3C
Agenda Item #

Aitkin County Board of Commissioners
Request for County Board Action/Agenda Item Cover Sheet

To: Chairperson, Aitkin County Board of Commissioners   Date: 2-16-12

Via: Patrick Wussow, County Administrator

From: Patrick Wussow, County Administrator

Title of Item:

State General Tax

Requested Meeting Date: 2-28-12   Estimated Presentation Time: ____

Presenter: Patrick Wussow, County Administrator

Type of Action Requested (check all that apply)

_X_ For info only, no action requested
___ Approve under Consent Agenda
___ For discussion only with possible future action
___ Adopt Ordinance Revision
___ Let/Award Bid or Quote (attach copy of basic bid/quote specs or summary of complex specs, each bid/quote received & bid/quote comparison)
___ Approve/adopt proposal by motion
___ Approve/adopt proposal by resolution (attach draft resolution)
___ Authorize filling vacant staff position
___ Request to schedule public hearing or sale
___ Other (please list) ____
___ Request by member of the public to be heard
___ Item should be addressed in closed session under MN Statute ____

Fiscal Impact (check all that apply)

Is this item in the current approved budget? Yes ____ No ____(attach explanation)

What type of expenditure is this? __ Operating __ Capital __ Other (attach explanation)

Revenue line account # that funds this item is: ____

Expenditure line account # for this item is: ____

Staffing Impact (Any yes answer requires a review by Human Resources Manager before going to the board)

Duties of a department employee(s) may be materially affected. __ Yes ___ No

Applicable job description(s) may require revision. __ Yes ___ No

Item may impact a bargaining unit agreement or county work policy. __ Yes ___ No

Item may change the department's authorized staffing level. __ Yes ___ No

HR Review

Supporting Attachment(s)

_X_ Memorandum Summary of Item
___ Copy of applicable county policy and/or ordinance (excerpts acceptable)
___ Copy of applicable state/federal statute/regulation (excerpts acceptable)
___ Copy of applicable contract and/or agreement
___ Original bid spec or quote request (excluding complex construction projects)
___ Bids/quotes received (excluding complex construction projects, provide comparison worksheet)
___ Bid/quote comparison worksheet
___ Draft County Board resolution
___ Plat approval check-list and supporting documents
___ Copy of previous minutes related to this issue
_X_ Other supporting document(s) (please list) Information from the Minnesota State Legislature

Provide eleven (11) copies of supporting documentation NO LATER THAN Wednesday at Noon to make the Board's agenda for the following Tuesday. Items WILL NOT be placed on the Board agenda unless complete documentation is provided for mailing in the Board packets. (see reverse side for details)

AITKIN COUNTY ADMINISTRATION

Aitkin County Courthouse
217 Second Street N.W. Room 130
Aitkin, MN 56431
218-927-7276
Fax: 218-927-7374

TO: **Aitkin County Board of Commissioners**

FROM: **Patrick Wussow, County Administrator**

RE: **General Government Legislation of Interest**

DATE: **February 21, 2012**

With the State Legislature in full operation at this time, staff has provided four different House files for the Board to discuss. They are as follows:

House File H.F. No. 1914 a Bill to Eliminate Commercial Property tax

House File H.F. No. 1974 a Bill related to collective bargaining agreements

House File H.F. No 2007 a Bill to consolidate counties

House File H.F. No. 2283 a Bill to help the City of Tamarack

When possible staff printed out a summary of the bill and provided, when possible, a Senate companion file #. There are thousands of bills introduced each year, most of which never get past the many different committees in both the House and the Senate.

Please contact me with questions.

HF1914 Status in **House** for Legislative Session 87

Bill Name: HF1914 Bill Text	Companion: SF1596 Companion Text Companion Status Senate Search	Revisor Number: 12-4451

House Authors Davids ; Howes ; Urdahl ; Nornes ; Runbeck ; Quam ; Crawford ; Myhra ; Barrett ; Murdock ; Kiffmeyer ; Loon ; Downey ; Drazkowski ; Garofalo ; Erickson ; Wardlow ; Mack ; LeMieur ; Banaian ; Woodard ; Westrom ; Scott

Short Description Commercial-industrial properties first $100,000 in value exempted from the state general levy, commercial-industrial property state general levy phased out over 20 years, seasonal recreational property state general levy frozen, maximum homeowner property tax refunds increased, special property tax refund temporary increase provided, and money appropriated.

Long Description   Further Committee Actions   House Research Summary

HOUSE Actions

SENATE Actions   Top

Date ↓	Action	Description / Committee	Text	Page	Roll Call
01/24/2012	Introduction and first reading, referred to	Taxes	Intro	5368	
02/03/2012	*Referred by Chair to*	Property and Local Tax Division			
02/08/2012	Authors added	LeMieur, Banaian, Woodard, Westrom, and Scott		5482	
02/09/2012	*Division action, to pass as amended and return to*	Taxes			

SENATE Actions

HOUSE Actions   Top

None.

Please direct all comments concerning issues or legislation to your House Member or State Senator.

For Legislative Staff or for directions to the Capitol, visit the Contact Us page.

General questions or comments.

last updated: 01/05/2012

KEY: ~~stricken~~ = removed, old language. underscored = added, new language.

S.F. 1596

H.F. No. 1914, as introduced - 87th Legislative Session (2011-2012) Posted on Jan 23, 2012

A bill for an act

relating to property taxes; exempting the first $100,000 in value of each commercial-industrial property from the state general levy; phasing-out the state general levy on commercial-industrial property over 20 years; freezing the state general levy on seasonal recreational property; increasing maximum homeowner property tax refunds; providing for a temporary increase in the special property tax refund; appropriating money;amending Minnesota Statutes 2010, section 275.025, subdivisions 1, 2, 4; Minnesota Statutes 2011 Supplement, section 290A.04, subdivision 2.

