W and Washington Avenue, the portion
 88.35 of Washington Avenue between the river and I-35W, the portion of I-35W between
 89.1 Washington Avenue and 8th Street South, the portion of 8th Street South between I-35W
 89.2 and Portland Avenue South, the portion of Portland Avenue South between 8th Street
 89.3 South and I-94, the portion of I-94 from the intersection of Portland Avenue South to
 89.4 the intersection of I-94 and the Burlington Northern Railroad tracks, the portion of the
 89.5 Burlington Northern Railroad tracks from I-94 to Main Street and including Nicollet
 89.6 Island, and the portion of Main Street to Hennepin Avenue and the portion of Hennepin
 89.7 Avenue between Main Street and 2nd Street S.E., and the portion of 2nd Street S.E.
 89.8 between Main Street and Bank Street, and the portion of Bank Street between 2nd Street
 89.9 S.E. and University Avenue S.E., and the portion of University Avenue S.E. between Bank
 89.10 Street and I-35W, and by I-35W from University Avenue S.E., to the river. The downtown
 89.11 taxing area excludes the area bounded on the south and west by Oak Grove Street, on the
 89.12 east by Spruce Place, and on the north by West 15th Street. The downtown taxing area
 89.13 also excludes any property located in a zoned area that is contained in chapter 546 of the
 89.14 Minneapolis zone code of ordinances on which a restaurant or liquor establishment is
 89.15 operated.

89.16 **EFFECTIVE DATE.** This section is effective for sales made after July 31, 2012,
89.17 provided that the proceeds of the tax collected between July 1, 2009, and July 31, 2012,
89.18 by a restaurant or liquor establishment that is excluded from the downtown taxing area
89.19 by this section, when collected by the commissioner of revenue, shall be deposited in the
89.20 general fund of the state treasury.

89.21 Sec. 6. Laws 1991, chapter 291, article 8, section 27, subdivision 3, as amended by
89.22 Laws 1998, chapter 389, article 8, section 28, and Laws 2008, chapter 366, article 7,
89.23 section 9, is amended to read:

89.24 Subd. 3. **Use of revenues.** Revenues received from taxes authorized by subdivisions
89.25 1 and 2 shall be used by the city to pay the cost of collecting the tax and to pay all or
89.26 a portion of the expenses of constructing and improving facilities as part of an urban
89.27 revitalization project in downtown Mankato known as Riverfront 2000. Authorized
89.28 expenses include, but are not limited to, acquiring property and paying relocation expenses
89.29 related to the development of Riverfront 2000 and related facilities, and securing or paying
89.30 debt service on bonds or other obligations issued to finance the construction of Riverfront
89.31 2000 and related facilities. For purposes of this section, "Riverfront 2000 and related
89.32 facilities" means a civic-convention center, an arena, a riverfront park, a technology center
89.33 and related educational facilities, and all publicly owned real or personal property that
89.34 the governing body of the city determines will be necessary to facilitate the use of these
89.35 facilities, including but not limited to parking, skyways, pedestrian bridges, lighting, and
90.1 landscaping. It also includes the performing arts theatre and the Southern Minnesota
90.2 Women's Hockey Exposition Center, ~~attached to the Mankato Civic Center~~ for use by
90.3 Minnesota State University, Mankato.

90.4 **EFFECTIVE DATE.** This section is effective the day after the governing body of
90.5 the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section
90.6 645.021, subdivisions 2 and 3.

90.7 Sec. 7. Laws 2006, chapter 259, article 3, section 12, subdivision 3, is amended to read:

90.8 Subd. 3. **Use of revenues.** Revenues received from the taxes authorized by
90.9 subdivisions 1 and 2 must be used to pay all or part of the capital costs of transportation
90.10 projects included in the 2004 U.S. Highway 14-Owatonna Beltline Study by the Minnesota
90.11 Department of Transportation, Steele County, and the city of Owatonna; regional parks
90.12 and trail developments; and the West Hills complex, including the firehall, and library
90.13 improvement projects; as described in the city resolution No. 4-06, Exhibit A, as adopted
90.14 by the city on January 17, 2006. Notwithstanding the specific transportation projects

90.15 described in city resolution No. 4-06, Exhibit A, the city may transfer up to \$1,500,000
 90.16 of the sales and use tax revenues from the Alexander Street to 39th Avenue Southwest
 90.17 project to the reconstruction of 18th Street Southwest from 24th Avenue Southwest to 39th
 90.18 Avenue West. The amount paid from these revenues for transportation projects may not
 90.19 exceed \$4,450,000 plus associated bond costs. The amount paid from these revenues for
 90.20 park and trail projects may not exceed \$5,400,000 plus associated bond costs. The amount
 90.21 paid from these revenues for West Hills complex, fire hall, and library improvement
 90.22 projects may not exceed \$2,823,000 plus associated bond costs.

90.23 **EFFECTIVE DATE.** This section is effective the day after compliance by the
 90.24 governing body of the city of Owatonna with Minnesota Statutes, section 645.021,
 90.25 subdivision 3.

90.26 Sec. 8. Laws 2008, chapter 366, article 7, section 16, subdivision 3, is amended to read:

90.27 Subd. 3. **Use of proceeds from authorized taxes.** The proceeds of any tax imposed
 90.28 under subdivisions 1 and 2 shall be used by the city to pay all or a portion of the expenses
 90.29 of operation and maintenance of the Riverfront 2000 and related facilities, including a
 90.30 performing arts theatre and the Southern Minnesota Women's Hockey Exposition Center,
 90.31 ~~attached to the Mankato Civic Center~~ for use by Minnesota State University, Mankato.
 90.32 Authorized expenses include securing or paying debt service on bonds or other obligations
 90.33 issued to finance the construction of the facilities.

91.1 **EFFECTIVE DATE.** This section is effective the day after the governing body of
 91.2 the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section
 91.3 645.021, subdivisions 2 and 3."

91.4 Amend the title accordingly