

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 668

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Version: As introduced

Authors: Lenczewski

Subject: Property taxation; providing for in-lieu payments for state-owned property

Analyst: Steve Hinze, 651-296-8956 Karen Baker, 651-296-8959 Pat Dalton, 651-296-7434

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Overview

H.F. 668 requires the state to make in-lieu payments to local governments (other than school districts) for state-owned property. The payments are equal to the amount of property taxes that would be due on the property located within their boundaries if it were privately owned; however, a local government's total state payment under the provision is not allowed to exceed the amount of sales taxes paid by that local government for the same year. Effective for calendar year 2002, with the first payments to be made in 2003.

Section

1 **State-owned property in-lieu payments.**

Subd. 1. Payment amount. Provides that any local government that is required to pay sales tax (i.e., a county, city, town, or special taxing district) is eligible to receive payment in lieu of taxes based on the value of the real property owned by the state and under control of the state or any department, agency, or institution. The payment is equal to the amount of property tax that would be due the local government if the property were privately owned. The total state payment under this provision to a local government for any year cannot exceed the amount of sales tax paid by the local government in that year.

Subd. 2. Certification of sales tax paid. Requires each local government to report the amount of sales tax it paid in the calendar year to the commissioner of revenue by February 28 of the following year. Authorizes the commissioner to require supporting documentation.

Subd. 3. Certification of potential in-lieu payment amounts. Requires each county to submit a list by December 31 of total payment amounts potentially due to each participating local government based on applying the appropriate class rates and tax rates to the estimated market values of state-owned property within each local government's boundaries. Requires that any payments in-lieu already received on behalf of the state-owned properties be subtracted from the potential liability.

Subd. 4. Payments. Provides that the commissioner of revenue shall make payments to each local government by March 31st of each year based on the potential liabilities reported under subdivision 3, subject to the limitation of the sales tax amounts reported under subdivision 2.

Subd. 5. Appropriation. Provides for an open and standing appropriation to the commissioner of revenue to make the payments required under this section.

Effective date. Provides that this section is effective beginning with sales taxes paid and in-lieu tax liability for calendar year 2002, with the first payments to be made in 2003.