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

Section 1. Minnesota Statutes 2010, section 275.025, subdivision 1, is amended to read:

Subdivision 1. **Levy amount.** (a) The state general levy is levied against commercial-industrial property and seasonal residential recreational property, as defined in this section.

(b) The state general levy for seasonal residential recreational property is $40,871,000 for taxes payable in 2013 and thereafter.

(c) The state general levy base amount for commercial-industrial property is ~~$592,000,000~~ $719,252,000. For taxes payable in ~~2002~~ 2013, the state general levy for commercial-industrial property is equal to the base amount. For taxes payable in ~~subsequent years~~ 2014 to taxes payable in 2032, the levy ~~base amount~~ is ~~increased~~ reduced each year from the previous year's amount by ~~multiplying the levy base amount for the prior year by the sum of one plus the rate of increase, if any, in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysts of the United States Department of Commerce for the 12-month period ending March 31 of the year prior to the year the taxes are payable~~ five percent of the base amount. For taxes payable in 2033 and thereafter, the state general levy for commercial-industrial property is $0.

(d) The tax under this section is not treated as a local tax rate under section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

(e) The commissioner shall increase or decrease the preliminary or final ~~rate~~ rates for a year as necessary to account for errors and tax base changes that affected a preliminary or final rate for either of the two preceding years. Adjustments are allowed to the extent that the necessary information is available to the commissioner at the time the rates for a year must be certified, and for the following reasons:

(1) an erroneous report of taxable value by a local official;

(2) an erroneous calculation by the commissioner; and

(3) an increase or decrease in taxable value for commercial-industrial or seasonal residential recreational property reported on the abstracts of tax lists submitted under section 275.29 that was not reported on the abstracts of assessment submitted under

section 270C.89 for the same year.

(f) The commissioner may, but need not, make adjustments if the total difference in the tax levied for the year would be less than $100,000.

EFFECTIVE DATE. This section is effective for taxes payable in 2013 and thereafter.

Sec. 2. Minnesota Statutes 2010, section 275.025, subdivision 2, is amended to read:

Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section, "commercial-industrial tax capacity" means the tax capacity of all taxable property classified as class 3 or class 5(1) under section 273.13, ~~except for~~ excluding: (1) the first $100,000 in value of each commercial-industrial property, (2) electric generation attached machinery under class 3, and (3) property described in section 473.625. County commercial-industrial tax capacity amounts are not adjusted for the captured net tax capacity of a tax increment financing district under section 469.177, subdivision 2, the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425, or fiscal disparities contribution and distribution net tax capacities under chapter 276A or 473F.

EFFECTIVE DATE. This section is effective for taxes payable in 2013 and thereafter.

Sec. 3. Minnesota Statutes 2010, section 275.025, subdivision 4, is amended to read:

Subd. 4. ~~**Apportionment and**~~ **Levy of state general tax.** ~~Ninety-five percent of~~ The state general tax must be levied by applying a uniform rate to all commercial-industrial tax capacity and ~~five percent of the state general tax must be levied by applying~~ a uniform rate to all seasonal residential recreational tax capacity. On or before October 1 each year, the commissioner of revenue shall certify the preliminary state general levy rates to each county auditor that must be used to prepare the notices of proposed property taxes for taxes payable in the following year. By January 1 of each year, the commissioner shall certify the final state general levy ~~rate~~ rates to each county auditor that shall be used in spreading taxes.

EFFECTIVE DATE. This section is effective for taxes payable in 2013 and thereafter.

Sec. 4. Minnesota Statutes 2011 Supplement, section 290A.04, subdivision 2, is amended to read:

Subd. 2. **Homeowners.** A claimant whose property taxes payable are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of property taxes payable. The state refund equals the amount of property taxes payable that remain, up to the state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant		Maximum State Refund
$0 to 1,549	1.0 percent	15 percent	$	2,460
1,550 to 3,089	1.1 percent	15 percent	$	2,460
3,090 to 4,669	1.2 percent	15 percent	$	2,460
4,670 to 6,229	1.3 percent	20 percent	$	2,460

6,230 to 7,769	1.4 percent	20 percent	$	2,460
7,770 to 10,879	1.5 percent	20 percent	$	2,460
10,880 to 12,429	1.6 percent	20 percent	$	2,460
12,430 to 13,989	1.7 percent	20 percent	$	2,460
13,990 to 15,539	1.8 percent	20 percent	$	2,460
15,540 to 17,079	1.9 percent	25 percent	$	2,460
17,080 to 18,659	2.0 percent	25 percent	$	2,460
18,660 to 21,759	2.1 percent	25 percent	$	2,460
21,760 to 23,309	2.2 percent	30 percent	$	2,460
23,310 to 24,859	2.3 percent	30 percent	$	2,460
24,860 to 26,419	2.4 percent	30 percent	$	2,460
26,420 to 32,629	2.5 percent	35 percent	$	2,460
32,630 to 37,279	2.6 percent	35 percent	$	2,460
37,280 to 46,609	2.7 percent	35 percent	$	~~2,000~~ 2,400
46,610 to 54,369	2.8 percent	35 percent	$	~~2,000~~ 2,400
54,370 to 62,139	2.8 percent	40 percent	$	~~1,750~~ 2,100
62,140 to 69,909	3.0 percent	40 percent	$	~~1,440~~ 1,730
69,910 to 77,679	3.0 percent	40 percent	$	~~1,290~~ 1,550
77,680 to 85,449	3.0 percent	40 percent	$	~~1,130~~ 1,360
85,450 to 90,119	3.5 percent	45 percent	$	~~960~~ 1,150
90,120 to 93,239	3.5 percent	45 percent	$	~~790~~ 950
93,240 to 97,009	3.5 percent	50 percent	$	~~650~~ 780
97,010 to 100,779	3.5 percent	50 percent	$	~~480~~ 580

The payment made to a claimant shall be the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is $100,780 or more.

