

1.1 A bill for an act

1.2 relating to taxation; abolishing levy limits; amending Minnesota Statutes 2008,
1.3 sections 275.065, subdivision 3; 275.16; 275.62, subdivision 1; 473.167,
1.4 subdivision 3; 473.249, subdivision 1; 473.253, subdivision 1; repealing
1.5 Minnesota Statutes 2008, sections 275.70; 275.71, subdivisions 1, 2, 4, 5, 6;
1.6 275.72; 275.73; 275.74; 275.75.

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

1.8 Section 1. Minnesota Statutes 2008, section 275.065, subdivision 3, is amended to read:

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

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

1.16 (c) The notice must inform taxpayers that it contains the amount of property taxes
1.17 each taxing authority proposes to collect for taxes payable the following year. In the case
1.18 of a town, or in the case of the state general tax, the final tax amount will be its proposed
1.19 tax. In the case of taxing authorities required to hold a public meeting under subdivision 6,
1.20 the notice must clearly state that each taxing authority, including regional library districts
1.21 established under section 134.201, and including the metropolitan taxing districts as
1.22 defined in paragraph (i), but excluding all other special taxing districts and towns, will
1.23 hold a public meeting to receive public testimony on the proposed budget and proposed or
1.24 final property tax levy, or, in case of a school district, on the current budget and proposed
1.25 property tax levy. It must clearly state the time and place of each taxing authority's

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2.1 meeting, a telephone number for the taxing authority that taxpayers may call if they have
2.2 questions related to the notice, and an address where comments will be received by mail.

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

2.4 (1) the market value of the property as determined under section 273.11, and used
2.5 for computing property taxes payable in the following year and for taxes payable in the
2.6 current year as each appears in the records of the county assessor on November 1 of the
2.7 current year; and, in the case of residential property, whether the property is classified as
2.8 homestead or nonhomestead. The notice must clearly inform taxpayers of the years to
2.9 which the market values apply and that the values are final values;

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

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

2.15 (ii) the proposed tax amount.

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

2.19 In the case of a town or the state general tax, the final tax shall also be its proposed
2.20 tax unless the town changes its levy at a special town meeting under section 365.52. If a
2.21 school district has certified under section 126C.17, subdivision 9, that a referendum will
2.22 be held in the school district at the November general election, the county auditor must
2.23 note next to the school district's proposed amount that a referendum is pending and that, if
2.24 approved by the voters, the tax amount may be higher than shown on the notice. In the
2.25 case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be
2.26 listed separately from the remaining amount of the city's levy. In the case of the city of
2.27 St. Paul, the levy for the St. Paul Library Agency must be listed separately from the
2.28 remaining amount of the city's levy. In the case of Ramsey County, any amount levied
2.29 under section 134.07 may be listed separately from the remaining amount of the county's
2.30 levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax
2.31 under chapter 276A or 473F applies, the proposed tax levy on the captured value or the
2.32 proposed tax levy on the tax capacity subject to the areawide tax must each be stated
2.33 separately and not included in the sum of the special taxing districts; and

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

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

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

3.6 (1) special assessments;

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

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

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

3.13 ~~(5)~~ (4) amounts necessary to pay tort judgments against the taxing authority that
3.14 become final after the date the proposed taxes are certified; and

3.15 ~~(6)~~ (5) the contamination tax imposed on properties which received market value
3.16 reductions for contamination.

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

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

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

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

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

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

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

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4.1 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,
4.2 473.446, 473.521, 473.547, or 473.834;

4.3 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672;
4.4 and

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

4.6 For purposes of this section, any levies made by the regional rail authorities in the
4.7 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
4.8 398A shall be included with the appropriate county's levy and shall be discussed at that
4.9 county's public hearing.

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

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

4.19 (2) population growth and decline;

4.20 (3) state or federal government action; and

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

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

4.27 **EFFECTIVE DATE.** This section is effective for taxes levied in 2009, payable
4.28 in 2010, and thereafter.

