

A bill for an act

1.1 relating to the financing and operation of local government; allowing county
1.2 local sales tax; eliminating certain existing local sales taxes; adjusting county
1.3 program aid; modifying levy limits; providing flexibility and mandate reduction
1.4 provisions; making changes to various property tax and local government
1.5 aid-related provisions; providing temporary suspension of new or increased
1.6 maintenance of effort and matching fund requirements; modifying county
1.7 support of libraries; establishing the Council on Local Results and Innovation;
1.8 providing property tax system benchmarks, critical indicators, and principles;
1.9 establishing a property tax work group; creating the Legislative Commission
1.10 on Mandate Reform; making changes to certain administrative procedures;
1.11 modifying truth in taxation provisions; providing clarification for eligibility for
1.12 property tax exemption for institutions of purely public charity; making changes
1.13 to property tax refund, sustainable forest incentive, and senior citizen property
1.14 tax deferral programs; extending time for establishment of special service
1.15 district; requiring a fiscal disparity study; extending emergency medical service
1.16 special taxing district; providing emergency debt certificates; providing and
1.17 modifying local taxes; providing appointments; requiring reports; appropriating
1.18 money; amending Minnesota Statutes 2008, sections 3.842, subdivision 4a;
1.19 3.843; 16C.28, subdivision 1a; 123B.10, subdivision 1; 134.34, subdivisions
1.20 1, 4; 272.02, subdivision 7, by adding a subdivision; 273.1231, subdivision
1.21 1; 273.1232, subdivision 1; 273.124, subdivision 1; 273.13, subdivisions 25,
1.22 34; 273.1384, subdivisions 1, 4; 275.065, subdivisions 1, 1a, 1c, 3, 6; 275.07,
1.23 subdivisions 1, 4, by adding a subdivision; 275.08, subdivision 1d; 275.70,
1.24 subdivisions 3, 5; 275.71, subdivisions 2, 4, 5; 276.04, subdivision 2; 282.08;
1.25 290A.04, subdivision 2; 290B.03, subdivision 1; 290B.04, subdivisions 3, 4;
1.26 290B.05, subdivision 1; 290B.07; 290C.07; 297A.99, subdivision 1; 306.243,
1.27 by adding a subdivision; 344.18; 365.28; 373.052, subdivision 1; 375.194,
1.28 subdivision 5; 383A.75, subdivision 3; 428A.21; 429.041, subdivisions 1, 2;
1.29 446A.086, subdivision 8; 465.719, subdivision 9; 469.015; 473.13, subdivision
1.30 1; 477A.011, subdivision 36; 477A.0124, by adding a subdivision; 477A.013,
1.31 subdivision 9, by adding a subdivision; 477A.03, subdivisions 2a, 2b; 641.12,
1.32 subdivision 1; Laws 1986, chapter 400, section 44, as amended; Laws 1991,
1.33 chapter 291, article 8, section 27, subdivision 3, as amended; Laws 2001,
1.34 First Special Session chapter 5, article 3, section 8, as amended; Laws 2002,
1.35 chapter 377, article 3, section 25; Laws 2006, chapter 259, article 3, section
1.36 12, subdivision 3; Laws 2008, chapter 366, article 6, sections 9; 10; article 7,
1.37 section 16, subdivision 3; proposing coding for new law in Minnesota Statutes,
1.38 chapters 3; 6; 14; 270C; 273; 275; 297A; 475; 477A; proposing coding for new
1.39

2.1 law as Minnesota Statutes, chapter 290D; repealing Minnesota Statutes 2008,
2.2 sections 275.065, subdivisions 5a, 6b, 6c, 8, 9, 10; 477A.0124, subdivisions 3, 4,
2.3 5; 477A.03, subdivision 5; Laws 2008, chapter 366, article 7, section 18.

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

2.5 **ARTICLE 1**

2.6 **COUNTY REVENUE REFORM**

2.7 Section 1. Minnesota Statutes 2008, section 275.70, subdivision 3, is amended to read:

2.8 Subd. 3. **Local governmental unit.** "Local governmental unit" means a county, ~~or a~~
2.9 ~~statutory or home rule charter city with a population greater than 2,500.~~

2.10 **EFFECTIVE DATE.** This section is effective for taxes levied in calendar year
2.11 2009, payable in 2010 and thereafter.

2.12 Sec. 2. Minnesota Statutes 2008, section 275.71, subdivision 2, is amended to read:

2.13 Subd. 2. **Levy limit base.** ~~(a)~~ The levy limit base for a local governmental unit for
2.14 taxes levied in 2008 is its levy aid base from the previous year, subject to any adjustments
2.15 under section 275.72. For taxes levied in 2009 ~~and 2010~~, the levy limit base for a local
2.16 governmental unit is its adjusted levy limit base in the previous year, subject to any
2.17 adjustments under section 275.72.

2.18 **EFFECTIVE DATE.** This section is effective for taxes levied in calendar year
2.19 2009, payable in 2010 and thereafter.

2.20 Sec. 3. Minnesota Statutes 2008, section 275.71, subdivision 4, is amended to read:

2.21 Subd. 4. **Adjusted levy limit base.** For taxes levied in 2008 ~~through 2010~~ and 2009,
2.22 the adjusted levy limit base is equal to the levy limit base computed under subdivision 2
2.23 or section 275.72, multiplied by:

2.24 (1) one plus the lesser of 3.9 percent or the percentage growth in the implicit price
2.25 deflator but not less than two percent;

2.26 (2) one plus a percentage equal to 50 percent of the percentage increase in the number
2.27 of households, if any, for the most recent 12-month period for which data is available; and

2.28 (3) one plus a percentage equal to 50 percent of the percentage increase in the
2.29 taxable market value of the jurisdiction due to new construction of class 3 property, as
2.30 defined in section 273.13, subdivision 4, except for state-assessed utility and railroad
2.31 property, for the most recent year for which data is available.

3.1 EFFECTIVE DATE. This section is effective for taxes levied in calendar year
3.2 2009, payable in 2010 and thereafter.

3.3 Sec. 4. Minnesota Statutes 2008, section 275.71, subdivision 5, is amended to read:

3.4 Subd. 5. **Property tax levy limit.** For taxes levied in ~~2008 through 2010~~ 2009, the
3.5 property tax levy limit for a local governmental unit is equal to its adjusted levy limit
3.6 base determined under subdivision 4 plus any additional levy authorized under section
3.7 275.73, which is levied against net tax capacity, reduced by the sum of (i) the total amount
3.8 of aids and reimbursements that the local governmental unit is certified to receive under
3.9 sections 477A.011 to 477A.014, (ii) the amount of aid reduction under section 477A.0124,
3.10 subdivision (6), paragraph (c), (iii) taconite aids under sections 298.28 and 298.282
3.11 including any aid which was required to be placed in a special fund for expenditure in the
3.12 next succeeding year, ~~(iii)~~ (iv) estimated payments to the local governmental unit under
3.13 section 272.029, adjusted for any error in estimation in the preceding year, and ~~(iv)~~ (v)
3.14 aids under section 477A.16.

3.15 EFFECTIVE DATE. This section is effective for taxes levied in calendar year
3.16 2009, payable in 2010 and thereafter.

3.17 Sec. 5. Minnesota Statutes 2008, section 297A.99, subdivision 1, is amended to read:

3.18 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may
3.19 impose a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3)
3.20 under section 297A.994, (4) if permitted by special law enacted prior to May 20, 2008, or
3.21 ~~(4)~~ (5) if the political subdivision enacted and imposed the tax before January 1, 1982, and
3.22 its predecessor provision.

3.23 (b) This section governs the imposition of a general sales tax by the political
3.24 subdivision. The provisions of this section preempt the provisions of any special law:

3.25 (1) enacted before June 2, 1997, or

3.26 (2) enacted on or after June 2, 1997, that does not explicitly exempt the special law
3.27 provision from this section's rules by reference.

3.28 (c) This section does not apply to or preempt a sales tax on motor vehicles or a
3.29 special excise tax on motor vehicles.

3.30 (d) Until after May 31, 2010, a political subdivision may not advertise, promote,
3.31 expend funds, or hold a referendum to support imposing a local option sales tax unless
3.32 it is for extension of an existing tax or the tax was authorized by a special law enacted
3.33 prior to May 20, 2008.

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

4.2 Sec. 6. [297A.994] COUNTY LOCAL OPTION SALES TAX.

4.3 Subdivision 1. Authorization; rates. Notwithstanding section 297A.99,
4.4 subdivisions 2, 3, and 5, or 477A.016, or any other law, a county board may, by resolution,
4.5 impose a general sales tax of one-half of one percent on sales and uses taxable under this
4.6 chapter. In addition, an excise tax of \$20 per motor vehicle is imposed on motor vehicles,
4.7 purchased or acquired from any person engaged within the county in the business of selling
4.8 motor vehicles at retail if a county imposes a local sales and use tax under this section.

4.9 Subd. 2. Application of election requirement. (a) Imposition of the tax under this
4.10 section is not subject to the requirements of section 297A.99, subdivision 3.

4.11 (b) Before imposing the tax under this section, the county must publish a notice of
4.12 its intention to impose the tax and the date and time of a hearing to obtain public comment
4.13 on the matter. The notice must be published in the official newspaper of the county, or
4.14 in a newspaper of general circulation in the county. The notice must be published at
4.15 least 14 days before the date of the hearing, but not more than 28 days. Following the
4.16 public hearing the county board may determine to take no further action, or may adopt a
4.17 resolution imposing the tax.

4.18 (c) A county may impose the tax only upon obtaining the approval of the majority
4.19 of voters voting on the question of imposing the tax, if a petition requesting a vote on
4.20 imposition of the tax is signed by voters equal to the greater of (1) 500, or (2) ten percent
4.21 of the votes cast in the county at the last general election is filed with the county auditor
4.22 within 30 days after the public hearing. The vote on the tax may be held at a general or
4.23 special election. The commissioner of revenue shall prepare a suggested form of the
4.24 question to be presented at the election.

4.25 Subd. 3. Use of revenues. Revenues from the tax imposed under this section
4.26 must first be used to fund obligations under section 297A.9945. Remaining revenues
4.27 are deposited in the county general fund.

4.28 Subd. 4. Administration, collection, and enforcement. The administration,
4.29 collection, and enforcement of the provisions in section 297A.99, subdivisions 4 and 6 to
4.30 12, apply to a tax imposed under this section.

4.31 Subd. 5. Termination. A county may terminate a tax imposed under this section
4.32 upon resolution of the county board and notification to the commissioner of revenue, if
4.33 all obligations under section 297A.9945 have been paid.

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

5.1 Sec. 7. [297A.9945] EFFECT ON EXISTING LOCAL SALES TAXES;
5.2 SATISFACTION OF PREEXISTING OBLIGATIONS.

5.3 Subdivision 1. Preemption of preexisting local sales taxes. (a) Notwithstanding
5.4 section 297A.99 or any other law or local ordinance to the contrary, all general local
5.5 sales and use taxes in a county or a part of a county is preempted on the day that a
5.6 county local sales tax under section 297A.994 takes effect, except the following taxes
5.7 are not preempted:

5.8 (1) a local tax imposed under section 297A.992 or 297A.993; and

5.9 (2) a local sales tax authorized by special law in a city of the first class.

5.10 (b) A local sales tax that is imposed by a city located in two or more counties is
5.11 preempted if one or more counties in which the city is located impose the county tax. A
5.12 replacement tax must be imposed under subdivision 6 in any portion of the city located in
5.13 a county that has not imposed the tax under section 297A.994.

5.14 Subd. 2. County payment to cities; forgone sales tax revenue. (a) If a local
5.15 sales tax imposed in a city located partially or totally within a county is preempted under
5.16 subdivision 1, the county shall pay a portion of its local sales tax revenues, as provided
5.17 under subdivision 4 or 5, to the city to fund obligations allowed under the law authorizing
5.18 the city tax. The county must make these payments to the city within five business days
5.19 after it receives the revenues from the commissioner.

5.20 (b) If the local sales tax was imposed under a joint powers agreement in cities
5.21 located in more than one county, the share of the obligation to be funded by the county
5.22 must be determined under subdivision 5.

5.23 (c) The requirement to make these payments ceases on the earliest of the following:

5.24 (1) the date on which the city tax was required to expire under the special law
5.25 authorizing it;

5.26 (2) when the city has received sufficient revenues from its tax and from payments
5.27 under this section to pay in full or to defease debt obligations issued by the city under the
5.28 law authorizing the city sales tax and to pay any additional spending obligations allowed
5.29 under the special law and not funded by the issuance of debt obligations; or

5.30 (3) the city becomes a city of the first class and imposes a city sales tax.

5.31 Subd. 3. Dedication of tax to fund county projects. If a county imposed local
5.32 sales tax is preempted under subdivision 1, the revenues from the tax imposed under
5.33 section 297A.994 are pledged first to pay and secure the bond obligations secured by and
5.34 to be paid with the revenues from the preempted county sales tax.

6.1 Subd. 4. Calculation of forgone revenue in cities located entirely within a
6.2 county. For purposes of subdivision 2, the forgone revenue to be paid to the city located
6.3 entirely in a county imposing a tax under section 297A.994 is calculated as follows:

6.4 (1) in the first 12 months after the tax is preempted, the county shall make quarterly
6.5 payments to a city entirely located within the county equal to the amount that the city
6.6 received from the commissioner of revenue from the preempted tax in the corresponding
6.7 quarter in the previous year, multiplied by a percentage equal to the percentage change in
6.8 total state sales tax revenue in the previous quarter compared to the total state sales tax
6.9 revenue for the fifth preceding quarter; and

6.10 (2) in subsequent years, the county shall make quarterly payments to the city equal
6.11 to the payment made in the corresponding quarter in the previous year, multiplied by the
6.12 ratio of the total quarterly remittance to the county in the current year compared to the
6.13 total quarterly remittance to the county in the previous year.

6.14 Subd. 5. Calculation of forgone revenue in cities located partially within a
6.15 county. (a) For purposes of subdivision 2, the forgone revenue to be paid to the city
6.16 located partially in a county imposing a tax under section 297A.994 is calculated as
6.17 provided in this subdivision.

6.18 (b) The commissioner of revenue shall determine the percentage of the city's local
6.19 sales tax revenue attributable to transactions located in the county. The commissioner
6.20 may consult with the county and the city to determine a reasonable percentage, or the
6.21 commissioner may set the percentage equal to the percentage of the city's market value
6.22 for the most recently available assessment year of class 3 property, except utility real and
6.23 personal property located in the county. The sum of the percentage of a city's local sales
6.24 tax revenue attributable to each county in which the city is located must equal 100 percent.
6.25 The determination of the commissioner is final.

6.26 (c) In the first 12 months after the tax is preempted, the county shall make quarterly
6.27 payments to a city partially located within the county equal to the amount that the city
6.28 received from the commissioner from the preempted tax in the corresponding quarter in
6.29 the previous year, multiplied by (1) a percentage equal to one plus the percentage change
6.30 in total state sales tax revenue in the previous quarter compared to the total state sales tax
6.31 revenue for the fifth preceding quarter, and (2) one plus the percentage calculated in
6.32 paragraph (b).

6.33 (d) In subsequent years, the county shall make quarterly payments to the city equal
6.34 to the payment made in the corresponding quarter in the previous year multiplied by the
6.35 ratio of the total quarterly remittance to the county in the current year compared to the
6.36 total quarterly remittance to the county in the previous year.

7.1 (e) A county's share of a city's obligations from the special law authorizing the city's
7.2 sales tax is equal to the total obligation under the special law multiplied by one plus the
7.3 percentage determined under paragraph (b).

7.4 Subd. 6. **Establishment of special sales tax districts within certain cities.** (a)
7.5 For any city located in two or more counties, if at least one county imposes a county
7.6 sales tax under subdivision 1, and at least one county does not impose a county sales tax,
7.7 a special sales tax district is established in the portion of the city that is not subject to
7.8 a county sales tax.

7.9 (b) The governing body of the city is the governing body of the special taxing district
7.10 and the special taxing district shall impose a replacement local sales tax by resolution
7.11 to take effect upon the preemption of the city's sales tax under subdivision 1. The
7.12 replacement tax must be imposed at the same rate as the city tax it replaces. Revenues
7.13 from the replacement tax are pledged to and may only be used for the purposes permitted
7.14 by law for the city sales tax, which it replaces. The authority to impose this tax expires
7.15 upon the city's receipt of sufficient revenues to pay the obligations to which the city sales
7.16 tax was pledged and other spending permitted by the law authorizing imposition of the
7.17 city sales tax from the sum of the following:

7.18 (1) the city sales tax;

7.19 (2) county payments of forgone sales tax revenues under this section; and

7.20 (3) the special taxing district sales tax.

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

7.22 Sec. 8. Minnesota Statutes 2008, section 477A.0124, is amended by adding a
7.23 subdivision to read:

7.24 Subd. 6. **County program aid.** (a) For calendar year 2010 and thereafter, a county's
7.25 program aid under this section is equal to (1) its county program aid amount certified for
7.26 aids payable in 2009 under this section, minus (2) an amount determined under paragraph
7.27 (b) or (c). A county's program aid shall not be less than zero.

7.28 (b) For a county that does not impose a tax under section 297A.994, the amount
7.29 subtracted under paragraph (a) is equal to 3.58 percent of the county's 2009 levy plus aid
7.30 revenue base. The "2009 levy plus aid revenue base" for a county is equal to the sum of
7.31 the county's certified property tax levy for taxes payable in 2009 plus the amount the
7.32 county was certified to receive in county program aid in 2009 under this section and
7.33 the amount the county was certified to receive in taconite aids in 2009 under sections
7.34 298.28 and 292.282, including any aid that was required to be placed in a special fund for
7.35 expenditure in the next succeeding year.

8.1 (c) For a county that imposes a tax under section 297A.994, the amount subtracted
8.2 under paragraph (a) is equal to (1) 50 percent of its net sales tax revenue for the preceding
8.3 12-month period in excess of \$7 per capita, plus (2) 25 percent of its net sales tax revenue
8.4 for the preceding 12-month period in excess of \$17 per capita.

8.5 (d) For purposes of this subdivision, "net sales tax revenue for the preceding
8.6 12-month period" means the sales tax revenue for the county for the 12-month period
8.7 ending July 1 of the year in which the aid under this section is certified minus its estimated
8.8 existing obligations under section 297A.9945 for the year in which the aid is paid. For
8.9 the first two years in which the aid is offset under this paragraph, the commissioner of
8.10 revenue shall estimate the offset based on available data regarding sales tax collections in
8.11 the county. Beginning with the third year in which the aid is offset under this paragraph,
8.12 the offset will be based on actual sales tax collections in the county in the 12-month period
8.13 ending July 1 of the year in which the aid is certified.

8.14 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
8.15 2010 and thereafter.

8.16 Sec. 9. Minnesota Statutes 2008, section 477A.03, subdivision 2b, is amended to read:

8.17 Subd. 2b. **Counties.** ~~(a) For aids payable in 2009~~ 2010 and thereafter, in addition
8.18 to the total aid payable under section 477A.0124, subdivision 3, is \$111,500,000 minus
8.19 one-half of the total aid amount determined under section 477A.0124, subdivision 5,
8.20 paragraph (b), subject to adjustment in subdivision 5. Each calendar year, 477A.0124,
8.21 \$500,000 shall be retained by is appropriated to the commissioner of revenue to make
8.22 reimbursements to the commissioner of finance for payments made under section 611.27,
8.23 \$207,000 is appropriated to the commissioner of revenue to make reimbursements to
8.24 the commissioner of finance for the preparation of local impact notes, and \$7,000 is
8.25 appropriated to the commissioner of revenue to reimburse the commissioner of education
8.26 for the preparation of local impact notes for school districts. For calendar year 2004,
8.27 the amount shall be in addition to the payments authorized under section 477A.0124,
8.28 subdivision 1. For calendar year 2005 and subsequent years, the amount shall be deducted
8.29 from the appropriation under this paragraph. The reimbursements shall be to defray the
8.30 additional costs associated with court-ordered counsel under section 611.27. Any retained
8.31 appropriated amounts not used for reimbursement in a year shall be included in the next
8.32 distribution of county need aid that is certified to the county auditors for the purpose
8.33 of property tax reduction for the next taxes payable year. under this subdivision shall
8.34 be returned to the general fund.

9.1 ~~(b) For aids payable in 2009 and thereafter, the total aid under section 477A.0124,~~
9.2 ~~subdivision 4, is \$116,132,923 minus one-half of the total aid amount determined under~~
9.3 ~~section 477A.0124, subdivision 5, paragraph (b), subject to adjustment in subdivision~~
9.4 ~~5. The commissioner of finance shall bill the commissioner of revenue for the cost of~~
9.5 ~~preparation of local impact notes as required by section 3.987, not to exceed \$207,000 in~~
9.6 ~~fiscal year 2004 and thereafter. The commissioner of education shall bill the commissioner~~
9.7 ~~of revenue for the cost of preparation of local impact notes for school districts as required~~
9.8 ~~by section 3.987, not to exceed \$7,000 in fiscal year 2004 and thereafter. The commissioner~~
9.9 ~~of revenue shall deduct the amounts billed under this paragraph from the appropriation~~
9.10 ~~under this paragraph. The amounts deducted are appropriated to the commissioner of~~
9.11 ~~finance and the commissioner of education for the preparation of local impact notes.~~

9.12 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
9.13 2010 and thereafter.

9.14 Sec. 10. **REPEALER.**

9.15 (a) Minnesota Statutes 2008, section 477A.0124, subdivisions 3, 4, and 5, are
9.16 repealed.

9.17 (b) Laws 2008, chapter 366, article 7, section 18, is repealed.

9.18 **EFFECTIVE DATE.** Paragraph (a) is effective for aids payable in calendar year
9.19 2010 and thereafter. Paragraph (b) is effective the day following final enactment.

9.20 **ARTICLE 2**

9.21 **PROPERTY TAX REFORM, ACCOUNTABILITY, VALUE AND** 9.22 **EFFICIENCY PROVISIONS**

9.23 Section 1. **[6.90] COUNCIL ON LOCAL RESULTS AND INNOVATION.**

9.24 Subdivision 1. **Creation.** The Council on Local Results and Innovation consists of
9.25 11 members, as follows:

9.26 (1) the state auditor;

9.27 (2) two persons who are not members of the legislature, appointed by the chair of the
9.28 Property and Local Sales Tax Division of the house of representatives Taxes Committee;

9.29 (3) two persons who are not members of the legislature, appointed by the designated
9.30 lead minority member of the Property and Local Sales Tax Division of the house of
9.31 representatives Taxes Committee;

9.32 (4) two persons who are not members of the legislature, appointed by the chair of
9.33 the Taxes Division on Property Taxes of the senate Taxes Committee;

10.1 (5) two persons who are not members of the legislature, appointed by the designated
10.2 lead minority member of the Taxes Division on Property Taxes of the senate Taxes
10.3 Committee;

10.4 (6) one person who is not a member of the legislature, appointed by the Association
10.5 of Minnesota Counties; and

10.6 (7) one person who is not a member of the legislature, appointed by the League
10.7 of Minnesota Cities.

10.8 Each appointment under clauses (2) to (5) must include one person with expertise
10.9 or interest in county government and one person with expertise or interest in city
10.10 government. The appointing authorities must use their best efforts to ensure that a majority
10.11 of council members have experience with local performance measurement systems. The
10.12 membership of the council must include geographically balanced representation as well as
10.13 representation balanced between large and small jurisdictions. The appointments under
10.14 clauses (2) to (7) must be made within two months of the date of enactment.

10.15 Appointees to the council under clauses (2) to (5) serve terms of four years, except
10.16 that one of each of the initial appointments under clauses (2) to (5) shall serve a term of
10.17 two years; each appointing agent must designate which appointee is serving the two-year
10.18 term. Subsequent appointments for members appointed under clauses (2) to (5) must
10.19 be made by the council, including appointments to replace any appointees who might
10.20 resign from the council prior to completion of their term. Appointees under clauses (2) to
10.21 (5) are not eligible to vote on appointing their successor, nor on the successors of other
10.22 appointees whose terms are expiring contemporaneously. In making appointments, the
10.23 council shall make all possible efforts to reflect the geographical distribution and meet the
10.24 qualifications of appointees required of the initial appointees. Subsequent appointments
10.25 for members appointed under clauses (6) and (7) must be made by the original appointing
10.26 authority. Appointees to the council under clauses (2) to (7) may serve no more than two
10.27 consecutive terms.

10.28 Subd. 2. **Duties.** (a) By February 15, 2010, the council shall develop a standard set
10.29 of approximately ten performance measures for counties and ten performance measures
10.30 for cities that aid residents, taxpayers, and state and local elected officials in determining
10.31 the efficacy of counties and cities in providing services, and measure residents' opinions
10.32 of those services. In developing its measures, the council must solicit input from private
10.33 citizens. Counties and cities that elect to participate in the standard measures system
10.34 shall report their results to the state auditor under section 6.91, who shall then compile
10.35 the results and make them available to all interested parties by publishing them on the
10.36 auditor's Web site and reporting them to the legislative tax committees. Each year after the

11.1 initial designation of performance measures, the council shall evaluate the usefulness of
11.2 the standard set of performance measures and may revise the set by adding or removing
11.3 measures as it deems appropriate.

