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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 3632

March 3, 2008

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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 proposing an amendment to the Minnesota Constitution, article X, section 1,
1.3 by adding a section; article XI, sections 4, 6, 7; prohibiting the imposition of
1.4 ad valorem taxes.

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

1.6 Section 1. CONSTITUTIONAL AMENDMENTS PROPOSED.

1.7 An amendment to the Minnesota Constitution is proposed to the people. If the
1.8 amendment is adopted, article X, section 1, will read:

1.9 Section 1. The power of taxation shall never be surrendered, suspended or contracted
1.10 away. Taxes shall be uniform upon the same class of subjects and shall be levied and
1.11 collected for public purposes, but public burying grounds, public school houses, public
1.12 hospitals, academies, colleges, universities, all seminaries of learning, all churches, church
1.13 property, houses of worship, institutions of purely public charity, and public property used
1.14 exclusively for any public purpose, shall be exempt from taxation except as provided in
1.15 this section. ~~There may be exempted from taxation personal property not exceeding in~~
1.16 ~~value \$200 for each household, individual or head of a family, and household goods and~~
1.17 ~~farm machinery as the legislature determines.~~ The legislature may authorize municipal
1.18 corporations to levy and collect assessments for local improvements upon property
1.19 benefited thereby without regard to cash valuation. The legislature by law may define or
1.20 limit the property exempt under this section other than churches, houses of worship,
1.21 and property solely used for educational purposes by academies, colleges, universities
1.22 and seminaries of learning.

1.23 a section shall be added to article X to read:

2.1 Sec. 9. The legislature may not impose an ad valorem tax on real or personal property
 2.2 nor may it authorize any political subdivision of the state to impose such a tax. This
 2.3 section does not apply to an ad valorem tax on real or personal property imposed by the
 2.4 state or a political subdivision of the state to pay certificates of indebtedness, principal,
 2.5 and interest on bonds or other obligations issued before November 4, 2008, for which ad
 2.6 valorem property taxes have been pledged for payment.

2.7 article XI, section 4, will read:

2.8 Sec. 4. The state may contract public debts for which its full faith, credit and taxing
 2.9 powers may be pledged at the times and in the manner authorized by law, but only for
 2.10 the purposes and subject to the conditions stated in section 5. Public debt includes any
 2.11 obligation payable directly in whole or in part from a tax of state wide application on ~~any~~
 2.12 ~~class of property~~, income, transaction or privilege, but does not include any obligation
 2.13 which is payable from revenues other than taxes.

2.14 article XI, section 6, will read:

2.15 Sec. 6. As authorized by law certificates of indebtedness may be issued during a
 2.16 biennium, commencing on July 1 in each odd-numbered year and ending on and including
 2.17 June 30 in the next odd-numbered year, in anticipation of the collection of taxes levied
 2.18 for and other revenues appropriated to any fund of the state for expenditure during that
 2.19 biennium.

2.20 No certificates shall be issued in an amount which with interest thereon to maturity,
 2.21 added to the then outstanding certificates against a fund and interest thereon to maturity,
 2.22 will exceed the then unexpended balance of all money which will be credited to that
 2.23 fund during the biennium under existing laws. The maturities of certificates may be
 2.24 extended by refunding to a date not later than December 1 of the first full calendar year
 2.25 following the biennium in which the certificates were issued. If money on hand in any
 2.26 fund is not sufficient to pay all non-refunding certificates of indebtedness issued on a fund
 2.27 during any biennium and all certificates refunding the same, plus interest thereon, which
 2.28 are outstanding on December 1 immediately following the close of the biennium, the
 2.29 state auditor shall ~~levy upon all taxable property in the state a tax collectible~~ impose an
 2.30 additional rate on taxable sales and uses made in the ensuing year sufficient to pay the same
 2.31 on or before December 1 of the ensuing year with interest to the date or dates of payment.

2.32 article XI, section 7, will read:

2.33 Sec. 7. Public debt other than certificates of indebtedness authorized in section 6 shall
 2.34 be evidenced by the issuance of bonds of the state. All bonds issued under the provisions
 2.35 of this section shall mature not more than 20 years from their respective dates of issue and

3.1 each law authorizing the issuance of bonds shall distinctly specify the purposes thereof
 3.2 and the maximum amount of the proceeds authorized to be expended for each purpose. A
 3.3 separate and special state bond fund shall be maintained on the official books and records.
 3.4 When the full faith and credit of the state has been pledged for the payment of bonds, the
 3.5 state auditor shall ~~levy impose~~ each year ~~on all taxable property within the state~~ a state
 3.6 sales and use tax sufficient with the balance then on hand in the fund to pay all principal
 3.7 and interest on bonds issued under this section due and to become due within the ensuing
 3.8 year and to and including July 1 in the second ensuing year. The legislature by law may
 3.9 appropriate funds from any source to the state bond fund. The amount of money actually
 3.10 received and on hand pursuant to appropriations prior to the levy of the tax in any year
 3.11 shall be used to reduce the amount of tax otherwise required to be levied.

3.12 **Sec. 2. SUBMISSION TO VOTERS.**

3.13 The proposed amendment must be submitted to the people at the 2008 general
 3.14 election. The question submitted shall be:

3.15 "Shall the Minnesota Constitution be amended to prohibit the state or a political
 3.16 subdivision of the state from imposing an ad valorem tax on real or personal property,
 3.17 except for a tax imposed to pay bonds or obligations issued before November 4, 2008?"

3.18 Yes
 3.19 No"