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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 4646

03/28/2022 Authored by Schomacker
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; imposing levy limits for certain cities.

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

1.4 Section 1. LEVY LIMITS FOR CITIES WITH RENT CONTROL.

1.5 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have
1.6 the meanings given.

1.7 (b) "City" means a statutory or home rule charter city.

1.8 (c) "Commissioner" means the commissioner of revenue.

1.9 (d) "Generating operating levy" means a city's levy for all purposes other than special
1.10 levies.

1.11 (e) "Rent control" means an ordinance, charter amendment, or any other law that places
1.12 controls or limitations on rents imposed on private residential property.

1.13 (f) "Special levies" has the meaning given in Minnesota Statutes, section 275.70,
1.14 subdivision 5.

1.15 Subd. 2. Property tax levy limit. (a) Notwithstanding any other provisions of law or
1.16 municipal charter to the contrary which authorizes ad valorem taxes in excess of the limits
1.17 established in this section, the provisions of this section apply to a city for all purposes other
1.18 than those for which special levies are made.

1.19 (b) Beginning with taxes levied in 2022, a city that has adopted rent control is prohibited
1.20 from increasing its general operating levy from the prior year by an amount that exceeds
1.21 the percentage limitation placed on rent increases under the city's rent control measure.

2.1 Special levies authorized under Minnesota Statutes, section 275.70, subdivision 5, shall not
2.2 be included in the calculation of the levy limit imposed under this section.

2.3 Subd. 3. **Calculation and notification.** (a) By August 1, 2022, and each August 1
2.4 thereafter, each city that has adopted rent control must provide to the Department of Revenue
2.5 a copy of the city's rent control measure.

2.6 (b) The commissioner of revenue shall make all necessary calculations for determining
2.7 levy limits for cities and shall notify each city of its levy limit by September 1. Each city
2.8 must, upon request by the commissioner, provide the commissioner with any information
2.9 needed to make the calculations. Each city shall report by September 30, in a manner
2.10 prescribed by the commissioner, the maximum amount of taxes the city plans to levy for
2.11 each of the purposes listed under special levies along with any necessary documentation.
2.12 The final allowed special levy amounts and any levy limit adjustments must be certified
2.13 back to each city by December 10. In addition, the commissioner of revenue shall notify
2.14 all county auditors on or before five working days after December 20 of the sum of the levy
2.15 limit plus the total of allowed special levies for each city located within their boundaries so
2.16 that the auditor may fix the levies as required in Minnesota Statutes, section 275.16.

2.17 (c) If a city fails to provide the commissioner with information necessary to make the
2.18 calculation under this section, or if the information is deemed insufficient to make the
2.19 calculation, the commissioner has the discretion to set the city's levy limit for all purposes
2.20 including those purposes for which special levies may be made, equal to the amount of the
2.21 city's certified levy for the prior year.

2.22 **EFFECTIVE DATE.** This section is effective beginning with taxes levied in 2022.