EFFECTIVE DATE. This section is effective for refund claims based on taxes payable in 2012 and thereafter.

Sec. 5. **SUPPLEMENTAL TARGETING REFUND FOR TAXES PAYABLE IN 2012 ONLY.**

Subdivision 1. **Determination of supplemental refund.** (a) For property tax refund claims under Minnesota Statutes, section 290A.04, subdivision 2h, based upon property taxes payable in 2012, the state must pay a supplemental refund such that the combined amount of the regular refund under Minnesota Statutes, section 290A.04, subdivision 2h, and the supplemental refund is equal to 90 percent of the increase over the greater of (1) 12 percent of the payable 2011 property taxes, or (2) $100. The maximum combined refund under Minnesota Statutes, section 290A.04, subdivision 2h, and this section is $1,000.

(b) The supplemental refund amount must be determined by the commissioner of revenue based upon the information submitted with the claim for the regular refund and must be combined with the regular refund for payment.

(c) Any supplemental refund paid under this section must be subtracted from "property taxes payable" for the purposes of determining any refund amount under Minnesota Statutes, section 290A.04, subdivision 2, based upon property taxes payable in 2012.

(d) Any supplemental refund paid under this section must be subtracted from "property taxes payable" for taxes payable in 2012 for the purposes of determining any refund amount under Minnesota Statutes, section 290A.04, subdivision 2h, based upon property taxes payable in 2013.

Subd. 2. **Appropriation.** The amount necessary to make the payments required under this section is appropriated to the commissioner of revenue from the general fund for fiscal years 2013 and 2014.

EFFECTIVE DATE. This section is effective for refund claims based on taxes payable in 2012 only.

Minnesota House of Representatives
House Research

Bill Summary

House Research Department

File Number: **H.F. 1914**
Version: **First committee engrossment (reflects Division amendments)**
Subject: Tax relief and reform

Date: February 13, 2012
Authors: Davids

Analyst: Steve Hinze, steve.hinze@house.mn
Nina Manzi, 651-296-5204
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Pat Dalton, 651-296-7434

Overview

Provides property tax relief by:

- Exempting the first $150,000 of value of each C/I property from the state general levy
- Phasing out the state general levy for C/I property over 12 years beginning in pay 2014
- Setting the state general levy for C/I property for pay 2013 at $23 million less than the pay 2012 level
- Increasing homeowner PTR maximums
- Providing for PTR targeted tax relief at 90% of any tax increase over 12% for pay 2012 only
- Conforming to the federal increase in the standard deduction for married filers in tax year 2012, and eliminating the marriage penalty in the standard deduction for married filers at the state level by providing an additional subtraction in future years

Pays for tax relief by:

- Reducing the percent of rent constituting property taxes for renter property tax refund claims from 17 percent to 15 percent, providing separate schedules for senior/disabled renters and nonsenior/nondisabled renters, with the maximum income eligible decreased to $40,000 for senior/disabled claimants and to $25,000 for nonsenior/nondisabled claimants. Effective for claims based on rent paid in 2011, with the commissioner instructed to adjust refunds accordingly.

- Freezing city LGA payments at 100% of pay 2012 amounts
- Cancelling back to the general fund the $4.3 million accumulated unencumbered local sales tax revenue retained by the Department of Revenue to administer the various local sales taxes
- Eliminating the foreign operating corporation (FOC) provisions of the corporate franchise tax.
- Requiring the income and factors of corporations that are incorporated in or that derive 20 percent of their income from a list of countries, defined as tax havens, to be included in the combined report of the unitary business. This will subject this income to tax based on the unitary business's Minnesota factors (property, payroll, and sales) under the apportionment formula.

1 **State general levy.** For taxes payable in 2013, sets the commercial-industrial portion of the state general levy at $23 million less than the pay 2012 level, minus an additional $80 million to eliminate any shifting due to the exemption provided in section 2. Provides for the commercial-industrial portion of the state general levy to be phased out over a 12-year period beginning with taxes payable in 2014. Leaves the seasonal-recreational portion of the state general levy as in current law.

2 **Commercial-industrial tax capacity.** Exempts the first $150,000 in value of each commercial-industrial property from the state general levy.

3 **State general tax.** Eliminates the 95/5 split of the state general levy between commercial-industrial property and seasonal recreational property, since each property type's levy is specified separately in section 1.

4 FOCs filing requirement. Eliminates the exemption for FOCs from the corporate return filing requirement. The bill effectively subjects FOCs to tax on the same basis as other corporations.

5 **Domestic corporation definitions.** Expands the definition of "domestic corporation" to include the following foreign corporations (i.e., corporations or other entities organized under the laws of a foreign country):

- Incorporated in a tax haven (defined in section 6),
- Doing sufficient business in a tax haven to be subject to tax by the tax haven and 20 percent or more of its income is attributable to the tax haven, or
- With 20 percent or more of the average of its property, payroll, and sales in the United States.

Domestic corporations that are part of a unitary business must be included on the combined report. As a result, this will require the income and apportionment factors of these foreign corporations to be reflected in the combined report and will subject them to Minnesota corporate franchise tax. Present Minnesota law excludes all foreign corporations from the combined report, except foreign sales corporations.

