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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **1222**

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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 tax; advancing various dates for the notices of
1.3 proposed property taxes and public hearings in the truth in taxation process;
1.4 amending Minnesota Statutes 2006, section 275.065, subdivisions 1, 1a, 1c,
1.5 3, 6, 8, 9, 10.

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

1.7 Section 1. Minnesota Statutes 2006, section 275.065, subdivision 1, is amended to read:

1.8 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the
1.9 contrary, on or before September ~~15~~ 1, each taxing authority, other than a school district,
1.10 shall adopt a proposed budget and shall certify to the county auditor the proposed or, in
1.11 the case of a town, the final property tax levy for taxes payable in the following year.

1.12 (b) On or before September ~~30~~ 1, each school district shall certify to the county
1.13 auditor the proposed property tax levy for taxes payable in the following year. The school
1.14 district shall certify the proposed levy as:

1.15 (1) a specific dollar amount by school district fund, broken down between
1.16 voter-approved and non-voter-approved levies and between referendum market value
1.17 and tax capacity levies; or

1.18 (2) the maximum levy limitation certified by the commissioner of education
1.19 according to section 126C.48, subdivision 1.

1.20 (c) If the board of estimate and taxation or any similar board that establishes
1.21 maximum tax levies for taxing jurisdictions within a first class city certifies the maximum
1.22 property tax levies for funds under its jurisdiction by charter to the county auditor by
1.23 September ~~15~~ 1, the city shall be deemed to have certified its levies for those taxing
1.24 jurisdictions.

2.1 (d) For purposes of this section, "taxing authority" includes all home rule and
 2.2 statutory cities, towns, counties, school districts, and special taxing districts as defined
 2.3 in section 275.066. Intermediate school districts that levy a tax under chapter 124 or
 2.4 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common
 2.5 School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing
 2.6 districts for purposes of this section.

2.7 **EFFECTIVE DATE.** This section is effective for proposed notices and hearings
 2.8 held in 2007 and thereafter, for property taxes payable in 2008 and thereafter.

2.9 Sec. 2. Minnesota Statutes 2006, section 275.065, subdivision 1a, is amended to read:

2.10 Subd. 1a. **Overlapping jurisdictions.** In the case of a taxing authority lying in two
 2.11 or more counties, the home county auditor shall certify the proposed levy and the proposed
 2.12 local tax rate to the other county auditor by ~~October~~ September 5. The home county auditor
 2.13 must estimate the levy or rate in preparing the notices required in subdivision 3, if the
 2.14 other county has not certified the appropriate information. If requested by the home county
 2.15 auditor, the other county auditor must furnish an estimate to the home county auditor.

2.16 **EFFECTIVE DATE.** This section is effective for proposed notices and hearings
 2.17 held in 2007 and thereafter, for property taxes payable in 2008 and thereafter.

2.18 Sec. 3. Minnesota Statutes 2006, section 275.065, subdivision 1c, is amended to read:

2.19 Subd. 1c. **Levy; shared, merged, consolidated services.** If two or more taxing
 2.20 authorities are in the process of negotiating an agreement for sharing, merging, or
 2.21 consolidating services between those taxing authorities at the time the proposed levy is to
 2.22 be certified under subdivision 1, each taxing authority involved in the negotiation shall
 2.23 certify its total proposed levy as provided in that subdivision, including a notification to the
 2.24 county auditor of the specific service involved in the agreement which is not yet finalized.
 2.25 The affected taxing authorities may amend their proposed levies under subdivision 1 until
 2.26 ~~October~~ September 10 for levy amounts relating only to the specific service involved.

2.27 **EFFECTIVE DATE.** This section is effective for proposed notices and hearings
 2.28 held in 2007 and thereafter, for property taxes payable in 2008 and thereafter.

