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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2354

05/16/2015 Authored by Peterson
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; requiring counties and cities to report additional
1.3 budgetary information; amending Minnesota Statutes 2014, section 275.065,
1.4 subdivisions 1, 3; proposing coding for new law in Minnesota Statutes, chapter
1.5 471.

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

1.7 Section 1. Minnesota Statutes 2014, 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 30, each county and each home rule charter or statutory
1.10 city shall certify to the county auditor the proposed property tax levy for taxes payable in
1.11 the following year. Counties and home rule charter or statutory cities with a population
1.12 of 5,000 or more shall also provide the county auditor with the information necessary to
1.13 allow the public to electronically access the budget information required to be reported
1.14 under section 471.703.

1.15 (b) Notwithstanding any law or charter to the contrary, on or before September 15,
1.16 each town and each special taxing district shall adopt and certify to the county auditor a
1.17 proposed property tax levy for taxes payable in the following year. For towns, the final
1.18 certified levy shall also be considered the proposed levy.

1.19 (c) On or before September 30, each school district that has not mutually agreed
1.20 with its home county to extend this date shall certify to the county auditor the proposed
1.21 property tax levy for taxes payable in the following year. Each school district that has
1.22 agreed with its home county to delay the certification of its proposed property tax levy
1.23 must certify its proposed property tax levy for the following year no later than October
1.24 7. The school district shall certify the proposed levy as:

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

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

2.6 (d) If the board of estimate and taxation or any similar board that establishes
 2.7 maximum tax levies for taxing jurisdictions within a first class city certifies the maximum
 2.8 property tax levies for funds under its jurisdiction by charter to the county auditor by the
 2.9 date specified in paragraph (a), the city shall be deemed to have certified its levies for
 2.10 those taxing jurisdictions.

2.11 (e) For purposes of this section, "special taxing district" means a special taxing
 2.12 district as defined in section 275.066. Intermediate school districts that levy a tax
 2.13 under chapter 124 or 136D, joint powers boards established under sections 123A.44 to
 2.14 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are
 2.15 also special taxing districts for purposes of this section.

2.16 (f) At the meeting at which a taxing authority, other than a town, adopts its proposed
 2.17 tax levy under this subdivision, the taxing authority shall announce the time and place of
 2.18 its subsequent regularly scheduled meetings at which the budget and levy will be discussed
 2.19 and at which the public will be allowed to speak. The time and place of those meetings
 2.20 and, if applicable, the information necessary for the public to electronically access the
 2.21 budget information required to be reported under section 471.703, must be included in the
 2.22 proceedings or summary of proceedings published in the official newspaper of the taxing
 2.23 authority under section 123B.09, 375.12, or 412.191.

2.24 **EFFECTIVE DATE.** This section is effective July 1, 2016.

2.25 Sec. 2. Minnesota Statutes 2014, section 275.065, subdivision 3, is amended to read:

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

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

2.33 (c) The notice must inform taxpayers that it contains the amount of property taxes
 2.34 each taxing authority proposes to collect for taxes payable the following year. In the
 2.35 case of a town, or in the case of the state general tax, the final tax amount will be its

3.1 proposed tax. The notice must clearly state for each city that has a population over 500,
 3.2 county, school district, regional library authority established under section 134.201, and
 3.3 metropolitan taxing districts as defined in paragraph (i), the time and place of a meeting
 3.4 for each taxing authority in which the budget and levy will be discussed and public input
 3.5 allowed, prior to the final budget and levy determination. The notice must clearly state
 3.6 for each city and for each county with a population over 5,000 the information necessary
 3.7 to electronically access the budget information required to be reported under section
 3.8 471.703. The taxing authorities must provide the county auditor with the information to be
 3.9 included in the notice on or before the time it certifies its proposed levy under subdivision
 3.10 1. The public must be allowed to speak at that meeting, which must occur after November
 3.11 24 and must not be held before 6:00 p.m. It must provide a telephone number for the
 3.12 taxing authority that taxpayers may call if they have questions related to the notice and an
 3.13 address where comments will be received by mail, except that no notice required under
 3.14 this section shall be interpreted as requiring the printing of a personal telephone number
 3.15 or address as the contact information for a taxing authority. If a taxing authority does
 3.16 not maintain public offices where telephone calls can be received by the authority, the
 3.17 authority may inform the county of the lack of a public telephone number and the county
 3.18 shall not list a telephone number for that taxing authority.

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

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

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

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

3.31 (ii) the proposed tax amount.