4.29 Sec. 2. Minnesota Statutes 2008, section 275.16, is amended to read:

4.30 **275.16 COUNTY AUDITOR TO FIX AMOUNT OF LEVY.**

4.31 If any ~~such~~ municipality ~~shall return~~ returns to the county auditor a levy greater
4.32 than permitted by chapters 123A, 123B, 124D, 126C, and 136C; and sections 275.124
4.33 to 275.16, ~~and 275.70 to 275.74, such~~ the county auditor shall extend only ~~such~~ the
4.34 amount of taxes as the limitations ~~herein~~ prescribed will in this section permit; provided,

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5.1 if ~~such~~ the levy ~~shall include~~ includes any levy for the payment of bonded indebtedness
5.2 or judgments, ~~such~~ the levies for bonded indebtedness or judgments shall be extended
5.3 in full, and the remainder of the levies shall be reduced so that the total ~~thereof~~ of the
5.4 levies, including levies for bonds and judgments, shall not exceed ~~such~~ the amount ~~as~~ the
5.5 limitations ~~herein~~ prescribed ~~will~~ in this section permit.

5.6 **EFFECTIVE DATE.** This section is effective for taxes levied in 2009, payable
5.7 in 2010, and thereafter.

5.8 Sec. 3. Minnesota Statutes 2008, section 275.62, subdivision 1, is amended to read:

5.9 Subdivision 1. **Report on taxes levied.** The commissioner of revenue shall establish
5.10 procedures for the annual reporting of local government levies. Each local governmental
5.11 unit shall submit a report to the commissioner by December 30 of the year in which the
5.12 tax is levied. The report shall include, but is not limited to, information on the amount of
5.13 the tax levied by the governmental unit for ~~the following purposes:~~ all purposes.

5.14 ~~(1) social services and related programs, which include taxes levied for the purposes~~
5.15 ~~defined in Minnesota Statutes 1991 Supplement, section 275.50, subdivision 5, clauses~~
5.16 ~~(a), (j), and (v);~~

5.17 ~~(2) the amounts levied for each of the purposes listed in section 275.70, subdivision~~
5.18 ~~5; and~~

5.19 ~~(3) other levies, which include the taxes levied for all purposes not included in~~
5.20 ~~clause (1), (2), or (3).~~

5.21 **EFFECTIVE DATE.** This section is effective for taxes levied in 2009, payable
5.22 in 2010, and thereafter.

5.23 Sec. 4. Minnesota Statutes 2008, section 473.167, subdivision 3, is amended to read:

5.24 Subd. 3. **Tax.** The council may levy a tax on all taxable property in the metropolitan
5.25 area, as defined in section 473.121, to provide funds for loans made pursuant to
5.26 subdivisions 2 and 2a. This tax for the right-of-way acquisition loan fund shall be certified
5.27 by the council, levied, and collected in the manner provided by section 473.13. The tax
5.28 shall be in addition to that authorized by section 473.249 and any other law and shall not
5.29 affect the amount or rate of taxes which may be levied by the council or any metropolitan
5.30 agency or local governmental unit. The amount of the levy shall be as determined and
5.31 certified by the council, provided that the tax levied by the Metropolitan Council for the
5.32 right-of-way acquisition loan fund shall not exceed \$2,828,379 for taxes payable in 2004
5.33 and \$2,828,379 for taxes payable in 2005. The amount of the levy for taxes payable in

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6.1 2006 and subsequent years shall not exceed the product of (1) the Metropolitan Council's
6.2 property tax levy limitation under this subdivision for the previous year, multiplied by
6.3 (2) one plus a percentage equal to the growth in the implicit price deflator as defined
6.4 in section ~~275.70~~ 275.025, subdivision 2.

6.5 **EFFECTIVE DATE.** This section is effective for taxes levied in 2009, payable
6.6 in 2010, and thereafter.

6.7 Sec. 5. Minnesota Statutes 2008, section 473.249, subdivision 1, is amended to read:

6.8 Subdivision 1. **Indexed limit.** (a) The Metropolitan Council may levy a tax on all
6.9 taxable property in the metropolitan area defined in section 473.121 to provide funds for
6.10 the purposes of sections 473.121 to 473.249 and for the purpose of carrying out other
6.11 responsibilities of the council as provided by law. This tax for general purposes shall be
6.12 levied and collected in the manner provided by section 473.13.

6.13 (b) The property tax levied by the Metropolitan Council for general purposes shall
6.14 not exceed \$10,522,329 for taxes payable in 2004 and \$10,522,329 for taxes payable
6.15 in 2005.