11.4 (b) By February 15, 2011, the council shall develop minimum standards for
11.5 comprehensive performance measurement systems, which may vary by size and type
11.6 of governing jurisdiction.

11.7 (c) In addition to its specific duties under paragraphs (a) and (b), the council
11.8 shall generally promote the use of performance measurement for governmental entities
11.9 across the state and shall serve as a resource for all governmental entities seeking to
11.10 implement a system of local performance measurement. The council may highlight and
11.11 promote systems that are innovative, or are ones that it deems to be best practices of local
11.12 performance measurement systems across the state and nation. The council should give
11.13 preference in its recommendations to systems that are results-oriented. The council may,
11.14 with the cooperation of the state auditor, establish and foster a collaborative network
11.15 of practitioners of local performance measurement systems. The council may support
11.16 the Association of Minnesota Counties and the League of Minnesota Cities to seek and
11.17 receive private funding to provide expert technical assistance to local governments for
11.18 the purposes of replicating best practices.

11.19 Subd. 3. **Reports.** (a) The council shall report its initial set of standard performance
11.20 measures to the Property and Local Sales Tax Division of the house of representatives
11.21 Taxes Committee and the Taxes Division on Property Taxes of the senate Taxes Committee
11.22 by February 28, 2010.

11.23 (b) By February 1 of each subsequent year, the council shall report to the committees
11.24 with jurisdiction over taxes in the house of representatives and the senate on participation
11.25 in and results of the performance measurement system, along with any revisions in the
11.26 standard set of performance measures for the upcoming year. These reports may be made
11.27 by the state auditor in lieu of the council if agreed to by the auditor and the council.

11.28 Subd. 4. **Operation of council.** (a) The state auditor shall convene the initial
11.29 meeting of the council.

11.30 (b) The chair of the council shall be elected by the members. Once elected, a chair
11.31 shall serve a term of two years.

11.32 (c) Members of the council serve without compensation.

11.33 (d) Council members shall share and rotate responsibilities for administrative
11.34 support of the council.

11.35 (e) Chapter 13D does not apply to meetings of the council. Meetings of the council
11.36 must be open to the public and the council must provide notice of a meeting on the state

12.1 auditor's Web site at least seven days before the meeting. A meeting of the council occurs
12.2 when a quorum is present.

12.3 (f) The council must meet at least two times prior to the initial release of the standard
12.4 set of measurements. After the initial set has been developed, the council must meet a
12.5 minimum of once per year.

12.6 Subd. 5. **Termination.** The council expires on January 1, 2019.

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

12.8 Sec. 2. **[6.91] LOCAL PERFORMANCE MEASUREMENT AND REPORTING.**

12.9 Subdivision 1. **Reports of local performance measures.** (a) A county or city that
12.10 elects to participate in the standard measures program must report its results to its citizens
12.11 annually through publication, direct mailing, posting on the jurisdiction's Web site, or
12.12 through a presentation at the jurisdiction's truth-in-taxation hearing under section 275.065.

12.13 (b) Each year, jurisdictions participating in the local performance measurement
12.14 and improvement program must file a report with the state auditor by July 1 in a form
12.15 prescribed by the auditor. All reports must include a declaration that the jurisdiction has
12.16 complied with, or will have complied with by the end of the year, the requirement in
12.17 paragraph (a). For jurisdictions participating in the standard measures program, the report
12.18 shall consist of the jurisdiction's results for the standard set of performance measures
12.19 under section 6.90, subdivision 2, paragraph (a). In 2011, jurisdictions participating in the
12.20 comprehensive performance measurement program must submit a resolution approved by
12.21 its local governing body indicating that it either has implemented or is in the process of
12.22 implementing a local performance measurement system that meets the minimum standards
12.23 specified by the council under section 6.90, subdivision 2, paragraph (b). In 2012 and
12.24 thereafter, jurisdictions participating in the comprehensive performance measurement
12.25 program must submit a statement approved by its local governing body affirming that
12.26 it has implemented a local performance measurement system that meets the minimum
12.27 standards specified by the council under section 6.90, subdivision 2, paragraph (b).

12.28 Subd. 2. **Benefits of participation.** (a) A county or city that elects to participate in
12.29 the standard measures program for 2010 is:

12.30 (1) eligible for per capita reimbursement of \$0.25 per capita, but not to exceed
12.31 \$25,000 for any government entity;

12.32 (2) exempt from levy limits under sections 275.70 to 275.74 for taxes payable in
12.33 2011, if levy limits are in effect; and

12.34 (3) exempt from the truth-in-taxation public hearing requirement under section
12.35 275.065, subdivision 6, for taxes payable in 2011, if the hearing requirement is in effect.

13.1 (b) Any county or city that elects to participate in the standard measures program
13.2 for 2011 is eligible for per capita reimbursement of \$0.25 per capita, but not to exceed
13.3 \$25,000 for any government entity. Any jurisdiction participating in the comprehensive
13.4 performance measurement program is exempt from levy limits under sections 275.70
13.5 to 275.74 for taxes payable in 2012 if levy limits are in effect, and is exempt from the
13.6 truth-in-taxation public hearing requirement under section 275.065, subdivision 6, for
13.7 taxes payable in 2012, if the hearing requirement is in effect.

13.8 (c) Any county or city that elects to participate in the standard measures program for
13.9 2012 or any year thereafter is eligible for per capita reimbursement of \$0.25 per capita,
13.10 but not to exceed \$25,000 for any government entity. Any jurisdiction participating in
13.11 the comprehensive performance measurement program for 2012 or any year thereafter is
13.12 exempt from levy limits under sections 275.70 to 275.74 for taxes payable in the following
13.13 year, if levy limits are in effect, and is exempt from the truth-in-taxation public hearing
13.14 requirement under section 275.065, subdivision 6, for taxes payable in the following
13.15 year, if the hearing requirement is in effect.

13.16 Subd. 3. **Certification of participation.** (a) The state auditor shall certify to
13.17 the commissioner of revenue by August 1 of each year the counties and cities that are
13.18 participating in the standard measures program and the comprehensive performance
13.19 measurement program.

13.20 (b) The commissioner of revenue shall make per capita aid payments under this
13.21 section on the second payment date specified in section 477A.015, in the same year that
13.22 the measurements were reported.

13.23 (c) The commissioner of revenue shall notify each county and city that is entitled to
13.24 exemption from levy limits by August 10 of each levy year.

13.25 Subd. 4. **Appropriation.** A sum sufficient to meet the requirements of this section
13.26 is annually appropriated from the general fund to the commissioner of revenue.

13.27 **EFFECTIVE DATE.** This section is effective December 31, 2009.

13.28 Sec. 3. Minnesota Statutes 2008, section 134.34, subdivision 1, is amended to read:

13.29 Subdivision 1. **Local support levels.** (a) A regional library basic system support
13.30 grant shall be made to any regional public library system where there are at least three
13.31 participating counties and where each participating city and county is providing for
13.32 public library service support the lesser of ~~(a) (1)~~ an amount equivalent to .82 percent
13.33 of the average of the adjusted net tax capacity of the taxable property of that city or
13.34 county, as determined by the commissioner of revenue for the second, third, and fourth
13.35 year preceding that calendar year ~~in 1991 and later years~~ or ~~(b) (2)~~ a per capita amount

14.1 calculated under the provisions of this subdivision. The per capita amount is established
14.2 for calendar year 1993 as \$7.62. In succeeding calendar years, the per capita amount shall
14.3 be increased by a percentage equal to one-half of the percentage by which the total state
14.4 adjusted net tax capacity of property as determined by the commissioner of revenue for
14.5 the second year preceding that calendar year increases over that total adjusted net tax
14.6 capacity for the third year preceding that calendar year.

14.7 (b) The minimum level of support specified under this subdivision or subdivision 4
14.8 shall be certified annually to the participating cities and counties by the Department of
14.9 Education. If a city or county chooses to reduce its local support in accordance with
14.10 subdivision 4, paragraph (b) or (c), it shall notify its regional public library system. The
14.11 regional public library system shall notify the Department of Education that a revised
14.12 certification is required. The revised minimum level of support shall be certified to the
14.13 city or county by the Department of Education.

14.14 (c) A city which is a part of a regional public library system shall not be required to
14.15 provide this level of support if the property of that city is already taxable by the county
14.16 for the support of that regional public library system. In no event shall the Department
14.17 of Education require any city or county to provide a higher level of support than the
14.18 level of support specified in this section in order for a system to qualify for a regional
14.19 library basic system support grant. This section shall not be construed to prohibit a city
14.20 or county from providing a higher level of support for public libraries than the level of
14.21 support specified in this section.

14.22 **EFFECTIVE DATE.** This section is effective for calendar years 2009 and
14.23 thereafter, except that the change in paragraph (a) is effective for calendar years 2011
14.24 and thereafter.

14.25 Sec. 4. Minnesota Statutes 2008, section 134.34, subdivision 4, is amended to read:

14.26 Subd. 4. **Limitation.** (a) A regional library basic system support grant shall not be
14.27 made to a regional public library system for a participating city or county which decreases
14.28 the dollar amount provided for support for operating purposes of public library service
14.29 below the amount provided by it for the second or third preceding year, whichever is less.
14.30 For purposes of this subdivision and subdivision 1, any funds provided under section
14.31 473.757, subdivision 2, for extending library hours of operation shall not be considered
14.32 amounts provided by a city or county for support for operating purposes of public library
14.33 service. This subdivision shall not apply to participating cities or counties where the
14.34 adjusted net tax capacity of that city or county has decreased, if the dollar amount of the
14.35 reduction in support is not greater than the dollar amount by which support would be

15.1 decreased if the reduction in support were made in direct proportion to the decrease in
15.2 adjusted net tax capacity.

15.3 (b) In addition, in any calendar year in which a city's or county's aid under sections
15.4 477A.011 to 477A.014 or credits under section 273.1384 are reduced after the city or
15.5 county has certified its levy payable in that year, it may reduce its local support by the
15.6 lesser of (1) ten percent, or (2) a percent equal to the percent the aid or credit reduction is
15.7 of the city's or county's revenue base as defined in paragraph (e), based on aids certified for
15.8 the current calendar year. For calendar year 2009 only, the reduction under this paragraph
15.9 shall be based on 2008 aid and credit reductions under the December 2008 unallotment, as
15.10 well as any aid and credit reductions in calendar year 2009. For calendar year 2009 only,
15.11 the commissioner of revenue will calculate the reductions under this paragraph and certify
15.12 them to the commissioner of education within 15 days of this provision becoming law.

15.13 (c) In addition, in any payable year in which the total amounts certified for city
15.14 or county aids under sections 477A.011 to 477A.014 are less than the total amounts
15.15 paid under those sections in the previous calendar year, a city or county may reduce its
15.16 local support by the lesser of (1) ten percent, or (2) a percent equal to the ratio of (i) the
15.17 difference between the sum of the aid it was paid under sections 477A.011 to 477A.014
15.18 and the credit reimbursements it received under section 273.1384 in the previous calendar
15.19 year and the aid it is certified to be paid in the current calendar year under sections
15.20 477A.011 to 477A.014 and the credits estimated to be paid under section 273.1384, to (ii)
15.21 its revenue base for the previous year, based on aids actually paid in the previous calendar
15.22 year. The commissioner of revenue shall calculate the percent aid cut for each county and
15.23 city under this paragraph and certify the percentage cuts to the commissioner of education
15.24 by August 1 of the year prior to the year in which the reduced aids and credits are to be
15.25 paid. The percentage of reduction related to reductions to credit reimbursements under
15.26 section 273.1384 shall be based on the best estimation available as of July 30.

15.27 (d) Notwithstanding paragraph (a), (b), or (c), no city or county shall reduce its
15.28 support for public libraries below the minimum level specified in subdivision 1. No county
15.29 may make a reduction under paragraph (b) or (c) in a year in which it is receiving local
15.30 sales tax revenue under section 297A.994.

15.31 (e) For purposes of this subdivision, "revenue base" means the sum of:

15.32 (1) its levy for taxes payable in the current calendar year, including the levy on
15.33 the fiscal disparities distribution under section 276A.06, subdivision 3, paragraph (a),
15.34 or 473F.08, subdivision 3, paragraph (a);

15.35 (2) its aid under sections 477A.011 to 477A.014 in the current calendar year; and

15.36 (3) its taconite aid in the current calendar year under sections 298.28 and 298.282.

16.1 EFFECTIVE DATE. This section is effective for support in calendar year 2009 and
16.2 thereafter for library grants paid in fiscal year 2010 and thereafter, except that the changes
16.3 in paragraph (a) are effective for support in calendar year 2010 and thereafter.

16.4 Sec. 5. [270C.991] PROPERTY TAX SYSTEM BENCHMARKS AND
16.5 CRITICAL INDICATORS.

16.6 Subdivision 1. Purpose. State policy makers should be provided with the tools to
16.7 create a more accountable and efficient property tax system. This section provides the
16.8 principles and available tools necessary to work toward achieving that goal.

16.9 Subd. 2. Property tax principles. To better evaluate the various property tax
16.10 proposals that come before the legislature, the following basic property tax principles
16.11 should be taken into consideration:

- 16.12 (1) transparent and understandable;
- 16.13 (2) simple and efficient;
- 16.14 (3) equitable;
- 16.15 (4) stable and predictable;
- 16.16 (5) compliance and accountability;
- 16.17 (6) competitive, both nationally and globally; and
- 16.18 (7) responsive to economic conditions.

16.19 Subd. 3. Major indicators. There are many different types of indicators available to
16.20 legislators to evaluate tax legislation. Indicators are useful to have available as benchmarks
16.21 when legislators are contemplating changes. Each tool has its own limitation and no one
16.22 tool is perfect or should be used independently. Some of the tools measure the global
16.23 characteristics of the entire tax system, while others are only a measure of the property tax
16.24 impacts and its administration. The following is a list of the available major indicators:

- 16.25 (1) property tax principles scale, the components of which are listed in subdivision
16.26 2, as they relate to the various features of the property tax system;
- 16.27 (2) price of government report, as required under section 16A.102;
- 16.28 (3) tax incidence report, as required under section 270C.13;
- 16.29 (4) tax expenditure budget and report, as required under section 270C.11;
- 16.30 (5) state tax rankings;
- 16.31 (6) property tax levy plus aid data, and market value and net tax capacity data, by
16.32 taxing district for current and past years;
- 16.33 (7) effective tax rate (tax as a percent of market value) and the equalized effective
16.34 tax rate (effective tax rate adjusted for assessment differences);
- 16.35 (8) assessment sales ratio study, as required under section 127A.48;

17.1 (9) "Voss" database, which matches homeowner property taxes and household
17.2 income;

17.3 (10) revenue estimates under section 270C.11, subdivision 5, and state fiscal notes
17.4 under section 477A.03, subdivision 2b; and

17.5 (11) local impact notes, with improved local analysis as described in subdivision 7.

17.6 Subd. 4. **Property tax working group.** (a) A property tax working group is
17.7 established as provided in this subdivision. The goals of the working group are:

17.8 (1) to investigate ways to simplify the property tax system and make advisory
17.9 recommendations on ways to make the system more understandable;

17.10 (2) to reexamine the property tax calendar to determine what changes could be made
17.11 to shorten the two-year cycle from assessment through property tax collection; and

17.12 (3) to determine the cost versus the benefits of the various property tax components,
17.13 including property classifications, credits, aids, exclusions, exemptions, and abatements,
17.14 and to suggest ways to achieve some of the goals in simpler and more cost-efficient ways.

17.15 (b) The 12-member working group shall consist of the following members:

17.16 (1) two state representatives, both appointed by the chair of the house of
17.17 representatives Tax Committee, one from the majority party and one from the minority
17.18 party;

17.19 (2) two senators, both appointed by the chair of the senate Tax Committee, one from
17.20 the majority party and one from the minority party;

17.21 (3) the commissioner of revenue, or designee;

17.22 (4) one person, appointed by the Association of Minnesota Counties;

17.23 (5) one person, appointed by the League of Minnesota Cities;

17.24 (6) one person, appointed by the Minnesota Association of Townships;

17.25 (7) one person, appointed by the Minnesota Chamber of Commerce;

17.26 (8) one person, appointed by the Minnesota Association of Assessing Officers; and

17.27 (9) two homeowners, one who is under 65 years of age, and one who is 65 years of
17.28 age or older, both appointed by the commissioner of revenue.

17.29 The commissioner of revenue shall chair the initial meeting, and the working group
17.30 shall elect a chair at that initial meeting. The working group meets at the call of the chair.

17.31 Members of the working group shall serve without compensation. The commissioner of
17.32 revenue must provide administrative support to the working group. Chapter 13D does

17.33 not apply to meetings of the working group. Meetings of the working group must be

17.34 open to the public and the working group must provide notice of a meeting to potentially

17.35 interested persons at least seven days before the meeting. A "meeting" of the council

17.36 occurs when a quorum is present.

18.1 (c) The working group shall make its advisory recommendations to the chairs of
18.2 the house of representatives and senate tax committees on or before February 1, 2011,
18.3 at which time the working group is finished and this subdivision expires. The advisory
18.4 recommendations should be reviewed by the tax committee under subdivision 5.

18.5 Subd. 5. **Tax committee review and resolution.** On or before March 1, 2011, and
18.6 every two years thereafter, the house of representatives and senate tax committees must
18.7 review the major indicators as contained in subdivision 3, and ascertain the accountability
18.8 and efficiency of the property tax system. The house of representatives and senate tax
18.9 committees shall prepare a resolution on targets and benchmarks for use during the
18.10 current biennium.

18.11 Subd. 6. **Department of Revenue; revenue estimates.** As provided under
18.12 section 270C.11, subdivision 5, the Department of Revenue is required to prepare an
18.13 estimate of the effect on the state's tax revenues which result from the passage of a
18.14 legislative bill establishing, extending, or restricting a tax expenditure. Beginning with
18.15 the 2010 legislative session, those revenue estimates must also identify how the property
18.16 tax principles, contained in subdivision 2, apply to the proposed tax changes. The
18.17 commissioner of revenue shall develop a scale for measuring the appropriate principles
18.18 for each proposed change. The department shall quantify the effects, if possible, or at a
18.19 minimum, shall identify the relevant factors so that legislators are aware of possible
18.20 outcomes, including administrative difficulties and cost. The interaction of property tax
18.21 shifting should be identified and quantified to the degree possible.

18.22 Subd. 7. **Local impact notes.** Local impact notes are statements that provide
18.23 information about changes in local government responsibility, administration, and cost due
18.24 to changes in state law. The local impact note process seeks the participation of political
18.25 subdivisions to gather information as needed by the legislature. The local impact network
18.26 of political subdivisions shall consist of representation from associations from Minnesota
18.27 counties, cities, towns, and school districts, and other members as needed. They shall,
18.28 among other things, work with the legislature and the commissioner of finance to analyze:

18.29 (1) changes in tax revenues for local governments;

18.30 (2) changes in expenditures for local governments, including program and
18.31 administration costs; and

18.32 (3) incidences of tax shifting, including identifying the target audience (taxpayers
18.33 who benefit from the tax shift) and the impact audience (taxpayers who bear the burden of
18.34 the tax shift).

18.35 For tax bills, the local impact network of political subdivisions shall rate the impact
18.36 on Minnesota's tax system using the tax principles contained in subdivision 2.

19.1 Some of the cost for preparing this information is distributed to the local impact
19.2 network as provided under section 477A.03, subdivision 2b, paragraph (b).

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

19.4 Sec. 6. **[275.77] TEMPORARY SUSPENSION OF NEW OR INCREASED**
19.5 **MAINTENANCE OF EFFORT AND MATCHING FUND REQUIREMENTS.**

19.6 Subdivision 1. **Definitions.** For purposes of this section, the following terms have
19.7 the meanings given them:

19.8 (1) "maintenance of effort" means a requirement imposed on a political subdivision
19.9 by state law to continue providing funding of a service or program at a given or increasing
19.10 level based on its funding of the service and program in prior years;

19.11 (2) "matching fund requirements" means a requirement imposed on a political
19.12 subdivision by state law to fund a portion of a program or service but does not mean
19.13 required nonstate contributions to state capital funded projects or other nonstate
19.14 contributions required in order to receive a grant or loan the political subdivision has
19.15 requested or applied for; and

19.16 (3) "political subdivision" means a county, town, or statutory or home rule charter
19.17 city.

19.18 Subd. 2. **Temporary suspension.** (a) Notwithstanding any other provision of law
19.19 to the contrary, any new maintenance of effort or matching fund requirement enacted
19.20 after January 1, 2009, that will require spending by a political subdivision shall not be
19.21 effective until January 1, 2012.

19.22 (b) Notwithstanding any other provision of law to the contrary, any changes to
19.23 existing maintenance of effort or matching fund requirement enacted after January 1,
19.24 2009, that will require new spending by a political subdivision shall not be effective
19.25 until January 1, 2012.

19.26 (c) The suspension of changes to existing maintenance of effort and matching fund
19.27 requirements under paragraph (b) does not apply if the spending is required by federal law
19.28 and there would be a cost to the state budget without the change.

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

19.30 Sec. 7. Minnesota Statutes 2008, section 477A.03, subdivision 2b, is amended to read:

19.31 Subd. 2b. **Counties.** (a) For aids payable in 2009 and thereafter, the total aid
19.32 payable under section 477A.0124, subdivision 3, is \$111,500,000 minus one-half of the
19.33 total aid amount determined under section 477A.0124, subdivision 5, paragraph (b),

20.1 subject to adjustment in subdivision 5. Each calendar year, \$500,000 shall be retained
20.2 by the commissioner of revenue to make reimbursements to the commissioner of finance
20.3 for payments made under section 611.27. For calendar year 2004, the amount shall
20.4 be in addition to the payments authorized under section 477A.0124, subdivision 1.
20.5 For calendar year 2005 and subsequent years, the amount shall be deducted from the
20.6 appropriation under this paragraph. The reimbursements shall be to defray the additional
20.7 costs associated with court-ordered counsel under section 611.27. Any retained amounts
20.8 not used for reimbursement in a year shall be included in the next distribution of county
20.9 need aid that is certified to the county auditors for the purpose of property tax reduction
20.10 for the next taxes payable year.

20.11 (b) For aids payable in 2009 and thereafter, the total aid under section 477A.0124,
20.12 subdivision 4, is \$116,132,923 minus one-half of the total aid amount determined under
20.13 section 477A.0124, subdivision 5, paragraph (b), subject to adjustment in subdivision
20.14 5. The commissioner of finance shall bill the commissioner of revenue for the cost of
20.15 preparation of local impact notes as required by section 3.987, not to exceed \$207,000 in
20.16 fiscal year 2004 and thereafter. The commissioner of education shall bill the commissioner
20.17 of revenue for the cost of preparation of local impact notes for school districts as
20.18 required by section 3.987, not to exceed \$7,000 in fiscal year 2004 and thereafter. The
20.19 commissioner of revenue shall deduct the amounts billed under this paragraph from
20.20 the appropriation under this paragraph. The amounts deducted are appropriated to the
20.21 commissioner of finance and the commissioner of education for the preparation of local
20.22 impact notes. The commissioner of finance shall annually use at least \$150,000 of the
20.23 \$207,000 appropriation to contract with the representative associations for counties, cities,
20.24 towns, and school districts to establish a local impact network of political subdivisions
20.25 for preparing local impact notes that provide information to the legislature as provided in
20.26 section 270C.991, subdivision 7.

20.27 **EFFECTIVE DATE.** This section is effective for fiscal year 2010 and thereafter.

20.28 **ARTICLE 3**

20.29 **LOCAL GOVERNMENT FLEXIBILITY AND MANDATE** 20.30 **REDUCTION PROVISIONS**

20.31 Section 1. Minnesota Statutes 2008, section 3.842, subdivision 4a, is amended to read:

20.32 Subd. 4a. **Objections to rules.** (a) For purposes of this subdivision, "committee"
20.33 means the house of representatives policy committee or senate policy committee with
20.34 primary jurisdiction over state governmental operations. The commission, the Legislative
20.35 Commission on Mandate Reform, or a committee may object to a rule as provided in

21.1 this subdivision. If the commission, the Legislative Commission on Mandate Reform,
21.2 or a committee objects to all or some portion of a rule because the commission, the
21.3 Legislative Commission on Mandate Reform, or a committee considers it to be beyond
21.4 the procedural or substantive authority delegated to the agency, including a proposed rule
21.5 submitted under section 14.15, subdivision 4, or 14.26, subdivision 3, paragraph (c), the
21.6 commission, the Legislative Commission on Mandate Reform, or a committee may file
21.7 that objection in the Office of the Secretary of State. The filed objection must contain a
21.8 concise statement of the commission's, the Legislative Commission on Mandate Reform,
21.9 or a committee's reasons for its action. An objection to a proposed rule submitted by the
21.10 commission, the Legislative Commission on Mandate Reform, or a committee under
21.11 section 14.15, subdivision 4, or 14.26, subdivision 3, paragraph (c), may not be filed
21.12 before the rule is adopted.

