

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 2962

(SENATE AUTHORS: PUTNAM)

DATE
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Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; property; modifying provisions for the supplemental
1.3 information required in the truth in taxation notice; amending Minnesota Statutes
1.4 2022, section 275.065, subdivisions 3, 3b, 4.

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

1.6 Section 1. Minnesota Statutes 2022, section 275.065, subdivision 3, is amended to read:

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

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

1.14 (c) The notice must inform taxpayers that it contains the amount of property taxes each
1.15 taxing authority proposes to collect for taxes payable the following year. In the case of a
1.16 town, or in the case of the state general tax, the final tax amount will be its proposed tax.
1.17 The notice must clearly state for each city that has a population over 500, county, school
1.18 district, regional library authority established under section 134.201, metropolitan taxing
1.19 districts as defined in paragraph (i), and fire protection and emergency medical services
1.20 special taxing districts established under section 144F.01, the time and place of a meeting
1.21 for each taxing authority in which the budget and levy will be discussed and public input
1.22 allowed, prior to the final budget and levy determination. The taxing authorities must provide
1.23 the county auditor with the information to be included in the notice on or before the time it

2.1 certifies its proposed levy under subdivision 1. The public must be allowed to speak at that
2.2 meeting, which must occur after November 24 and must not be held before 6:00 p.m. It
2.3 must provide a website address and a telephone number for the taxing authority that taxpayers
2.4 may call if they have questions related to the notice and an address where comments will
2.5 be received by mail, except that no notice required under this section shall be interpreted
2.6 as requiring the printing of a personal telephone number or address as the contact information
2.7 for a taxing authority. If a taxing authority does not maintain a website or public offices
2.8 where telephone calls can be received by the authority, the authority may inform the county
2.9 of the lack of a public website or telephone number and the county shall not list a website
2.10 or telephone number for that taxing authority.

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

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

2.18 (2) the items listed below, shown separately by county, city or town, and state general
2.19 tax, agricultural homestead credit under section 273.1384, school building bond agricultural
2.20 credit under section 273.1387, voter approved school levy, other local school levy, and the
2.21 sum of the special taxing districts, and as a total of all taxing authorities:

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

2.23 (ii) the proposed tax amount.

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

2.27 In the case of a town or the state general tax, the final tax shall also be its proposed tax
2.28 unless the town changes its levy at a special town meeting under section 365.52. If a school
2.29 district has certified under section 126C.17, subdivision 9, that a referendum will be held
2.30 in the school district at the November general election, the county auditor must note next
2.31 to the school district's proposed amount that a referendum is pending and that, if approved
2.32 by the voters, the tax amount may be higher than shown on the notice. In the case of the
2.33 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately
2.34 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for

3.1 the St. Paul Library Agency must be listed separately from the remaining amount of the
3.2 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be
3.3 listed separately from the remaining amount of the county's levy. In the case of a parcel
3.4 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F
3.5 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax
3.6 capacity subject to the areawide tax must each be stated separately and not included in the
3.7 sum of the special taxing districts; and

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

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

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

3.15 (1) special assessments;

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

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

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

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

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

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

3.29 (g) If the notice the taxpayer receives under this section lists the property as
3.30 nonhomestead, and satisfactory documentation is provided to the county assessor by the
3.31 applicable deadline, and the property qualifies for the homestead classification in that

4.1 assessment year, the assessor shall reclassify the property to homestead for taxes payable
4.2 in the following year.

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

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

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

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

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

4.15 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446,
4.16 473.521, 473.547, or 473.834;

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

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

4.19 For purposes of this section, any levies made by the regional rail authorities in the county
4.20 of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A
4.21 shall be included with the appropriate county's levy.

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

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

4.31 (2) population growth and decline;

4.32 (3) state or federal government action; and

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

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

5.7 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
 5.8 in 2024.

5.9 Sec. 2. Minnesota Statutes 2022, section 275.065, subdivision 3b, is amended to read:

5.10 Subd. 3b. **Notice of proposed property taxes required supplemental information.** (a)
 5.11 The county auditor must prepare ~~a separate statement~~ supplemental information to be
 5.12 delivered with the notice of proposed taxes described in subdivision 3. The ~~statement~~
 5.13 information must fit on one sheet of paper and contain ~~for each parcel:~~

5.14 ~~(1) for the county, city or township,~~ all home rule charter or statutory cities and school
 5.15 ~~district in which the parcel lies~~ districts within the county, the certified levy for the current
 5.16 taxes payable year, the proposed levy for taxes payable in the following year, and the increase
 5.17 or decrease between these two amounts, expressed as a percentage; and each listed separately.

5.18 ~~(2) summary budget information listed in paragraph (b).~~

5.19 ~~(b) Summary budget information must contain budget data from the county, city, and~~
 5.20 ~~school district that proposes a property tax levy on the parcel for taxes payable the following~~
 5.21 ~~year. For the school district, the summary budget data must include the information provided~~
 5.22 ~~to the public under section 123B.10, subdivision 1, paragraph (b), for the current year and~~
 5.23 ~~prior year. For the county and city, the reported summary budget data must contain the same~~
 5.24 ~~information, in the same categories, and in the same format as provided to the Office of the~~
 5.25 ~~State Auditor as required by section 6.745. The statement must provide the governmental~~
 5.26 ~~revenues and current expenditures information in clauses (1) and (2) for the taxing authority's~~
 5.27 ~~budget for taxes payable the following year and the taxing authority's budget from taxes~~
 5.28 ~~payable in the current year, as well as the percent change between the two years. The city~~
 5.29 ~~must provide the county auditor with the summary budget data at the same time as the~~
 5.30 ~~information required under subdivision 3. Only cities with a population of at least 500 are~~
 5.31 ~~required to report the data described in this paragraph. If a city with a population over 500~~
 5.32 ~~fails to report the required information to the county auditor, the county auditor must list~~
 5.33 ~~the city as "budget information not reported" on the portion of the statement dedicated to~~

