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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 3827

02/28/2022 Authored by Marquart
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; property; modifying the reduction amount of the accelerated
1.3 June liability for certain tax payments; modifying certain reimbursement and local
1.4 aid payment dates ; amending Minnesota Statutes 2020, sections 273.1384,
1.5 subdivision 4; 287.12; 287.29; 473H.10, subdivision 3; 477A.015; Minnesota
1.6 Statutes 2021 Supplement, sections 16A.152, subdivision 2; 297F.09, subdivision
1.7 10; 297G.09, subdivision 9; Laws 2006, chapter 259, article 11, section 3, as
1.8 amended.

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

1.10 Section 1. Minnesota Statutes 2021 Supplement, section 16A.152, subdivision 2, is
1.11 amended to read:

1.12 Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund
1.13 revenues and expenditures, the commissioner of management and budget determines that
1.14 there will be a positive unrestricted budgetary general fund balance at the close of the
1.15 biennium, the commissioner of management and budget must allocate money to the following
1.16 accounts and purposes in priority order:

1.17 (1) the cash flow account established in subdivision 1 until that account reaches
1.18 \$350,000,000;

1.19 (2) the budget reserve account established in subdivision 1a until that account reaches
1.20 \$2,377,399,000;

1.21 (3) the amount necessary to increase the aid payment schedule for school district aids
1.22 and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest
1.23 tenth of a percent without exceeding the amount available and with any remaining funds
1.24 deposited in the budget reserve;

2.1 (4) the amount necessary to restore all or a portion of the net aid reductions under section
 2.2 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75,
 2.3 subdivision 5, by the same amount;

2.4 (5) the amount necessary to increase the Minnesota 21st century fund by not more than
 2.5 the difference between \$5,000,000 and the sum of the amounts credited and canceled to it
 2.6 in the previous 12 months under Laws 2020, chapter 71, article 1, section 11, until the sum
 2.7 of all transfers under this section and all amounts credited or canceled under Laws 2020,
 2.8 chapter 71, article 1, section 11, equals \$20,000,000; and

2.9 (6) for a forecast in November only, the amount remaining after the transfer under clause
 2.10 (5) must be used to reduce the percentage of accelerated June liability mortgage registry,
 2.11 deed, sales, cigarette and tobacco, and liquor tax payments required under section sections
 2.12 287.12, paragraph (c); 287.29, subdivision 1, paragraph (c); 289A.20, subdivision 4,
 2.13 paragraph (b); 297F.09, subdivision 10; and 297G.09, subdivision 9, until the percentage
 2.14 equals zero, rounded to the nearest tenth of a percent. By March 15 following the November
 2.15 forecast, the commissioner must provide the commissioner of revenue with the percentage
 2.16 of accelerated June liability owed based on the reduction required by this clause. By April
 2.17 15 each year, the commissioner of revenue must certify the percentage of June liability
 2.18 owed by vendors and distributors based on the reduction required by this clause.

2.19 (b) The amounts necessary to meet the requirements of this section are appropriated
 2.20 from the general fund within two weeks after the forecast is released or, in the case of
 2.21 transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations
 2.22 schedules otherwise established in statute.

2.23 (c) The commissioner of management and budget shall certify the total dollar amount
 2.24 of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education.
 2.25 The commissioner of education shall increase the aid payment percentage and reduce the
 2.26 property tax shift percentage by these amounts and apply those reductions to the current
 2.27 fiscal year and thereafter.

2.28 **EFFECTIVE DATE.** This section is effective July 1, 2022.

2.29 Sec. 2. Minnesota Statutes 2020, section 273.1384, subdivision 4, is amended to read:

2.30 Subd. 4. **Payment.** (a) The commissioner of revenue shall reimburse each local taxing
 2.31 jurisdiction, other than school districts, for the tax reductions granted under subdivision 2
 2.32 in two equal installments on ~~October 31~~ March 15 and December 26 of the taxes payable
 2.33 year for which the reductions are granted, including in each payment the prior year

3.1 adjustments certified on the abstracts for that taxes payable year. The reimbursements related
3.2 to tax increments shall be issued in one installment each year on December 26.

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

3.7 **EFFECTIVE DATE.** This section is effective for payments made in calendar year 2023
3.8 and thereafter.

3.9 Sec. 3. Minnesota Statutes 2020, section 287.12, is amended to read:

3.10 **287.12 TAXES, HOW APPORTIONED.**

3.11 (a) All taxes paid to the county treasurer under the provisions of sections 287.01 to
3.12 287.12 must be apportioned, 97 percent to the general fund of the state, and three percent
3.13 to the county revenue fund.