21.13 (b) The secretary of state shall affix to each objection a certification of the date and
21.14 time of its filing and as soon after the objection is filed as practicable shall transmit a
21.15 certified copy of it to the agency issuing the rule in question and to the revisor of statutes.
21.16 The secretary of state shall also maintain a permanent register open to public inspection of
21.17 all objections by the commission, the Legislative Commission on Mandate Reform, or
21.18 a committee.

21.19 (c) The commission, the Legislative Commission on Mandate Reform, or a
21.20 committee shall publish and index an objection filed under this section in the next issue
21.21 of the State Register. The revisor of statutes shall indicate the existence of the objection
21.22 adjacent to the rule in question when that rule is published in Minnesota Rules.

21.23 (d) Within 14 days after the filing of an objection by the commission, the Legislative
21.24 Commission on Mandate Reform, or a committee to a rule, the issuing agency shall
21.25 respond in writing to the objecting entity. After receipt of the response, the commission,
21.26 the Legislative Commission on Mandate Reform, or a committee may withdraw or modify
21.27 its objection.

21.28 (e) After the filing of an objection by the commission, the Legislative Commission
21.29 on Mandate Reform, or a committee that is not subsequently withdrawn, the burden is
21.30 upon the agency in any proceeding for judicial review or for enforcement of the rule to
21.31 establish that the whole or portion of the rule objected to is valid.

21.32 (f) The failure of the commission, the Legislative Commission on Mandate Reform,
21.33 or a committee to object to a rule is not an implied legislative authorization of its validity.

21.34 (g) In accordance with sections 14.44 and 14.45, the commission, the Legislative
21.35 Commission on Mandate Reform, or a committee may petition for a declaratory judgment
21.36 to determine the validity of a rule objected to by the commission, the Legislative

22.1 Commission on Mandate Reform, or a committee. The action must be started within two
22.2 years after an objection is filed in the Office of the Secretary of State.

22.3 (h) The commission, the Legislative Commission on Mandate Reform, or a
22.4 committee may intervene in litigation arising from agency action. For purposes of this
22.5 paragraph, agency action means the whole or part of a rule, or the failure to issue a rule.

22.6 Sec. 2. Minnesota Statutes 2008, section 3.843, is amended to read:

22.7 **3.843 PUBLIC HEARINGS BY STATE AGENCIES.**

22.8 By a vote of a majority of its members, the commission or the Legislative
22.9 Commission on Mandate Reform may request any agency issuing rules to hold a
22.10 public hearing in respect to recommendations made under section 3.842, including
22.11 recommendations made by the commission or the Legislative Commission on Mandate
22.12 Reform to promote adequate and proper rules by that agency and recommendations
22.13 contained in the commission's biennial report. The agency shall give notice as provided in
22.14 section 14.14, subdivision 1, of a hearing under this section, to be conducted in accordance
22.15 with sections 14.05 to 14.28. The hearing must be held not more than 60 days after receipt
22.16 of the request or within any other longer time period specified by the commission or the
22.17 Legislative Commission on Mandate Reform in the request.

22.18 Sec. 3. **[3.99] LEGISLATIVE COMMISSION ON MANDATE REFORM;**
22.19 **ESTABLISHED.**

22.20 Subdivision 1. **Established.** The Legislative Commission on Mandate Reform is
22.21 established as provided in this section, with the powers and duties given it in sections
22.22 3.842, subdivision 4a; 3.843; and 3.99 to 3.992.

22.23 Subd. 2. **Membership.** The commission consists of four senators appointed by the
22.24 senate Subcommittee on Committees of the Committee on Rules and Administration,
22.25 three senators appointed by the senate minority leader, four state representatives appointed
22.26 by the speaker of the house, and three state representatives appointed by the house
22.27 of representatives minority leader. The appointing authorities must ensure balanced
22.28 geographic representation. Each appointing authority must make appointments as soon as
22.29 possible.

22.30 Subd. 3. **Terms; vacancies.** Members of the commission serve for a two-year term
22.31 beginning upon appointment and expiring upon appointment of a successor after the
22.32 opening of the next regular session of the legislature in the odd-numbered year. A vacancy
22.33 in the membership of the commission must be filled for the unexpired term in a manner
22.34 that preserves the representation established by this section.

23.1 Subd. 4. **Chair.** The commission must meet as soon as practicable after members
23.2 are appointed in each odd-numbered year to elect its chair and other officers as it may
23.3 determine necessary. A chair serves a two-year term, expiring in the odd-numbered year
23.4 after a successor is elected. The chair must alternate biennially between the senate and the
23.5 house of representatives.

23.6 Subd. 5. **Compensation.** Members may be reimbursed for their reasonable
23.7 expenses as members of the legislature.

23.8 Subd. 6. **Staff.** The Legislative Coordinating Commission must provide
23.9 administrative support to the commission, including secretarial services, record keeping,
23.10 and grants administration.

23.11 Subd. 7. **Meetings; procedures; tie votes.** The first meeting of the biennium must
23.12 be convened by the member designated by the senate majority leader if a senator is to chair
23.13 the commission for the biennium, or by the speaker of the house if a state representative
23.14 is to chair the commission for the biennium. The commission meets at the call of the
23.15 chair. Commission action requires a positive vote of at least four house of representatives
23.16 members and at least four senate members.

23.17 Subd. 8. **Funding.** The Legislative Coordinating Commission shall annually bill the
23.18 commissioner of revenue for costs incurred by the Legislative Coordinating Commission
23.19 in providing administrative support and to make the grants authorized by the legislative
23.20 commission on unnecessary mandates, in an amount not to exceed \$100,000 per year. The
23.21 commissioner of revenue shall deduct one-half of the certified costs from payments to
23.22 counties under section 477A.03, subdivision 2b, and one-half of the certified costs from
23.23 payments to cities under section 477A.03, subdivision 2a.

23.24 Sec. 4. **[3.991] LEGISLATIVE COMMISSION ON MANDATE REFORM;**
23.25 **REVIEW AND RECOMMENDATIONS TO LEGISLATURE.**

23.26 The Legislative Commission on Mandate Reform must solicit from local
23.27 governments information on state laws and rules that local governments consider to be
23.28 problematic mandates. The commission must review the mandates identified and consider
23.29 why each mandate was enacted or adopted, whether the reason for it still exists, the costs
23.30 to local governments to comply with the mandate, and whether repeal or modification
23.31 of the mandate is appropriate. Before the beginning of each legislative session, the
23.32 commission must prepare for introduction a bill to repeal or modify those laws or rules the
23.33 commission determines are unnecessary.

24.1 Sec. 5. **[3.992] LEGISLATIVE COMMISSION ON MANDATE REFORM;**
24.2 **GRANTS.**

24.3 Upon recommendation of the Legislative Commission on Mandate Reform,
24.4 the commissioner of revenue may make grants to the League of Minnesota Cities,
24.5 the Association of Minnesota Counties, Minnesota Association of Townships, other
24.6 organizations representing local governments, the Board of Regents of the University of
24.7 Minnesota, the Board of Trustees of Minnesota State Colleges and Universities, or other
24.8 accredited postsecondary institutions to research and make recommendations on mandate
24.9 reform. A grant may be in any amount up to \$..... The commissioner must specify the
24.10 work to be done, the completion date, and the maximum grant amount, and may specify
24.11 any other conditions the commissioner deems necessary or useful.

24.12 Sec. 6. **[3.993] EXPIRATION.**

24.13 Sections 3.99 to 3.992 expire June 30, 2013.

24.14 Sec. 7. **[14.128] EFFECTIVE DATE FOR RULES REQUIRING LOCAL**
24.15 **IMPLEMENTATION.**

24.16 Subdivision 1. **Determination.** An agency must determine if a local government is
24.17 required to adopt or amend an ordinance or other regulation to comply with a proposed
24.18 agency rule. An agency must make this determination before the close of the hearing
24.19 record or before the agency submits the record to the administrative law judge if there
24.20 is no hearing. The administrative law judge must review and approve or disapprove
24.21 the agency's determination. "Local government" means a town, county, or home rule
24.22 charter or statutory city.

24.23 Subd. 2. **Effective dates.** If the agency determines that the proposed rule requires
24.24 adoption or amendment of an ordinance or other regulation, or if the administrative law
24.25 judge disapproves the agency's determination that the rule does not have this effect, the
24.26 rule may not become effective until:

24.27 (1) the next July 1 or January 1 after notice of final adoption is published in the
24.28 State Register; or

24.29 (2) a later date provided by law or specified in the proposed rule.

24.30 Subd. 3. **Exceptions.** Subdivision 2 does not apply:

24.31 (1) to a rule adopted under section 14.388, 14.389, or 14.3895, or under another law
24.32 specifying that the rulemaking procedures of this chapter do not apply;

- 25.1 (2) if the administrative law judge approves an agency's determination that the rule
25.2 has been proposed pursuant to a specific federal statutory or regulatory mandate that
25.3 requires the rule to take effect before the date specified in subdivision 1; or
25.4 (3) if the governor waives application of subdivision 2.

25.5 Sec. 8. Minnesota Statutes 2008, section 16C.28, subdivision 1a, is amended to read:

25.6 Subd. 1a. **Establishment and purpose.** (a) The state recognizes the importance of
25.7 the inclusion of a best value contracting system for construction as an alternative to the
25.8 current low-bid system of procurement. In order to accomplish that goal, state and local
25.9 governmental entities shall be able to choose the best value system in different phases.

25.10 (b) "Best value" means the procurement method defined in section 16C.02,
25.11 subdivision 4a.

25.12 (c) The following entities are eligible to participate in phase I:

25.13 (1) state agencies;

25.14 (2) counties;

25.15 (3) cities; and

25.16 (4) school districts with the highest 25 percent enrollment of students in the state.

25.17 Phase I begins on July 1, 2007.

25.18 (d) The following entities are eligible to participate in phase II:

25.19 (1) those entities included in phase I; and

25.20 (2) school districts with the highest 50 percent enrollment of students in the state.

25.21 Phase II begins two years from July 1, 2007.

25.22 (e) The following entities are eligible to participate in phase III:

25.23 (1) all entities included in phases I and II; and

25.24 (2) all other townships, school districts, and political subdivisions in the state.

25.25 Phase III begins three years from July 1, 2007.

25.26 ~~(f) The commissioner or any agency for which competitive bids or proposals are~~
25.27 ~~required may not use best value contracting as defined in section 16C.02, subdivision 4a,~~
25.28 ~~for more than one project annually, or 20 percent of its projects, whichever is greater, in~~
25.29 ~~each of the first three fiscal years in which best value construction contracting is used.~~

25.30 Sec. 9. Minnesota Statutes 2008, section 306.243, is amended by adding a subdivision
25.31 to read:

26.1 Subd. 6. **Abandonment; end of operation as cemetery.** A county that has accepted
26.2 responsibility for an abandoned cemetery may prohibit further burials in the abandoned
26.3 cemetery, and may cease all acceptance of responsibility for new burials.

26.4 Sec. 10. Minnesota Statutes 2008, section 344.18, is amended to read:

26.5 **344.18 COMPENSATION OF VIEWERS.**

26.6 Fence viewers must be paid for their services by the person employing them ~~at the~~
26.7 ~~rate of \$15 each for each day's employment. \$60 must be deposited with the town or city~~
26.8 ~~treasurer before the service is performed. Upon completion of the service, any of the \$60~~
26.9 ~~not spent to compensate the fence viewers must be returned to the depositor. The town~~
26.10 board may by resolution require the person employing the fence viewers to post a bond or
26.11 other security acceptable to the board for the total estimated costs before the viewing takes
26.12 place. The total estimated costs may include the cost of professional and other services,
26.13 hearing costs, administrative costs, recording costs, and other costs and expenses which
26.14 the town may incur in connection with the viewing.

26.15 Sec. 11. Minnesota Statutes 2008, section 365.28, is amended to read:

26.16 **365.28 PUBLIC BURIAL GROUND IS TOWN'S AFTER TEN YEARS.**

26.17 A tract of land in a town becomes town property after it has been used as a public
26.18 burial ground for ten years if the tract is not owned by a cemetery association. The town
26.19 board shall control the burial ground as it controls other town cemeteries. A town that has
26.20 assumed ownership of a cemetery may prohibit further burials in it.

26.21 Sec. 12. Minnesota Statutes 2008, section 373.052, subdivision 1, is amended to read:

26.22 Subdivision 1. **Business days.** County offices shall be open for public business on
26.23 ~~at~~ at least four business days per week except (a) legal holidays, (b) holidays established
26.24 by the county board pursuant to contract with certified employee bargaining units, and
26.25 (c) emergency situations. For purposes of this section "business day" means Monday,
26.26 Tuesday, Wednesday, Thursday₂ and Friday.

26.27 Sec. 13. Minnesota Statutes 2008, section 429.041, subdivision 1, is amended to read:

26.28 Subdivision 1. **Plans and specifications, advertisement for bids.** When the
26.29 council determines to make any improvement, it shall let the contract for all or part of
26.30 the work, or order all or part of the work done by day labor or otherwise as authorized by
26.31 subdivision 2, no later than one year after the adoption of the resolution ordering such
26.32 improvement, unless a different time limit is specifically stated in the resolution ordering

27.1 the improvement. The council shall cause plans and specifications of the improvement
27.2 to be made, or if previously made, to be modified, if necessary, and to be approved and
27.3 filed with the clerk, and if the estimated cost exceeds ~~\$50,000~~ the amount in section
27.4 471.345, subdivision 3, shall advertise for bids for the improvement in the newspaper and
27.5 such other papers and for such length of time as it may deem advisable. If the estimated
27.6 cost exceeds ~~\$100,000~~ twice the amount in section 471.345, subdivision 3, publication
27.7 shall be made no less than three weeks before the last day for submission of bids once
27.8 in the newspaper and at least once in either a newspaper published in a city of the first
27.9 class or a trade paper. To be eligible as such a trade paper, a publication shall have all
27.10 the qualifications of a legal newspaper except that instead of the requirement that it shall
27.11 contain general and local news, such trade paper shall contain building and construction
27.12 news of interest to contractors in this state, among whom it shall have a general circulation.
27.13 The advertisement shall specify the work to be done, shall state the time when the bids
27.14 will be publicly opened for consideration by the council, which shall be not less than ten
27.15 days after the first publication of the advertisement when the estimated cost is less than
27.16 ~~\$100,000~~ twice the amount in section 471.345, subdivision 3, and not less than three
27.17 weeks after such publication in other cases, and shall state that no bids will be considered
27.18 unless sealed and filed with the clerk and accompanied by a cash deposit, cashier's check,
27.19 bid bond, or certified check payable to the clerk, for such percentage of the amount of the
27.20 bid as the council may specify. In providing for the advertisement for bids the council
27.21 may direct that the bids shall be opened publicly by two or more designated officers or
27.22 agents of the municipality and tabulated in advance of the meeting at which they are to
27.23 be considered by the council. Nothing herein shall prevent the council from advertising
27.24 separately for various portions of the work involved in an improvement, or from itself,
27.25 supplying by such means as may be otherwise authorized by law, all or any part of the
27.26 materials, supplies, or equipment to be used in the improvement or from combining two or
27.27 more improvements in a single set of plans and specifications or a single contract.

27.28 Sec. 14. Minnesota Statutes 2008, section 429.041, subdivision 2, is amended to read:

27.29 Subd. 2. **Contracts; day labor.** In contracting for an improvement, the council shall
27.30 require the execution of one or more written contracts and bonds, conditioned as required
27.31 by law. The council shall award the contract to the lowest responsible bidder or it may
27.32 reject all bids. If any bidder to whom a contract is awarded fails to enter promptly into
27.33 a written contract and to furnish the required bond, the defaulting bidder shall forfeit to
27.34 the municipality the amount of the defaulter's cash deposit, cashier's check, bid bond, or
27.35 certified check, and the council may thereupon award the contract to the next lowest

28.1 responsible bidder. When it appears to the council that the cost of the entire work projected
28.2 will be less than ~~\$50,000~~ the amount in section 471.345, subdivision 3, or whenever no
28.3 bid is submitted after proper advertisement or the only bids submitted are higher than
28.4 the engineer's estimate, the council may advertise for new bids or, without advertising
28.5 for bids, directly purchase the materials for the work and do it by the employment of day
28.6 labor or in any other manner the council considers proper. The council may have the
28.7 work supervised by the city engineer or other qualified person but shall have the work
28.8 supervised by a registered engineer if done by day labor and it appears to the council that
28.9 the entire cost of all work and materials for the improvement will be more than ~~\$25,000~~
28.10 the lowest amount in section 471.345, subdivision 4. In case of improper construction
28.11 or unreasonable delay in the prosecution of the work by the contractor, the council may
28.12 order and cause the suspension of the work at any time and relet the contract, or order
28.13 a reconstruction of any portion of the work improperly done, and where the cost of
28.14 completion or reconstruction necessary will be less than ~~\$50,000~~ the amount in section
28.15 471.345, subdivision 3, the council may do it by the employment of day labor.

28.16 Sec. 15. Minnesota Statutes 2008, section 469.015, is amended to read:

28.17 **469.015 LETTING OF CONTRACTS; PERFORMANCE BONDS.**

28.18 Subdivision 1. **Bids; notice.** All construction work, and work of demolition or
28.19 clearing, and every purchase of equipment, supplies, or materials, necessary in carrying
28.20 out the purposes of sections 469.001 to 469.047, that involve expenditure of ~~\$50,000~~ the
28.21 amount in section 471.345, subdivision 3, or more shall be awarded by contract. Before
28.22 receiving bids the authority shall publish, once a week for two consecutive weeks in an
28.23 official newspaper of general circulation in the community a notice that bids will be
28.24 received for that construction work, or that purchase of equipment, supplies, or materials.
28.25 The notice shall state the nature of the work and the terms and conditions upon which the
28.26 contract is to be let, naming a time and place where bids will be received, opened and read
28.27 publicly, which time shall be not less than seven days after the date of the last publication.
28.28 After the bids have been received, opened and read publicly and recorded, the authority
28.29 shall award the contract to the lowest responsible bidder, provided that the authority
28.30 reserves the right to reject any or all bids. Each contract shall be executed in writing, and
28.31 the person to whom the contract is awarded shall give sufficient bond to the authority for its
28.32 faithful performance. If no satisfactory bid is received, the authority may readvertise. The
28.33 authority may establish reasonable qualifications to determine the fitness and responsibility
28.34 of bidders and to require bidders to meet the qualifications before bids are accepted.

29.1 Subd. 1a. **Best value alternative.** As an alternative to the procurement method
29.2 described in subdivision 1, the authority may issue a request for proposals and award the
29.3 contract to the vendor or contractor offering the best value under a request for proposals as
29.4 described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

29.5 Subd. 2. **Exception; emergency.** If the authority by a vote of four-fifths of its
29.6 members shall declare that an emergency exists requiring the immediate purchase of any
29.7 equipment or material or supplies at a cost in excess of ~~\$50,000~~ the amount in section
29.8 471.345, subdivision 3, but not exceeding ~~\$75,000~~ half again as much as the amount in
29.9 section 471.345, subdivision 3, or making of emergency repairs, it shall not be necessary
29.10 to advertise for bids, but the material, equipment, or supplies may be purchased in the
29.11 open market at the lowest price obtainable, or the emergency repairs may be contracted for
29.12 or performed without securing formal competitive bids. An emergency, for purposes of
29.13 this subdivision, shall be understood to be unforeseen circumstances or conditions which
29.14 result in the placing in jeopardy of human life or property.

29.15 Subd. 3. **Performance and payment bonds.** Performance and payment bonds shall
29.16 be required from contractors for any works of construction as provided in and subject
29.17 to all the provisions of sections 574.26 to 574.31 except for contracts entered into by
29.18 an authority for an expenditure of less than ~~\$50,000~~ the minimum threshold amount in
29.19 section 471.345, subdivision 3.

29.20 Subd. 4. **Exceptions.** (a) An authority need not require competitive bidding in the
29.21 following circumstances:

29.22 (1) in the case of a contract for the acquisition of a low-rent housing project:

29.23 (i) for which financial assistance is provided by the federal government;

29.24 (ii) which does not require any direct loan or grant of money from the municipality
29.25 as a condition of the federal financial assistance; and

29.26 (iii) for which the contract provides for the construction of the project upon land that
29.27 is either owned by the authority for redevelopment purposes or not owned by the authority
29.28 at the time of the contract but the contract provides for the conveyance or lease to the
29.29 authority of the project or improvements upon completion of construction;

29.30 (2) with respect to a structured parking facility:

29.31 (i) constructed in conjunction with, and directly above or below, a development; and

29.32 (ii) financed with the proceeds of tax increment or parking ramp general obligation
29.33 or revenue bonds;

29.34 (3) until August 1, 2009, with respect to a facility built for the purpose of facilitating
29.35 the operation of public transit or encouraging its use:

29.36 (i) constructed in conjunction with, and directly above or below, a development; and

30.1 (ii) financed with the proceeds of parking ramp general obligation or revenue bonds
30.2 or with at least 60 percent of the construction cost being financed with funding provided
30.3 by the federal government; and

30.4 (4) in the case of any building in which at least 75 percent of the usable square
30.5 footage constitutes a housing development project if:

30.6 (i) the project is financed with the proceeds of bonds issued under section 469.034 or
30.7 from nongovernmental sources;

30.8 (ii) the project is either located on land that is owned or is being acquired by the
30.9 authority only for development purposes, or is not owned by the authority at the time the
30.10 contract is entered into but the contract provides for conveyance or lease to the authority
30.11 of the project or improvements upon completion of construction; and

30.12 (iii) the authority finds and determines that elimination of the public bidding
30.13 requirements is necessary in order for the housing development project to be economical
30.14 and feasible.

30.15 (b) An authority need not require a performance bond for the following projects:

30.16 (1) a contract described in paragraph (a), clause (1);

30.17 (2) a construction change order for a housing project in which 30 percent of the
30.18 construction has been completed;

30.19 (3) a construction contract for a single-family housing project in which the authority
30.20 acts as the general construction contractor; or

30.21 (4) a services or materials contract for a housing project.

30.22 For purposes of this paragraph, "services or materials contract" does not include
30.23 construction contracts.

30.24 Subd. 5. **Security in lieu of bond.** The authority may accept a certified check or
30.25 cashier's check in the same amount as required for a bond in lieu of a performance bond
30.26 for contracts entered into by an authority for an expenditure of less than ~~\$50,000~~ the
30.27 minimum threshold amount in section 471.345, subdivision 3. The check must be held by
30.28 the authority for 90 days after the contract has been completed. If no suit is brought within
30.29 the 90 days, the authority must return the amount of the check to the person making it. If a
30.30 suit is brought within the 90-day period, the authority must disburse the amount of the
30.31 check pursuant to the order of the court.

30.32 Sec. 16. Minnesota Statutes 2008, section 641.12, subdivision 1, is amended to read:

30.33 Subdivision 1. **Fee.** A county board may require that each person who is booked for
30.34 confinement at a county or regional jail, and not released upon completion of the booking
30.35 process, pay a fee of up to \$10 to the sheriff's department of the county in which the jail

31.1 is located to cover costs incurred by the county in the booking of that person. The fee
31.2 is payable immediately from any money then possessed by the person being booked, or
31.3 any money deposited with the sheriff's department on the person's behalf. If the person
31.4 has no funds at the time of booking or during the period of any incarceration, the sheriff
31.5 shall notify the district court in the county where the charges related to the booking are
31.6 pending, and shall request the assessment of the fee. Notwithstanding section 609.10 or
31.7 609.125, upon notification from the sheriff, the district court must order the fee paid to the
31.8 sheriff's department as part of any sentence or disposition imposed. If the person is not
31.9 charged, is acquitted, or if the charges are dismissed, the sheriff shall return the fee to the
31.10 person at the last known address listed in the booking records.

31.11 Sec. 17. **FIRST MEETING AFTER EFFECTIVE DATE OF ACT.**

31.12 The first meeting of the Legislative Commission on Mandate Reform must be held
31.13 as soon as practicable after all appointments are made. The speaker of the house must
31.14 designate a commission member to convene the first meeting. The first commission serves
31.15 until a new commission is appointed at the beginning of the next biennium.

31.16 ARTICLE 4

31.17 TRUTH IN TAXATION

31.18 Section 1. Minnesota Statutes 2008, section 123B.10, subdivision 1, is amended to read:

31.19 Subdivision 1. **Budgets; form of notification.** (a) Every board must publish revenue
31.20 and expenditure budgets for the current year and the actual revenues, expenditures, fund
31.21 balances for the prior year and projected fund balances for the current year in a form
31.22 prescribed by the commissioner within one week of the acceptance of the final audit by
31.23 the board, or November 30, whichever is earlier. The forms prescribed must be designed
31.24 so that year to year comparisons of revenue, expenditures and fund balances can be made.

31.25 (b) A school board annually must notify the public of its revenue, expenditures, fund
31.26 balances, and other relevant budget information. The board must ~~include the budget~~
31.27 ~~information required by this section in the materials provided as a part of its truth in~~
31.28 ~~taxation hearing,~~ post the materials in a conspicuous place on the district's official Web
31.29 site, including a link to the district's school report card on the Department of Education's
31.30 Web site, and publish the information in a qualified newspaper of general circulation
31.31 in the district.

31.32 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
31.33 thereafter.