Effective date: tax year 2012

6 **Tax haven.** Defines "tax haven" as a list of foreign countries that have been publicly identified by both the Organization of Economic Cooperation and Development (OECD) and by the Internal Revenue Services (based on federal court documents). (Originally, these countries were on the OECD's "black list," but are now on its "gray list" because the

countries have agreed to expanded tax information exchanges.) Countries are removed from the list, if the United States enters into a tax treaty or similar agreement with the country that provides for sharing tax information with the Internal Revenue Service.

Effective date: tax year 2012

7 **Additions to taxable income for individuals.** Conforms Minnesota's income tax to the increased federal standard deduction for married filers in tax year 2012, by limiting the addition required of married filers to tax year 2011. Also makes conforming changes to the calculation of the addition of the federal deduction of state and local income and sales taxes to coordinate with the new subtractions allowed in section 8.

Effective date: tax year 2012

8 **Subtractions from taxable income for individuals.** Provides two new subtractions that eliminate the marriage penalty in the standard deduction for married filers for state purposes for tax year 2013 and following years. For married joint filers, the subtraction is the difference between twice the amount allowed at for single filers at the federal level, and the amount allowed for married joint filers at the federal level. In years in which the federal married joint standard deduction equals twice the single amount, the state subtraction would equal zero. In years in which the federal married joint standard deduction is less than twice the single amount, the subtraction would be the amount necessary to make up the difference and eliminate the marriage penalty. Provides a corresponding state subtraction for married separate filers.

Effective date: tax year 2013

9 **Additions to FTI for corporations.** Repeals the corporate franchise tax additions to federal taxable income for foreign operating corporations' (FOCs) deemed dividends. Sections 12 and 24 repeal FOCs deemed dividend treatment. This provision eliminates the corresponding addition to income for the deemed dividend.

Effective date: tax year 2012

10 **Subtractions from FTI for corporations.** Corrects cross references in the subdivision providing subtractions from FTI for corporations to reflect the changes made in section 9.

Effective date: tax year 2012

11 **Marriage credit.** Makes conforming changes to the calculation of the marriage credit to coordinate with the new subtractions allowed in section 8.

12 **FOC deemed dividends.** Eliminates the authority to exclude the income and apportionment factors of FOCs from the combined report and eliminates the deemed dividend deduction for 80 percent of FOC income. In addition, the intention of the legislature is that if the inclusion of foreign corporations treated as domestic corporations under the provisions of sections 5 and 6 is invalid, the legislature intends these provisions to be nonseverable from the exclusion of all foreign corporations from the combined report.

Effective date: tax year 2012

13 Renter property tax refund; rent constituting property taxes. Reduces the percent of rent constituting property taxes used in calculating the property tax refund for renters from 17 percent to 15 percent. Effective for refund claims filed in 2012and thereafter based on rent paid in 2011 and thereafter.

Background. The percent of rent constituting property taxes was reduced from 19 percent to 15 percent for 2010 refunds based on rent paid in 2009 only under the June 2009 unallotment. This reduction was subsequently enacted into law in Laws 2010, 1st Special Session chapter 1. Laws 2011, First Special Session chapter 7, reduced the percentage to 17 percent effective for refunds based on rent paid in 2011 and thereafter.

14 **Rent constituting property tax; manufactured homes.** Reduces the percent of rent constituting property taxes for rent paid on the site on which a manufactured home or park trailer taxed as a manufactured home is located from 17 percent to 15 percent. Effective for refund claims based on rent paid in 2011 and following years.

15 Homeowner property tax refund. Increases the maximum refund allowed under the homeowner property tax refund for homeowners with household incomes from $37,280 to $100,779. Effective for refunds based on taxes payable in 2012. Homeowners will begin filing following issuance of property tax statements in March, and refunds will be paid in September. Because the change will only affect homeowners whose refund is capped by the current law maximum for their income level, the Department of Revenue would adjust affected homeowners' refund amount upward subject to the new maximum.

Background. The homeowner property tax refund equals a percentage of property taxes paid over a threshold of income, up to a maximum refund amount. The income measure used is household income, a broad measure that includes most forms of taxable and nontaxable income, after adjustment for household size. The refund schedule has 27 income brackets: the threshold percentage increases as income increases, the percentage of taxes over the threshold paid by the homeowner (the copayment) also increases as income increases, and the maximum refund decreases as income increases. For refunds based on taxes payable in 2012, the maximum income eligible is $100,779.

16 Renter property tax refund; senior and disabled renters. Provides a new schedule for senior and disabled renters. Decreases the maximum household income eligible for a refund from $53,539 under current law to $40,000. Retains the current law maximum refund of $1,550 for claimants with household incomes under $26,010, and reduces the maximum refund allowed for claimants with household incomes from $26,010 to $40,000. Effective for refunds based on rent paid in 2011 and following years.

Background. The renter property tax refund equals a percentage of property taxes paid over a threshold of income, up to a maximum refund amount. Property taxes paid are deemed to equal a percentage of rent paid. The income measure used is household income, a broad measure that includes most forms of taxable and nontaxable income, after adjustment for household size. Under current law there is one schedule for both senior/disabled and nonsenior/nondisabled renters. The refund schedule has 29 income brackets: the threshold percentage increases as income increases, the percentage of taxes over the threshold paid by the homeowner (the copayment) also increases as income increases, and the maximum refund decreases as income increases. For refunds based on rent paid in 2011, the maximum income eligible is $54,619.