2.29 Sec. 4. Minnesota Statutes 2006, section 275.065, subdivision 3, is amended to read:

2.30 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare
 2.31 and the county treasurer shall deliver after ~~November 10~~ October 15 and on or before

3.1 ~~November~~ October 24 each year, by first class mail to each taxpayer at the address listed
3.2 on the county's current year's assessment roll, a notice of proposed property taxes.

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

3.4 (c) The notice must inform taxpayers that it contains the amount of property taxes
3.5 each taxing authority proposes to collect for taxes payable the following year. In the case
3.6 of a town, or in the case of the state general tax, the final tax amount will be its proposed
3.7 tax. In the case of taxing authorities required to hold a public meeting under subdivision 6,
3.8 the notice must clearly state that each taxing authority, including regional library districts
3.9 established under section 134.201, and including the metropolitan taxing districts as
3.10 defined in paragraph (i), but excluding all other special taxing districts and towns, will
3.11 hold a public meeting to receive public testimony on the proposed budget and proposed or
3.12 final property tax levy, or, in case of a school district, on the current budget and proposed
3.13 property tax levy. It must clearly state the time and place of each taxing authority's
3.14 meeting, a telephone number for the taxing authority that taxpayers may call if they have
3.15 questions related to the notice, and an address where comments will be received by mail.

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

3.17 (1) the market value of the property as determined under section 273.11, and used
3.18 for computing property taxes payable in the following year and for taxes payable in the
3.19 current year as each appears in the records of the county assessor on ~~November~~ October
3.20 1 of the current year; and, in the case of residential property, whether the property is
3.21 classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the
3.22 years to which the market values apply and that the values are final values;

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

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

3.28 (ii) the proposed tax amount.

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

3.32 In the case of a town or the state general tax, the final tax shall also be its proposed
3.33 tax unless the town changes its levy at a special town meeting under section 365.52. If a
3.34 school district has certified under section 126C.17, subdivision 9, that a referendum will
3.35 be held in the school district at the November general election, the county auditor must
3.36 note next to the school district's proposed amount that a referendum is pending and that,

4.1 if approved by the voters, the tax amount may be higher than shown on the notice. In
4.2 the case of the city of Minneapolis, the levy for the Minneapolis Library Board and the
4.3 levy for Minneapolis Park and Recreation shall be listed separately from the remaining
4.4 amount of the city's levy. In the case of the city of St. Paul, the levy for the St. Paul
4.5 Library Agency must be listed separately from the remaining amount of the city's levy.
4.6 In the case of Ramsey County, any amount levied under section 134.07 may be listed
4.7 separately from the remaining amount of the county's levy. In the case of a parcel where
4.8 tax increment or the fiscal disparities areawide tax under chapter 276A or 473F applies,
4.9 the proposed tax levy on the captured value or the proposed tax levy on the tax capacity
4.10 subject to the areawide tax must each be stated separately and not included in the sum of
4.11 the special taxing districts; and

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

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

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

4.19 (1) special assessments;

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

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

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

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

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

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

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

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

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

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

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

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

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

5.15 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,
5.16 473.446, 473.521, 473.547, or 473.834;

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

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

5.20 For purposes of this section, any levies made by the regional rail authorities in the
5.21 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
5.22 398A shall be included with the appropriate county's levy and shall be discussed at that
5.23 county's public hearing.

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

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

5.33 (2) population growth and decline;

5.34 (3) state or federal government action; and

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

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

6.7 **EFFECTIVE DATE.** This section is effective for proposed notices and hearings
 6.8 held in 2007 and thereafter, for property taxes payable in 2008 and thereafter.

6.9 Sec. 5. Minnesota Statutes 2006, section 275.065, subdivision 6, is amended to read:

6.10 Subd. 6. **Public hearing; adoption of budget and levy.** (a) For purposes of this
 6.11 section, the following terms shall have the meanings given:

6.12 (1) "Initial hearing" means the first and primary hearing held to discuss the taxing
 6.13 authority's proposed budget and proposed property tax levy for taxes payable in the
 6.14 following year, or, for school districts, the current budget and the proposed property tax
 6.15 levy for taxes payable in the following year.

