

**FILE NUMBER:** H.F. 2529  
**Version:** As introduced

**DATE:** March 11, 2016

**Authors:** Erickson

**Subject:** Reimbursements for trust conversions

**Analyst:** Chris Kleman

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: [www.house.mn/hrd/](http://www.house.mn/hrd/).

### Overview

Under federal law, a tribe may apply to the Bureau of Indian Affairs to convert land that the tribe owns in fee to land that is held in trust for the tribe by the federal government. Land owned in fee is taxable; trust land is exempt. Over the years, local governments have raised concerns about the impact of trust conversions on their tax base. This bill compensates taxing jurisdictions in Mille Lacs County for property tax revenue lost due to trust conversions that were applied for or finalized between January 1, 2009, and June 30, 2016.

### Section

- 1 Mille Lacs County; county, city, township, school district reimbursement.** Paragraph (a) establishes that certain taxing jurisdictions are eligible for reimbursement and establishes how reimbursement amounts are calculated.
- Clause 1 requires the county auditor to certify by July 1, 2016, the total amount of tax revenue lost to all taxing jurisdictions in the county due to land being placed into trust between January 1, 2009, and December 31, 2015.
  - Clause 2 requires the county auditor to certify by July 1 of each year starting in 2017, the amount of tax revenue lost to all taxing jurisdictions in the prior year due to land being placed into trust that was the subject of an application for trust conversion between January 1, 2009, and June 30, 2016.
  - Clause 3 requires the commissioners of education and revenue to distribute the amounts certified under clauses (1) and (2) to the eligible taxing jurisdictions.

**Section**

Distributions are made at the full amount for five years and are then reduced by 20 percent of the first year's amount per year.

Paragraph (b) establishes the dates on which distributions to taxing jurisdictions are to be made.

Paragraph (c) appropriates sufficient funds to the commissioners of revenue and education to make the required distributions.

Paragraph (d) defines "taxing jurisdiction" as a political subdivision (county, city, town, township, school district, or special taxing district) that imposes a levy on real property.

Paragraph (e) defines "tax revenue lost" as the amount payable in the year before the property became exempt.