17 Renter property tax refund; nonsenior/nondisabled renters. Provides a new schedule for nonsenior/nondisabled renters. Decreases the maximum household income eligible from $54,619 under current law to $25,000. Decreases the maximum refund allowed from $1,550 to $1,000, and increases the copayment percentage for all claimants. Effective for refunds based on rent paid in 2011 and following years.

Background: See background for section 16.

18 **Property tax refund; inflation adjustment.** Eliminates the inflation adjustment of the renter property tax refund schedule, effective for both the senior/disabled and nonsenior/nondisabled schedules.

19 **Renter PTR; appropriation.** Modifies the open appropriation for renter property tax refund claims to apply to claims under the new split senior/disabled and nonsenior/nondisabled schedules.

20 **City aid distribution.** Freezes LGA payments to all cities beginning with aid paid in CY 2013 at the amounts of their 2012 LGA payments.

21	**Supplemental targeting refund.** Provides that for taxes payable in 2012 only, the state will refund 90 percent of the amount that any homeowner's tax increased by more than 12 percent over the pay 2011 amount, provided that the increase was more than $100. Current law provides for a refund of 60 percent of that amount. Eligible taxpayers would not have to file for the increased refund amount - the Department of Revenue would recompute each refund based on the original refund claim.
22	Special recovery fund. Makes a one-time transfer to the general fund of $4.3 million from the Revenue Department service and recovery special revenue fund. This is unencumbered local sales tax revenue retained the Department of Revenue to administer the various local sales taxes that has accumulated over several years.
23	Administration of 2012 property tax refund claims; renters. Directs the commissioner of revenue to recalculate claims for 2012 renter property tax refunds to reflect the reduction in the percent of rent constituting property taxes from 17 percent to 15 percent in sections 13 and 14 and the changes to the renter schedule provided in sections 16 and 17 Requires the commissioner to notify claimants whose refunds are recalculated that the recalculation was mandated by action of the 2011 Legislature. **Background.** By January 31, 2012, landlords were required to issue form CRP to renters for use in claiming the renter property tax refund. Form CRP reports on line 1 the dollar amount of rent paid, and on line 3 the rent multiplied by the 17 percent, which equals the percent constituting property taxes. Renters are instructed to use the amount on line 3 in filling out form M-1PR, the claim form for property tax refunds. The Department of Revenue would then recalculate the M-1PR claim as if the line 3 amount had been rent multiplied by 15 percent, rather than 17 percent, and calculate the new refund amount using the parameters of the revised schedules for senior/disabled or nonsenior/nondisabled renters.
24	Repealer. Paragraph (a) repeals the definition of foreign operating corporations and the modification to alternative minimum tax for FOCs. Paragraph (b) repeals the calculation of the LGA formula and repeals the limit on the amount of LGA paid since it is frozen beginning in 2013 at set amounts for each city under section 20.

KEY: ~~stricken~~ = removed, old language. underscored = added, new language.

Authors and Status List versions

H.F. No. 1974, as introduced - 87th Legislative Session (2011-2012) Posted on Jan 26, 2012

A bill for an act

relating to public employment; providing that certain contract terms do not continue in effect after expiration of a collective bargaining agreement; forbidding certain retroactive provisions;amending Minnesota Statutes 2010, section 179A.20, subdivision 6, by adding a subdivision.

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

Section 1. Minnesota Statutes 2010, section 179A.20, subdivision 6, is amended to read:

Subd. 6. **Contract in effect.** During the period after contract expiration and prior to the date when the right to strike matures, and for additional time if the parties agree, the terms of an existing contract shall continue in effect and shall be enforceable upon both parties, except as provided in paragraph (b).

(b) A contract term does not continue in effect and is not enforceable after the expiration date stated in the contract, and the parties may not agree to extend or honor a contract term beyond the expiration date of the contract if the contract term would:

(1) provide a wage or salary increase to an employee, including but not limited to an increase based on cost of living, longevity, education or training, or performance or merit; or

(2) provide an increase in the dollar amount of an employer contribution for insurance benefits above the amount paid under the expired contract.

EFFECTIVE DATE. This section is effective the day following final enactment. For a collective bargaining agreement that expired before the effective date of this section, the requirements of this section apply to limit wages and benefits to the levels and amounts in effect on the effective date of this section.

Sec. 2. Minnesota Statutes 2010, section 179A.20, is amended by adding a subdivision to read:

Subd. 7. **Retroactivity prohibited.** An employer may not enter into a contract, and an arbitrator may not issue an interest arbitration award, that would retroactively provide a wage or salary increase or retroactively provide an increase in the dollar amount of an employer contribution for benefits.

EFFECTIVE DATE. This section is effective the day following final enactment.

Minnesota House of Representatives
House Research

Bill Summary
House Research Department

File Number: **H.F. 1974**
Version: **As Introduced**
Subject: Expired public sector collective bargaining agreements

Date: February 10, 2012
Authors: Drazkowski and others
Analyst: Mark Shepard

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.

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1 **Period after expiration of contract.** Under current law, after a public sector collective bargaining contract expires, the terms of the contract remain in effect until the right to strike matures, and for additional time if the parties agree. This section provides that a contract term does not continue in effect after the expiration date stated in the contract, and the parties may not agree to extend or honor a contract term beyond that date, if the contract term would: (1) provide a wage or salary increase; or (2) provide an increase in the dollar amount of the employer contribution for insurance.

2 **Retroactivity prohibited.** Prohibits a public employer from entering into a contract (and prohibits an arbitrator from issuing an arbitration award) that would retroactively provide a wage or salary increase or retroactively provide an increase in the dollar amount of an employer contribution for benefits.

Hot Dish Politics

Serving up all things political, from Minnesota to D.C.