6.16 (2) "Continuation hearing" means a hearing held to complete the initial hearing, if
 6.17 the initial hearing is not completed on its scheduled date.

6.18 (3) "Subsequent hearing" means the hearing held to adopt the taxing authority's final
 6.19 property tax levy, and, in the case of taxing authorities other than school districts, the final
 6.20 budget, for taxes payable in the following year.

6.21 (b) Between November ~~29~~ 9 and December ~~20~~ 1, the governing bodies of a city that
 6.22 has a population over 500, county, metropolitan special taxing districts as defined in
 6.23 subdivision 3, paragraph (i), and regional library districts shall each hold an initial public
 6.24 hearing to discuss and seek public comment on its final budget and property tax levy for
 6.25 taxes payable in the following year, and the governing body of the school district shall
 6.26 hold an initial public hearing to review its current budget and proposed property tax
 6.27 levy for taxes payable in the following year. The metropolitan special taxing districts
 6.28 shall be required to hold only a single joint initial public hearing, the location of which
 6.29 will be determined by the affected metropolitan agencies. A city, county, metropolitan
 6.30 special taxing district as defined in subdivision 3, paragraph (i), regional library district
 6.31 established under section 134.201, or school district is not required to hold a public
 6.32 hearing under this subdivision unless its proposed property tax levy for taxes payable
 6.33 in the following year, as certified under subdivision 1, has increased over its final
 6.34 property tax levy for taxes payable in the current year by a percentage that is greater
 6.35 than the percentage increase in the implicit price deflator for government consumption

7.1 expenditures and gross investment for state and local governments prepared by the Bureau
7.2 of Economic Analysts of the United States Department of Commerce for the 12-month
7.3 period ending March 31 of the current year.

7.4 (c) The initial hearing must be held after 5:00 p.m. if scheduled on a day other than
7.5 Saturday. No initial hearing may be held on a Sunday.

7.6 (d) At the initial hearing under this subdivision, the percentage increase in property
7.7 taxes proposed by the taxing authority, if any, and the specific purposes for which property
7.8 tax revenues are being increased must be discussed. During the discussion, the governing
7.9 body shall hear comments regarding a proposed increase and explain the reasons for the
7.10 proposed increase. The public shall be allowed to speak and to ask questions. At the public
7.11 hearing, the school district must also provide and discuss information on the distribution
7.12 of its revenues by revenue source, and the distribution of its spending by program area.

7.13 (e) If the initial hearing is not completed on its scheduled date, the taxing authority
7.14 must announce, prior to adjournment of the hearing, the date, time, and place for the
7.15 continuation of the hearing. The continuation hearing must be held at least five business
7.16 days but no more than 14 business days after the initial hearing. A continuation hearing
7.17 may not be held later than December 20 except as provided in paragraphs (f) and (g).
7.18 A continuation hearing must be held after 5:00 p.m. if scheduled on a day other than
7.19 Saturday. No continuation hearing may be held on a Sunday.

7.20 (f) The governing body of a county shall hold its initial hearing on the ~~first~~ second
7.21 ~~Thursday in December~~ November each year, and may hold additional initial hearings on
7.22 other dates before December ~~20~~ 1 if necessary for the convenience of county residents. If
7.23 the county needs a continuation of its hearing, the continuation hearing shall be held on
7.24 the third Tuesday in ~~December~~. ~~If the third Tuesday in December falls on December 21,~~
7.25 ~~the county's continuation hearing shall be held on Monday, December 20~~ November.

7.26 (g) The metropolitan special taxing districts shall hold a joint initial public hearing
7.27 on the first Wednesday of December. A continuation hearing, if necessary, shall be held on
7.28 the second Wednesday of December even if that second Wednesday is after December 10.