32.1 Sec. 2. Minnesota Statutes 2008, section 275.065, subdivision 1, is amended to read:

32.2 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the
32.3 contrary, on or before September ~~15~~ 5, each taxing authority, other than a school district,
32.4 shall adopt a proposed budget and shall certify to the county auditor the proposed or, in
32.5 the case of a town, the final property tax levy for taxes payable in the following year.

32.6 (b) On or before September ~~30~~ 20, each school district that has not mutually agreed
32.7 with its home county to extend this date shall certify to the county auditor the proposed
32.8 property tax levy for taxes payable in the following year. Each school district that has
32.9 agreed with its home county to delay the certification of its proposed property tax levy
32.10 must certify its proposed property tax levy for the following year no later than ~~October 7~~
32.11 September 28. The school district shall certify the proposed levy as:

32.12 (1) a specific dollar amount by school district fund, broken down between
32.13 voter-approved and non-voter-approved levies and between referendum market value
32.14 and tax capacity levies; or

32.15 (2) the maximum levy limitation certified by the commissioner of education
32.16 according to section 126C.48, subdivision 1.

32.17 (c) If the board of estimate and taxation or any similar board that establishes
32.18 maximum tax levies for taxing jurisdictions within a first class city certifies the maximum
32.19 property tax levies for funds under its jurisdiction by charter to the county auditor by
32.20 September ~~15~~ 1, the city shall be deemed to have certified its levies for those taxing
32.21 jurisdictions.

32.22 (d) For purposes of this section, "taxing authority" includes all home rule and
32.23 statutory cities, towns, counties, school districts, and special taxing districts as defined
32.24 in section 275.066. Intermediate school districts that levy a tax under chapter 124 or
32.25 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common
32.26 School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing
32.27 districts for purposes of this section.

32.28 (e) At the meeting where the taxing authority adopts its proposed tax levy under
32.29 paragraph (a) or (b), the taxing authority shall announce the time and place of its
32.30 subsequent regularly scheduled meetings at which the budget levy will be discussed and at
32.31 which the public will be allowed to speak. The time and place of those meetings must
32.32 be included in the proceedings or summary of the proceedings published in the official
32.33 newspaper of the taxing authority under section 123B.09, 375.12, or 412.191.

32.34 **EFFECTIVE DATE.** This section is effective for proposed notices prepared in 2010
32.35 and thereafter, for property taxes payable in 2011 and thereafter, except that paragraph
32.36 (e) is effective for taxes payable in 2010 and thereafter.

33.1 Sec. 3. Minnesota Statutes 2008, section 275.065, subdivision 1a, is amended to read:

33.2 Subd. 1a. **Overlapping jurisdictions.** In the case of a taxing authority lying in two
33.3 or more counties, the home county auditor shall certify the proposed levy and the proposed
33.4 local tax rate to the other county auditor by ~~October 5~~ September 20, unless the home
33.5 county has agreed to delay the certification of its proposed property tax levy, in which case
33.6 the home county auditor shall certify the proposed levy and the proposed local tax rate
33.7 to the other county auditor by ~~October 10~~ September 25. The home county auditor must
33.8 estimate the levy or rate in preparing the notices required in subdivision 3, if the other
33.9 county has not certified the appropriate information. If requested by the home county
33.10 auditor, the other county auditor must furnish an estimate to the home county auditor.

33.11 **EFFECTIVE DATE.** This section is effective for proposed notices prepared in
33.12 2010 and thereafter, for property taxes payable in 2011 and thereafter.

33.13 Sec. 4. Minnesota Statutes 2008, section 275.065, subdivision 1c, is amended to read:

33.14 Subd. 1c. **Levy; shared, merged, consolidated services.** If two or more taxing
33.15 authorities are in the process of negotiating an agreement for sharing, merging, or
33.16 consolidating services between those taxing authorities at the time the proposed levy is to
33.17 be certified under subdivision 1, each taxing authority involved in the negotiation shall
33.18 certify its total proposed levy as provided in that subdivision, including a notification to the
33.19 county auditor of the specific service involved in the agreement which is not yet finalized.
33.20 The affected taxing authorities may amend their proposed levies under subdivision 1 until
33.21 ~~October 10~~ September 25 for levy amounts relating only to the specific service involved.

33.22 **EFFECTIVE DATE.** This section is effective for proposed notices prepared in
33.23 2010 and thereafter, for property taxes payable in 2011 and thereafter.

33.24 Sec. 5. Minnesota Statutes 2008, section 275.065, subdivision 3, is amended to read:

33.25 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare
33.26 and the county treasurer shall deliver after ~~November 10~~ October 15 and on or before
33.27 ~~November~~ October 24 each year, by first class mail to each taxpayer at the address listed
33.28 on the county's current year's assessment roll, a notice of proposed property taxes. Upon
33.29 written request by the taxpayer, the treasurer may send the notice in electronic form or by
33.30 electronic mail instead of on paper or by ordinary mail.

33.31 (b) The commissioner of revenue shall prescribe the form of the notice.

33.32 (c) The notice must inform taxpayers that it contains the amount of property taxes
33.33 each taxing authority proposes to collect for taxes payable the following year. In the

34.1 case of a town, or in the case of the state general tax, the final tax amount will be its
34.2 proposed tax. ~~In the case of taxing authorities required to hold a public meeting under~~
34.3 ~~subdivision 6, the notice must clearly state that each taxing authority, including regional~~
34.4 ~~library districts established under section 134.201, and including the metropolitan taxing~~
34.5 ~~districts as defined in paragraph (i), but excluding all other special taxing districts and~~
34.6 ~~towns, will hold a public meeting to receive public testimony on the proposed budget and~~
34.7 ~~proposed or final property tax levy, or, in case of a school district, on the current budget~~
34.8 ~~and proposed property tax levy. The notice must clearly state for each city, county, school~~
34.9 ~~district, regional library authority established under section 134.201, and metropolitan~~
34.10 ~~taxing districts as defined in paragraph (i), the time and place of the taxing authorities~~
34.11 ~~regularly scheduled meetings occurring after October 24 at which the budget and levy will~~
34.12 ~~be discussed. The taxing authorities must provide the county auditor with the information~~
34.13 ~~to be included in the notice on or before the time it certifies its proposed levy under~~
34.14 ~~subdivision 1. The public shall be allowed to speak at that meeting. It must clearly state~~
34.15 ~~the time and place of each taxing authority's meeting, provide a telephone number for the~~
34.16 ~~taxing authority that taxpayers may call if they have questions related to the notice, and an~~
34.17 ~~address where comments will be received by mail.~~

34.18 (d) The notice must state for each parcel:

34.19 (1) the market value of the property as determined under section 273.11, and used
34.20 for computing property taxes payable in the following year and for taxes payable in the
34.21 current year as each appears in the records of the county assessor on ~~November~~ October
34.22 1 of the current year; and, in the case of residential property, whether the property is
34.23 classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the
34.24 years to which the market values apply and that the values are final values;

34.25 (2) the items listed below, shown separately by county, city or town, and state general
34.26 tax, net of the residential and agricultural homestead credit under section 273.1384, voter
34.27 approved school levy, other local school levy, and the sum of the special taxing districts,
34.28 and as a total of all taxing authorities:

34.29 (i) the actual tax for taxes payable in the current year; and

34.30 (ii) the proposed tax amount.

34.31 If the county levy under clause (2) includes an amount for a lake improvement
34.32 district as defined under sections 103B.501 to 103B.581, the amount attributable for that
34.33 purpose must be separately stated from the remaining county levy amount.

34.34 In the case of a town or the state general tax, the final tax shall also be its proposed
34.35 tax unless the town changes its levy at a special town meeting under section 365.52. If a
34.36 school district has certified under section 126C.17, subdivision 9, that a referendum will

35.1 be held in the school district at the November general election, the county auditor must
35.2 note next to the school district's proposed amount that a referendum is pending and that, if
35.3 approved by the voters, the tax amount may be higher than shown on the notice. In the
35.4 case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be
35.5 listed separately from the remaining amount of the city's levy. In the case of the city of
35.6 St. Paul, the levy for the St. Paul Library Agency must be listed separately from the
35.7 remaining amount of the city's levy. In the case of Ramsey County, any amount levied
35.8 under section 134.07 may be listed separately from the remaining amount of the county's
35.9 levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax
35.10 under chapter 276A or 473F applies, the proposed tax levy on the captured value or the
35.11 proposed tax levy on the tax capacity subject to the areawide tax must each be stated
35.12 separately and not included in the sum of the special taxing districts; and

35.13 (3) the increase or decrease between the total taxes payable in the current year and
35.14 the total proposed taxes, expressed as a percentage.

35.15 For purposes of this section, the amount of the tax on homesteads qualifying under
35.16 the senior citizens' property tax deferral program under chapter 290B is the total amount
35.17 of property tax before subtraction of the deferred property tax amount.

35.18 (e) The notice must clearly state that the proposed or final taxes do not include
35.19 the following:

35.20 (1) special assessments;

35.21 (2) levies approved by the voters after the date the proposed taxes are certified,
35.22 including bond referenda and school district levy referenda;

35.23 (3) a levy limit increase approved by the voters by the first Tuesday after the first
35.24 Monday in November of the levy year as provided under section 275.73;

35.25 (4) amounts necessary to pay cleanup or other costs due to a natural disaster
35.26 occurring after the date the proposed taxes are certified;

35.27 (5) amounts necessary to pay tort judgments against the taxing authority that become
35.28 final after the date the proposed taxes are certified; and

35.29 (6) the contamination tax imposed on properties which received market value
35.30 reductions for contamination.

35.31 (f) Except as provided in subdivision 7, failure of the county auditor to prepare or
35.32 the county treasurer to deliver the notice as required in this section does not invalidate the
35.33 proposed or final tax levy or the taxes payable pursuant to the tax levy.

35.34 (g) If the notice the taxpayer receives under this section lists the property as
35.35 nonhomestead, and satisfactory documentation is provided to the county assessor by the
35.36 applicable deadline, and the property qualifies for the homestead classification in that

36.1 assessment year, the assessor shall reclassify the property to homestead for taxes payable
36.2 in the following year.

36.3 (h) In the case of class 4 residential property used as a residence for lease or rental
36.4 periods of 30 days or more, the taxpayer must either:

36.5 (1) mail or deliver a copy of the notice of proposed property taxes to each tenant,
36.6 renter, or lessee; or

36.7 (2) post a copy of the notice in a conspicuous place on the premises of the property.

36.8 The notice must be mailed or posted by the taxpayer by ~~November~~ October 27 or
36.9 within three days of receipt of the notice, whichever is later. A taxpayer may notify the
36.10 county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises
36.11 to which the notice must be mailed in order to fulfill the requirements of this paragraph.

36.12 (i) For purposes of this subdivision, ~~subdivisions~~ and subdivision 5a and 6,
36.13 "metropolitan special taxing districts" means the following taxing districts in the
36.14 seven-county metropolitan area that levy a property tax for any of the specified purposes
36.15 listed below:

36.16 (1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325,
36.17 473.446, 473.521, 473.547, or 473.834;

36.18 (2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672;
36.19 and

36.20 (3) Metropolitan Mosquito Control Commission under section 473.711.

36.21 For purposes of this section, any levies made by the regional rail authorities in the
36.22 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
36.23 398A shall be included with the appropriate county's levy ~~and shall be discussed at that~~
36.24 ~~county's public hearing.~~

36.25 (j) The governing body of a county, city, or school district may, with the consent
36.26 of the county board, include supplemental information with the statement of proposed
36.27 property taxes about the impact of state aid increases or decreases on property tax
36.28 increases or decreases and on the level of services provided in the affected jurisdiction.
36.29 This supplemental information may include information for the following year, the current
36.30 year, and for as many consecutive preceding years as deemed appropriate by the governing
36.31 body of the county, city, or school district. It may include only information regarding:

36.32 (1) the impact of inflation as measured by the implicit price deflator for state and
36.33 local government purchases;

36.34 (2) population growth and decline;

36.35 (3) state or federal government action; and

37.1 (4) other financial factors that affect the level of property taxation and local services
37.2 that the governing body of the county, city, or school district may deem appropriate to
37.3 include.

37.4 The information may be presented using tables, written narrative, and graphic
37.5 representations and may contain instruction toward further sources of information or
37.6 opportunity for comment.

37.7 EFFECTIVE DATE. This section is effective for taxes payable in 2010 and
37.8 thereafter, except that the changes advancing the dates for preparing and mailing the
37.9 notices are effective for proposed notices in 2010, for taxes payable in 2011 and thereafter.

37.10 Sec. 6. Minnesota Statutes 2008, section 275.065, subdivision 6, is amended to read:

37.11 Subd. 6. **Public hearing; Adoption of budget and levy.** (a) For purposes of this
37.12 section, the following terms shall have the meanings given:

37.13 (1) "Initial hearing" means the first and primary hearing held to discuss the taxing
37.14 authority's proposed budget and proposed property tax levy for taxes payable in the
37.15 following year, or, for school districts, the current budget and the proposed property tax
37.16 levy for taxes payable in the following year.

37.17 (2) "Continuation hearing" means a hearing held to complete the initial hearing, if
37.18 the initial hearing is not completed on its scheduled date.

37.19 (3) "Subsequent hearing" means the hearing held to adopt the taxing authority's final
37.20 property tax levy, and, in the case of taxing authorities other than school districts, the final
37.21 budget, for taxes payable in the following year.

37.22 (b) Between November 29 and December 20, the governing bodies of a city that has a
37.23 population over 500, county, metropolitan special taxing districts as defined in subdivision
37.24 3, paragraph (i), and regional library districts shall each hold an initial public hearing
37.25 to discuss and seek public comment on its final budget and property tax levy for taxes
37.26 payable in the following year, and the governing body of the school district shall hold an
37.27 initial public hearing to review its current budget and proposed property tax levy for taxes
37.28 payable in the following year. The metropolitan special taxing districts shall be required to
37.29 hold only a single joint initial public hearing, the location of which will be determined by
37.30 the affected metropolitan agencies. A city, county, metropolitan special taxing district as
37.31 defined in subdivision 3, paragraph (i), regional library district established under section
37.32 134.201, or school district is not required to hold a public hearing under this subdivision
37.33 unless its proposed property tax levy for taxes payable in the following year, as certified
37.34 under subdivision 1, has increased over its final property tax levy for taxes payable in the
37.35 current year by a percentage that is greater than the percentage increase in the implicit

38.1 ~~price deflator for government consumption expenditures and gross investment for state~~
38.2 ~~and local governments prepared by the Bureau of Economic Analysts of the United States~~
38.3 ~~Department of Commerce for the 12-month period ending March 31 of the current year.~~

38.4 ~~(e) The initial hearing must be held after 5:00 p.m. if scheduled on a day other than~~
38.5 ~~Saturday. No initial hearing may be held on a Sunday.~~

38.6 ~~(d) At the initial hearing under this subdivision, the percentage increase in property~~
38.7 ~~taxes proposed by the taxing authority, if any, and the specific purposes for which property~~
38.8 ~~tax revenues are being increased must be discussed. During the discussion, the governing~~
38.9 ~~body shall hear comments regarding a proposed increase and explain the reasons for the~~
38.10 ~~proposed increase. The public shall be allowed to speak and to ask questions. At the public~~
38.11 ~~hearing, the school district must also provide and discuss information on the distribution~~
38.12 ~~of its revenues by revenue source, and the distribution of its spending by program area.~~

38.13 ~~(e) If the initial hearing is not completed on its scheduled date, the taxing authority~~
38.14 ~~must announce, prior to adjournment of the hearing, the date, time, and place for the~~
38.15 ~~continuation of the hearing. The continuation hearing must be held at least five business~~
38.16 ~~days but no more than 14 business days after the initial hearing. A continuation hearing~~
38.17 ~~may not be held later than December 20 except as provided in paragraphs (f) and (g).~~
38.18 ~~A continuation hearing must be held after 5:00 p.m. if scheduled on a day other than~~
38.19 ~~Saturday. No continuation hearing may be held on a Sunday.~~

38.20 ~~(f) The governing body of a county shall hold its initial hearing on the first Thursday~~
38.21 ~~in December each year, and may hold additional initial hearings on other dates before~~
38.22 ~~December 20 if necessary for the convenience of county residents. If the county needs a~~
38.23 ~~continuation of its hearing, the continuation hearing shall be held on the third Tuesday~~
38.24 ~~in December. If the third Tuesday in December falls on December 21, the county's~~
38.25 ~~continuation hearing shall be held on Monday, December 20.~~

38.26 ~~(g) The metropolitan special taxing districts shall hold a joint initial public hearing~~
38.27 ~~on the first Wednesday of December. A continuation hearing, if necessary, shall be held on~~
38.28 ~~the second Wednesday of December even if that second Wednesday is after December 10.~~

38.29 ~~(h) The county auditor shall provide for the coordination of initial and continuation~~
38.30 ~~hearing dates for all school districts and cities within the county to prevent conflicts under~~
38.31 ~~clauses (i) and (j).~~

38.32 ~~(i) By August 10, each school board and the board of the regional library district~~
38.33 ~~shall certify to the county auditors of the counties in which the school district or regional~~
38.34 ~~library district is located the dates on which it elects to hold its initial hearing and any~~
38.35 ~~continuation hearing. If a school board or regional library district does not certify these~~
38.36 ~~dates by August 10, the auditor will assign the initial and continuation hearing dates. The~~

39.1 ~~dates elected or assigned must not conflict with the initial and continuation hearing dates~~
39.2 ~~of the county or the metropolitan special taxing districts.~~

39.3 ~~(j) By August 20, the county auditor shall notify the clerks of the cities within the~~
39.4 ~~county of the dates on which school districts and regional library districts have elected to~~
39.5 ~~hold their initial and continuation hearings. At the time a city certifies its proposed levy~~
39.6 ~~under subdivision 1 it shall certify the dates on which it elects to hold its initial hearing and~~
39.7 ~~any continuation hearing. Until September 15, the first and second Mondays of December~~
39.8 ~~are reserved for the use of the cities. If a city does not certify its hearing dates by~~
39.9 ~~September 15, the auditor shall assign the initial and continuation hearing dates. The dates~~
39.10 ~~elected or assigned for the initial hearing must not conflict with the initial hearing dates~~
39.11 ~~of the county, metropolitan special taxing districts, regional library districts, or school~~
39.12 ~~districts within which the city is located. To the extent possible, the dates of the city's~~
39.13 ~~continuation hearing should not conflict with the continuation hearing dates of the county,~~
39.14 ~~metropolitan special taxing districts, regional library districts, or school districts within~~
39.15 ~~which the city is located. This paragraph does not apply to cities of 500 population or less.~~

39.16 ~~(k) The county initial hearing date and the city, metropolitan special taxing district,~~
39.17 ~~regional library district, and school district initial hearing dates must be designated on~~
39.18 ~~the notices required under subdivision 3. The continuation hearing dates need not be~~
39.19 ~~stated on the notices.~~

39.20 ~~(l) At a subsequent hearing, each county, school district, city over 500 population,~~
39.21 ~~and metropolitan special taxing district may amend its proposed property tax levy~~
39.22 ~~and must adopt a final property tax levy. Each county, city over 500 population, and~~
39.23 ~~metropolitan special taxing district may also amend its proposed budget and must adopt a~~
39.24 ~~final budget at the subsequent hearing. The final property tax levy must be adopted prior~~
39.25 ~~to adopting the final budget. A school district is not required to adopt its final budget at the~~
39.26 ~~subsequent hearing. The subsequent hearing of a taxing authority must be held on a date~~
39.27 ~~subsequent to the date of the taxing authority's initial public hearing. If a continuation~~
39.28 ~~hearing is held, the subsequent hearing must be held either immediately following the~~
39.29 ~~continuation hearing or on a date subsequent to the continuation hearing. The subsequent~~
39.30 ~~hearing may be held at a regularly scheduled board or council meeting or at a special~~
39.31 ~~meeting scheduled for the purposes of the subsequent hearing. The subsequent hearing~~
39.32 ~~of a taxing authority does not have to be coordinated by the county auditor to prevent a~~
39.33 ~~conflict with an initial hearing, a continuation hearing, or a subsequent hearing of any~~
39.34 ~~other taxing authority. All subsequent hearings must be held prior to five working days~~
39.35 ~~after December 20 of the levy year. The date, time, and place of the subsequent hearing~~
39.36 ~~must be announced at the initial public hearing or at the continuation hearing.~~

40.1 ~~(m)~~ (a) The property tax levy certified under section 275.07 by a city of any
40.2 population, county, metropolitan special taxing district, regional library district, or school
40.3 district must not exceed the proposed levy determined under subdivision 1, except by an
40.4 amount up to the sum of the following amounts:

40.5 (1) the amount of a school district levy whose voters approved a referendum to
40.6 increase taxes under section 123B.63, subdivision 3, or 126C.17, subdivision 9, after
40.7 the proposed levy was certified;

40.8 (2) the amount of a city or county levy approved by the voters after the proposed
40.9 levy was certified;

40.10 (3) the amount of a levy to pay principal and interest on bonds approved by the
40.11 voters under section 475.58 after the proposed levy was certified;

40.12 (4) the amount of a levy to pay costs due to a natural disaster occurring after the
40.13 proposed levy was certified, if that amount is approved by the commissioner of revenue
40.14 under subdivision 6a;

40.15 (5) the amount of a levy to pay tort judgments against a taxing authority that become
40.16 final after the proposed levy was certified, if the amount is approved by the commissioner
40.17 of revenue under subdivision 6a;

40.18 (6) the amount of an increase in levy limits certified to the taxing authority by the
40.19 commissioner of education or the commissioner of revenue after the proposed levy was
40.20 certified; ~~and~~

40.21 (7) the amount required under section 126C.55; and

40.22 (8) the amount of unallotment under section 16A.152 that was recertified under
40.23 section 275.07, subdivision 6.

40.24 ~~(n)~~ (b) This subdivision does not apply to towns and special taxing districts other
40.25 than regional library districts and metropolitan special taxing districts.

40.26 ~~(o)~~ (c) Notwithstanding the requirements of this section, the employer is required to
40.27 meet and negotiate over employee compensation as provided for in chapter 179A.

40.28 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
40.29 thereafter.

40.30 Sec. 7. Minnesota Statutes 2008, section 275.07, subdivision 1, is amended to read:

40.31 Subdivision 1. **Certification of levy.** (a) Except as provided under paragraph (b),
40.32 the taxes voted by cities, counties, school districts, and special districts shall be certified
40.33 by the proper authorities to the county auditor on or before five working days after
40.34 December ~~20~~ 10 in each year. A town must certify the levy adopted by the town board to
40.35 the county auditor by September ~~15~~ 5 each year. If the town board modifies the levy at

41.1 a special town meeting after September ~~15~~ 5, the town board must recertify its levy to
41.2 the county auditor on or before five working days after December ~~20~~ 10. If a city, town,
41.3 county, school district, or special district fails to certify its levy by that date, its levy shall
41.4 be the amount levied by it for the preceding year.

41.5 (b)(i) The taxes voted by counties under sections 103B.241, 103B.245, and
41.6 103B.251 shall be separately certified by the county to the county auditor on or before
41.7 five working days after December ~~20~~ 10 in each year. The taxes certified shall not be
41.8 reduced by the county auditor by the aid received under section 273.1398, subdivision
41.9 3. If a county fails to certify its levy by that date, its levy shall be the amount levied by
41.10 it for the preceding year.

41.11 (ii) For purposes of the proposed property tax notice under section 275.065 and
41.12 the property tax statement under section 276.04, for the first year in which the county
41.13 implements the provisions of this paragraph, the county auditor shall reduce the county's
41.14 levy for the preceding year to reflect any amount levied for water management purposes
41.15 under clause (i) included in the county's levy.

41.16 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2011
41.17 and thereafter.

41.18 Sec. 8. Minnesota Statutes 2008, section 275.07, subdivision 4, is amended to read:

41.19 Subd. 4. **Report to commissioner.** (a) On or before ~~October 8~~ September 20 of
41.20 each year, the county auditor shall report to the commissioner of revenue the proposed
41.21 levy certified by local units of government under section 275.065, subdivision 1. If
41.22 any taxing authorities have notified the county auditor that they are in the process of
41.23 negotiating an agreement for sharing, merging, or consolidating services but that when
41.24 the proposed levy was certified under section 275.065, subdivision 1c, the agreement was
41.25 not yet finalized, the county auditor shall supply that information to the commissioner
41.26 when filing the report under this section and shall recertify the affected levies as soon as
41.27 practical after ~~October 10~~ September 25.

41.28 (b) On or before January ~~15~~ 5 of each year, the county auditor shall report to the
41.29 commissioner of revenue the final levy certified by local units of government under
41.30 subdivision 1.

41.31 (c) The levies must be reported in the manner prescribed by the commissioner.

41.32 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2011
41.33 and thereafter.

42.1 Sec. 9. Minnesota Statutes 2008, section 375.194, subdivision 5, is amended to read:

42.2 Subd. 5. **Determination of county tax rate.** The eligible county's proposed and
42.3 final tax rates shall be determined by dividing the certified levy by the total taxable net tax
42.4 capacity, without regard to any abatements granted under this section. ~~The county board~~
42.5 ~~shall make available the estimated amount of the abatement at the public hearing under~~
42.6 ~~section 275.065, subdivision 6.~~

42.7 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
42.8 thereafter.