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Contributors in Minnesota: Jennifer Brooks, Baird Helgeson, Mike Kaszuba, Patricia Lopez, Jim Ragsdale, Brad Schrade and Rachel E. Stassen-Berger. **Contributor in D.C.:** Kevin Diaz.

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Public employee contract limit passed in House committee

Posted by: Jim Ragsdale under Gov. Mark Dayton, Democrats, Republicans Updated: February 21, 2012 - 12:01 PM

6 comments print Recommend 0 share +

A House committee gave a narrow, party-line approval to a bill that would restrict the extension of public-employee contract provisions after a contract reaches its expiration date.

The House State Government Finance Committee voted 10-9 to approve a bill offered by Rep. Steve Drazkowski, R-Mazeppa, that was criticized by DFLers and supported by Republicans. Republicans provided all the "yes" votes and all DFLers voted "no."

Drazkowski said the bill essentially freezes pay and employers' contributions for insurance once a contract expires, as the unions and the government employer continue to work on a new agreement. It states that no wage or salary increases, or increases in the amount of employers' contribution to insurance, can occur during this period.

It would mean, for example, that so-called "steps and lanes" increases in teachers' contracts, which provide additional pay for experience and education, could not be granted after the contract expired, and until a new contract was in effect.

Speaking on behalf of the bill, Rep. Keith Downey, R-Edina, said such changes to the state's public-employee bargaining process are needed. "We have to unlock our people from a process and a structure that is not good for them or for us," he said.

In opposing the bill, Rep. Ryan Winkler, DFL-Golden Valley, questioned the theory that the collective bargaining system is broken. He said the biggest job disruption was caused not by workers but by the 20-day state shutdown during a budget standoff between the Legislature and Gov. Mark Dayton last summer.

"That was caused by the Legislature, and now we're saying the collective-bargaining system is flawed," Winkler said.

While union officials opposed the bill, supporters include the League of Minnesota Cities, the Minnestota School Boards Association and the Minnesota Inter-County Association.

The bill now goes to the House floor.

newer post

Pro photo ID group changes web images

6 **Comments**

norway2010
Feb 21, 12
10:58 am

This is more anti-worker legislation brought to you from Drazkowski. With this legislation, why would any employer ever want to settle? Pathetic and not necessary. ALEC playbook brought to you by the GOP.

Report as Inappropriate
17 8

rds1449
Feb 21, 12
11:17 am

Get out the veto pen again. What a worthless bunch. How long until November?

Report as Inappropriate
11 5

KEY: ~~stricken~~ = removed, old language. underscored = added, new language.

Authors and Status List versions

S.F. 1796

H.F. No. 2007, 1st Engrossment - 87th Legislative Session (2011-2012) Posted on Feb 20, 2012

A bill for an act

relating to government operations; requiring a study of the feasibility of consolidating counties and rationalizing other internal boundaries; appropriating money.

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

Section 1. **STUDY ON CONSOLIDATING COUNTIES AND RATIONALIZING OTHER INTERNAL BOUNDARIES.**

The state auditor shall study the feasibility of consolidating counties in the state. As part of the study, the state auditor shall consider conforming county boundaries to other existing physical or organizational boundaries including, among others, state judicial, watershed, and landscape districts, and shall consider the economic implications that may result from the consolidation.

The study shall also include a consideration of the rationalization of other internal boundaries of the state such as highway maintenance and regional economic districts.

In addition to any other information and resources the state auditor uses to study the feasibility of consolidating counties and rationalizing other internal boundaries of the state, the state auditor shall consider (1) the report and recommendations of the legislative auditor on consolidation of local governments published in 2012, (2) the ideas generated from the 2011 local government innovation forums summarized in the Association of Minnesota Counties' "Focus on Outcomes: Redesigning Minnesota's Local Government Services" along with any background research that went into the forums and report, and (3) the pilot projects that are proposed under the Minnesota Accountable Government Innovation and Collaboration Act, S.F. No. 1340, if enacted in the 2012 legislative session.

The state auditor shall report on the study to the appropriate committees of the legislature by January 1, 2013.

Sec. 2. **APPROPRIATION.**

$....... is appropriated for fiscal year 2013 from the general fund to the state auditor for the purposes of section 1.

Minnesota House of Representatives
House Research

Bill Summary
House Research Department

File Number: **H.F. 2007**
Version: **First Engrossment**
Subject: Local government, study of consolidating counties and rationalizing internal boundaries, appropriating money

Date: February 16, 2012
Authors: Kahn and others
Analyst: Deborah A. Dyson

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.

Appropriates an unspecified amount from the general fund to the state auditor to study the feasibility of consolidating counties and rationalizing internal boundaries of the state. Requires a report to the legislature.

KEY: ~~stricken~~ = removed, old language. underscored = added, new language.

No Senate Bill

H.F. No. 2283, as introduced - 87th Legislative Session (2011-2012) Posted on Feb 15, 2012

A bill for an act

relating to local government aid; modifying the payment to certain cities; amending Minnesota Statutes 2010, section 477A.011, subdivision 36.

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

Section 1. Minnesota Statutes 2010, section 477A.011, subdivision 36, is amended to read:

Subd. 36. **City aid base.** (a) Except as otherwise provided in this subdivision, "city aid base" is zero.

(b) The city aid base for any city with a population less than 500 is increased by $40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by $40,000 for aids payable in calendar year 1995 only, provided that:

(i) the average total tax capacity rate for taxes payable in 1995 exceeds 200 percent;

(ii) the city portion of the tax capacity rate exceeds 100 percent; and

(iii) its city aid base is less than $60 per capita.