7.29 (h) The county auditor shall provide for the coordination of initial and continuation
7.30 hearing dates for all school districts and cities within the county to prevent conflicts under
7.31 clauses (i) and (j).

7.32 (i) By August 10, each school board and the board of the regional library district
7.33 shall certify to the county auditors of the counties in which the school district or regional
7.34 library district is located the dates on which it elects to hold its initial hearing and any
7.35 continuation hearing. If a school board or regional library district does not certify these
7.36 dates by August 10, the auditor will assign the initial and continuation hearing dates. The

8.1 dates elected or assigned must not conflict with the initial and continuation hearing dates
8.2 of the county or the metropolitan special taxing districts.

8.3 (j) By August 20, the county auditor shall notify the clerks of the cities within the
8.4 county of the dates on which school districts and regional library districts have elected
8.5 to hold their initial and continuation hearings. At the time a city certifies its proposed
8.6 levy under subdivision 1 it shall certify the dates on which it elects to hold its initial
8.7 hearing and any continuation hearing. Until September 15, the ~~first and second Mondays~~
8.8 Monday of December ~~are~~ is reserved for the use of the cities. If a city does not certify its
8.9 hearing dates by September 15, the auditor shall assign the initial and continuation hearing
8.10 dates. The dates elected or assigned for the initial hearing must not conflict with the
8.11 initial hearing dates of the county, metropolitan special taxing districts, regional library
8.12 districts, or school districts within which the city is located. To the extent possible, the
8.13 dates of the city's continuation hearing should not conflict with the continuation hearing
8.14 dates of the county, metropolitan special taxing districts, regional library districts, or
8.15 school districts within which the city is located. This paragraph does not apply to cities
8.16 of 500 population or less.

8.17 (k) The county initial hearing date and the city, metropolitan special taxing district,
8.18 regional library district, and school district initial hearing dates must be designated on
8.19 the notices required under subdivision 3. The continuation hearing dates need not be
8.20 stated on the notices.

8.21 (l) At a subsequent hearing, each county, school district, city over 500 population,
8.22 and metropolitan special taxing district may amend its proposed property tax levy
8.23 and must adopt a final property tax levy. Each county, city over 500 population, and
8.24 metropolitan special taxing district may also amend its proposed budget and must adopt a
8.25 final budget at the subsequent hearing. The final property tax levy must be adopted prior
8.26 to adopting the final budget. A school district is not required to adopt its final budget at the
8.27 subsequent hearing. The subsequent hearing of a taxing authority must be held on a date
8.28 subsequent to the date of the taxing authority's initial public hearing. If a continuation
8.29 hearing is held, the subsequent hearing must be held either immediately following the
8.30 continuation hearing or on a date subsequent to the continuation hearing. The subsequent
8.31 hearing may be held at a regularly scheduled board or council meeting or at a special
8.32 meeting scheduled for the purposes of the subsequent hearing. The subsequent hearing
8.33 of a taxing authority does not have to be coordinated by the county auditor to prevent a
8.34 conflict with an initial hearing, a continuation hearing, or a subsequent hearing of any
8.35 other taxing authority. All subsequent hearings must be held prior to five working days

9.1 after December 20 of the levy year. The date, time, and place of the subsequent hearing
 9.2 must be announced at the initial public hearing or at the continuation hearing.

9.3 (m) The property tax levy certified under section 275.07 by a city of any population,
 9.4 county, metropolitan special taxing district, regional library district, or school district
 9.5 must not exceed the proposed levy determined under subdivision 1, except by an amount
 9.6 up to the sum of the following amounts:

9.7 (1) the amount of a school district levy whose voters approved a referendum to
 9.8 increase taxes under section 123B.63, subdivision 3, or 126C.17, subdivision 9, after
 9.9 the proposed levy was certified;

9.10 (2) the amount of a city or county levy approved by the voters after the proposed
 9.11 levy was certified;

