

HOUSE RESEARCH

Bill Summary

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Subject: Eliminating obsolete and expired provisions of tax law; making minor policy changes

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Overview

This bill eliminates a number of expired or other obsolete tax laws or related provisions and makes minor policy changes to simplify tax law related provisions. Provisions containing policy changes include:

- Repeal of the deferral and special class rate for property containing minable aggregate (Sections 8 and 36)
- Elimination of the adjustments to computation of disparity reduction aid for changes in class rates (Section 10)
- Elimination of minor special levies in the currently inactive statute providing for property tax levy limits (Section 11)
- Authorizing any town to impose an aggregate tax, if the county does not impose an aggregate tax (Section 30)
- Authorizing all 2nd through 4th class cities to accept gifts and to enter contracts to pay gift annuities (Section 31)
- Repeal of the limitation on tax base growth for school aid computations (repeal of section 127A.48, subdivision 7, by section 36)
- Repeal of the sales tax exemption for poultry feed purchases by non-farmers (repeal of section 297A.69, subdivision 7, by section 36)

Section

- 1 **Reforestation areas, 1931.** Eliminates obsolete tax references (to property tax base amounts in 1931) under a program allowing counties to apply for the state takeover of lands for reforestation.
- 2 **Reforestation areas, 1933.** Eliminates obsolete tax references (to property tax base amounts in 1933) under a program allowing counties to apply for the state takeover of lands for reforestation.
- 3 **Sales ratio adjustment.** Eliminates cross reference to subdivision repealed in section 36.
- 4 **County road and bridge levy.** Eliminates an obsolete reference to the tax on money and credits. This tax has not been imposed since the 1940s and was formally repealed in 1979.
- 5 **Data practices; biotechnology zones.** Eliminates a reference to the biotechnology and health science industry zone in the DOR data practices law. Section 36 repeals the biotechnology zone law, which has not been funded since the FY 2004-05 biennium.
- 6 **Utility personal property.** Eliminates a cross reference to a subdivision repealed by section 36 and to a previously repealed subdivision.
- 7 **Wind energy production tax.** Eliminates obsolete language governing past distributions of wind energy production tax revenues.
- 8 **Class 2 (agricultural property).** Eliminates class 2e – a special classification for land containing commercial aggregate deposits that is not classified as agricultural. There is no property in this classification anywhere in the state.
- 9 **Class 2 (agricultural property).** Eliminates class 2e – a special classification for land containing commercial aggregate deposits that is not classified as agricultural. There is no property in this classification anywhere in the state.
- 10 **Disparity reduction aid.** Provides that disparity reduction aid (DRA) is not recalculated each time there is a change in class rates.
- 11 **Special levies.** Eliminates obsolete and minor provisions from the definition of special levies under general law. This provision is not now in effect; the 2014 levy limits were imposed under a temporary, uncodified provision of law that only recognized selected special levies.
- 12 **Interest on delinquent property taxes.** Eliminates obsolete language relating to calculation of interest on delinquent property taxes. Since 1991, these rates have been superseded by the rates set in subdivision 1a.
- 13 **Interest on delinquent property taxes.** Eliminates obsolete date references in the subdivision that provides the interest rates for delinquent property taxes.
- 14 **Interest rates on composite judgments of delinquent property taxes.** Eliminates obsolete date references in the subdivision setting rates on composite judgments.

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- 15 **Confession of judgment.** Updates statutory cross reference to current version of the statutes in the confession of judgment statute.
- 16 **Interest rate; repurchase of tax forfeited lands.** Eliminates references to interest rates that applied to repurchases of tax forfeited lands made before January 1, 1991.
- 17 **Domestic corporation.** Eliminates references to domestic international sales corporations and foreign sales corporations, entities which no longer exist under federal law.
- 18 **Taxable income definition.** Eliminates reference to the biotechnology and health science industry zone in the definition of taxable income. Section repeals the biotechnology zones, which have not been funded since the FY 2004-05 biennium.
- 19 **AMT.** Eliminates the exemption for biotechnology and health science industry zone income under the corporate alternative minimum tax.
- 20 **Minimum fee.** Eliminates the exemption for biotechnology and health science industry zone factors (property and payrolls) under the minimum fee.
- 21 **Apportionment formula, regular corporations.** Eliminates obsolete language providing for the phase-in of single sales apportionment.
- 22 **Apportionment formula, financial institutions.** Eliminates obsolete language providing for the phase-in of single sales apportionment.
- 23 **Sales tax refunds.** Eliminates obsolete reference to sales tax refunds for projects, which have been completed or for which the authority expired.
- 24 **Cross references.** Eliminates cross references to clauses eliminated by section 23.
- 25 **Cross references.** Eliminates cross references to clauses eliminated by section 23.
- 26 **Life insurance tax rate.** Eliminates obsolete references to now expired insurance premiums tax rates on life insurance.
- 27 **Taconite environmental fund.** Eliminates references to projects for which distributions were made in 2009.
- 28 **DJJ economic protection trust fund.** Updates session law references to the statutes in the Douglas J. Johnson economic protection trust fund statute.
- 29 **Aggregate tax.** Eliminates references to specific counties in the aggregate tax statute. Under present law, any county is now authorized to impose this tax.
- 30 **Aggregate tax; town authority.** Authorizes a town in a county that does not impose the aggregate tax to impose the tax and use the proceeds for town roads and restoration. This authority is similar to the special law authority now granted to towns in Otter Tail and St. Louis counties. Section 36 repeals those special laws; the tax now imposed by those towns will be imposed under this general law authority. Both changes are effective on 1/1/2015.