(c) The city aid base for a city is increased by $20,000 in 1998 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by $20,000 in calendar year 1998 only, provided that:

(i) the city has a population in 1994 of 2,500 or more;

(ii) the city is located in a county, outside of the metropolitan area, which contains a city of the first class;

(iii) the city's net tax capacity used in calculating its 1996 aid under section 477A.013 is less than $400 per capita; and

(iv) at least four percent of the total net tax capacity, for taxes payable in 1996, of property located in the city is classified as railroad property.

(d) The city aid base for a city is increased by $200,000 in 1999 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by $200,000 in calendar year 1999 only, provided that:

(i) the city was incorporated as a statutory city after December 1, 1993;

(ii) its city aid base does not exceed $5,600; and

(iii) the city had a population in 1996 of 5,000 or more.

(e) The city aid base for a city is increased by $150,000 for aids payable in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9 , paragraph (c), is also increased by $150,000 in calendar year 2000 only, provided that:

(1) the city has a population that is greater than 1,000 and less than 2,500;

(2) its commercial and industrial percentage for aids payable in 1999 is greater than 45 percent; and

(3) the total market value of all commercial and industrial property in the city

for assessment year 1999 is at least 15 percent less than the total market value of all commercial and industrial property in the city for assessment year 1998.

(f) The city aid base for a city is increased by $200,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by $200,000 in calendar year 2000 only, provided that:

(1) the city had a population in 1997 of 2,500 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than $650 per capita;

(3) the pre-1940 housing percentage of the city used in calculating 1999 aid under section 477A.013 is greater than 12 percent;

(4) the 1999 local government aid of the city under section 477A.013 is less than 20 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent; and

(5) the city aid base of the city used in calculating aid under section 477A.013 is less than $7 per capita.

(g) The city aid base for a city is increased by $102,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by $102,000 in calendar year 2000 only, provided that:

(1) the city has a population in 1997 of 2,000 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than $455 per capita;

(3) the net levy of the city used in calculating 1999 aid under section 477A.013 is greater than $195 per capita; and

(4) the 1999 local government aid of the city under section 477A.013 is less than 38 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent.

(h) The city aid base for a city is increased by $32,000 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by $32,000 in calendar year 2001 only, provided that:

(1) the city has a population in 1998 that is greater than 200 but less than 500;

(2) the city's revenue need used in calculating aids payable in 2000 was greater than $200 per capita;

(3) the city net tax capacity for the city used in calculating aids available in 2000 was equal to or less than $200 per capita;

(4) the city aid base of the city used in calculating aid under section 477A.013 is less than $65 per capita; and

(5) the city's formula aid for aids payable in 2000 was greater than zero.

(i) The city aid base for a city is increased by $7,200 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by $7,200 in calendar year 2001 only, provided that:

(1) the city had a population in 1998 that is greater than 200 but less than 500;

(2) the city's commercial industrial percentage used in calculating aids payable in 2000 was less than ten percent;

(3) more than 25 percent of the city's population was 60 years old or older according to the 1990 census;

(4) the city aid base of the city used in calculating aid under section 477A.013 is less than $15 per capita; and

(5) the city's formula aid for aids payable in 2000 was greater than zero.

(j) The city aid base for a city is increased by $45,000 in 2001 and thereafter and by an additional $50,000 in calendar years 2002 to 2011, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by $45,000 in calendar year 2001 only, and by $50,000 in calendar year 2002 only, provided that:

(1) the net tax capacity of the city used in calculating its 2000 aid under section 477A.013 is less than $810 per capita;

(2) the population of the city declined more than two percent between 1988 and 1998;

(3) the net levy of the city used in calculating 2000 aid under section 477A.013 is greater than $240 per capita; and

(4) the city received less than $36 per capita in aid under section 477A.013, subdivision 9 , for aids payable in 2000.

(k) The city aid base for a city with a population of 10,000 or more which is located outside of the seven-county metropolitan area is increased in 2002 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (b) or (c), is also increased in calendar year 2002 only, by an amount equal to the lesser of:

(1)(i) the total population of the city, as determined by the United States Bureau of the Census, in the 2000 census, (ii) minus 5,000, (iii) times 60; or

(2) $2,500,000.

(l) The city aid base is increased by $50,000 in 2002 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by $50,000 in calendar year 2002 only, provided that:

(1) the city is located in the seven-county metropolitan area;

(2) its population in 2000 is between 10,000 and 20,000; and

(3) its commercial industrial percentage, as calculated for city aid payable in 2001, was greater than 25 percent.

(m) The city aid base for a city is increased by $150,000 in calendar years 2002 to 2011 and by an additional $75,000 in calendar years 2009 to 2014 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by $150,000 in calendar year 2002 only and by $75,000 in calendar year 2009 only, provided that:

(1) the city had a population of at least 3,000 but no more than 4,000 in 1999;

(2) its home county is located within the seven-county metropolitan area;

(3) its pre-1940 housing percentage is less than 15 percent; and

(4) its city net tax capacity per capita for taxes payable in 2000 is less than $900 per capita.

(n) The city aid base for a city is increased by $200,000 beginning in calendar year 2003 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9 , paragraph (c), is also increased by $200,000 in calendar year 2003 only, provided that the city qualified for an increase in homestead and agricultural credit aid under Laws 1995, chapter 264, article 8, section 18.

(o) The city aid base for a city is increased by $200,000 in 2004 only and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by $200,000 in calendar year 2004 only, if the city is the site of a nuclear dry cask storage facility.

(p) The city aid base for a city is increased by $10,000 in 2004 and thereafter and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by $10,000 in calendar year 2004 only, if the city was included in a federal major disaster designation issued on April 1, 1998, and its pre-1940 housing stock was decreased by more than 40 percent between 1990 and 2000.