3.14 (b) On or before the 20th day of each month the county treasurer shall determine and
3.15 pay to the commissioner of revenue for deposit in the state treasury and credit to the general
3.16 fund the state's portion of the receipts from the mortgage registry tax during the preceding
3.17 month subject to the electronic payment requirements of section 270C.42. The county
3.18 treasurer shall provide any related reports requested by the commissioner of revenue.

3.19 (c) Counties must remit 100 percent of the state's portion of the June receipts collected
3.20 through June 25, or a reduced percentage of the June receipts as certified by the commissioner
3.21 under section 16A.152, subdivision 2, paragraph (a), clause (6), and 100 percent of the
3.22 estimated state's portion of the receipts to be collected during the remainder of the month
3.23 or a reduced percentage of the June receipts as certified by the commissioner under section
3.24 16A.152, subdivision 2, paragraph (a), clause (6), to the commissioner of revenue two
3.25 business days before June 30 of each year. The remaining amount of the June receipts is
3.26 due on August 20. This paragraph expires after the percentage of estimated payment is
3.27 reduced to zero in accordance with section 16A.152, subdivision 2, paragraph (a), clause
3.28 (6).

3.29 **EFFECTIVE DATE.** This section is effective for remittances required after July 1,
3.30 2022.

4.1 Sec. 4. Minnesota Statutes 2020, section 287.29, is amended to read:

4.2 **287.29 PAYMENT OF RECEIPTS TO STATE GENERAL FUND; REPORTS.**

4.3 Subdivision 1. **Appointment and payment of tax proceeds.** (a) The proceeds of the
4.4 taxes levied and collected under sections 287.21 to 287.385 must be apportioned, 97 percent
4.5 to the general fund of the state, and three percent to the county revenue fund.

4.6 (b) On or before the 20th day of each month, the county treasurer shall determine and
4.7 pay to the commissioner of revenue for deposit in the state treasury and credit to the general
4.8 fund the state's portion of the receipts for deed tax from the preceding month subject to the
4.9 electronic transfer requirements of section 270C.42. The county treasurer shall provide any
4.10 related reports requested by the commissioner of revenue.

4.11 (c) Counties must remit 100 percent of the state's portion of the June receipts collected
4.12 through June 25, or a reduced percentage of the June receipts as certified by the commissioner
4.13 under section 16A.152, subdivision 2, paragraph (a), clause (6), and 100 percent of the
4.14 estimated state's portion of the receipts to be collected during the remainder of the month
4.15 or a reduced percentage of the June receipts as certified by the commissioner under section
4.16 16A.152, subdivision 2, paragraph (a), clause (6), to the commissioner of revenue two
4.17 business days before June 30 of each year. The remaining amount of the June receipts is
4.18 due on August 20. This paragraph expires after the percentage of estimated payment is
4.19 reduced to zero in accordance with section 16A.152, subdivision 2, paragraph (a), clause
4.20 (6).

4.21 **EFFECTIVE DATE.** This section is effective for remittances required after July 1,
4.22 2022.

4.23 Sec. 5. Minnesota Statutes 2021 Supplement, section 297F.09, subdivision 10, is amended
4.24 to read:

4.25 Subd. 10. **Accelerated tax payment.** A cigarette distributor, tobacco products distributor,
4.26 retailer, or out-of-state retailer having a liability of \$250,000 or more during a fiscal year
4.27 ending June 30, shall remit the June liability for the next year in the following manner:

4.28 (a) Two business days before June 30 of calendar year 2021, the distributor shall remit
4.29 the actual May liability and 87.5 percent of the estimated June liability to the commissioner
4.30 and file the return in the form and manner prescribed by the commissioner. Two business
4.31 days before June 30 of calendar year 2022 and each calendar year thereafter, the distributor
4.32 must remit the actual May liability and 84.5 percent, or a reduced percentage as certified
4.33 by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6), of the

5.1 estimated June liability to the commissioner and file the return in the form and manner
5.2 prescribed by the commissioner.