42.9 Sec. 10. Minnesota Statutes 2008, section 383A.75, subdivision 3, is amended to read:

42.10 Subd. 3. **Duties.** The committee is authorized to and shall meet from time to time
42.11 to make appropriate recommendations for the efficient and effective use of property tax
42.12 dollars raised by the jurisdictions for programs, buildings, and operations. In addition,
42.13 the committee shall:

42.14 (1) identify trends and factors likely to be driving budget outcomes over the next
42.15 five years with recommendations for how the jurisdictions should manage those trends
42.16 and factors to increase efficiency and effectiveness;

42.17 (2) agree, by October 1 of each year, on the appropriate level of overall property tax
42.18 levy for the three jurisdictions and publicly report such to the governing bodies of each
42.19 jurisdiction for ratification or modification by resolution; and

42.20 ~~(3) plan for the joint truth-in-taxation hearings under section 275.065, subdivision~~
42.21 ~~8; and~~

42.22 ~~(4)~~ (3) identify, by December 31 of each year, areas of the budget to be targeted in
42.23 the coming year for joint review to improve services or achieve efficiencies.

42.24 In carrying out its duties, the committee shall consult with public employees of
42.25 each jurisdiction and with other stakeholders of the city, county, and school district, as
42.26 appropriate.

42.27 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
42.28 thereafter.

42.29 Sec. 11. Minnesota Statutes 2008, section 446A.086, subdivision 8, is amended to read:

42.30 Subd. 8. **Tax levy for repayment.** (a) With the approval of the authority, a
42.31 governmental unit may levy in the year the state makes a payment under this section an
42.32 amount up to the amount necessary to provide funds for the repayment of the amount paid
42.33 by the state plus interest through the date of estimated repayment by the governmental

43.1 unit. The proceeds of this levy may be used only for this purpose unless they exceed the
43.2 amount actually due. Any excess must be used to repay other state payments made under
43.3 this section or must be deposited in the debt redemption fund of the governmental unit.
43.4 The amount of aids to be reduced to repay the state are decreased by the amount levied.

43.5 (b) If the state is not repaid in full for a payment made under this section by
43.6 November 30 of the calendar year following the year in which the state makes the
43.7 payment, the authority shall require the governmental unit to certify a property tax levy in
43.8 an amount up to the amount necessary to provide funds for repayment of the amount paid
43.9 by the state plus interest through the date of estimated repayment by the governmental unit.
43.10 To prevent undue hardship, the authority may allow the governmental unit to certify the
43.11 levy over a five-year period. The proceeds of the levy may be used only for this purpose
43.12 unless they are in excess of the amount actually due, in which case the excess must be used
43.13 to repay other state payments made under this section or must be deposited in the debt
43.14 redemption fund of the governmental unit. If the authority orders the governmental unit to
43.15 levy, the amount of aids reduced to repay the state are decreased by the amount levied.

43.16 ~~(c) A levy under this subdivision is an increase in the levy limits of the governmental~~
43.17 ~~unit for purposes of section 275.065, subdivision 6, and must be explained as a specific~~
43.18 ~~increase at the meeting required under that provision.~~

43.19 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
43.20 thereafter.

43.21 Sec. 12. Minnesota Statutes 2008, section 465.719, subdivision 9, is amended to read:

43.22 Subd. 9. **Application of other laws.** A corporation created by a political subdivision
43.23 under this section must comply with every law that applies to the political subdivision,
43.24 as if the corporation is a part of the political subdivision, unless the resolution ratifying
43.25 creation of the corporation specifically exempts the corporation from part or all of a law.
43.26 If the resolution exempts the corporation from part or all of a law, the resolution must
43.27 make a detailed and specific finding as to why the corporation cannot fulfill its purpose if
43.28 the corporation is subject to that law. A corporation may not be exempted from chapter
43.29 13D, the Minnesota Open Meeting Law, sections 138.163 to 138.25, governing records
43.30 management, or chapter 13, the Minnesota Government Data Practices Act. Any affected
43.31 or interested person may bring an action in district court to void the resolution on the
43.32 grounds that the findings are not sufficiently detailed and specific, or that the corporation
43.33 can fulfill its purpose if it is subject to the law from which the resolution exempts the
43.34 corporation. Laws that apply to a political subdivision that also apply to a corporation
43.35 created by a political subdivision under this subdivision include, but are not limited to:

- 44.1 (1) chapter 13D, the Minnesota Open Meeting Law;
- 44.2 (2) chapter 13, the Minnesota Government Data Practices Act;
- 44.3 (3) section 471.345, the Uniform Municipal Contracting Law;
- 44.4 (4) sections 43A.17, limiting the compensation of employees based on the governor's
- 44.5 salary; 471.991 to 471.999, providing for equitable pay; and 465.72 and 465.722,
- 44.6 governing severance pay;
- 44.7 ~~(5) section 275.065, providing for truth-in-taxation hearings. If any tax revenues of~~
- 44.8 ~~the political subdivision will be appropriated to the corporation, the corporation's annual~~
- 44.9 ~~operating and capital budgets must be included in the truth-in-taxation hearing of the~~
- 44.10 ~~political subdivision that created the corporation;~~
- 44.11 ~~(6)~~ (5) if the corporation issues debt, its debt is included in the political subdivision's
- 44.12 debt limit if it would be included if issued by the political subdivision, and issuance of the
- 44.13 debt is subject to the election and other requirements of chapter 475 and section 471.69;
- 44.14 ~~(7)~~ (6) section 471.895, prohibiting acceptance of gifts from interested parties, and
- 44.15 sections 471.87 to 471.89, relating to interests in contracts;
- 44.16 ~~(8)~~ (7) chapter 466, relating to municipal tort liability;
- 44.17 ~~(9)~~ (8) chapter 118A, requiring deposit insurance or bond or pledged collateral for
- 44.18 deposits;
- 44.19 ~~(10)~~ (9) chapter 118A, restricting investments;
- 44.20 ~~(11)~~ (10) section 471.346, requiring ownership of vehicles to be identified;
- 44.21 ~~(12)~~ (11) sections 471.38 to 471.41, requiring claims to be in writing, itemized, and
- 44.22 approved by the governing board before payment can be made; and
- 44.23 ~~(13)~~ (12) the corporation cannot make advances of pay, make or guarantee loans to
- 44.24 employees, or provide in-kind benefits unless authorized by law.

44.25 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and

44.26 thereafter.

44.27 Sec. 13. Minnesota Statutes 2008, section 473.13, subdivision 1, is amended to read:

44.28 Subdivision 1. **Budget.** (a) On or before December ~~20~~ 10 of each year, the council;

44.29 ~~after the public hearing required in section 275.065,~~ shall adopt a final budget covering its

44.30 anticipated receipts and disbursements for the ensuing year and shall decide upon the total

44.31 amount necessary to be raised from ad valorem tax levies to meet its budget. The budget

44.32 shall state in detail the expenditures for each program to be undertaken, including the

44.33 expenses for salaries, consultant services, overhead, travel, printing, and other items. The

44.34 budget shall state in detail the capital expenditures of the council for the budget year, based

44.35 on a five-year capital program adopted by the council and transmitted to the legislature.

45.1 After adoption of the budget and no later than five working days after December 20, the
45.2 council shall certify to the auditor of each metropolitan county the share of the tax to be
45.3 levied within that county, which must be an amount bearing the same proportion to the
45.4 total levy agreed on by the council as the net tax capacity of the county bears to the net tax
45.5 capacity of the metropolitan area. The maximum amount of any levy made for the purpose
45.6 of this chapter may not exceed the limits set by the statute authorizing the levy.

45.7 (b) Each even-numbered year the council shall prepare for its transit programs a
45.8 financial plan for the succeeding three calendar years, in half-year segments. The financial
45.9 plan must contain schedules of user charges and any changes in user charges planned or
45.10 anticipated by the council during the period of the plan. The financial plan must contain a
45.11 proposed request for state financial assistance for the succeeding biennium.

45.12 (c) In addition, the budget must show for each year:

45.13 (1) the estimated operating revenues from all sources including funds on hand at the
45.14 beginning of the year, and estimated expenditures for costs of operation, administration,
45.15 maintenance, and debt service;

45.16 (2) capital improvement funds estimated to be on hand at the beginning of the year
45.17 and estimated to be received during the year from all sources and estimated cost of capital
45.18 improvements to be paid out or expended during the year, all in such detail and form as
45.19 the council may prescribe; and

45.20 (3) the estimated source and use of pass-through funds.

45.21 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
45.22 thereafter, except that the date change in certifying the budget is effective for taxes
45.23 payable in 2011 and thereafter.

45.24 Sec. 14. **REPEALER.**

45.25 Minnesota Statutes 2008, section 275.065, subdivisions 5a, 6b, 6c, 8, 9, and 10, are
45.26 repealed.

45.27 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
45.28 thereafter.

45.29 **ARTICLE 5**
45.30 **PROPERTY TAX**

45.31 Section 1. Minnesota Statutes 2008, section 272.02, subdivision 7, is amended to read:

45.32 Subd. 7. **Institutions of public charity.** (a) Institutions of purely public charity that
45.33 are exempt from federal income taxation under section 501(c)(3) of the Internal Revenue

46.1 Code are exempt: if they meet the requirements of this subdivision. In determining
46.2 whether real property is exempt under this subdivision, the following factors must be
46.3 considered:

46.4 (1) whether the stated purpose of the undertaking is to be helpful to others without
46.5 immediate expectation of material reward;

46.6 (2) whether the institution of public charity is supported by material donations, gifts,
46.7 or government grants for services to the public in whole or in part;

46.8 (3) whether a material number of the recipients of the charity receive benefits or
46.9 services at reduced or no cost, or whether the organization provides services to the public
46.10 that alleviate burdens or responsibilities that would otherwise be borne by the government;

46.11 (4) whether the income received, including material gifts and donations, produces a
46.12 profit to the charitable institution that is distributed to private interests;

46.13 (5) whether the beneficiaries of the charity are restricted or unrestricted, and, if
46.14 restricted, whether the class of persons to whom the charity is made available is one
46.15 having a reasonable relationship to the charitable objectives; and

46.16 (6) whether dividends, in form or substance, or assets upon dissolution, are available
46.17 to private interests.

46.18 A charitable organization must satisfy the factors in clauses (1) to (6) for its property
46.19 to be exempt under this subdivision, unless there is a reasonable justification for missing
46.20 the factors in clause (2), (3), or (5). If there is reasonable justification for failing to meet
46.21 the factors in clause (2), (3), or (5), an organization is a purely public charity under this
46.22 subdivision without meeting those factors. After an exemption is properly granted under
46.23 this subdivision, it remains in effect unless there is a material change in facts.

46.24 (b) For purposes of this subdivision, a grant is a written instrument or electronic
46.25 document defining a legal relationship between a granting agency and a grantee when
46.26 the principal purpose of the relationship is to transfer cash or something of value to the
46.27 grantee to support a public purpose authorized by law in a general manner instead of
46.28 acquiring by professional or technical contract, purchase, lease, or barter property or
46.29 services for the direct benefit or use of the granting agency.

46.30 (c) In determining whether rental housing property qualifies for exemption under
46.31 this subdivision, the following are not gifts or donations to the owner of the rental housing:

46.32 (1) rent assistance provided by the government to or on behalf of tenants; and

46.33 (2) financing assistance or tax credits provided by the government to the owner on
46.34 condition that specific units or a specific quantity of units be set aside for persons or
46.35 families with certain income characteristics.

47.1 EFFECTIVE DATE. This section is effective for taxes payable in 2010 and
47.2 thereafter.

47.3 Sec. 2. PURPOSE; COMMISSIONER OF REVENUE GUIDANCE.

47.4 The purpose of Minnesota Statutes, section 272.02, subdivision 7, is not to contract
47.5 or expand the definition of "institutions of purely public charity" but to provide clear
47.6 standards that can be applied uniformly to determine eligibility for exemption from
47.7 property taxation. To carry out this purpose and to promote uniformity in application of
47.8 the provisions of Minnesota Statutes, section 272.02, subdivision 7, the commissioner of
47.9 revenue shall prepare a bulletin providing guidance to assessors as to the commissioner's
47.10 interpretation of Minnesota Statutes, section 272.02, subdivision 7. The bulletin may
47.11 include a discussion of court decisions that provide background to and context for
47.12 Minnesota Statutes, section 272.02, subdivision 7, as the commissioner deems appropriate.
47.13 This guidance must include examples of facts or circumstances that satisfy the requirement
47.14 of "a reasonable justification for failing to meet clause (2), (3), or (5)" under Minnesota
47.15 Statutes, section 272.02, subdivision 7. Assessors shall give due consideration to the
47.16 bulletin in assessing property requesting an exemption as an institution of purely public
47.17 charity. The commissioner shall distribute the bulletin to all assessors by July 1, 2010.

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

47.19 Sec. 3. Minnesota Statutes 2008, section 272.02, is amended by adding a subdivision
47.20 to read:

47.21 Subd. 90. Nursing homes. A nursing home licensed under section 144A.02 or a
47.22 boarding care home certified as a nursing facility under title 19 of the Social Security
47.23 Act that is exempt from federal income taxation pursuant to section 501(c)(3) of the
47.24 Internal Revenue Code is exempt from property taxation if the nursing home or boarding
47.25 care home either:

47.26 (1) is certified to participate in the medical assistance program under title 19 of
47.27 the Social Security Act; or

47.28 (2) certifies to the commissioner of revenue that it does not discharge residents
47.29 due to the inability to pay.

47.30 EFFECTIVE DATE. This section is effective for taxes payable in 2010 and
47.31 thereafter.

47.32 Sec. 4. Minnesota Statutes 2008, section 273.1231, subdivision 1, is amended to read:

48.1 Subdivision 1. **Applicability.** For purposes of sections 273.1231 to ~~273.1235~~
48.2 273.1236, the following words, terms, and phrases have the meanings given them in this
48.3 section unless the language or context clearly indicates that a different meaning is intended.

48.4 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and
48.5 thereafter.

48.6 Sec. 5. Minnesota Statutes 2008, section 273.1232, subdivision 1, is amended to read:

48.7 Subdivision 1. **Reassessments required.** For the purposes of sections 273.1231 to
48.8 ~~273.1235~~ 273.1236, the county assessor must reassess all damaged property in a disaster
48.9 or emergency area, except that the commissioner of revenue shall reassess all property
48.10 for which an application is submitted to the commissioner under section 273.1233 or
48.11 273.1235. As soon as practical, the assessor or commissioner of revenue must report
48.12 the reassessed value to the county auditor.

48.13 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and
48.14 thereafter.

48.15 Sec. 6. **[273.1236] DISASTER-DAMAGED HOMES; PARTIAL VALUATION**
48.16 **EXCLUSION.**

48.17 (a) A homestead property that (1) sustained physical damage from a disaster or
48.18 emergency resulting in a reassessed market value that is at least \$15,000 less than the
48.19 market value of the property established for the January 2 assessment in the year in which
48.20 the damage occurred, (2) has been restored or rebuilt by the end of the year following the
48.21 year in which the damage occurred, (3) has a gross living area after reconstruction that
48.22 does not exceed 150 percent of the gross living area prior to the disaster or emergency, and
48.23 (4) has an estimated market value for the assessment year following the year in which
48.24 the restoration or reconstruction was completed that exceeds its estimated market value
48.25 established for the January 2 assessment in the year in which the damage occurred by at
48.26 least \$25,000 due to the restoration or reconstruction, is eligible for a valuation exclusion
48.27 under this section for the three assessment years immediately following the year in which
48.28 the restoration or reconstruction was completed.

48.29 (b) The assessor shall determine the difference between the estimated market value
48.30 established for the January 2 assessment in the year in which the damage occurred and the
48.31 estimated market value established for the January 2 assessment in the year following the
48.32 completion of the restoration or reconstruction.

49.1 (c) In the first assessment year following the restoration or reconstruction, all of
49.2 the difference identified under paragraph (b) shall be excluded in determining taxable
49.3 market value. In the second assessment year following the restoration or reconstruction,
49.4 three-quarters of the difference identified under paragraph (b) shall be excluded in
49.5 determining taxable market value. In the third assessment year following the restoration
49.6 or reconstruction, one-half of the difference identified under paragraph (b) shall be
49.7 excluded in determining taxable market value. In the fourth assessment year following
49.8 the restoration or reconstruction, one-quarter of the difference identified under paragraph
49.9 (b) shall be excluded in determining taxable market value.

49.10 (d) For the purposes of this section, "gross living area" includes only above-grade
49.11 living area, and does not include any finished basement living area.

49.12 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and
49.13 thereafter.

49.14 Sec. 7. Minnesota Statutes 2008, section 273.124, subdivision 1, is amended to read:

49.15 Subdivision 1. **General rule.** (a) Residential real estate that is occupied and used
49.16 for the purposes of a homestead by its owner, who must be a Minnesota resident, is
49.17 a residential homestead.

49.18 Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and
49.19 used as a homestead by its owner, who must be a Minnesota resident, is an agricultural
49.20 homestead.

49.21 Dates for establishment of a homestead and homestead treatment provided to
49.22 particular types of property are as provided in this section.

49.23 Property held by a trustee under a trust is eligible for homestead classification if the
49.24 requirements under this chapter are satisfied.

49.25 The assessor shall require proof, as provided in subdivision 13, of the facts upon
49.26 which classification as a homestead may be determined. Notwithstanding any other law,
49.27 the assessor may at any time require a homestead application to be filed in order to verify
49.28 that any property classified as a homestead continues to be eligible for homestead status.
49.29 Notwithstanding any other law to the contrary, the Department of Revenue may, upon
49.30 request from an assessor, verify whether an individual who is requesting or receiving
49.31 homestead classification has filed a Minnesota income tax return as a resident for the most
49.32 recent taxable year for which the information is available.

49.33 When there is a name change or a transfer of homestead property, the assessor may
49.34 reclassify the property in the next assessment unless a homestead application is filed to
49.35 verify that the property continues to qualify for homestead classification.

50.1 (b) For purposes of this section, homestead property shall include property which
50.2 is used for purposes of the homestead but is separated from the homestead by a road,
50.3 street, lot, waterway, or other similar intervening property. The term "used for purposes
50.4 of the homestead" shall include but not be limited to uses for gardens, garages, or other
50.5 outbuildings commonly associated with a homestead, but shall not include vacant land
50.6 held primarily for future development. In order to receive homestead treatment for
50.7 the noncontiguous property, the owner must use the property for the purposes of the
50.8 homestead, and must apply to the assessor, both by the deadlines given in subdivision
50.9 9. After initial qualification for the homestead treatment, additional applications for
50.10 subsequent years are not required.

50.11 (c) Residential real estate that is occupied and used for purposes of a homestead by a
50.12 relative of the owner is a homestead but only to the extent of the homestead treatment
50.13 that would be provided if the related owner occupied the property. For purposes of this
50.14 paragraph and paragraph (g), "relative" means a parent, stepparent, child, stepchild,
50.15 grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship
50.16 may be by blood or marriage. Property that has been classified as seasonal residential
50.17 recreational property at any time during which it has been owned by the current owner or
50.18 spouse of the current owner will not be reclassified as a homestead unless it is occupied as
50.19 a homestead by the owner; this prohibition also applies to property that, in the absence of
50.20 this paragraph, would have been classified as seasonal residential recreational property at
50.21 the time when the residence was constructed. Neither the related occupant nor the owner
50.22 of the property may claim a property tax refund under chapter 290A for a homestead
50.23 occupied by a relative. In the case of a residence located on agricultural land, only the
50.24 house, garage, and immediately surrounding one acre of land shall be classified as a
50.25 homestead under this paragraph, except as provided in paragraph (d). In the case of
50.26 nonagricultural property, this paragraph only applies to applications approved before
50.27 December 16, 2009.

50.28 (d) Agricultural property that is occupied and used for purposes of a homestead by
50.29 a relative of the owner, is a homestead, only to the extent of the homestead treatment
50.30 that would be provided if the related owner occupied the property, and only if all of the
50.31 following criteria are met:

50.32 (1) the relative who is occupying the agricultural property is a son, daughter, brother,
50.33 sister, grandson, granddaughter, father, or mother of the owner of the agricultural property
50.34 or a son, daughter, brother, sister, grandson, or granddaughter of the spouse of the owner
50.35 of the agricultural property;

50.36 (2) the owner of the agricultural property must be a Minnesota resident;

51.1 (3) the owner of the agricultural property must not receive homestead treatment on
51.2 any other agricultural property in Minnesota; and

51.3 (4) the owner of the agricultural property is limited to only one agricultural
51.4 homestead per family under this paragraph.

51.5 Neither the related occupant nor the owner of the property may claim a property
51.6 tax refund under chapter 290A for a homestead occupied by a relative qualifying under
51.7 this paragraph. For purposes of this paragraph, "agricultural property" means the house,
51.8 garage, other farm buildings and structures, and agricultural land.

51.9 Application must be made to the assessor by the owner of the agricultural property to
51.10 receive homestead benefits under this paragraph. The assessor may require the necessary
51.11 proof that the requirements under this paragraph have been met.

51.12 (e) In the case of property owned by a property owner who is married, the assessor
51.13 must not deny homestead treatment in whole or in part if only one of the spouses occupies
51.14 the property and the other spouse is absent due to: (1) marriage dissolution proceedings,
51.15 (2) legal separation, (3) employment or self-employment in another location, or (4) other
51.16 personal circumstances causing the spouses to live separately, not including an intent to
51.17 obtain two homestead classifications for property tax purposes. To qualify under clause
51.18 (3), the spouse's place of employment or self-employment must be at least 50 miles distant
51.19 from the other spouse's place of employment, and the homesteads must be at least 50 miles
51.20 distant from each other. Homestead treatment, in whole or in part, shall not be denied to
51.21 the owner's spouse who previously occupied the residence with the owner if the absence
51.22 of the owner is due to one of the exceptions provided in this paragraph.

51.23 (f) The assessor must not deny homestead treatment in whole or in part if:

51.24 (1) in the case of a property owner who is not married, the owner is absent due to
51.25 residence in a nursing home, boarding care facility, or an elderly assisted living facility
51.26 property as defined in section 273.13, subdivision 25a, and the property is not otherwise
51.27 occupied; or

51.28 (2) in the case of a property owner who is married, the owner or the owner's spouse
51.29 or both are absent due to residence in a nursing home, boarding care facility, or an elderly
51.30 assisted living facility property as defined in section 273.13, subdivision 25a, and the
51.31 property is not occupied or is occupied only by the owner's spouse.

51.32 (g) If an individual is purchasing property with the intent of claiming it as a
51.33 homestead and is required by the terms of the financing agreement to have a relative
51.34 shown on the deed as a co-owner, the assessor shall allow a full homestead classification.
51.35 This provision only applies to first-time purchasers, whether married or single, or to a
51.36 person who had previously been married and is purchasing as a single individual for the

52.1 first time. The application for homestead benefits must be on a form prescribed by the
52.2 commissioner and must contain the data necessary for the assessor to determine if full
52.3 homestead benefits are warranted.

52.4 (h) If residential or agricultural real estate is occupied and used for purposes of a
52.5 homestead by a child of a deceased owner and the property is subject to jurisdiction of
52.6 probate court, the child shall receive relative homestead classification under paragraph (c)
52.7 or (d) to the same extent they would be entitled to it if the owner was still living, until
52.8 the probate is completed. For purposes of this paragraph, "child" includes a relationship
52.9 by blood or by marriage.

52.10 (i) If a single-family home, duplex, or triplex classified as either residential
52.11 homestead or agricultural homestead is also used to provide licensed child care, the
52.12 portion of the property used for licensed child care must be classified as a part of the
52.13 homestead property.

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

52.15 Sec. 8. Minnesota Statutes 2008, section 273.13, subdivision 25, is amended to read:

52.16 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more
52.17 units and used or held for use by the owner or by the tenants or lessees of the owner
52.18 as a residence for rental periods of 30 days or more, excluding property qualifying for
52.19 class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other
52.20 than hospitals exempt under section 272.02, and contiguous property used for hospital
52.21 purposes, without regard to whether the property has been platted or subdivided. The
52.22 market value of class 4a property has a class rate of 1.25 percent.

52.23 (b) Class 4b includes:

52.24 (1) residential real estate containing less than four units that does not qualify as class
52.25 4bb, other than seasonal residential recreational property;

52.26 (2) manufactured homes not classified under any other provision;

52.27 (3) a dwelling, garage, and surrounding one acre of property on a nonhomestead
52.28 farm classified under subdivision 23, paragraph (b) containing two or three units; and

52.29 (4) unimproved property that is classified residential as determined under subdivision
52.30 33.

52.31 The market value of class 4b property has a class rate of 1.25 percent.

52.32 (c) Class 4bb includes:

52.33 (1) nonhomestead residential real estate containing one unit, other than seasonal
52.34 residential recreational property; and

53.1 (2) a single family dwelling, garage, and surrounding one acre of property on a
53.2 nonhomestead farm classified under subdivision 23, paragraph (b).

