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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **665**

02/05/2015 Authored by Erhardt

The bill was read for the first time and referred to the Committee on Greater Minnesota Economic and Workforce Development Policy

02/25/2015 Adoption of Report: Amended and re-referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to taxation; property; phasing out the state general levy on seasonal  
1.3 recreational property over five years; eliminating the automatic inflation of  
1.4 the state general levy; amending Minnesota Statutes 2014, section 275.025,  
1.5 subdivisions 1, 4.

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

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

1.8 Subdivision 1. **Levy amount.** The state general levy is levied against  
1.9 commercial-industrial property and seasonal residential recreational property, as defined  
1.10 in this section. The state general levy ~~base amount~~ is ~~\$592,000,000~~ \$854,360,000 for  
1.11 taxes payable in 2002. ~~For taxes payable in subsequent years, the levy base amount is~~  
1.12 ~~increased each year by multiplying the levy base amount for the prior year by the sum~~  
1.13 ~~of one plus the rate of increase, if any, in the implicit price deflator for government~~  
1.14 ~~consumption expenditures and gross investment for state and local governments prepared~~  
1.15 ~~by the Bureau of Economic Analysts of the United States Department of Commerce for~~  
1.16 ~~the 12-month period ending March 31 of the year prior to the year the taxes are payable~~  
1.17 2016 and thereafter. The tax under this section is not treated as a local tax rate under  
1.18 section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

1.19 The commissioner shall increase or decrease the preliminary or final rate for a year  
1.20 as necessary to account for errors and tax base changes that affected a preliminary or final  
1.21 rate for either of the two preceding years. Adjustments are allowed to the extent that the  
1.22 necessary information is available to the commissioner at the time the rates for a year must  
1.23 be certified, and for the following reasons:

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

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

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

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

2.7 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2016.

2.8 Sec. 2. Minnesota Statutes 2014, section 275.025, subdivision 4, is amended to read:

2.9 Subd. 4. **Apportionment and levy of state general tax.** ~~Ninety-five~~ For taxes  
2.10 payable in 2016, 96 percent of the state general tax must be levied by applying a uniform  
2.11 rate to all commercial-industrial tax capacity and ~~five~~ four percent of the state general tax  
2.12 must be levied by applying a uniform rate to all seasonal residential recreational tax  
2.13 capacity. In each subsequent year, the portion to be levied on commercial-industrial  
2.14 tax capacity will be increased by one percentage point each year, and the portion to be  
2.15 levied on seasonal-recreational tax capacity will be reduced by one percentage point each  
2.16 year, until the entire amount is levied on commercial-industrial net tax capacity for taxes  
2.17 payable in 2020 and thereafter. On or before October 1 each year, the commissioner of  
2.18 revenue shall certify the preliminary state general levy rates to each county auditor that  
2.19 must be used to prepare the notices of proposed property taxes for taxes payable in the  
2.20 following year. By January 1 of each year, the commissioner shall certify the final state  
2.21 general levy rate to each county auditor that shall be used in spreading taxes.

2.22 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2016.