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

3.35 In the case of a town or the state general tax, the final tax shall also be its proposed
 3.36 tax unless the town changes its levy at a special town meeting under section 365.52. If a

4.1 school district has certified under section 126C.17, subdivision 9, that a referendum will
4.2 be held in the school district at the November general election, the county auditor must
4.3 note next to the school district's proposed amount that a referendum is pending and that, if
4.4 approved by the voters, the tax amount may be higher than shown on the notice. In the
4.5 case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be
4.6 listed separately from the remaining amount of the city's levy. In the case of the city of
4.7 St. Paul, the levy for the St. Paul Library Agency must be listed separately from the
4.8 remaining amount of the city's levy. In the case of Ramsey County, any amount levied
4.9 under section 134.07 may be listed separately from the remaining amount of the county's
4.10 levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax
4.11 under chapter 276A or 473F applies, the proposed tax levy on the captured value or the
4.12 proposed tax levy on the tax capacity subject to the areawide tax must each be stated
4.13 separately and not included in the sum of the special taxing districts; and

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

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

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

4.21 (1) special assessments;

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

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

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

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

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

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

4.35 (g) If the notice the taxpayer receives under this section lists the property as
4.36 nonhomestead, and satisfactory documentation is provided to the county assessor by the

5.1 applicable deadline, and the property qualifies for the homestead classification in that
5.2 assessment year, the assessor shall reclassify the property to homestead for taxes payable
5.3 in the following year.

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

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

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

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

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

5.16 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,
5.17 473.446, 473.521, 473.547, or 473.834;

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

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

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

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 July 1, 2016.

6.8 Sec. 3. **[471.703] EXPENDITURE TYPE REPORTING.**

6.9 **Subdivision 1. Purpose.** In order to facilitate involvement of the public in local
 6.10 government budgeting, municipalities shall provide the following budgetary information
 6.11 on a municipal Web site and publicize the availability of this information as part of the
 6.12 property tax and budget notices required in section 275.065.

6.13 **Subd. 2. Definitions.** (a) For purposes of this section, the following terms have the
 6.14 meanings given in this subdivision.

6.15 (b) "Municipality" means a statutory or home rule charter city or a county with
 6.16 a population over 5,000.

6.17 (c) "Population" means the population of the municipality as established by the last
 6.18 federal census, by a special census conducted under contract with the United States Census
 6.19 Bureau, by a population estimate made by the Metropolitan Council pursuant to section
 6.20 473.24, or by a population estimate of the state demographer made pursuant to section
 6.21 4A.02, whichever is the most recent as to the stated date of the count or estimate for the
 6.22 preceding calendar year, and which has been certified to the commissioner of revenue on
 6.23 or before July 15 of the year in which the information is required to be reported.

6.24 **Subd. 3. Electronic budgetary information.** (a) By July 31 of each year, a
 6.25 municipality that maintains an official Web site shall electronically publish four years
 6.26 of budget information on both revenues and expenditures organized by function and
 6.27 expenditure type. The four years shall include data from the three most recently concluded
 6.28 budget years and estimated data for the current budget year.

6.29 (b) The governmental funds included in the budget information required under
 6.30 this section shall include the municipality's general fund, debt service fund, and special
 6.31 revenue funds, except for special revenue funds specifically used for the acquisition and
 6.32 construction of major capital facilities. The reported information shall also exclude
 6.33 enterprise funds and fiduciary funds.

6.34 (c) The forms and reporting requirements for revenues and expenditures by function
 6.35 shall be established by the state auditor's office and shall be based on the revenue and

7.1 expenditure breakdowns used by that office in the five-year summary tables for annual
7.2 revenue, expenditure, and debt reports for counties and cities with a population over
7.3 5,000 under section 6.75.

7.4 (d) The forms and reporting requirements for expenditures by expenditure type shall
7.5 be established by the state auditor's office and, at minimum, shall include the following line
7.6 items: employee costs, purchased services, supplies, central services, capital items, debt
7.7 service, transfer to other funds, and miscellaneous; with employee costs further subdivided
7.8 into the following items: wages and salaries, pensions, Social Security, health care, and
7.9 other benefits. The state auditor shall consult with the commissioner of management and
7.10 budget, city and county representatives, and members of the governmental accounting
7.11 community in developing the definition of expenditure types for reporting purposes.

7.12 Subd. 4. **Alternative publication of budgetary information.** A municipality
7.13 that does not maintain an official Web site must either (1) set up a separate Web site to
7.14 make accessible the budgetary information as required in subdivision 3, or (2) publish the
7.15 same information required in subdivision 3 by August 31 of each year in one issue of the
7.16 official newspaper of the municipality. If a county publishes the information in its official
7.17 newspaper, it must also publish the same information in one other newspaper if one of
7.18 general circulation is located in a different city in the county than the official newspaper.
7.19 The state auditor must prescribe the form for the newspaper notice.

7.20 Subd. 5. **Penalties.** Failure of a municipality to provide the information required
7.21 in this section shall result in the withholding of aids payable the following calendar year
7.22 under sections 162.01 to 162.14, 423A.02, and 477A.011 to 477A.014.

7.23 **EFFECTIVE DATE.** This section is effective July 1, 2016.