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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 238

02/10/2025 Authored by Johnson, W.; Davids; Harder; Warwas; Joy and others
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; modifying the rate at which interest accrues on unpaid special
1.3 assessments; requiring refunds of certain payments on interest; making technical
1.4 changes; amending Minnesota Statutes 2024, section 429.061, subdivisions 2, 3.

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

1.6 Section 1. Minnesota Statutes 2024, section 429.061, subdivision 2, is amended to read:

1.7 Subd. 2. Adoption; interest. At such meeting or at any adjournment thereof the council
1.8 shall hear and pass upon all objections to the proposed assessment, whether presented orally
1.9 or in writing. The council may amend the proposed assessment as to any parcel and by
1.10 resolution adopt the same as the special assessment against the lands named in the assessment
1.11 roll. Notice of any adjournment of the hearing shall be adequate if the minutes of the meeting
1.12 so adjourned show the time and place when and where the hearing is to be continued.

1.13 The council may consider any objection to the amount of a proposed assessment as to
1.14 a specific parcel of land at an adjourned hearing upon further notice to the affected property
1.15 owner as it deems advisable. At the adjourned hearing the council or a committee of it may
1.16 hear further written or oral testimony on behalf of the objecting property owner and may
1.17 consider further written or oral testimony from appropriate city officials and other witnesses
1.18 as to the amount of the assessment. The council or committee shall prepare a record of the
1.19 proceedings at the adjourned hearing and written findings as to the amount of the assessment.
1.20 The amount of the assessment as finally determined by the council shall become a part of
1.21 the adopted assessment roll. No appeal may be taken as to the amount of any assessment
1.22 adopted under this section unless written objection signed by the affected property owner
1.23 is filed with the municipal clerk prior to the assessment hearing or presented to the presiding

2.1 officer at the hearing. All objections to the assessments not received at the assessment
2.2 hearing in the manner prescribed by this subdivision are waived, unless the failure to object
2.3 at the assessment hearing is due to a reasonable cause.

2.4 If the adopted assessment differs from the proposed assessment as to any particular lot,
2.5 piece, or parcel of land, the clerk must mail to the owner a notice stating the amount of the
2.6 adopted assessment. Owners must also be notified by mail of any changes adopted by the
2.7 council in interest rates or prepayment requirements from those contained in the notice of
2.8 the proposed assessment.

2.9 The assessment, with accruing interest, shall be a lien upon all private and public property
2.10 included therein, from the date of the resolution adopting the assessment, concurrent with
2.11 general taxes; but the lien shall not be enforceable against public property as long as it is
2.12 publicly owned, and during such period the assessment shall be recoverable from the owner
2.13 of such property only in the manner and to the extent provided in section 435.19. Unless
2.14 otherwise provided in the resolution, all assessments shall be payable in equal annual
2.15 installments extending over such period, not exceeding 30 years, as the resolution determines,
2.16 payable on the first Monday in January in each year, but the number of installments need
2.17 not be uniform for all assessments included in a single assessment roll if a uniform criterion
2.18 for determining the number of installments is provided by the resolution. Assessments on
2.19 property located in a targeted neighborhood as defined in Laws 1987, chapter 386, article
2.20 6, section 4, may be payable in variable annual installments if the resolution provides for a
2.21 variable payment. The first installment of each assessment shall be included in the first tax
2.22 rolls completed after its adoption and shall be payable in the same year as the taxes contained
2.23 therein; except that the payment of the first installment of any assessment levied upon
2.24 unimproved property may be deferred until a designated future year, or until the platting of
2.25 the property or the construction of improvements thereon, upon such terms and conditions
2.26 and based upon such standards and criteria as may be provided by resolution of the council.
2.27 If special assessments against the property have been deferred pursuant to this subdivision,
2.28 the governmental unit shall record with the county recorder in the county in which the
2.29 property is located a certificate containing the legal description of the affected property and
2.30 of the amount deferred. In any event, every assessment the payment of which is so deferred,
2.31 when it becomes payable, shall be divided into a number of installments such that the last
2.32 installment thereof will be payable not more than 30 years after the levy of the assessment.
2.33 All assessments shall bear interest at such rate as the resolution determines. To the first
2.34 installment of each assessment shall be added interest on the entire assessment from a date
2.35 specified in the resolution levying the assessment, not earlier than the date of the resolution,