6.1 ~~the city's budget information. The statement may take the same format as the annual summary~~
6.2 ~~budget report for cities and counties issued by the Office of the State Auditor. The summary~~
6.3 ~~budget data must include:~~

6.4 ~~(1) a governmental revenues category, including and separately stating:~~

6.5 ~~(i) "property taxes" defined as property taxes levied on an assessed valuation of real~~
6.6 ~~property and personal property, if applicable, by the city and county, including fiscal~~
6.7 ~~disparities;~~

6.8 ~~(ii) "special assessments" defined as levies made against certain properties to defray all~~
6.9 ~~or part of the costs of a specific improvement, such as new sewer and water mains, deemed~~
6.10 ~~to benefit primarily those properties;~~

6.11 ~~(iii) "state general purpose aid" defined as aid received from the state that has no~~
6.12 ~~restrictions on its use, including local government aid, county program aid, and market~~
6.13 ~~value credits; and~~

6.14 ~~(iv) "state categorical aid" defined as revenues received for a specific purpose, such as~~
6.15 ~~streets and highways, fire relief, and flood control, including but not limited to police and~~
6.16 ~~fire state aid and out-of-home placement aid; and~~

6.17 ~~(2) a current expenditures category, including and separately stating:~~

6.18 ~~(i) "general government" defined as administration costs of city or county governments,~~
6.19 ~~including salaries of officials and maintenance of buildings;~~

6.20 ~~(ii) "public safety" defined as costs related to the protection of persons and property,~~
6.21 ~~such as police, fire, ambulance services, building inspections, animal control, and flood~~
6.22 ~~control;~~

6.23 ~~(iii) "streets and highways" defined as costs associated with the maintenance and repair~~
6.24 ~~of local highways, streets, bridges, and street equipment, such as patching, seal coating,~~
6.25 ~~street lighting, street cleaning, and snow removal;~~

6.26 ~~(iv) "sanitation" defined as costs of refuse collection and disposal, recycling, and weed~~
6.27 ~~and pest control;~~

6.28 ~~(v) "human services" defined as activities designed to provide public assistance and~~
6.29 ~~institutional care for individuals economically unable to provide for themselves;~~

6.30 ~~(vi) "health" defined as costs of the maintenance of vital statistics, restaurant inspection,~~
6.31 ~~communicable disease control, and various health services and clinics;~~

7.1 ~~(vii) "culture and recreation" defined as costs of libraries, park maintenance, mowing,~~
 7.2 ~~planting, removal of trees, festivals, bands, museums, community centers, cable television,~~
 7.3 ~~baseball fields, and organized recreation activities;~~

7.4 ~~(viii) "conservation of natural resources" defined as the conservation and development~~
 7.5 ~~of natural resources, including agricultural and forestry programs and services, weed~~
 7.6 ~~inspection services, and soil and water conservation services;~~

7.7 ~~(ix) "economic development and housing" defined as costs for development and~~
 7.8 ~~redevelopment activities in blighted or otherwise economically disadvantaged areas, including~~
 7.9 ~~low-interest loans, cleanup of hazardous sites, rehabilitation of substandard housing and~~
 7.10 ~~other physical facilities, and other assistance to those wanting to provide housing and~~
 7.11 ~~economic opportunity within a disadvantaged area; and~~

7.12 ~~(x) "all other current expenditures" defined as costs not classified elsewhere, such as~~
 7.13 ~~airport expenditures, cemeteries, unallocated insurance costs, unallocated pension costs,~~
 7.14 ~~and public transportation costs.~~

7.15 ~~(e) If a taxing authority reporting this data does not have revenues or expenditures in a~~
 7.16 ~~category listed in paragraph (b), then the taxing authority must designate the amount as "0"~~
 7.17 ~~for that specific category.~~

7.18 ~~(d) The supplemental statement information provided under this subdivision must be~~
 7.19 ~~sent in electronic form or by email if the taxpayer requests an electronic version of the notice~~
 7.20 ~~of proposed property taxes under subdivision 3, paragraph (a).~~

7.21 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
 7.22 in 2024.

7.23 Sec. 3. Minnesota Statutes 2022, section 275.065, subdivision 4, is amended to read:

7.24 Subd. 4. **Costs.** If the reasonable cost of the county auditor's services and the cost of
 7.25 preparing and mailing the notice required in this section exceed the amount distributed to
 7.26 the county by the commissioner of revenue to administer this section, the county may require
 7.27 the taxing authority ~~must~~ to reimburse the county for the excess cost. The excess cost must
 7.28 be apportioned between taxing jurisdictions as follows:

7.29 (1) one-third is allocated to the county;

7.30 (2) one-third is allocated to cities and towns within the county; and

7.31 (3) one-third is allocated to school districts within the county.

8.1 The amounts in clause (2) must be further apportioned among the cities and towns in
8.2 the proportion that the number of parcels in the city and town bears to the number of parcels
8.3 in all the cities and towns within the county. The amount in clause (3) must be further
8.4 apportioned among the school districts in the proportion that the number of parcels in the
8.5 school district bears to the number of parcels in all school districts within the county.

8.6 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
8.7 in 2024.