(q) The city aid base for a city is increased by $30,000 in 2009 and thereafter and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by $25,000 in calendar year 2006 only if the city had a population in 2003 of at least 1,000 and has a state park for which the city provides rescue services and which comprised at least 14 percent of the total geographic area included within the city boundaries in 2000.

(r) The city aid base for a city is increased by $80,000 in 2009 and thereafter and the minimum and maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by $80,000 in calendar year 2009 only, if:

(1) as of May 1, 2006, at least 25 percent of the tax capacity of the city is proposed to be placed in trust status as tax-exempt Indian land;

(2) the placement of the land is being challenged administratively or in court; and

(3) due to the challenge, the land proposed to be placed in trust is still on the tax rolls as of May 1, 2006.

(s) The city aid base for a city is increased by $100,000 in 2007 and thereafter and the minimum and maximum total amount of aid it may receive under this section is also increased in calendar year 2007 only, provided that:

(1) the city has a 2004 estimated population greater than 200 but less than 2,000;

(2) its city net tax capacity for aids payable in 2006 was less than $300 per capita;

(3) the ratio of its pay 2005 tax levy compared to its city net tax capacity for aids payable in 2006 was greater than 110 percent; and

(4) it is located in a county where at least 15,000 acres of land are classified as tax-exempt Indian reservations according to the 2004 abstract of tax-exempt property.

(t) The city aid base for a city is increased by $30,000 in 2009 only, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by $30,000 in calendar year 2009, only if the city had a population in 2005 of less than 3,000 and the city's boundaries as of 2007 were formed by the consolidation of two cities and one township in 2002.

(u) The city aid base for a city is increased by $100,000 in 2009 and thereafter, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by $100,000 in calendar year 2009 only, if the city had a city net tax capacity for aids payable in 2007 of less than $150 per capita and the city experienced flooding on March 14, 2007, that resulted in evacuation of at least 40 homes.

(v) The city aid base for a city is increased by $100,000 in 2009 to 2013, and the maximum total aid it may receive under section 477A.013, subdivision 9, is also increased by $100,000 in calendar year 2009 only, if the city:

(1) is located outside of the Minneapolis-St. Paul standard metropolitan statistical area;

(2) has a 2005 population greater than 7,000 but less than 8,000; and

(3) has a 2005 net tax capacity per capita of less than $500.

(w) The city aid base is increased by $25,000 in calendar years 2009 to 2013 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, is increased by $25,000 in calendar year 2009 only, provided that:

(1) the city is located in the seven-county metropolitan area;

(2) its population in 2006 is less than 200; and

(3) the percentage of its housing stock built before 1940, according to the 2000 United States Census, is greater than 40 percent.

(x) The city aid base is increased by $90,000 in calendar year 2009 only and the minimum and maximum total amount of aid it may receive under section 477A.013, subdivision 9, is also increased by $90,000 in calendar year 2009 only, provided that the city is located in the seven-county metropolitan area, has a 2006 population between 5,000 and 7,000 and has a 1997 population of over 7,000.

(y) In calendar year 2010 only, the city aid base for a city is increased by $225,000 if it was eligible for a $450,000 payment in calendar year 2008 under Minnesota Statutes 2006, section 477A.011, subdivision 36, paragraph (e), and the second half of the payment under that paragraph in December 2008 was canceled due to the governor's unallotment. The payment under this paragraph is not subject to any aid reductions under section 477A.0134 or any future unallotment of the city aid under section 16A.152.

~~(z) The city aid base and the maximum total aid the city may receive under section 477A.013, subdivision 9, is increased by $25,000 in calendar year 2010 only if:~~

~~(1) the city is a first class city in the seven-county metropolitan area with a population below 300,000; and~~

~~(2) the city has made an equivalent grant to its local growers' association to reimburse up to $1,000 each for membership fees and retail leases for members of the association who farm in and around Dakota County and who incurred crop damage as a result of the hail storm in that area on July 10, 2008.~~

~~The payment under this paragraph is not subject to any aid reductions under section 477A.0134 or any future unallotment of the city aid under section 16A.152.~~

~~(aa) The city aid base for a city is increased by $106,964 in 2011 only and the minimum and maximum amount of total aid it may receive under section 477A.013, subdivision 9, is also increased by $106,964 in calendar year 2011 only, if the city had a population as defined in Minnesota Statutes, section 477A.011, subdivision 3, that was in excess of 1,000 in 2007 and that was less than 1,000 in 2008.~~

(z) In calendar year 2013 only, the city aid base and the maximum total aid the city may receive under section 477A.013, subdivision 9, is increased by $12,000 if:

(1) the city's 2010 population is less than 100 and its population growth between 2000 and 2010 was more than 55 percent; and

(2) its commercial industrial percentage as defined in subdivision 32, based on assessments for calendar year 2010, payable in 2011, is greater than 15 percent.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2013 and thereafter.

Sec. 2. **ADDITIONAL AID PAYMENT IN 2012 FOR CERTAIN CITIES.**

For calendar year 2012 only, a city shall receive a onetime payment of $12,000 if: (1) the city's 2010 population is less than 100 and its population growth between 2000 and 2010 was more than 55 percent; and (2) its commercial industrial percentage as defined in subdivision 32, based on assessments for calendar year 2010, payable 2011, is greater than 15 percent. The aid paid under this section shall be paid on the same schedule as aid paid under sections 477A.011 to 477A.03. The amount necessary to make the payment under this section shall be appropriated from the general fund in fiscal year 2013.

EFFECTIVE DATE. This section is effective the day following final enactment.