53.3 Class 4bb property has the same class rates as class 1a property under subdivision 22.

53.4 Property that has been classified as seasonal residential recreational property at
53.5 any time during which it has been owned by the current owner or spouse of the current
53.6 owner does not qualify for class 4bb.

53.7 (d) Class 4c property includes:

53.8 (1) except as provided in subdivision 22, paragraph (c), or subdivision 23, paragraph
53.9 (b), clause (1), real and personal property devoted to temporary and seasonal residential
53.10 occupancy for recreation purposes, including real and personal property devoted to
53.11 temporary and seasonal residential occupancy for recreation purposes and not devoted to
53.12 commercial purposes for more than 250 days in the year preceding the year of assessment.

53.13 For purposes of this clause, property is devoted to a commercial purpose on a specific
53.14 day if any portion of the property is used for residential occupancy, and a fee is charged
53.15 for residential occupancy. Class 4c property must contain three or more rental units. A
53.16 "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual
53.17 camping site equipped with water and electrical hookups for recreational vehicles.

53.18 Except for property described in item (iii), class 4c property must provide recreational
53.19 activities such as renting ice fishing houses, boats and motors, snowmobiles, downhill or
53.20 cross-country ski equipment; provide marina services, launch services, or guide services;
53.21 or sell bait and fishing tackle. A camping pad offered for rent by a property that otherwise
53.22 qualifies for class 4c is also class 4c regardless of the term of the rental agreement, as
53.23 long as the use of the camping pad does not exceed 250 days. In order for a property to
53.24 be classified as class 4c, seasonal residential recreational for commercial purposes under
53.25 this clause, at least 40 percent of the annual gross lodging receipts related to the property
53.26 must be from business conducted during 90 consecutive days and either (i) at least 60
53.27 percent of all paid bookings by lodging guests during the year must be for periods of at
53.28 least two consecutive nights; or (ii) at least 20 percent of the annual gross receipts must
53.29 be from charges for rental of fish houses, boats and motors, snowmobiles, downhill or
53.30 cross-country ski equipment, or charges for marina services, launch services, and guide
53.31 services, or the sale of bait and fishing tackle; or (iii) the property contains 20 rental units
53.32 or less, is devoted to temporary residential occupancy, is located in a township or a city
53.33 that has a population of 2,500 or less, and is located outside the metropolitan area as
53.34 defined under section 473.121, subdivision 2. For purposes of this determination, a paid
53.35 booking of five or more nights shall be counted as two bookings. Class 4c also includes
53.36 commercial use real property used exclusively for recreational purposes in conjunction

54.1 with class 4c property devoted to temporary and seasonal residential occupancy for
54.2 recreational purposes, up to a total of two acres, provided the property is not devoted
54.3 to commercial recreational use for more than 250 days in the year preceding the year
54.4 of assessment and is located within two miles of the class 4c property with which it is
54.5 used. Owners of real and personal property devoted to temporary and seasonal residential
54.6 occupancy for recreation purposes and all or a portion of which was devoted to commercial
54.7 purposes for not more than 250 days in the year preceding the year of assessment desiring
54.8 classification as class 4c, must submit a declaration to the assessor designating the cabins
54.9 or units occupied for 250 days or less in the year preceding the year of assessment by
54.10 January 15 of the assessment year. Those cabins or units and a proportionate share of the
54.11 land on which they are located must be designated class 4c as otherwise provided. The
54.12 remainder of the cabins or units and a proportionate share of the land on which they are
54.13 located will be designated as class 3a. The owner of property desiring designation as class
54.14 4c property must provide guest registers or other records demonstrating that the units for
54.15 which class 4c designation is sought were not occupied for more than 250 days in the
54.16 year preceding the assessment if so requested. The portion of a property operated as a
54.17 (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other
54.18 nonresidential facility operated on a commercial basis not directly related to temporary
54.19 and seasonal residential occupancy for recreation purposes does not qualify for class 4c;

54.20 (2) qualified property used as a golf course if:

54.21 (i) it is open to the public on a daily fee basis. It may charge membership fees or
54.22 dues, but a membership fee may not be required in order to use the property for golfing,
54.23 and its green fees for golfing must be comparable to green fees typically charged by
54.24 municipal courses; and

54.25 (ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

54.26 A structure used as a clubhouse, restaurant, or place of refreshment in conjunction
54.27 with the golf course is classified as class 3a property;

54.28 (3) real property up to a maximum of three acres of land owned and used by a
54.29 nonprofit community service oriented organization and that is not used for residential
54.30 purposes on either a temporary or permanent basis, qualifies for class 4c provided that
54.31 it meets either of the following:

54.32 (i) the property is not used for a revenue-producing activity for more than six days
54.33 in the calendar year preceding the year of assessment; or

54.34 (ii) the organization makes annual charitable contributions and donations at least
54.35 equal to the property's previous year's property taxes and the property is allowed to be

55.1 used for public and community meetings or events for no charge, as appropriate to the
55.2 size of the facility.

55.3 For purposes of this clause,

55.4 (A) "charitable contributions and donations" has the same meaning as lawful
55.5 gambling purposes under section 349.12, subdivision 25, excluding those purposes
55.6 relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;

55.7 (B) "property taxes" excludes the state general tax;

55.8 (C) a "nonprofit community service oriented organization" means any corporation,
55.9 society, association, foundation, or institution organized and operated exclusively for
55.10 charitable, religious, fraternal, civic, or educational purposes, and which is exempt
55.11 from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal
55.12 Revenue Code; and

55.13 (D) "revenue-producing activities" shall include but not be limited to property or that
55.14 portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt
55.15 liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling
55.16 alley, a retail store, gambling conducted by organizations licensed under chapter 349, an
55.17 insurance business, or office or other space leased or rented to a lessee who conducts a
55.18 for-profit enterprise on the premises.

55.19 Any portion of the property qualifying under item (i) which is used for revenue-producing
55.20 activities for more than six days in the calendar year preceding the year of assessment
55.21 shall be assessed as class 3a. The use of the property for social events open exclusively
55.22 to members and their guests for periods of less than 24 hours, when an admission is
55.23 not charged nor any revenues are received by the organization shall not be considered a
55.24 revenue-producing activity.

55.25 The organization shall maintain records of its charitable contributions and donations
55.26 and of public meetings and events held on the property and make them available upon
55.27 request any time to the assessor to ensure eligibility. An organization meeting the
55.28 requirement under item (ii) must file an application by May 1 with the assessor for
55.29 eligibility for the current year's assessment. The commissioner shall prescribe a uniform
55.30 application form and instructions;

55.31 (4) postsecondary student housing of not more than one acre of land that is owned by
55.32 a nonprofit corporation organized under chapter 317A and is used exclusively by a student
55.33 cooperative, sorority, or fraternity for on-campus housing or housing located within two
55.34 miles of the border of a college campus;

55.35 (5) manufactured home parks as defined in section 327.14, subdivision 3;

56.1 (6) real property that is actively and exclusively devoted to indoor fitness, health,
56.2 social, recreational, and related uses, is owned and operated by a not-for-profit corporation,
56.3 and is located within the metropolitan area as defined in section 473.121, subdivision 2;

56.4 (7) a leased or privately owned noncommercial aircraft storage hangar not exempt
56.5 under section 272.01, subdivision 2, and the land on which it is located, provided that:

56.6 (i) the land is on an airport owned or operated by a city, town, county, Metropolitan
56.7 Airports Commission, or group thereof; and

56.8 (ii) the land lease, or any ordinance or signed agreement restricting the use of the
56.9 leased premise, prohibits commercial activity performed at the hangar.

56.10 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must
56.11 be filed by the new owner with the assessor of the county where the property is located
56.12 within 60 days of the sale;

56.13 (8) a privately owned noncommercial aircraft storage hangar not exempt under
56.14 section 272.01, subdivision 2, and the land on which it is located, provided that:

56.15 (i) the land abuts a public airport; and

56.16 (ii) the owner of the aircraft storage hangar provides the assessor with a signed
56.17 agreement restricting the use of the premises, prohibiting commercial use or activity
56.18 performed at the hangar; and

56.19 (9) residential real estate, a portion of which is used by the owner for homestead
56.20 purposes, and that is also a place of lodging, if all of the following criteria are met:

56.21 (i) rooms are provided for rent to transient guests that generally stay for periods
56.22 of 14 or fewer days;

56.23 (ii) meals are provided to persons who rent rooms, the cost of which is incorporated
56.24 in the basic room rate;

56.25 (iii) meals are not provided to the general public except for special events on fewer
56.26 than seven days in the calendar year preceding the year of the assessment; and

56.27 (iv) the owner is the operator of the property.

56.28 The market value subject to the 4c classification under this clause is limited to five rental
56.29 units. Any rental units on the property in excess of five, must be valued and assessed as
56.30 class 3a. The portion of the property used for purposes of a homestead by the owner must
56.31 be classified as class 1a property under subdivision 22; and

56.32 (10) real property up to a maximum of three acres and operated as a restaurant
56.33 as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake
56.34 as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B)
56.35 is either devoted to commercial purposes for not more than 250 consecutive days, or
56.36 receives at least 60 percent of its annual gross receipts from business conducted during

57.1 four consecutive months. Gross receipts from the sale of alcoholic beverages must be
57.2 included in determining the property's qualification under subitem (B). The property's
57.3 primary business must be as a restaurant and not as a bar. Gross receipts from gift shop
57.4 sales located on the premises must be excluded. Owners of real property desiring 4c
57.5 classification under this clause must submit an annual declaration to the assessor by
57.6 February 1 of the current assessment year, based on the property's relevant information for
57.7 the preceding assessment year.

57.8 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each
57.9 parcel of seasonal residential recreational property not used for commercial purposes has
57.10 the same class rates as class 4bb property, (ii) manufactured home parks assessed under
57.11 clause (5) have the same class rate as class 4b property, (iii) commercial-use seasonal
57.12 residential recreational property has a class rate of one percent for the first \$500,000 of
57.13 market value, and 1.25 percent for the remaining market value, (iv) the market value of
57.14 property described in clause (4) has a class rate of one percent, (v) the market value of
57.15 property described in clauses (2), (6), and (10) has a class rate of 1.25 percent, and (vi)
57.16 that portion of the market value of property in clause (9) qualifying for class 4c property
57.17 has a class rate of 1.25 percent.

57.18 (e) Class 4d property is qualifying low-income rental housing certified to the assessor
57.19 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion
57.20 of the units in the building qualify as low-income rental housing units as certified under
57.21 section 273.128, subdivision 3, only the proportion of qualifying units to the total number
57.22 of units in the building qualify for class 4d. The remaining portion of the building shall be
57.23 classified by the assessor based upon its use. Class 4d also includes the same proportion of
57.24 land as the qualifying low-income rental housing units are to the total units in the building.
57.25 For all properties qualifying as class 4d, the market value determined by the assessor must
57.26 be based on the normal approach to value using normal unrestricted rents.

57.27 Class 4d property has a class rate of 0.75 percent.

57.28 **EFFECTIVE DATE.** This section is effective for assessment year 2009, taxes
57.29 payable in 2010, and thereafter. For assessment year 2009 only, the January 15 application
57.30 date under paragraph (d), clause (1), shall be extended to July 1, 2009, for property
57.31 initially qualifying for the 2009 assessment under paragraph (d), clause (1), item (iii).

57.32 Sec. 9. Minnesota Statutes 2008, section 273.13, subdivision 34, is amended to read:

57.33 Subd. 34. **Homestead of disabled veteran.** (a) All or a portion of the market value
57.34 of property owned by a veteran or by the veteran and the veteran's spouse qualifying
57.35 for homestead classification under subdivision 22 or 23 is excluded in determining the

58.1 property's taxable market value if it serves as the homestead of a military veteran, as
58.2 defined in section 197.447, who has a service-connected disability of 70 percent or more.
58.3 To qualify for exclusion under this subdivision, the veteran must have been honorably
58.4 discharged from the United States armed forces, as indicated by United States Government
58.5 Form DD214 or other official military discharge papers, and must be certified by the
58.6 United States Veterans Administration as having a service-connected disability.

58.7 (b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is
58.8 excluded, except as provided in clause (2); and

58.9 (2) for a total (100 percent) and permanent disability, \$300,000 of market value is
58.10 excluded.

58.11 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b),
58.12 clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the
58.13 spouse holds the legal or beneficial title to the homestead and permanently resides there,
58.14 the exclusion shall carry over to the benefit of the veteran's spouse for ~~one~~ five additional
58.15 ~~assessment year or years~~ or until such time as the spouse sells, transfers, or otherwise
58.16 disposes of the property or remarries, whichever comes first.

58.17 (d) In the case of an agricultural homestead, only the portion of the property
58.18 consisting of the house and garage and immediately surrounding one acre of land qualifies
58.19 for the valuation exclusion under this subdivision.

58.20 (e) A property qualifying for a valuation exclusion under this subdivision is not
58.21 eligible for the credit under section 273.1384, subdivision 1, or classification under
58.22 subdivision 22, paragraph (b).

58.23 (f) To qualify for a valuation exclusion under this subdivision a property owner must
58.24 apply to the assessor by July 1 of each assessment year, except that an annual reapplication
58.25 is not required once a property has been accepted for a valuation exclusion under paragraph
58.26 (b), clause (2), and the property continues to qualify until there is a change in ownership.

58.27 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
58.28 thereafter.

58.29 Sec. 10. Minnesota Statutes 2008, section 276.04, subdivision 2, is amended to read:

58.30 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the
58.31 printing of the tax statements. The commissioner of revenue shall prescribe the form of
58.32 the property tax statement and its contents. The tax statement must not state or imply
58.33 that property tax credits are paid by the state of Minnesota. The statement must contain
58.34 a tabulated statement of the dollar amount due to each taxing authority and the amount
58.35 of the state tax from the parcel of real property for which a particular tax statement is

59.1 prepared. The dollar amounts attributable to the county, the state tax, the voter approved
59.2 school tax, the other local school tax, the township or municipality, and the total of
59.3 the metropolitan special taxing districts as defined in section 275.065, subdivision 3,
59.4 paragraph (i), must be separately stated. The amounts due all other special taxing districts,
59.5 if any, may be aggregated except that any levies made by the regional rail authorities in the
59.6 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter
59.7 398A shall be listed on a separate line directly under the appropriate county's levy. If the
59.8 county levy under this paragraph includes an amount for a lake improvement district as
59.9 defined under sections 103B.501 to 103B.581, the amount attributable for that purpose
59.10 must be separately stated from the remaining county levy amount. In the case of Ramsey
59.11 County, if the county levy under this paragraph includes an amount for public library
59.12 service under section 134.07, the amount attributable for that purpose may be separated
59.13 from the remaining county levy amount. The amount of the tax on homesteads qualifying
59.14 under the senior citizens' property tax deferral program under chapter 290B is the total
59.15 amount of property tax before subtraction of the deferred property tax amount. The
59.16 amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any,
59.17 must also be separately stated. The dollar amounts, including the dollar amount of any
59.18 special assessments, may be rounded to the nearest even whole dollar. For purposes of this
59.19 section whole odd-numbered dollars may be adjusted to the next higher even-numbered
59.20 dollar. The amount of market value excluded under section 273.11, subdivision 16, if any,
59.21 must also be listed on the tax statement.

59.22 (b) The property tax statements for manufactured homes and sectional structures
59.23 taxed as personal property shall contain the same information that is required on the
59.24 tax statements for real property.

59.25 (c) Real and personal property tax statements must contain the following information
59.26 in the order given in this paragraph. The information must contain the current year tax
59.27 information in the right column with the corresponding information for the previous year
59.28 in a column on the left:

59.29 (1) the property's estimated market value under section 273.11, subdivision 1;

59.30 (2) the property's taxable market value after reductions under section 273.11,
59.31 subdivisions 1a and 16;

59.32 (3) the property's gross tax, before credits;

59.33 (4) for homestead residential and agricultural properties, the credits under section
59.34 273.1384;

59.35 (5) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;
59.36 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of

60.1 credit received under section 273.135 must be separately stated and identified as "taconite
60.2 tax relief"; and

60.3 (6) the net tax payable in the manner required in paragraph (a).

60.4 (d) If the county uses envelopes for mailing property tax statements and if the county
60.5 agrees, a taxing district may include a notice with the property tax statement notifying
60.6 taxpayers when the taxing district will begin its budget deliberations for the current
60.7 year, and encouraging taxpayers to attend the hearings. If the county allows notices to
60.8 be included in the envelope containing the property tax statement, and if more than
60.9 one taxing district relative to a given property decides to include a notice with the tax
60.10 statement, the county treasurer or auditor must coordinate the process and may combine
60.11 the information on a single announcement.

60.12 **EFFECTIVE DATE.** This section is effective for taxes payable in 2011 and
60.13 thereafter.

60.14 Sec. 11. Minnesota Statutes 2008, section 282.08, is amended to read:

60.15 **282.08 APPORTIONMENT OF PROCEEDS TO TAXING DISTRICTS.**

60.16 The net proceeds from the sale or rental of any parcel of forfeited land, or from the
60.17 sale of products from the forfeited land, must be apportioned by the county auditor to the
60.18 taxing districts interested in the land, as follows:

60.19 (1) the portion required to pay any amounts included in the appraised value
60.20 under section 282.01, subdivision 3, as representing increased value due to any public
60.21 improvement made after forfeiture of the parcel to the state, but not exceeding the
60.22 amount certified by the appropriate governmental authority must be apportioned to the
60.23 governmental subdivision entitled to it;

60.24 (2) the portion required to pay any amount included in the appraised value under
60.25 section 282.019, subdivision 5, representing increased value due to response actions
60.26 taken after forfeiture of the parcel to the state, but not exceeding the amount of expenses
60.27 certified by the Pollution Control Agency or the commissioner of agriculture, must be
60.28 apportioned to the agency or the commissioner of agriculture and deposited in the fund
60.29 from which the expenses were paid;

60.30 (3) the portion of the remainder required to discharge any special assessment
60.31 chargeable against the parcel for drainage or other purpose whether due or deferred at the
60.32 time of forfeiture, must be apportioned to the governmental subdivision entitled to it; and

60.33 (4) any balance must be apportioned as follows:

61.1 (i)(A) Except as provided in subitem (B), the county board may annually by
61.2 resolution set aside no more than 30 percent of the receipts remaining to be used for forest
61.3 development on tax-forfeited land and dedicated memorial forests, to be expended under
61.4 the supervision of the county board. It must be expended only on projects improving the
61.5 health and management of the forest resource.

61.6 (B) The county board is authorized to use some of the money set aside under subitem
61.7 (A) to replace all or a portion of the amount of aid or credit reimbursement that the county
61.8 was to receive under sections 273.1384 and 477A.0124, but did not receive due to aid cuts
61.9 or unallotment from the state. Within six months of the actual aid or credit reimbursement
61.10 loss, the county board may adopt a resolution transferring money from this fund to the
61.11 county's general fund, not to exceed the amount of aid or credit reimbursement loss to the
61.12 county. This subitem expires January 1, 2012.

61.13 (ii) The county board may annually by resolution set aside no more than 20 percent
61.14 of the receipts remaining to be used for the acquisition and maintenance of county parks
61.15 or recreational areas as defined in sections 398.31 to 398.36, to be expended under the
61.16 supervision of the county board.

61.17 (iii) Any balance remaining must be apportioned as follows: county, 40 percent;
61.18 town or city, 20 percent; and school district, 40 percent, provided, however, that in
61.19 unorganized territory that portion which would have accrued to the township must be
61.20 administered by the county board of commissioners.

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

61.22 Sec. 12. Minnesota Statutes 2008, section 290B.03, subdivision 1, is amended to read:

61.23 Subdivision 1. **Program qualifications.** The qualifications for the senior citizens'
61.24 property tax deferral program are as follows:

61.25 (1) the property must be owned and occupied as a homestead by a person 65 years
61.26 of age or older. In the case of a married couple, ~~both~~ at least one of the spouses must
61.27 be at least 65 years old at the time the first property tax deferral is granted, regardless
61.28 of whether the property is titled in the name of one spouse or both spouses, or titled in
61.29 another way that permits the property to have homestead status, and the other spouse
61.30 must be at least 62 years of age;

61.31 (2) the total household income of the qualifying homeowners, as defined in section
61.32 290A.03, subdivision 5, for the calendar year preceding the year of the initial application
61.33 may not exceed ~~\$60,000~~ \$75,000;

62.1 (3) the homestead must have been owned and occupied as the homestead of at
62.2 least one of the qualifying homeowners for at least ~~15~~ ten years prior to the year the
62.3 initial application is filed;

62.4 (4) there are no state or federal tax liens or judgment liens on the homesteaded
62.5 property;

62.6 (5) there are no mortgages or other liens on the property that secure future advances,
62.7 except for those subject to credit limits that result in compliance with clause (6); and

62.8 (6) the total unpaid balances of debts secured by mortgages and other liens on the
62.9 property, including unpaid and delinquent special assessments and interest and any
62.10 delinquent property taxes, penalties, and interest, but not including property taxes payable
62.11 during the year, does not exceed 75 percent of the assessor's estimated market value for
62.12 the year.

62.13 **EFFECTIVE DATE.** This section is effective July 1, 2009, and thereafter.

62.14 Sec. 13. Minnesota Statutes 2008, section 290B.04, subdivision 3, is amended to read:

62.15 Subd. 3. **Excess-income certification by taxpayer.** A taxpayer whose initial
62.16 application has been approved under subdivision 2 shall notify the commissioner of
62.17 revenue in writing by July 1 if the taxpayer's household income for the preceding calendar
62.18 year exceeded ~~\$60,000~~ \$75,000. The certification must state the homeowner's total
62.19 household income for the previous calendar year. No property taxes may be deferred
62.20 under this chapter in any year following the year in which a program participant filed
62.21 or should have filed an excess-income certification under this subdivision, unless the
62.22 participant has filed a resumption of eligibility certification as described in subdivision 4.

62.23 **EFFECTIVE DATE.** This section is effective July 1, 2009, and thereafter.

62.24 Sec. 14. Minnesota Statutes 2008, section 290B.04, subdivision 4, is amended to read:

62.25 Subd. 4. **Resumption of eligibility certification by taxpayer.** A taxpayer who has
62.26 previously filed an excess-income certification under subdivision 3 may resume program
62.27 participation if the taxpayer's household income for a subsequent year is ~~\$60,000~~ \$75,000
62.28 or less. If the taxpayer chooses to resume program participation, the taxpayer must notify
62.29 the commissioner of revenue in writing by July 1 of the year following a calendar year in
62.30 which the taxpayer's household income is ~~\$60,000~~ \$75,000 or less. The certification must
62.31 state the taxpayer's total household income for the previous calendar year. Once a taxpayer
62.32 resumes participation in the program under this subdivision, participation will continue

63.1 until the taxpayer files a subsequent excess-income certification under subdivision 3 or
63.2 until participation is terminated under section 290B.08, subdivision 1.

63.3 **EFFECTIVE DATE.** This section is effective July 1, 2009, and thereafter.

63.4 Sec. 15. Minnesota Statutes 2008, section 290B.05, subdivision 1, is amended to read:

63.5 Subdivision 1. **Determination by commissioner.** The commissioner shall
63.6 determine each qualifying homeowner's "annual maximum property tax amount"
63.7 following approval of the homeowner's initial application and following the receipt of a
63.8 resumption of eligibility certification. The "annual maximum property tax amount" equals
63.9 three percent of the homeowner's total household income for the year preceding either the
63.10 initial application or the resumption of eligibility certification, whichever is applicable.
63.11 Following approval of the initial application, the commissioner shall determine the
63.12 qualifying homeowner's "maximum allowable deferral." No tax may be deferred relative
63.13 to the appropriate assessment year for any homeowner whose total household income
63.14 for the previous year exceeds ~~\$60,000~~ \$75,000. No tax shall be deferred in any year in
63.15 which the homeowner does not meet the program qualifications in section 290B.03. The
63.16 maximum allowable total deferral is equal to 75 percent of the assessor's estimated market
63.17 value for the year, less the balance of any mortgage loans and other amounts secured by
63.18 liens against the property at the time of application, including any unpaid and delinquent
63.19 special assessments and interest and any delinquent property taxes, penalties, and interest,
63.20 but not including property taxes payable during the year.

63.21 **EFFECTIVE DATE.** This section is effective July 1, 2009, and thereafter.

63.22 Sec. 16. Minnesota Statutes 2008, section 290B.07, is amended to read:

63.23 **290B.07 LIEN; DEFERRED PORTION.**

63.24 (a) Payment by the state to the county treasurer of property taxes, penalties, interest,
63.25 or special assessments and interest deferred under this chapter is deemed a loan from the
63.26 state to the program participant. The commissioner must compute the interest as provided
63.27 in section 270C.40, subdivision 5, but not to exceed ~~five~~ three percent, and maintain
63.28 records of the total deferred amount and interest for each participant. Interest shall accrue
63.29 beginning September 1 of the payable year for which the taxes are deferred. Any deferral
63.30 made under this chapter shall not be construed as delinquent property taxes.