6.16 (c) The property tax levy limitation for general purposes for taxes payable in 2006
6.17 and subsequent years shall not exceed the product of: (1) the Metropolitan Council's
6.18 property tax levy limitation for general purposes for the previous year determined under
6.19 this subdivision multiplied by (2) one plus a percentage equal to the growth in the implicit
6.20 price deflator as defined in section ~~275.70~~ 275.025, subdivision 2.

6.21 **EFFECTIVE DATE.** This section is effective for taxes levied in 2009, payable
6.22 in 2010, and thereafter.

6.23 Sec. 6. Minnesota Statutes 2008, section 473.253, subdivision 1, is amended to read:

6.24 Subdivision 1. **Sources of funds.** The council shall credit to the livable communities
6.25 demonstration account the revenues provided in this subdivision. This tax shall be levied
6.26 and collected in the manner provided by section 473.13. The levy shall not exceed the
6.27 following amount for the years specified:

6.28 (1) for taxes payable in 2004 and 2005, \$8,259,070; and

6.29 (2) for taxes payable in 2006 and subsequent years, the product of (i) the property
6.30 tax levy limit under this subdivision for the previous year multiplied by (ii) one plus a
6.31 percentage equal to the growth in the implicit price deflator as defined in section ~~275.70~~
6.32 275.025, subdivision 2.

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7.1 **EFFECTIVE DATE.** This section is effective for taxes levied in 2009, payable
7.2 in 2010, and thereafter.

7.3 **Sec. 7. REPEALER.**

7.4 Minnesota Statutes 2008, sections 275.70; 275.71, subdivisions 1, 2, 4, 5, and 6;
7.5 275.72; 275.73; 275.74; and 275.75, are repealed.

7.6 **EFFECTIVE DATE.** This section is effective for taxes levied in 2009 and thereafter.

275.70 LEVY LIMITATIONS; DEFINITIONS.

Subdivision 1. **Application.** For the purposes of sections 275.70 to 275.74, the following terms have the meanings given them, unless provided otherwise.

Subd. 2. **Implicit price deflator.** "Implicit price deflator" means the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysis of the United States Department of Commerce for the 12-month period ending March 31 of the levy year.

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

Subd. 4. **Population; number of households.** "Population" or "number of households" means the population or number of households for the local governmental unit as established by the last federal census, by a census taken under section 275.14, or by an estimate made by the metropolitan council or by the state demographer under section 4A.02, whichever is most recent as to the stated date of the count or estimate up to and including June 1 of the current levy year.

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

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

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

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

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

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

(iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an insufficiency in other revenue sources;

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

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

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

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

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

(8) pay amounts required to correct an error in the levy certified to the county auditor by a city or county in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.70 to 275.74 in the preceding levy year;

(9) to pay an abatement under section 469.1815;

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

(11) to pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the Department of Corrections, or to pay the operating or maintenance costs of a regional jail as authorized in section 641.262. For purposes of this clause, a district court order is not a rule, minimum requirement, minimum standard, or directive of the Department of Corrections. If the county utilizes this special levy, except to pay operating or maintenance costs of a new regional jail facility under sections 641.262 to 641.264 which will not replace an existing jail facility, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71, shall be deducted from the levy limit base under section 275.71,

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subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

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

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

(14) to pay for court administration costs as required under section 273.1398, subdivision 4b, less the (i) county's share of transferred fines and fees collected by the district courts in the county for calendar year 2001 and (ii) the aid amount certified to be paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes levied to pay for these costs in the year in which the court financing is transferred to the state, the amount under this clause is limited to the amount of aid the county is certified to receive under section 273.1398, subdivision 4a;

(15) to fund a police or firefighters relief association as required under section 69.77 to the extent that the required amount exceeds the amount levied for this purpose in 2001;

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

(17) to pay for the maintenance and support of a city or county society for the prevention of cruelty to animals under section 343.11. If the city or county uses this special levy, any amount levied by the city or county in the previous levy year for the purposes specified in this clause and included in the city's or county's previous year's levy limit computed under section 275.71, subdivision 2, in determining the city's or county's current year levy limit;

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

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

(20) for a city, for the unreimbursed costs of redeployed traffic control agents and lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified to the Federal Highway Administration;

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

(22) an amount equal to any reductions in the certified aids or credits payable under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment under section 16A.152. The amount of the levy allowed under this clause is equal to the amount unallotted in the calendar year in which the tax is levied unless the unallotment amount is not known by September 1 of the levy year, in which case the unallotment amount may be levied in the following year.

