

MINNESOTA · REVENUE

Department Technical Bill

March 3, 2014

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 2278 (Lenczewski) / S.F. 2091 (Rest)

	<u>Fund Impact</u>			
	<u>F.Y. 2014</u>	<u>F.Y. 2015</u>	<u>F.Y. 2016</u>	<u>F.Y. 2017</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

EXPLANATION OF THE BILL

A summary prepared by the Appeals and Legal Services Division of the Department of Revenue is attached.

REVENUE ANALYSIS DETAIL

The provisions of the bill are not expected to have an impact on state revenues.

Source: Minnesota Department of Revenue
Tax Research Division
www.revenue.state.mn.us/research_stats/Pages/Revenue-Analyses.aspx

hf2278(sf2091)_1 / cc

2014 DEPARTMENT OF REVENUE TECHNICAL BILL SUMMARY

FINAL

MINNESOTA • REVENUE

Bill Date: February 12, 2014
Summary Date: February 12, 2014

Appeals and Legal Services Division
600 North Robert Street
Saint Paul, Minnesota 55146-2220

ARTICLE 1: INCOME AND CORPORATE FRANCHISE TAXES

Sections 1 and 2. Obsolete Modifications for Intangible Drilling Costs. Amends Minn. Stat. §§ 290.01, subd. 19d; and 290.0921, subd. 3, to remove obsolete modifications for intangible drilling costs incurred in taxable years prior to 1987. Effective for taxable years beginning after December 31, 2013

Section 3. Obsolete Sales Clause. Amends Minn. Stat. § 290.191, subd. 5, to repeal an obsolete phrase regarding sales of tangible personal property made within this state. The phrase was made obsolete by prior year legislative changes to the sales factor. Effective the day following final enactment.

ARTICLE 2: PROPERTY TAXES

Sections 1-3, 5, 7, 9-11, 13-25, 29-31, 34-42, and 45. Classification Rates. Amends various Minnesota Statutes to make a number of technical changes that clarify classification rates, and amends various other statutes to use consistent terminology when referring to property tax classification rates. Repeals Minn. Stat. § 273.13, subd. 21a, which defines “class rates”. It will be obsolete because all references will now be to “classification rate”. Effective beginning with assessment year 2014.

Sections 4, 6, 8, 26-28. Clerical Corrections on State Assessed Values. Amends Minn. Stat. §§ 270.87; 272.029, subd. 4a; 273.01; 273.33, subd. 2; 273.37, subd. 2; and 273.3711 to allow county assessors to make clerical corrections relating to personal as well as real property valuations, and to Railroad, Utility and Wind Energy Production Tax values. Also allows the commissioner to make clerical corrections to state assessed values until December 31 of the assessment year. Effective the day following final enactment.

Section 12. Valuation of Land With a Conservation Easement. Amends Minn. Stat §273.117 which provides that the value of land with a conservation easement cannot be reduced due to the easement except in specific circumstances. The first change removes a reference to section 84.64, subd. 2, to make the law apply to all conservation easements not just those listed in that section. The second change amends the 2013 legislation so that the 2013 provision will not apply to easements entered into before May 23, 2013. Effective the day following final enactment.

Section 32. Sustainable Forest Incentive Act (SFIA)–Managed Forest Land. Amends Minn. Stat. § 290C.03 to clarify that land classified as 2c, managed forest land, cannot be enrolled in the SFIA program. Section 273.13, subd. 23(d), already provides that land enrolled in the SFIA program is not eligible for the 2c classification. The amendment provides parallel language in chapter 290C. Effective for certifications and applications due in 2014 and thereafter.

Section 33. Amortization Aid Reference. Amends Minn. Stat. § 423A.02, subd. 3, by correcting an internal reference to a repealed subdivision by providing the appropriate subdivision. Effective retroactively from June 1, 2013, the date that section 423A.02, subd. 1, became effective.

Sections 43 and 44. Payments in Lieu of Tax Calculations. Amends Minn. Stat. §§ 477A.12, subd. 1 and 477A.14, subd. 1 to clarify that a township with qualifying land receives ten percent of the payment a county receives for the land in that township. Additionally, payments for wildlife management land are corrected to use the same formula as other payments in lieu of tax for other land. Effective July 1, 2014.

Section 45. Repealer. Sustainable Forest Incentive Act (SFIA) Payment Calculation. Repeals Minn. Stat. §§ 290C.02, subdivisions 5 and 9; and 290C.06 that contain an obsolete formula for SFIA payments. These sections are obsolete because the payment is now a flat rate of \$7 per acre, pursuant to Minn. Stat. § 290C.07. Effective the day following final enactment.

ARTICLE 3: SALES AND USE TAXES

Section 1. Special Revenue Account Appropriation. Amends Minn. Stat. §403.162, subd. 5, to provide annual appropriation language for the amounts the commissioner of revenue is authorized to deduct as reimbursement of its indirect costs for administering the collection and remittance of the prepaid wireless E911 fee and the prepaid wireless telecommunications access Minnesota fee. Effective retroactively from January 1, 2014, the date that Minn. Stat. §403.162, subd. 5, became effective.

Section 2. Contribution In Aid of Construction. This provision amends Minnesota Laws 2013, Chapter 143, Article 8, Section 3, so that the effective date for clause (p) is the day following final enactment. Effective retroactively from the day following final enactment of the session law.

Section 3. Repealer.

Florists and Nurseries. Repeals Minnesota Rules 8130.8900, subpart 3, to delete language regarding sourcing of telegraphic orders by florists and nurseries that became obsolete when Minn. Stat. § 297A.668 was amended in 2011 to add subd. 9. Effective the day following final enactment.

Aircraft Registration. Repeals Minnesota Rule 8130.9500 in its entirety, as the reporting and registration requirements in the rule are obsolete. Aircrafts are now registered through the Office of Aeronautics, Department of Transportation, by using its aircraft registration application and procedures. Effective the day following final enactment.

ARTICLE 4: MISCELLANEOUS

Section 1. Procedure to Request Abatement. Amends Minn. Stat. § 270C.34, subd 2. Section 270C.34, subd. 1, allows the commissioner to abate certain late file and late payment penalties, related interest, and the additional tax charge. This section clarifies that the procedures provided in subdivision 2 applies to all of the items listed in subdivision 1. Effective the day following final enactment.

Section 2. Dyed Fuel. Amends Minn. Stat. § 296A.01, subd. 16, to clarify that dyed biodiesel and dyed biodiesel blends are included in the definition of dyed fuel. Effective the day following final enactment.