63.31 The lien created under section 272.31 continues to secure payment by the taxpayer,
63.32 or by the taxpayer's successors or assigns, of the amount deferred, including interest, with
63.33 respect to all years for which amounts are deferred. The lien for deferred taxes and interest

64.1 has the same priority as any other lien under section 272.31, except that liens, including
64.2 mortgages, recorded or filed prior to the recording or filing of the notice under section
64.3 290B.04, subdivision 2, have priority over the lien for deferred taxes and interest. A
64.4 seller's interest in a contract for deed, in which a qualifying homeowner is the purchaser
64.5 or an assignee of the purchaser, has priority over deferred taxes and interest on deferred
64.6 taxes, regardless of whether the contract for deed is recorded or filed. The lien for deferred
64.7 taxes and interest for future years has the same priority as the lien for deferred taxes and
64.8 interest for the first year, which is always higher in priority than any mortgages or other
64.9 liens filed, recorded, or created after the notice recorded or filed under section 290B.04,
64.10 subdivision 2. The county treasurer or auditor shall maintain records of the deferred
64.11 portion and shall list the amount of deferred taxes for the year and the cumulative deferral
64.12 and interest for all previous years as a lien against the property. In any certification of
64.13 unpaid taxes for a tax parcel, the county auditor shall clearly distinguish between taxes
64.14 payable in the current year, deferred taxes and interest, and delinquent taxes. Payment
64.15 of the deferred portion becomes due and owing at the time specified in section 290B.08.
64.16 Upon receipt of the payment, the commissioner shall issue a receipt for it to the person
64.17 making the payment upon request and shall notify the auditor of the county in which the
64.18 parcel is located, within ten days, identifying the parcel to which the payment applies.
64.19 Upon receipt by the commissioner of revenue of collected funds in the amount of the
64.20 deferral, the state's loan to the program participant is deemed paid in full.

64.21 (b) If property for which taxes have been deferred under this chapter forfeits
64.22 under chapter 281 for nonpayment of a nondeferred property tax amount, or because
64.23 of nonpayment of amounts previously deferred following a termination under section
64.24 290B.08, the lien for the taxes deferred under this chapter, plus interest and costs, shall be
64.25 canceled by the county auditor as provided in section 282.07. However, notwithstanding
64.26 any other law to the contrary, any proceeds from a subsequent sale of the property under
64.27 chapter 282 or another law, must be used to first reimburse the county's forfeited tax sale
64.28 fund for any direct costs of selling the property or any costs directly related to preparing
64.29 the property for sale, and then to reimburse the state for the amount of the canceled
64.30 lien. Within 90 days of the receipt of any sale proceeds to which the state is entitled
64.31 under these provisions, the county auditor must pay those funds to the commissioner of
64.32 revenue by warrant for deposit in the general fund. No other deposit, use, distribution,
64.33 or release of gross sale proceeds or receipts may be made by the county until payments
64.34 sufficient to fully reimburse the state for the canceled lien amount have been transmitted
64.35 to the commissioner.

64.36 **EFFECTIVE DATE.** This section is effective July 1, 2009, and thereafter.

65.1 Sec. 17. Minnesota Statutes 2008, section 290C.07, is amended to read:

65.2 **290C.07 CALCULATION OF INCENTIVE PAYMENT.**

65.3 An approved claimant under the sustainable forest incentive program is eligible to
65.4 receive an annual payment. The payment shall equal the greater of:

65.5 (1) the difference between the property tax that would be paid on the land using the
65.6 previous year's statewide average total township tax rate and the class rate for class 2b
65.7 timberland under section 273.13, subdivision 23, paragraph (b), if the land were valued
65.8 at (i) the average statewide timberland market value per acre calculated under section
65.9 290C.06, and (ii) the average statewide timberland current use value per acre calculated
65.10 under section 290C.02, subdivision 5; or

65.11 (2) two-thirds of the property tax amount determined by using the previous year's
65.12 statewide average total township tax rate, the estimated market value per acre as calculated
65.13 in section 290C.06, and the class rate for 2b timberland under section 273.13, subdivision
65.14 23, paragraph (b), provided that the payment shall be no ~~less~~ greater than ~~\$7~~ \$6 per acre
65.15 for each acre enrolled in the sustainable forest incentive program and the maximum annual
65.16 payment per claimant shall be \$400,000.

65.17 **EFFECTIVE DATE.** This section is effective for payments made in 2010 and
65.18 thereafter.

65.19 Sec. 18. Minnesota Statutes 2008, section 428A.21, is amended to read:

65.20 **428A.21 DEADLINE FOR HOUSING IMPROVEMENT DISTRICTS UNDER**
65.21 **GENERAL LAW.**

65.22 The establishment of a new housing improvement area after June 30, ~~2009~~ 2012,
65.23 requires enactment of a special law authorizing the establishment of the area.

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

65.25 Sec. 19. Laws 2001, First Special Session chapter 5, article 3, section 8, the effective
65.26 date, as amended by Laws 2005, chapter 151, article 3, section 19, and Laws 2006, chapter
65.27 259, article 4, section 20, is amended to read:

65.28 **EFFECTIVE DATE.** This section is effective for taxes levied in 2002, payable in
65.29 2003, through taxes levied in ~~2011~~ 2014, payable in ~~2012~~ 2015.

65.30 Sec. 20. Laws 2008, chapter 366, article 6, section 9, the effective date, is amended to
65.31 read:

66.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
66.2 thereafter, on land platted after May 18, 2008.

66.3 Sec. 21. Laws 2008, chapter 366, article 6, section 10, the effective date, is amended to
66.4 read:

66.5 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
66.6 thereafter, on land platted after May 18, 2008.

66.7 Sec. 22. **FISCAL DISPARITIES STUDY.**

66.8 Subdivision 1. Study required. The commissioner of revenue must conduct a study
66.9 of the metropolitan revenue distribution program contained in Minnesota Statutes, chapter
66.10 473F, commonly known as the fiscal disparities program. On or before February 1, 2010,
66.11 the commissioner shall make a report to the chairs of the house of representatives and
66.12 senate tax committees consisting of the findings of the study and any recommendations
66.13 resulting from the study.

66.14 The study shall consider to what extent the program is meeting the following goals,
66.15 and what changes could be made to the program in the furtherance of meeting those goals:

66.16 (1) reducing the extent to which the property tax encourages development patterns
66.17 that do not make cost-effective use of public infrastructure or impose other high public
66.18 costs;

66.19 (2) ensuring that the benefits of economic growth of the region are shared throughout
66.20 the region, especially for growth that results from state or regional decisions;

66.21 (3) improving the ability of each jurisdiction within the region to deliver services at
66.22 a level commensurate with its tax effort;

66.23 (4) compensating jurisdictions containing properties that provide regional benefits
66.24 for the costs those properties impose on their host jurisdictions in excess of their tax
66.25 payments;

66.26 (5) promoting a fair distribution of property tax burdens across jurisdictions of
66.27 the region; and

66.28 (6) reducing the economic losses that result from competition among communities
66.29 for commercial-industrial tax base.

66.30 Subd. 2. Appropriation. \$50,000 is appropriated to the commissioner of revenue
66.31 from the general fund in fiscal year 2010 to conduct the study required under subdivision 1.

66.32 **EFFECTIVE DATE.** This section is effective July 1, 2009.

67.1 **ARTICLE 6**

67.2 **AIDS AND CREDITS**

67.3 Section 1. Minnesota Statutes 2008, section 273.1384, subdivision 1, is amended to
67.4 read:

67.5 Subdivision 1. **Residential homestead market value credit.** Each county auditor
67.6 shall determine a homestead credit for each class 1a, 1b, and 2a homestead property
67.7 within the county equal to 0.4 percent of the first ~~\$76,000~~ \$75,000 of market value of
67.8 the property minus ~~0.1~~ 0.1 percent of the market value in excess of ~~\$76,000~~ \$75,000.
67.9 The credit amount may not be less than zero. In the case of an agricultural or resort
67.10 homestead, only the market value of the house, garage, and immediately surrounding one
67.11 acre of land is eligible in determining the property's homestead credit. In the case of a
67.12 property that is classified as part homestead and part nonhomestead, (i) the credit shall
67.13 apply only to the homestead portion of the property, but (ii) if a portion of a property is
67.14 classified as nonhomestead solely because not all the owners occupy the property, not all
67.15 the owners have qualifying relatives occupying the property, or solely because not all the
67.16 spouses of owners occupy the property, the credit amount shall be initially computed as
67.17 if that nonhomestead portion were also in the homestead class and then prorated to the
67.18 owner-occupant's percentage of ownership. For the purpose of this section, when an
67.19 owner-occupant's spouse does not occupy the property, the percentage of ownership for
67.20 the owner-occupant spouse is one-half of the couple's ownership percentage.

67.21 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
67.22 thereafter.

67.23 Sec. 2. Minnesota Statutes 2008, section 273.1384, subdivision 4, is amended to read:

67.24 Subd. 4. **Payment.** (a) The commissioner of revenue shall reimburse each local
67.25 taxing jurisdiction, other than school districts, for the tax reductions granted under this
67.26 section in two equal installments on October 31 and December 26 of the taxes payable
67.27 year for which the reductions are granted, including in each payment the prior year
67.28 adjustments certified on the abstracts for that taxes payable year. The reimbursements
67.29 related to tax increments shall be issued in one installment each year on December 26.

67.30 (b) The commissioner of revenue shall certify the total of the tax reductions
67.31 granted under this section for each taxes payable year within each school district to the
67.32 commissioner of the Department of Education and the commissioner of education shall
67.33 pay the reimbursement amounts to each school district as provided in section 273.1392.

68.1 (c) The market value credit reimbursements payable in 2011 and 2012 for each city
68.2 under this section are reduced by the dollar amount of the 2010 reduction in market value
68.3 credit reimbursements under section 477A.013, subdivision 11. The payable market value
68.4 credit reimbursement for a city is not reduced less than zero under this paragraph.

68.5 **EFFECTIVE DATE.** This section is effective for credits payable in calendar year
68.6 2011 and thereafter.

68.7 Sec. 3. Minnesota Statutes 2008, section 275.08, subdivision 1d, is amended to read:

68.8 Subd. 1d. **Additional adjustment.** If, after computing each local government's
68.9 adjusted local tax rate within a unique taxing jurisdiction pursuant to subdivision 1c, the
68.10 auditor finds that the total adjusted local tax rate of all local governments combined is less
68.11 than ~~90 percent of gross tax capacity for taxes payable in 1989 and 90~~ 113 percent of net
68.12 tax capacity ~~for taxes payable in 1990 and thereafter~~, the auditor shall increase each local
68.13 government's adjusted local tax rate proportionately so the total adjusted local tax rate of
68.14 all local governments combined equals ~~90~~ 113 percent. The total amount of the increase in
68.15 tax resulting from the increased local tax rates must not exceed the amount of disparity
68.16 aid allocated to the unique taxing district under section 273.1398. The auditor shall
68.17 certify to the Department of Revenue the difference between the disparity aid originally
68.18 allocated under section 273.1398, subdivision 3, and the amount necessary to reduce
68.19 the total adjusted local tax rate of all local governments combined to 90 percent. Each
68.20 local government's disparity reduction aid payment under section 273.1398, subdivision
68.21 6, must be reduced accordingly.

68.22 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and
68.23 thereafter.

68.24 Sec. 4. Minnesota Statutes 2008, section 290A.04, subdivision 2, is amended to read:

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

68.31			Percent Paid by	Maximum State
68.32	Household Income	Percent of Income	Claimant	Refund
68.33	\$0 to 1,189	1.0 percent	15 percent	\$ 1,850 <u>2,040</u>

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69.1	1,190 to 2,379	1.1 percent	15 percent	\$ 1,850 <u>2,040</u>
69.2	2,380 to 3,589	1.2 percent	15 percent	\$ 1,800 <u>1,980</u>
69.3	3,590 to 4,789	1.3 percent	20 percent	\$ 1,800 <u>1,980</u>
69.4	4,790 to 5,979	1.4 percent	20 percent	\$ 1,730 <u>1,900</u>
69.5	5,980 to 8,369	1.5 percent	20 percent	\$ 1,730 <u>1,900</u>
69.6	8,370 to 9,559	1.6 percent	25 percent	\$ 1,670 <u>1,840</u>
69.7	9,560 to 10,759	1.7 percent	25 percent	\$ 1,670 <u>1,840</u>
69.8	10,760 to 11,949	1.8 percent	25 percent	\$ 1,610 <u>1,770</u>
69.9	11,950 to 13,139	1.9 percent	30 percent	\$ 1,610 <u>1,770</u>
69.10	13,140 to 14,349	2.0 percent	30 percent	\$ 1,540 <u>1,690</u>
69.11	14,350 to 16,739	2.1 <u>2.0</u> percent	30 percent	\$ 1,540 <u>1,690</u>
69.12	16,740 to 17,929	2.2 percent	35 percent	\$ 1,480
69.13	17,930 to 19,119	2.3 <u>2.0</u> percent	35 percent	\$ 1,480 <u>1,630</u>
69.14	19,120 to 20,319	2.4 <u>2.1</u> percent	35 percent	\$ 1,420 <u>1,560</u>
69.15	20,320 to 25,099	2.5 <u>2.2</u> percent	40 percent	\$ 1,420 <u>1,560</u>
69.16	25,100 to 28,679	2.6 <u>2.3</u> percent	40 percent	\$ 1,360 <u>1,500</u>
69.17	28,680 to 35,849	2.7 <u>2.5</u> percent	40 percent	\$ 1,360 <u>1,500</u>
69.18	35,850 to 41,819	2.8 <u>2.6</u> percent	45 percent	\$ 1,240 <u>1,360</u>
69.19	41,820 to 47,799	3.0 <u>2.8</u> percent	45 percent	\$ 1,240 <u>1,360</u>
69.20	47,800 to 53,779	3.2 <u>3.0</u> percent	45 percent	\$ 1,110 <u>1,220</u>
69.21	53,780 to 59,749	3.5 percent	50 percent	\$ 990 <u>1,090</u>
69.22	59,750 to 65,729	3.5 percent	50 percent	\$ 870 <u>960</u>
69.23	65,730 to 69,319	3.5 percent	50 percent	\$ 740 <u>810</u>
69.24	69,320 to 71,719	3.5 percent	50 percent	\$ 610 <u>670</u>
69.25	71,720 to 74,619	3.5 percent	50 percent	\$ 500 <u>550</u>
69.26	74,620 to 77,519	3.5 percent	50 percent	\$ 370 <u>410</u>

69.27 The payment made to a claimant shall be the amount of the state refund calculated
69.28 under this subdivision. No payment is allowed if the claimant's household income is
69.29 \$77,520 or more.

69.30 **EFFECTIVE DATE.** This section is effective beginning with refunds based on
69.31 property taxes payable in 2010.

69.32 Sec. 5. Minnesota Statutes 2008, section 477A.011, subdivision 36, is amended to read:

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

69.35 (b) The city aid base for any city with a population less than 500 is increased by
69.36 \$40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount
69.37 of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also
69.38 increased by \$40,000 for aids payable in calendar year 1995 only, provided that:

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

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

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

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

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

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

70.9 (iii) the city's net tax capacity used in calculating its 1996 aid under section
70.10 477A.013 is less than \$400 per capita; and

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

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

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

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

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

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

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

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

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

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

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

70.33 (2) the net tax capacity of the city used in calculating its 1999 aid under section
70.34 477A.013 is less than \$650 per capita;

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

71.1 (4) the 1999 local government aid of the city under section 477A.013 is less than
71.2 20 percent of the amount that the formula aid of the city would have been if the need
71.3 increase percentage was 100 percent; and

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

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

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

71.10 (2) the net tax capacity of the city used in calculating its 1999 aid under section
71.11 477A.013 is less than \$455 per capita;

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

71.14 (4) the 1999 local government aid of the city under section 477A.013 is less than
71.15 38 percent of the amount that the formula aid of the city would have been if the need
71.16 increase percentage was 100 percent.

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

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

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

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

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

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

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

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

71.32 (2) the city's commercial industrial percentage used in calculating aids payable in
71.33 2000 was less than ten percent;

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

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

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

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

72.9 (1) the net tax capacity of the city used in calculating its 2000 aid under section
72.10 477A.013 is less than \$810 per capita;

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

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

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

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

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

72.23 (2) \$2,500,000.

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

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

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

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

72.31 (m) The city aid base for a city is increased by \$150,000 in calendar years 2002 to
72.32 2011 and by an additional \$75,000 in calendar years 2009 to 2014 and the maximum
72.33 amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is
72.34 also increased by \$150,000 in calendar year 2002 only and by \$75,000 in calendar year
72.35 2009 only, provided that:

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

73.1 (2) its home county is located within the seven-county metropolitan area;
73.2 (3) its pre-1940 housing percentage is less than 15 percent; and
73.3 (4) its city net tax capacity per capita for taxes payable in 2000 is less than \$900
73.4 per capita.

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

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

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

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

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

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

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

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

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

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

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

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

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

74.5 (t) The city aid base for a city is increased by \$30,000 in 2009 only, and the
74.6 maximum total aid it may receive under section 477A.013, subdivision 9, is also increased
74.7 by \$30,000 in calendar year 2009, only if the city had a population in 2005 of less than
74.8 3,000 and the city's boundaries as of 2007 were formed by the consolidation of two cities
74.9 and one township in 2002.

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

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

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

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

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

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

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

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

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

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

74.34 (y) The city aid base is increased by \$100,000 in calendar years 2011 to 2015 and
74.35 the maximum amount of total aid a city may receive under section 477A.013, subdivision
74.36 9, is increased by \$100,000 in 2011 only, provided that:

- 75.1 (1) the city is located in the metropolitan area;
75.2 (2) its 2006 population is less than 2,000; and
75.3 (3) its population has grown by at least 200 percent between 1996 and 2006.

75.4 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
75.5 2011 and thereafter.

75.6 Sec. 6. Minnesota Statutes 2008, section 477A.013, subdivision 9, is amended to read:

75.7 Subd. 9. **City aid distribution.** (a) In calendar year 2009 ~~and thereafter~~, each
75.8 city shall receive an aid distribution equal to the sum of (1) the city formula aid under
75.9 subdivision 8, and (2) its city aid base. In calendar year 2010, each city receives an aid
75.10 distribution under this section, before the reductions under subdivision 11, equal to the
75.11 amount of aid under this section that it was certified to receive in 2009. In calendar year
75.12 2011 and thereafter, each city receives an aid distribution under this section equal to the
75.13 sum of (1) the city formula aid under subdivision 8, and (2) its city aid base.

75.14 (b) For aids payable in 2009 only, the total aid for any city shall not exceed the sum
75.15 of (1) 35 percent of the city's net levy for the year prior to the aid distribution, plus (2)
75.16 its total aid in the previous year.

75.17 (c) For aids payable in 2010 and thereafter, the total aid for any city shall not exceed
75.18 the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution
75.19 plus (2) its total aid in the previous year. For aids payable in 2009 and thereafter, the total
75.20 aid for any city with a population of 2,500 or more may not be less than its total aid under
75.21 this section in the previous year minus the lesser of \$10 multiplied by its population, or ten
75.22 percent of its net levy in the year prior to the aid distribution.

75.23 (d) For aids payable in 2010 and thereafter, the total aid for a city with a population
75.24 less than 2,500 must not be less than the amount it was certified to receive in the
75.25 previous year minus the lesser of \$10 multiplied by its population, or five percent of its
75.26 2003 certified aid amount. For aids payable in 2009 only, the total aid for a city with a
75.27 population less than 2,500 must not be less than what it received under this section in the
75.28 previous year unless its total aid in calendar year 2008 was aid under section 477A.011,
75.29 subdivision 36, paragraph (s), in which case its minimum aid is zero.

75.30 (e) A city's aid loss under this section may not exceed \$300,000 in any year in
75.31 which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or
75.32 greater than the appropriation under that subdivision in the previous year, unless the
75.33 city has an adjustment in its city net tax capacity under the process described in section
75.34 469.174, subdivision 28.

76.1 (f) If a city's net tax capacity used in calculating aid under this section has decreased
76.2 in any year by more than 25 percent from its net tax capacity in the previous year due to
76.3 property becoming tax-exempt Indian land, the city's maximum allowed aid increase
76.4 under paragraph (c) shall be increased by an amount equal to (1) the city's tax rate in the
76.5 year of the aid calculation, multiplied by (2) the amount of its net tax capacity decrease
76.6 resulting from the property becoming tax exempt.

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

76.8 Sec. 7. Minnesota Statutes 2008, section 477A.013, is amended by adding a
76.9 subdivision to read:

76.10 Subd. 11. **2010 city aid.** For aid payable in 2010 only, each city's distribution
76.11 amount under subdivision 9 is reduced by an amount equal to 1.8889 percent of the city's
76.12 net tax capacity, as defined in section 477A.011, subdivision 20, that would otherwise be
76.13 used in calculating aids payable in 2010.

76.14 The reduction is limited to the sum of the city's payable 2010 distribution under
76.15 this section and the city's payable 2010 reimbursement under section 273.1384 before
76.16 the reductions in this subdivision.

76.17 The reduction is applied first to the city's distribution under this section, and then, if
76.18 necessary, to the city's reimbursements under section 273.1384.

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

76.20 Sec. 8. **[477A.0133] 2009 CITY AND COUNTY AID REDUCTIONS.**

76.21 Subdivision 1. **City aid.** The commissioner of revenue shall compute an aid
76.22 reduction amount for each city for aid payable in 2009 equal to 1.2111 percent of the city's
76.23 net tax capacity, as defined in section 477A.011, subdivision 20, that would be used in
76.24 calculating for aids payable in 2010.

76.25 The reduction is limited to the sum of the city's payable 2009 distributions, prior to
76.26 the reductions under this subdivision, under sections 273.1384 and 477A.013.

76.27 The reduction is applied first to the city's distribution under section 477A.013, and
76.28 then, if necessary, to the city's reimbursements under section 273.1384.

76.29 To the extent that sufficient information is available on each successive payment date
76.30 within the year, the commissioner of revenue shall pay any remaining 2009 distribution or
76.31 reimbursement amount that is reduced under this subdivision in equal installments on the
76.32 payment dates provided by law.

77.1 Subd. 2. **County aid.** The commissioner of revenue shall compute an aid reduction
77.2 amount for each county's aid under section 477A.0124 for aid payable in 2009 equal
77.3 to 0.2308 percent of the county's net tax capacity, as defined in section 477A.0124,
77.4 subdivision 2, used in calculating the 2009 certified amount.

77.5 To the extent that sufficient information is available on each payment date in 2009,
77.6 the commissioner of revenue shall pay any remaining 2009 distribution or reimbursement
77.7 amount that is reduced under this section in equal installments on the payment dates
77.8 provided by law.

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

77.10 Sec. 9. Minnesota Statutes 2008, section 477A.03, subdivision 2a, is amended to read:

77.11 Subd. 2a. **Cities.** For aids payable in 2009 ~~and thereafter~~, the total aid paid under
77.12 section 477A.013, subdivision 9, is \$526,148,487, ~~subject to adjustment in subdivision 5.~~
77.13 For aids payable in 2010, the total aid paid under section 477A.013, subdivision 9, prior
77.14 to the reductions under section 477A.013, subdivision 11, is \$526,148,487. For aids
77.15 payable in 2011 and thereafter, the total aid paid under section 477A.013, subdivision
77.16 9, is \$516,500,000.

77.17 **EFFECTIVE DATE.** This section is effective for aid paid in 2010 and thereafter.

77.18 Sec. 10. **PAYMENTS TO CITY OF COON RAPIDS.**

77.19 The commissioner of revenue shall make a payment of \$225,000 to the city of Coon
77.20 Rapids to compensate for its final city aid base payment of \$225,000 in December 2008
77.21 under Minnesota Statutes 2006, section 477A.011, subdivision 36, paragraph (e), which
77.22 was canceled due to the governor's unallotment. The payment shall be made at the time of
77.23 the first aid payments in calendar year 2010 under Minnesota Statutes, section 477A.015.
77.24 This payment shall not be included when calculating any city aid or credit reductions.

77.25 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year
77.26 2010.

77.27 Sec. 11. **REPEALER.**

77.28 Minnesota Statutes 2008, section 477A.03, subdivision 5, is repealed.

77.29 **EFFECTIVE DATE.** This section is effective for aid paid in 2010 and thereafter.

ARTICLE 7

SEASONAL RECREATIONAL PROPERTY TAX DEFERRAL PROGRAM

Section 1. [290D.01] CITATION.

This program shall be named the "seasonal recreational property tax deferral program."

Sec. 2. [290D.02] TERMS.

Subdivision 1. Terms. For purposes of sections 290D.01 to 290D.08, the terms defined in this section have the meanings given them.

Subd. 2. Primary property owner. "Primary property owner" means a person who (1) has been the owner, or one of the owners, of the eligible property for at least 15 years prior to the year the application is filed under section 290D.04; and (2) applies for the deferral of property taxes under section 290D.04.

Subd. 3. Secondary property owner. "Secondary property owner" means any person, other than the primary property owner, who has been an owner of the eligible property for at least 15 years prior to the year the initial application is filed for deferral of property taxes under section 290D.04.

Subd. 4. Eligible property. "Eligible property" means a parcel of property or contiguous parcels of property under the same ownership classified as noncommercial seasonal residential recreational 4c(1) property under section 273.13, subdivision 25.