5.3 (b) On or before August 18 of the year, the distributor, retailer, or out-of-state retailer
5.4 shall submit a return showing the actual June liability and pay any additional amount of tax
5.5 not remitted in June. A penalty is imposed equal to ten percent of the amount of June liability
5.6 required to be paid in June, less the amount remitted in June. However, the penalty is not
5.7 imposed if the amount remitted in June equals:

5.8 (1) for calendar year 2021, the lesser of 87.5 percent of the actual June liability for that
5.9 calendar year or 87.5 percent of the May liability for that calendar year; or

5.10 (2) for calendar year 2022 and each calendar year thereafter, the lesser of 84.5 percent,
5.11 or a reduced percentage as certified by the commissioner under section 16A.152, subdivision
5.12 2, paragraph (a), clause (6), of the actual June liability for that calendar year or 84.5 percent,
5.13 or a reduced percentage as certified by the commissioner under section 16A.152, subdivision
5.14 2, paragraph (a), clause (6), of the May liability for that calendar year.

5.15 (c) This subdivision expires after the percentage of estimated payment is reduced to zero
5.16 in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).

5.17 **EFFECTIVE DATE.** This section is effective for estimate payments required to be
5.18 made after July 1, 2022.

5.19 Sec. 6. Minnesota Statutes 2021 Supplement, section 297G.09, subdivision 9, is amended
5.20 to read:

5.21 Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this chapter
5.22 having a liability of \$250,000 or more during a fiscal year ending June 30, shall remit the
5.23 June liability for the next year in the following manner:

5.24 (a) Two business days before June 30 of calendar year 2021, the taxpayer shall remit
5.25 the actual May liability and 87.5 percent of the estimated June liability to the commissioner
5.26 and file the return in the form and manner prescribed by the commissioner. Two business
5.27 days before June 30 of calendar year 2022 and each calendar year thereafter, the distributor
5.28 must remit the actual May liability and 84.5 percent, or a reduced percentage as certified
5.29 by the commissioner under section 16A.152, subdivision 2, paragraph (a), clause (6), of the
5.30 estimated June liability to the commissioner and file the return in the form and manner
5.31 prescribed by the commissioner.

5.32 (b) On or before August 18 of the year, the taxpayer shall submit a return showing the
5.33 actual June liability and pay any additional amount of tax not remitted in June. A penalty

6.1 is imposed equal to ten percent of the amount of June liability required to be paid in June
6.2 less the amount remitted in June. However, the penalty is not imposed if the amount remitted
6.3 in June equals:

6.4 (1) for calendar year 2021, the lesser of 87.5 percent of the actual June liability for that
6.5 calendar year or 87.5 percent of the May liability for that calendar year; or

6.6 (2) for calendar year 2022 and each calendar year thereafter, the lesser of 84.5 percent,
6.7 or a reduced percentage as certified by the commissioner under section 16A.152, subdivision
6.8 2, paragraph (a), clause (6), of the actual June liability for that calendar year or 84.5 percent,
6.9 or a reduced percentage as certified by the commissioner under section 16A.152, subdivision
6.10 2, paragraph (a), clause (6), of the May liability for that calendar year.

6.11 (c) This subdivision expires after the percentage of estimated payment is reduced to zero
6.12 in accordance with section 16A.152, subdivision 2, paragraph (a), clause (6).

6.13 **EFFECTIVE DATE.** This section is effective for estimate payments required to be
6.14 made after July 1, 2022.

6.15 Sec. 7. Minnesota Statutes 2020, section 473H.10, subdivision 3, is amended to read:

6.16 Subd. 3. **Computation of tax; state reimbursement.** (a) After having determined the
6.17 market value of all land valued according to subdivision 2, the assessor shall compute the
6.18 net tax capacity of those properties by applying the appropriate classification rates. When
6.19 computing the rate of tax pursuant to section 275.08, the county auditor shall include the
6.20 net tax capacity of land as provided in this paragraph.

6.21 (b) The county auditor shall compute the tax on lands valued according to subdivision
6.22 2 and nonresidential buildings by multiplying the net tax capacity times the total local tax
6.23 rate for all purposes as provided in paragraph (a).

6.24 (c) The county auditor shall then compute the tax on lands valued according to subdivision
6.25 2 and nonresidential buildings by multiplying the net tax capacity times the total local tax
6.26 rate for all purposes as provided in paragraph (a), subtracting \$1.50 per acre of land in the
6.27 preserve.

6.28 (d) The county auditor shall then compute the maximum ad valorem property tax on
6.29 lands valued according to subdivision 2 and nonresidential buildings by multiplying the net
6.30 tax capacity times 105 percent of the previous year's statewide average local tax rate levied
6.31 on property located within townships for all purposes.