3.1 until December 31 of the year in which the first installment is payable, and to each subsequent
 3.2 installment shall be added interest for one year on all unpaid installments; or alternatively,
 3.3 any assessment may be made payable in equal annual installments including principal and
 3.4 interest, each in the amount annually required to pay the principal over such period with
 3.5 interest at such rate as the resolution determines, not exceeding the maximum period and
 3.6 rate specified above; however, if the amount of interest added to the installment under this
 3.7 paragraph is greater than the amount of interest accrued on the installment to the date of
 3.8 payment, then the difference between those amounts shall be treated as an overpayment
 3.9 and made available for claim as a refund as provided in section 276.19. In the latter event
 3.10 no prepayment shall be accepted under subdivision 3 without payment of all installments
 3.11 due to and including December 31 of the year of prepayment, together with the original
 3.12 principal amount reduced only by the amounts of principal included in such installments,
 3.13 computed on an annual amortization basis. When payment of an assessment is deferred, as
 3.14 authorized in this subdivision, interest thereon for the period of deferment may be made
 3.15 payable annually at the same times as the principal installments of the assessment would
 3.16 have been payable if not deferred; or interest for this period may be added to the principal
 3.17 amount of the assessment when it becomes payable; or, if so provided in the resolution
 3.18 levying the assessment, interest thereon to December 31 of the year before the first
 3.19 installment is payable may be forgiven.

3.20 **EFFECTIVE DATE.** This section is effective the day following final enactment and
 3.21 applies to special assessments assessed on or after that date.

3.22 Sec. 2. Minnesota Statutes 2024, section 429.061, subdivision 3, is amended to read:

3.23 Subd. 3. **Transmitted to auditor, prepayment.** After the adoption of the assessment,
 3.24 the clerk shall transmit a certified duplicate of the assessment roll with each installment,
 3.25 including interest, set forth separately to the county auditor of the county to be extended on
 3.26 the proper tax lists of the county; but in lieu of such certification, the council may in its
 3.27 discretion direct the clerk to file all assessment rolls in the clerk's office and to certify
 3.28 annually to the county auditor, on or before November 30 in each year, the total amount of
 3.29 installments of and interest on assessments on each parcel of land in the municipality which
 3.30 are to become due in the following year. If any installment and interest has not been ~~so~~
 3.31 certified prior to the year when it is due, the clerk shall forthwith ~~certify the same~~ make the
 3.32 certification to the county auditor for collection in the ~~then~~ succeeding year; and if the
 3.33 municipality has issued improvement warrants to finance the improvement, it shall pay out
 3.34 of its general funds into the fund of the improvement interest on the ~~then~~ unpaid balance of
 3.35 the assessment for the year or years during which the collection of such installment is

4.1 postponed. All assessments and interest thereon shall be collected and paid over in the same
4.2 manner as other municipal taxes. The owner of any property so assessed may, at any time
4.3 prior to certification of the assessment or the first installment thereof to the county auditor,
4.4 pay the whole of the assessment on such property, with interest accrued to the date of
4.5 payment, to the municipal treasurer, except that no interest shall be charged if the entire
4.6 assessment is paid within 30 days from the adoption thereof; and, except as hereinafter
4.7 provided, the owner may at any time prior to November 15 of any year, prepay to the
4.8 treasurer of the municipality having levied said assessments, the whole assessment remaining
4.9 due with interest accrued to ~~December 31 of the year in which said prepayment is made~~ the
4.10 date of payment. If the assessment roll is retained by the municipal clerk, the installment
4.11 and interest in process of collection on the current tax list shall be paid to the county treasurer
4.12 and the remaining principal balance of the assessment, if paid, shall be paid to the municipal
4.13 treasurer. The council may by ordinance authorize the partial prepayment of assessments,
4.14 in such manner as the ordinance may provide, prior to certification of the assessment or the
4.15 first installment thereof to the county auditor.

4.16 **EFFECTIVE DATE.** This section is effective the day following final enactment and
4.17 applies to special assessments assessed on or after that date.