Section

- 31** **Acceptance of gifts.** Eliminates the market value limitations on the types of second, third, and fourth class cities that are authorized to receive gifts, including gifts that are partially repaid as annuities.
- 32** **Compact development TIF districts.** Eliminates reference to compact development TIF districts. The authority to establish these districts expired in 2012 and was apparently never used.
- 33** **TIF administrative expenses.** Eliminates obsolete language in the TIF statute governing administrative expenses.
- 34** **TIF; biotech zones.** Clarifies that the special TIF authority for biotechnology and health science industry zones can be used until those zones expire. This authority is not dependent on state funding of the zone and remains viable until the three zones (in Minneapolis, St. Paul., and Rochester) expire at the end of 2015.
- 35** **MAC bonds.** Eliminates an obsolete reference to the tax on money and credits in a Metropolitan Airports Commission bonding statute. This tax has not been imposed since the 1940s and was formally repealed in 1979.
- 36** **Repealer.** Repeals the following statutes:

Statute	Description
127A.48, subd. 7	Limit on amount of school district tax base growth that is recognized for aid calculations
272.02, subd. 43, 48, 51, 53, 67, 72, and 82	Personal property tax exemptions for public utility projects that were not constructed
272.027, subd. 2	Personal property tax exemption for public utility project that was not constructed
273.075	Instructional courses for certain assessors and auditors that were funded with a 1971 appropriation
273.1103	Net debt conversion from full and true market value to assessed market (this was completed in the 1970s and replaced by net tax capacity in 1989)
273.1115	Aggregate resource preservation property tax law (a program limiting property taxes for land containing commercial aggregate deposits that has never been used)
273.1383	1997 flood loss replacement aid
273.1386	2002 flood loss replacement aid

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- 273.1398, subd. 4b Obsolete provision related to the state takeover of court costs
- 273.80 Distressed homestead reinvestment exemption for homes damaged before May 1, 2003
- 275.77 Temporary suspension of new or increased maintenance of effort requirements – expired July 1, 2011
- 279.32 Obsolete provision related to lands with delinquent tax repurchased before 1936
- 281.328 Obsolete provision validating assignment certificates issued before January 1, 1972
- 282.10 Obsolete provision authorizing reimbursement of tax forfeiture purchases made before 1940 that are invalidated by a court
- 282.23 Obsolete provision related to tax forfeiture sales in 1926 and 1927
- 289A.56, subd. 7 Biotechnology and health science industry zone refund authority
- 290.06, subd. 27 Corporate tax credit for taxes paid to another state
- 290.06, subd. 30 Biotechnology and health science industry zone – job credit
- 290.06, subd. 31 Biotechnology and health science industry zones – research credit
- 290.191, subd. 4 Single sales apportionment by mail order sales companies – this is obsolete (as of tax year 2014), since single sales apportionment applies to all businesses
- 291.41 – 291.47 Law authorizing arbitration of disputes between or among states over their jurisdiction to impose estate or inheritance taxes on a decedent’s estate. This law was enacted in 1951 and according to DOR has never been used
- 290C.06 Calculation of average estimated market value (EMV) of class 2c land under the Sustainable Forest Incentive Act (SFIA) program – this calculation is obsolete, since the SFIA payment is now a flat amount per acre and is unaffected by the EMV of class 2c land
- 297A.68, subd. 38 Biotechnology and health science industry zone sales tax exemption
- 297A.69, subd. 7 Sales tax exemption of poultry feed, if the poultry is raised for human consumption when the purchase does not qualify for the general exemption for agricultural inputs (e.g., purchases by consumers raising chickens for their personal consumption)
- 297A.70, subd. 9 Sales tax exemption for purchases of sacramental wine from religious organizations or from certain religious officials who are authorized to

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	import sacramental wine without a license
297A.71, subd. 4, 5, 7, 9, 10, 17, 18, 20, 32, 41	Sales tax exemptions for projects that have been completed, expired, or both
298.2961, subd. 5 and 7	One-time distributions of taconite production tax revenues for individual projects in 2007 and 2010
298.75, subd. 9 and 11	Special law authority for towns in Otter Tail and St. Louis counties to imposed aggregate taxes. Section 30 authorizes all towns, located in counties that do not imposed the aggregate tax, to impose the tax
469.174, subd. 10c	Definition of compact development TIF districts – the authority to establish these districts expired in 2012
469.175, subd. 2b	Sunset of compact development TIF district authority
469.176, subd. 1i	Permitted use of increments for compact development TIF districts
469.1764	Pre-1982 TIF districts – these districts have now all been decertified; any remaining increments would be required to be returned.
469.177, subd. 10	Distribution of TIF revenues generated by referendum levies to school districts – this provision is obsolete since all of these operating referenda levies are now spread on market value, which do not generate tax increment
469.330	Biotechnology and health science industry zones definitions – these zones have not received state funding for their tax incentives since the FY 2004-05 biennium
469.331	Biotechnology and health science industry zones development plan
469.332	Biotechnology and health science industry zone limits
469.333	Biotechnology and health science industry zones application for designation
469.334	Biotechnology and health science industry zones designation of zones
469.335	Biotechnology and health science industry zone application for tax benefits
469.336	Biotechnology and health science industry zone tax incentives
469.337	Biotechnology and health science industry zone corporate franchise tax exemption
469.338	Biotechnology and health science industry zone jobs credit

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469.339	Biotechnology and health science industry zone research credit
469.340, subd. 1, 2, 3, and 5	Biotechnology and health science industry zones – zone performance; remedies
469.341	Biotechnology and health science industry zones – zone performance; remedies
477A.0124, subd. 1 and 6	Calendar year 2004, 2011, and 2012 county program aid distributions
505.173	Authority to correct plats that expired in 1953
Laws 1993, ch. 375, art. 9, § 47	Authorization for the city of Garrison to impose a local, general sales tax; this authority was never used