7.1 (e) The tax due and payable by the owner of preserve land valued according to subdivision
 7.2 2 and nonresidential buildings will be the amount determined in paragraph (c) or (d),
 7.3 whichever is less. The state shall reimburse the taxing jurisdictions for the amount of the
 7.4 difference between the net tax determined under this paragraph and the gross tax in paragraph
 7.5 (b). Residential buildings shall continue to be valued and classified according to the
 7.6 provisions of sections 273.11 and 273.13, as they would be in the absence of this section,
 7.7 and the tax on those buildings shall not be subject to the limitation contained in this
 7.8 paragraph.

7.9 The county may transfer money from the county conservation account created in section
 7.10 40A.152 to the county revenue fund to reimburse the fund for the tax lost as a result of this
 7.11 subdivision or to pay taxing jurisdictions within the county for the tax lost. The county
 7.12 auditor shall certify to the commissioner of revenue on or before June 1 the total amount
 7.13 of tax lost to the county and taxing jurisdictions located within the county as a result of this
 7.14 subdivision and the extent that the tax lost exceeds funds available in the county conservation
 7.15 account. Payment shall be made by the state on ~~December 26~~ June 30 to each of the affected
 7.16 taxing jurisdictions, other than school districts, in the same proportion that the ad valorem
 7.17 tax is distributed if the county conservation account is insufficient to make the reimbursement.
 7.18 There is annually appropriated from the Minnesota conservation fund under section 40A.151
 7.19 to the commissioner of revenue an amount sufficient to make the reimbursement provided
 7.20 in this subdivision. If the amount available in the Minnesota conservation fund is insufficient,
 7.21 the balance that is needed is appropriated from the general fund.

7.22 **EFFECTIVE DATE.** This section is effective for payments made in calendar year 2023
 7.23 and thereafter.

7.24 Sec. 8. Minnesota Statutes 2020, section 477A.015, is amended to read:

7.25 **477A.015 PAYMENT DATES.**

7.26 (a) The commissioner of revenue shall make the payments of local government aid to
 7.27 affected taxing authorities in two installments on ~~July 20~~ March 15 and December 26
 7.28 annually.

7.29 ~~(b) Notwithstanding paragraph (a), for aids payable in 2019 only, the commissioner of~~
 7.30 ~~revenue shall make payments of the aid payable under section 477A.013, subdivision 9, in~~
 7.31 ~~three installments as follows: (1) 14.6 percent of the aid shall be paid on June 15, 2019; (2)~~
 7.32 ~~35.4 percent of the aid shall be paid on July 20, 2019; and (3) 50 percent of the aid shall be~~
 7.33 ~~paid on December 26, 2019.~~

8.1 ~~(e)~~ (b) When the commissioner of public safety determines that a local government has
 8.2 suffered financial hardship due to a natural disaster, the commissioner of public safety shall
 8.3 notify the commissioner of revenue, who shall make payments of aids under sections
 8.4 477A.011 to 477A.014, which are otherwise due on December 26, as soon as is practical
 8.5 after the determination is made but not before July 20.

8.6 ~~(d)~~ (c) The commissioner may pay all or part of the payments of aids under sections
 8.7 477A.011 to 477A.014, which are due on December 26 at any time after August 15 if a
 8.8 local government requests such payment as being necessary for meeting its cash flow needs.

8.9 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2023
 8.10 and thereafter.

8.11 Sec. 9. Laws 2006, chapter 259, article 11, section 3, as amended by Laws 2008, chapter
 8.12 154, article 1, section 4, and Laws 2013, chapter 143, article 2, section 33, is amended to
 8.13 read:

8.14 Sec. 3. **MAHNOMEN COUNTY; COUNTY, CITY, SCHOOL DISTRICT,**
 8.15 **PROPERTY TAX REIMBURSEMENT.**

8.16 Subdivision 1. **Aid appropriation.** \$1,200,000 is appropriated annually from the general
 8.17 fund to the commissioner of revenue to be used to make payments to compensate for the
 8.18 loss of property tax revenue related to the trust conversion application of the Shooting Star
 8.19 Casino. The commissioner shall pay the county of Mahnomen, \$900,000; the city of
 8.20 Mahnomen, \$160,000; and Independent School District No. 432, Mahnomen, \$140,000.
 8.21 The payments shall be made on July 20, of 2013 and each subsequent year through calendar
 8.22 year 2022. In calendar year 2023 and each subsequent year, the payments to the county of
 8.23 Mahnomen and the city of Mahnomen shall be made on March 15 and the payment to
 8.24 Independent School District No. 432, Mahnomen shall be made on July 20.

8.25 **EFFECTIVE DATE.** This section is effective for payments made in calendar year 2023
 8.26 and thereafter.