Subd. 6. **Levy aid base.** "Levy aid base" for a local governmental unit for a levy year means its total levy spread on net tax capacity, minus any amounts that would qualify as a special levy under this section, plus the sum of (1) the total amount of aids and reimbursements that the local governmental unit is certified to receive under sections 477A.011 to 477A.014 in the same year, (2) taconite aids under sections 298.28 and 298.282 in the same year, including any aid which was required to be placed in a special fund for expenditure in the next succeeding year, and (3) payments to the local governmental unit under section 272.029 in the same year, adjusted for any error in estimation in the preceding year.

275.71 LEVY LIMITS.

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Subdivision 1. **Limit on levies.** Notwithstanding any other provision of law or municipal charter to the contrary which authorize ad valorem taxes in excess of the limits established by sections 275.70 to 275.74, the provisions of this section apply to local governmental units for all purposes other than those for which special levies and special assessments are made.

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

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

- (1) one plus the lesser of 3.9 percent or the percentage growth in the implicit price deflator;
- (2) one plus a percentage equal to 50 percent of the percentage increase in the number of households, if any, for the most recent 12-month period for which data is available; and
- (3) one plus a percentage equal to 50 percent of the percentage increase in the taxable market value of the jurisdiction due to new construction of class 3 property, as defined in section 273.13, subdivision 4, except for state-assessed utility and railroad property, for the most recent year for which data is available.

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

Subd. 6. **Levies in excess of levy limits.** If the levy made by a city or county exceeds the levy limit provided in sections 275.70 to 275.74, except when the excess levy is due to the rounding of the rate in accordance with section 275.28, the county auditor shall only extend the amount of taxes permitted under sections 275.70 to 275.74, as provided for in section 275.16.

275.72 LEVY LIMIT ADJUSTMENTS FOR CONSOLIDATION AND ANNEXATION.

Subdivision 1. **Adjustments for consolidation.** If all of the area included in two or more local governmental units is consolidated, merged, or otherwise combined to constitute a single governmental unit, the levy limit base for the resulting governmental unit in the first levy year in which the consolidation is effective shall be equal to (1) the highest tax rate in any of the merging governmental units in the previous year multiplied by the net tax capacity of all the merging governmental units in the previous year, minus (2) the sum of all levies in the merging governmental units in the previous year that qualify as special levies under section 275.70, subdivision 5.

Subd. 2. **Adjustments for annexation.** If a local governmental unit increases its tax base through annexation of an area which is not the area of an entire local governmental unit and the area of annexation contains a population of 50 or more, the levy limit base of the local governmental unit in the first year in which the annexation is effective shall be equal to its levy limit base established before the adjustment under section 275.71, subdivision 3, for the current levy year multiplied by the ratio of the net tax capacity in the local governmental unit after the annexation compared to its net tax capacity before the annexation.

Subd. 3. **Adjustments for changes in service levels.** If a local governmental unit, as a result of an annexation agreement, has different tax rates in various parts of the jurisdiction due to different service levels, it may petition the commissioner of revenue to adjust its levy limits established under section 275.71. The commissioner shall adjust the levy limits to reflect scheduled changes in tax rates related to increasing service levels in areas currently receiving less city services. The local governmental unit shall provide the commissioner with any information the commissioner deems necessary in making the levy limit adjustment.

Subd. 4. **Transfer of governmental functions.** If a function or service of one local governmental unit is transferred to another local governmental unit, the levy limits established under section 275.71 must be adjusted by the commissioner of revenue in such manner so as to fairly and equitably reflect the reduced or increased property tax burden resulting from

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the transfer. The aggregate of the adjusted limitations must not exceed the aggregate of the limitations prior to adjustment.

Subd. 5. **Effective date for levy limits purposes.** Annexations, mergers, and shifts in services and functional responsibilities that are effective by June 30 of the levy year are included in the calculation of the levy limit for that levy year. Annexations, mergers, and shifts in services and functional responsibilities that are effective after June 30 of a levy year are not included in the calculation of the levy limit until the subsequent levy year.