9.12 (3) the amount of a levy to pay principal and interest on bonds approved by the
 9.13 voters under section 475.58 after the proposed levy was certified;

9.14 (4) the amount of a levy to pay costs due to a natural disaster occurring after the
 9.15 proposed levy was certified, if that amount is approved by the commissioner of revenue
 9.16 under subdivision 6a;

9.17 (5) the amount of a levy to pay tort judgments against a taxing authority that become
 9.18 final after the proposed levy was certified, if the amount is approved by the commissioner
 9.19 of revenue under subdivision 6a;

9.20 (6) the amount of an increase in levy limits certified to the taxing authority by the
 9.21 commissioner of education or the commissioner of revenue after the proposed levy was
 9.22 certified; and

9.23 (7) the amount required under section 126C.55.

9.24 (n) This subdivision does not apply to towns and special taxing districts other than
 9.25 regional library districts and metropolitan special taxing districts.

9.26 (o) Notwithstanding the requirements of this section, the employer is required to
 9.27 meet and negotiate over employee compensation as provided for in chapter 179A.

9.28 **EFFECTIVE DATE.** This section is effective for proposed notices and hearings
 9.29 held in 2007 and thereafter, for property taxes payable in 2008 and thereafter.

9.30 Sec. 6. Minnesota Statutes 2006, section 275.065, subdivision 8, is amended to read:

9.31 Subd. 8. **Hearing.** Notwithstanding any other provision of law, Ramsey County, the
 9.32 city of St. Paul, and Independent School District No. 625 are authorized to and shall hold
 9.33 their initial public hearing jointly. The hearing must be held on the second Tuesday of
 9.34 ~~December~~ November each year. The advertisement required in subdivision 5a may be a
 9.35 joint advertisement. The hearing is otherwise subject to the requirements of this section.

10.1 Ramsey County is authorized to hold an additional initial hearing or hearings as
 10.2 provided under this section, provided that any additional hearings must not conflict
 10.3 with the initial or continuation hearing dates of the other taxing districts. However, if
 10.4 Ramsey County elects not to hold such additional initial hearing or hearings, the joint
 10.5 initial hearing required by this subdivision must be held in a St. Paul location convenient
 10.6 to residents of Ramsey County.

10.7 **EFFECTIVE DATE.** This section is effective for proposed notices and hearings
 10.8 held in 2007 and thereafter, for property taxes payable in 2008 and thereafter.

10.9 Sec. 7. Minnesota Statutes 2006, section 275.065, subdivision 9, is amended to read:

10.10 Subd. 9. **Aitkin County and school district hearing.** Notwithstanding any other
 10.11 law, Aitkin County and Independent School District No. 1, and the city of Aitkin, or any
 10.12 two of them, may hold their initial public hearing jointly. The hearing must be held on
 10.13 the second Tuesday of ~~December~~ November each year. The advertisement required in
 10.14 subdivision 5a may be a joint advertisement. The hearing is otherwise subject to the
 10.15 requirements of this section.

10.16 **EFFECTIVE DATE.** This section is effective for proposed notices and hearings
 10.17 held in 2007 and thereafter, for property taxes payable in 2008 and thereafter.

10.18 Sec. 8. Minnesota Statutes 2006, section 275.065, subdivision 10, is amended to read:

10.19 Subd. 10. **Nobles County; joint initial public hearing.** Notwithstanding any
 10.20 other law, Nobles County, the city of Worthington, and Independent School District No.
 10.21 518, Worthington, or any two of them, may hold their initial public hearing jointly. The
 10.22 hearing must be held on the second Tuesday of ~~December~~ November each year. The
 10.23 advertisement required in subdivision 5a may be a joint advertisement. The hearing is
 10.24 otherwise subject to the requirements of this section.

10.25 **EFFECTIVE DATE.** This section is effective for proposed notices and hearings
 10.26 held in 2007 and thereafter, for property taxes payable in 2008 and thereafter.