275.73 ELECTIONS FOR ADDITIONAL LEVIES.

Subdivision 1. **Additional levy authorization.** Notwithstanding the provisions of sections 275.70 to 275.72, but subject to other law or charter provisions establishing other limitations on the amount of property taxes a local governmental unit may levy, a local governmental unit may levy an additional levy in any amount which is approved by the majority of voters of the governmental unit voting on the question at a general or special election. Notwithstanding section 275.61, any levy authorized under this section must be levied against net tax capacity unless the levy required voter approval under another general or special law or any charter provisions. When the governing body of the local governmental unit resolves to increase the levy pursuant to this section, it shall provide for submission of the proposition of an additional levy at a general or special election. Notice of the election must be given in the manner required by law. The notice must state the purpose and the maximum yearly amount of the additional levy.

Subd. 2. **Levy effective date.** An additional levy approved under subdivision 1 at a general or special election held on or before the first Tuesday after the first Monday in November in any levy year may be levied in that same levy year and subsequent levy years. An additional levy approved under subdivision 1 at a general or special election held after the first Tuesday after the first Monday in November in any levy year shall not be levied in that same levy but may be levied in subsequent levy years.

275.74 STATE REGULATION OF LEVIES.

Subdivision 1. **Calculation and notification.** The commissioner of revenue shall make all necessary calculations for determining levy limits for local governmental units and notify the affected governmental units of their levy limits directly by September 1 of each levy year. The local governmental units shall, upon request, provide the commissioner with any information needed to make the calculations. The local governmental unit shall report by September 30, in a manner prescribed by the commissioner, the maximum amount of taxes it plans to levy for each of the purposes listed under special levies and any additional levy authorized under section 275.73, along with any necessary documentation. The commissioner shall review the proposed special levies and make any adjustments needed. The commissioner's decision is final. The final allowed special levy amounts and any levy limit adjustments must be certified back to the local governments by December 10. In addition, the commissioner of revenue shall notify all county auditors on or before five working days after December 20 of the sum of the levy limit plus the total of allowed special levies for each local governmental unit located within their boundaries so that they may fix the levies as required in section 275.16. The local governmental units shall provide the commissioner of revenue with all information that the commissioner deems necessary to make the calculations provided for in sections 275.70 to 275.73.

Subd. 2. **Authorization for special levies.** (a) A local governmental unit may request authorization to levy for unreimbursed costs for natural disasters under section 275.70, subdivision 5, clause (7). The local governmental unit shall submit a request to levy under section 275.70, subdivision 5, clause (7), to the commissioner of revenue by September 30 of the levy year and the request must include information documenting the estimated unreimbursed costs. The commissioner of revenue may grant levy authority, up to the amount requested based on the documentation submitted. All decisions of the commissioner are final.

(b) A city may request authorization to levy for reasonable and necessary costs for securing, maintaining, or demolishing foreclosed or abandoned residential properties under section 275.70, subdivision 5, clause (19). The local governmental unit shall submit a request to levy under section 275.70, subdivision 5, clause (19), to the commissioner of revenue by September 30 of the levy year and the request must include information documenting the estimated costs. For taxes payable in 2009, the amount may include unanticipated costs incurred above the amount budgeted for these purposes in 2008. Costs of securing foreclosed or abandoned residential properties include payment for police and fire department services. The commissioner of revenue may grant levy authority, up to the lesser of (1) the amount requested based on the documentation

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submitted, or (2) \$3,000 multiplied by the number of foreclosed residential properties, as defined by sheriff sales records, in calendar year 2007. All decisions of the commissioner are final.

Subd. 3. **Information necessary to calculate levy limit base.** A local governmental unit must provide the commissioner with the information required to calculate the amount under section 275.71, subdivision 2, by July 20 of the levy year. If the information is not received by the commissioner by that date, or is not deemed sufficient to make the calculation under that clause, the commissioner has the discretion to set the local governmental unit's levy limit for all purposes including those purposes for which special levies may be made, equal to the amount of the local governmental unit's certified levy for the prior year.

275.75 CHARTER EXEMPTION FOR AID LOSS.

Notwithstanding any other provision of a municipal charter that limits ad valorem taxes to a lesser amount, or that would require voter approval for any increase, the governing body of a municipality may by resolution increase its levy for taxes payable in 2004 and 2005 only by an amount equal to the reduction in the amount of aid it is certified to receive under sections 477A.011 to 477A.03 for that same payable year compared to the amount certified for payment in 2003.