Subd. 5. Base property tax amount. "Base property tax amount" means the total property taxes levied by all taxing jurisdictions, including special assessments, on the eligible property in the year prior to the year that the initial application is approved under section 290D.04 and payable in the year of the application.

Subd. 6. Special assessments. "Special assessments" mean any assessment, fee, or other charge that may be made by law, and that appears on the property tax statement for the property for collection under the laws applicable to the enforcement of real estate taxes.

Subd. 7. Commissioner. "Commissioner" means the commissioner of revenue.

Sec. 3. [290D.03] QUALIFICATIONS FOR DEFERRAL.

In order for an eligible property to qualify for treatment under this program:

(1) the eligible property must have been owned solely by the primary property owner, or jointly with others, for at least 15 years prior to the year the initial application is filed;

(2) there must be no state or federal tax liens or judgment liens on the eligible property;

79.1 (3) there must be no mortgages or other liens on the eligible property that secure
79.2 future advances, except for those subject to credit limits that result in compliance with
79.3 clause (4); and

79.4 (4) the total unpaid balances of debts secured by mortgages and other liens on the
79.5 eligible property, including unpaid and delinquent special assessments and interest, and
79.6 any delinquent property taxes, penalties, and interest, but not including property taxes
79.7 payable during the year, must not exceed 60 percent of the assessor's estimated market
79.8 value for the current assessment year.

79.9 Sec. 4. **[290D.04] APPLICATION FOR DEFERRAL.**

79.10 Subdivision 1. **Initial application.** (a) A primary owner of a property meeting
79.11 the qualifications under section 290D.03 may apply to the commissioner for deferral
79.12 of taxes on the eligible property. Applications are due on or before July 1 for deferral
79.13 of any taxes payable in the following year. The application, which must be prescribed
79.14 by the commissioner, shall include the following items and any other information the
79.15 commissioner deems necessary:

79.16 (1) the name, address, and Social Security number of the primary property owner
79.17 and secondary property owners, if any;

79.18 (2) a copy of the property tax statement for the current taxes payable year for the
79.19 eligible property;

79.20 (3) the initial year of ownership of the primary property owner and any second
79.21 property owners of the eligible property;

79.22 (4) information on any mortgage loans or other amounts secured by mortgages or
79.23 other liens against the eligible property, for which purpose the commissioner may require
79.24 the applicant to provide a copy of the mortgage note, the mortgage, or a statement of the
79.25 balance owing on the mortgage loan provided by the mortgage holder. The commissioner
79.26 may require the appropriate documents in connection with obtaining and confirming
79.27 information on unpaid amounts secured by other liens; and

79.28 (5) the signatures of the primary property owner and all other owners, if any, stating
79.29 that each owner agrees to enroll the eligible property in the program to defer property
79.30 taxes under this chapter.

79.31 The application must state that program participation is voluntary. The application
79.32 must also state that program participation includes authorization for the annual deferred
79.33 amount. The deferred property tax calculated by the county and the cumulative deferred
79.34 property tax amount is public data.

80.1 (b) As part of the initial application process, if the property is abstract property, the
80.2 commissioner may require the applicant to obtain at the applicant's cost a report prepared
80.3 by a licensed abstracter showing the last deed and any unsatisfied mortgages, liens,
80.4 judgments, and state and federal tax lien notices which were recorded on or after the date
80.5 of that last deed with respect to the eligible property or to the applicant.

80.6 The certificate or report need not include references to any documents filed or
80.7 recorded more than 40 years prior to the date of the certification or report. The certification
80.8 or report must be as of a date not more than 30 days prior to submission of the application
80.9 under this section.

80.10 The commissioner may also require the county recorder or county registrar of the
80.11 county where the eligible property is located to provide copies of recorded documents
80.12 related to the applicant of the eligible property, for which the recorder or registrar shall
80.13 not charge a fee. The commissioner may use any information available to determine or
80.14 verify eligibility under this section.

80.15 Subd. 2. **Approval; recording.** The commissioner shall approve all initial
80.16 applications that qualify under this chapter and shall notify the primary property owner on
80.17 or before December 1. The commissioner may investigate the facts or require confirmation
80.18 in regard to an application. The commissioner shall record or file a notice of qualification
80.19 for deferral, including the names of the primary and any secondary property owners and a
80.20 legal description of the eligible property, in the Office of the County Recorder, or registrar
80.21 of titles, whichever is applicable, in the county where the eligible property is located. The
80.22 notice must state that it serves as a notice of lien and that it includes deferrals under this
80.23 section for future years. The primary property owner shall pay the recording or filing fees
80.24 for the notice, which, notwithstanding section 357.18, shall be paid by that owner at the
80.25 time of satisfaction of the lien.

80.26 Subd. 3. **Penalty for failure; investigations.** (a) The commissioner shall assess
80.27 a penalty equal to 20 percent of the property taxes improperly deferred in the case of a
80.28 false application. The commissioner shall assess a penalty equal to 50 percent of the
80.29 property taxes improperly deferred if the taxpayer knowingly filed a false application. The
80.30 commissioner shall assess penalties under this section through the issuance of an order
80.31 under the provisions of chapter 270C. Persons affected by a commissioner's order issued
80.32 under this section may appeal as provided in chapter 270C.

80.33 (b) The commissioner may conduct investigations related to initial applications
80.34 required under this chapter within the period ending 3-1/2 years from the due date of
80.35 the application.

81.1 Subd. 4. **Annual certification to commissioner.** Annually, on or before July 1,
81.2 the primary property owner must certify to the commissioner that the person continues
81.3 to qualify as a primary property owner. If the primary owner has died or has transferred
81.4 the property in the preceding year, a certification may be filed by the primary owner's
81.5 spouse, or by one of the secondary owners, provided that the person is currently an
81.6 owner of the property. In this case, the primary owner's spouse or the secondary owner
81.7 shall be considered the primary owner from that point forward. If neither the primary
81.8 owner, the primary owner's spouse, or a secondary owner is eligible to file the required
81.9 annual certification for the property, the property's participation in the program shall be
81.10 terminated, and the procedures in section 290D.08 apply.

81.11 Subd. 5. **Annual notice to primary property owner.** Annually, on or before
81.12 September 1, the commissioner shall notify each primary property owner, in writing, of
81.13 the total cumulative deferred taxes and accrued interest on the qualifying property as of
81.14 that date.

81.15 Sec. 5. **[290D.05] DEFERRED PROPERTY TAX AMOUNT.**

81.16 Subdivision 1. **Calculation of deferred property tax amount.** Each year after
81.17 the county auditor has determined the final property tax rates under section 275.08, the
81.18 "deferred property tax amount" must be calculated on each eligible property. The deferred
81.19 property tax amount is equal to 50 percent of the amount of the difference between (1) the
81.20 total amount of property taxes and special assessments levied upon the eligible property
81.21 for the current year by all taxing jurisdictions and (2) the eligible property's base property
81.22 tax amount. Any tax attributable to new improvements made to the eligible property after
81.23 the initial application has been approved under section 290D.04, subdivision 2, must be
81.24 excluded in determining the deferred property tax amount. The eligible property's total
81.25 current year's tax less the deferred property tax amount for the current year must be listed
81.26 on the property tax statement and is the amount due to the county under chapter 276.
81.27 Reference that the property is enrolled in the seasonal recreational property tax deferral
81.28 program under this chapter and a state lien has been recorded must be clearly printed on
81.29 the statement.

81.30 Subd. 2. **Certification to commissioner.** The county auditor shall annually, on or
81.31 before April 15, certify to the commissioner the property tax deferral amounts determined
81.32 under this section for each eligible property in the county. The commissioner shall
81.33 prescribe the information that is necessary to identify the eligible properties.

81.34 Subd. 3. **Limitation on total amount of deferred taxes.** The total amount of
81.35 deferred taxes and interest on a property, when added to (1) the balance owed on any

82.1 mortgages on the property at the time of initial application; (2) other amounts secured by
82.2 liens on the property at the time of the initial application; and (3) any unpaid and delinquent
82.3 special assessments and interest and any delinquent property taxes, penalties, and interest,
82.4 but not including property taxes payable during the year, must not exceed 60 percent of
82.5 the assessor's estimated market value of the property for the current assessment year.

82.6 **Sec. 6. [290D.06] LIEN; DEFERRED PORTION.**

82.7 (a) Payment by the state to the county treasurer of property taxes, penalties, interest,
82.8 or special assessments and interest, deferred under this chapter, is deemed a loan from the
82.9 state to the program participant. The commissioner shall compute the interest as provided
82.10 in section 270C.40, subdivision 5, but not to exceed two percent over the maximum
82.11 interest rate provided in section 290B.07, paragraph (a), and maintain records of the total
82.12 deferred amount and interest for each participant. Interest accrues beginning September 1
82.13 of the payable year for which the taxes are deferred. Any deferral made under this chapter
82.14 must not be construed as delinquent property taxes.

82.15 The lien created under section 272.31 continues to secure payment by the taxpayer,
82.16 or by the taxpayer's successors or assigns, of the amount deferred, including interest, with
82.17 respect to all years for which amounts are deferred. The lien for deferred taxes and interest
82.18 has the same priority as any other lien under section 272.31, except that liens, including
82.19 mortgages, recorded or filed prior to the recording or filing of the notice under section
82.20 290D.04, subdivision 2, have priority over the lien for deferred taxes and interest. A
82.21 seller's interest in a contract for deed, in which a qualifying owner is the purchaser or an
82.22 assignee of the purchaser, has priority over deferred taxes and interest on deferred taxes,
82.23 regardless of whether the contract for deed is recorded or filed. The lien for deferred taxes
82.24 and interest for future years has the same priority as the lien for deferred taxes and interest
82.25 for the first year, which is always higher in priority than any mortgages or other liens filed,
82.26 recorded, or created after the notice recorded or filed under section 290D.04, subdivision
82.27 2. The county treasurer or auditor shall maintain records of the deferred portion and shall
82.28 list the amount of deferred taxes for the year and the cumulative deferral and interest for
82.29 all previous years as a lien against the eligible property. In any certification of unpaid
82.30 taxes for a tax parcel, the county auditor shall clearly distinguish between taxes payable in
82.31 the current year, deferred taxes and interest, and delinquent taxes. Payment of the deferred
82.32 portion becomes due and owing at the time specified in section 290D.07. Upon receipt of
82.33 the payment, the commissioner shall issue a receipt to the person making the payment
82.34 upon request and shall notify the auditor of the county in which the parcel is located,
82.35 within ten days, identifying the parcel to which the payment applies. Upon receipt by the

83.1 commissioner of collected funds in the amount of the deferral, the state's loan to the
83.2 program participant is deemed paid in full.

83.3 (b) If eligible property for which taxes have been deferred under this chapter forfeits
83.4 under chapter 281 for nonpayment of a nondeferred property tax amount, or because
83.5 of nonpayment of amounts previously deferred following a termination under section
83.6 290D.07, the lien for the taxes deferred under this chapter, plus interest and costs, shall be
83.7 canceled by the county auditor as provided in section 282.07. However, notwithstanding
83.8 any other law to the contrary, any proceeds from a subsequent sale of the eligible property
83.9 under chapter 282 or another law, must be used to first reimburse the county's forfeited
83.10 tax sale fund for any direct costs of selling the eligible property or any costs directly
83.11 related to preparing the eligible property for sale, and then to reimburse the state for
83.12 the amount of the canceled lien. Within 90 days of the receipt of any sale proceeds to
83.13 which the state is entitled under these provisions, the county auditor must pay those funds
83.14 to the commissioner by warrant for deposit in the general fund. No other deposit, use,
83.15 distribution, or release of gross sale proceeds or receipts may be made by the county until
83.16 payments sufficient to fully reimburse the state for the canceled lien amount have been
83.17 transmitted to the commissioner.

83.18 **Sec. 7. [290D.07] TERMINATION OF DEFERRAL; PAYMENT OF DEFERRED**
83.19 **TAXES.**

83.20 Subdivision 1. **Termination.** (a) The deferral of taxes granted under this chapter
83.21 terminates when one of the following occurs:

83.22 (1) the eligible property is sold or transferred to someone other than the primary
83.23 owner's spouse or a secondary owner;

83.24 (2) the death of the primary owner, or in the case of a married couple, after the
83.25 death of both spouses, provided that there is not a secondary owner eligible to become
83.26 the primary owner;

83.27 (3) the primary property owner notifies the commissioner, in writing, that all owners,
83.28 including any secondary property owners, desire to discontinue the deferral; or

83.29 (4) the eligible property no longer qualifies under section 290D.03.

83.30 (b) An eligible property is not terminated from the program because no deferred
83.31 property tax amount is determined for any given year after the eligible property's initial
83.32 enrollment into the program.

83.33 (c) An eligible property is not terminated from the program if the eligible property
83.34 subsequently becomes the homestead of one or more of the property owners and the

84.1 property and the owners qualify for, and are immediately enrolled in, the senior deferral
84.2 program under chapter 290B.

84.3 Subd. 2. **Payment upon termination.** Upon the termination of the deferral under
84.4 subdivision 1, the amount of deferred taxes, penalties, interest, and special assessments
84.5 and interest, plus the recording or filing fees under this subdivision and section 290D.04,
84.6 subdivision 2, becomes due and payable to the commissioner within 90 days of termination
84.7 of the deferral for terminations under subdivision 1, paragraph (a), clauses (1) and (2),
84.8 and within one year of termination of the deferral for terminations under subdivision 1,
84.9 paragraph (a), clauses (3) and (4). No additional interest is due on the deferral if timely
84.10 paid. On receipt of payment, the commissioner shall, within ten days, notify the auditor
84.11 of the county in which the parcel is located, identifying the parcel to which the payment
84.12 applies, and shall remit the recording or filing fees under this subdivision and section
84.13 290D.04, subdivision 2, to the auditor. A notice of termination of deferral, containing the
84.14 legal description and the recording or filing data for the notice of qualification for deferral
84.15 under section 290D.04, subdivision 2, shall be prepared and recorded or filed by the
84.16 county auditor in the same office in which the notice of qualification for deferral under
84.17 section 290D.04, subdivision 2, was recorded or filed, and the county auditor shall mail a
84.18 copy of the notice of termination to the property owner. The property owner shall pay the
84.19 recording or filing fees. Upon recording or filing of the notice of termination of deferral,
84.20 the notice of qualification for deferral under section 290D.04, subdivision 2, and the lien
84.21 created by it are discharged. If the deferral is not timely paid, the penalty, interest, lien,
84.22 forfeiture, and other rules for the collection of ad valorem property taxes apply.

84.23 Sec. 8. **[290D.08] STATE REIMBURSEMENT.**

84.24 Subdivision 1. **Determination; payment.** The county auditor shall determine the
84.25 total current year's deferred amount of property tax under this chapter in the county, and
84.26 submit those amounts as part of the abstracts of tax lists submitted by the county auditors
84.27 under section 275.29. The commissioner may make changes in the abstracts of tax lists as
84.28 deemed necessary. The commissioner, after such review, shall pay the deferred amount of
84.29 property tax to each county treasurer on or before August 31.

84.30 The county treasurer shall distribute as part of the October settlement the funds
84.31 received as if they had been collected as part of the property tax.

84.32 Subd. 2. **Appropriation.** An amount sufficient to pay the total amount of property
84.33 tax determined under subdivision 1, plus any other amounts paid under this chapter, is
84.34 annually appropriated from the general fund to the commissioner.

85.1 Sec. 9. **EFFECTIVE DATE.**

85.2 Sections 1 to 8 are effective for applications filed July 1, 2009, and thereafter.

85.3 **ARTICLE 8**
85.4 **MISCELLANEOUS**

85.5 Section 1. Minnesota Statutes 2008, section 275.07, is amended by adding a
85.6 subdivision to read:

85.7 Subd. 6. **Recertification due to unallotment.** If a local government's December
85.8 aid or credit payments under sections 273.1384 and 477A.011 to 477A.014 are reduced
85.9 due to unallotment under section 16A.152, the local government may recertify its levy
85.10 under subdivision 1 by January 15 of the year in which the levy is paid. The local
85.11 government must report the recertified amount to the county auditor within two business
85.12 days of January 15 or the levy shall remain at the amount certified under subdivision 1.
85.13 Notwithstanding subdivision 4, the county auditor shall report to the commissioner of
85.14 revenue any recertified levies under this subdivision by January 30 of the year in which
85.15 the levy is paid.

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

85.17 Sec. 2. Minnesota Statutes 2008, section 275.70, subdivision 5, is amended to read:

85.18 Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes
85.19 levied by a local governmental unit for the following purposes or in the following manner:

85.20 (1) to pay the costs of the principal and interest on bonded indebtedness or to
85.21 reimburse for the amount of liquor store revenues used to pay the principal and interest
85.22 due on municipal liquor store bonds in the year preceding the year for which the levy
85.23 limit is calculated;

85.24 (2) to pay the costs of principal and interest on certificates of indebtedness issued for
85.25 any corporate purpose except for the following:

85.26 (i) tax anticipation or aid anticipation certificates of indebtedness;

85.27 (ii) certificates of indebtedness issued under sections 298.28 and 298.282;

85.28 (iii) certificates of indebtedness used to fund current expenses or to pay the costs of
85.29 extraordinary expenditures that result from a public emergency; or

85.30 (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or
85.31 an insufficiency in other revenue sources;

85.32 (3) to provide for the bonded indebtedness portion of payments made to another
85.33 political subdivision of the state of Minnesota;

86.1 (4) to fund payments made to the Minnesota State Armory Building Commission
86.2 under section 193.145, subdivision 2, to retire the principal and interest on armory
86.3 construction bonds;

86.4 (5) property taxes approved by voters which are levied against the referendum
86.5 market value as provided under section 275.61;

86.6 (6) to fund matching requirements needed to qualify for federal or state grants or
86.7 programs to the extent that either (i) the matching requirement exceeds the matching
86.8 requirement in calendar year 2001, or (ii) it is a new matching requirement that did not
86.9 exist prior to 2002;

86.10 (7) to pay the expenses reasonably and necessarily incurred in preparing for or
86.11 repairing the effects of natural disaster including the occurrence or threat of widespread
86.12 or severe damage, injury, or loss of life or property resulting from natural causes, in
86.13 accordance with standards formulated by the Emergency Services Division of the state
86.14 Department of Public Safety, as allowed by the commissioner of revenue under section
86.15 275.74, subdivision 2;

86.16 (8) pay amounts required to correct an error in the levy certified to the county
86.17 auditor by a city or county in a levy year, but only to the extent that when added to the
86.18 preceding year's levy it is not in excess of an applicable statutory, special law or charter
86.19 limitation, or the limitation imposed on the governmental subdivision by sections 275.70
86.20 to 275.74 in the preceding levy year;

86.21 (9) to pay an abatement under section 469.1815;

86.22 (10) to pay any costs attributable to increases in the employer contribution rates
86.23 under chapter 353, or locally administered pension plans, that are effective after June
86.24 30, 2001;

86.25 (11) to pay the operating or maintenance costs of a county jail as authorized in
86.26 section 641.01 or 641.262, or of a correctional facility as defined in section 241.021,
86.27 subdivision 1, paragraph (f), to the extent that the county can demonstrate to the
86.28 commissioner of revenue that the amount has been included in the county budget as
86.29 a direct result of a rule, minimum requirement, minimum standard, or directive of the
86.30 Department of Corrections, or to pay the operating or maintenance costs of a regional jail
86.31 as authorized in section 641.262. For purposes of this clause, a district court order is
86.32 not a rule, minimum requirement, minimum standard, or directive of the Department of
86.33 Corrections. If the county utilizes this special levy, except to pay operating or maintenance
86.34 costs of a new regional jail facility under sections 641.262 to 641.264 which will not
86.35 replace an existing jail facility, any amount levied by the county in the previous levy year
86.36 for the purposes specified under this clause and included in the county's previous year's

87.1 levy limitation computed under section 275.71, shall be deducted from the levy limit
87.2 base under section 275.71, subdivision 2, when determining the county's current year
87.3 levy limitation. The county shall provide the necessary information to the commissioner
87.4 of revenue for making this determination;

87.5 (12) to pay for operation of a lake improvement district, as authorized under section
87.6 103B.555. If the county utilizes this special levy, any amount levied by the county in the
87.7 previous levy year for the purposes specified under this clause and included in the county's
87.8 previous year's levy limitation computed under section 275.71 shall be deducted from
87.9 the levy limit base under section 275.71, subdivision 2, when determining the county's
87.10 current year levy limitation. The county shall provide the necessary information to the
87.11 commissioner of revenue for making this determination;

87.12 (13) to repay a state or federal loan used to fund the direct or indirect required
87.13 spending by the local government due to a state or federal transportation project or other
87.14 state or federal capital project. This authority may only be used if the project is not a
87.15 local government initiative;

87.16 (14) to pay for court administration costs as required under section 273.1398,
87.17 subdivision 4b, less the (i) county's share of transferred fines and fees collected by the
87.18 district courts in the county for calendar year 2001 and (ii) the aid amount certified to be
87.19 paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes
87.20 levied to pay for these costs in the year in which the court financing is transferred to the
87.21 state, the amount under this clause is limited to the amount of aid the county is certified to
87.22 receive under section 273.1398, subdivision 4a;

87.23 (15) to fund a police or firefighters relief association as required under section 69.77
87.24 to the extent that the required amount exceeds the amount levied for this purpose in 2001;

87.25 (16) for purposes of a storm sewer improvement district under section 444.20;

87.26 (17) to pay for the maintenance and support of a city or county society for the
87.27 prevention of cruelty to animals under section 343.11. If the city or county uses this
87.28 special levy, any amount levied by the city or county in the previous levy year for the
87.29 purposes specified in this clause and included in the city's or county's previous year's levy
87.30 limit computed under section 275.71, must be deducted from the levy limit base under
87.31 section 275.71, subdivision 2, in determining the city's or county's current year levy limit;

87.32 (18) for counties, to pay for the increase in their share of health and human service
87.33 costs caused by reductions in federal health and human services grants effective after
87.34 September 30, 2007;

87.35 (19) for a city, for the costs reasonably and necessarily incurred for securing,
87.36 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by

88.1 the commissioner of revenue under section 275.74, subdivision 2. A city must have either
88.2 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in
88.3 the city or in a zip code area of the city that is at least 50 percent higher than the average
88.4 foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2,
88.5 to use this special levy. For purposes of this paragraph, "foreclosure rate" means the
88.6 number of foreclosures, as indicated by sheriff sales records, divided by the number of
88.7 households in the city in 2007;

88.8 (20) for a city, for the unreimbursed costs of redeployed traffic control agents and
88.9 lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified
88.10 to the Federal Highway Administration;

88.11 (21) to pay costs attributable to wages and benefits for sheriff, police, and fire
88.12 personnel. If a local governmental unit did not use this special levy in the previous year its
88.13 levy limit base under section 275.71 shall be reduced by the amount equal to the amount it
88.14 levied for the purposes specified in this clause in the previous year; ~~and~~

88.15 (22) an amount equal to any reductions in the certified aids or credits payable
88.16 under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment under
88.17 section 16A.152 in any year, reductions in aids under chapter 477A, that are enacted
88.18 by the legislature in the year in which the aid is paid, and reductions to credits under
88.19 section 273.1384 enacted by the legislature in any year. The amount of the levy allowed
88.20 under this clause is equal to the amount unallotted or reduced in the calendar year in
88.21 which the tax is levied unless the ~~unallotment~~ amount is not known by September 1 of
88.22 the levy year, and the local government has not adjusted its levy under section 275.065,
88.23 subdivision 6, or 275.07, subdivision 6, in which case the ~~unallotment~~ amount may be
88.24 levied in the following year;

88.25 (23) to pay for the difference between one-half of the costs of confining sex offenders
88.26 undergoing the civil commitment process and any state payments for this purpose pursuant
88.27 to section 253B.185, subdivision 5; and

88.28 (24) for a county to pay the costs of the first year of maintaining and operating a new
88.29 facility or new expansion, either of which contains courts, corrections, dispatch, criminal
88.30 investigation labs, or other public safety facilities and for which all or a portion of the
88.31 funding for the site acquisition, building design, site preparation, construction, and related
88.32 equipment was issued or authorized prior to the imposition of levy limits in 2008. The
88.33 levy limit base shall then be increased by an amount equal to the new facility's first full
88.34 year's operating costs as described in this clause.

88.35 **EFFECTIVE DATE.** This section is effective for levies certified in calendar year
88.36 2009 and thereafter, payable in 2010 and thereafter.

89.1 Sec. 3. [475.755] EMERGENCY DEBT CERTIFICATES.

89.2 (a) If at any time during a fiscal year the receipts of a local government are
89.3 reasonably expected to be reduced below the amount provided in the local government's
89.4 budget when the final property tax levy to be collected during the fiscal year was certified
89.5 and the receipts are insufficient to meet the expenses incurred or to be incurred during the
89.6 fiscal year, the governing body of the local government may authorize and sell certificates
89.7 of indebtedness to mature within two years or less from the end of the fiscal year in which
89.8 the certificates are issued. The maximum principal amount of the certificates that it may
89.9 issue in a fiscal year is limited to the expected reduction in receipts plus the cost of
89.10 issuance. The certificates may be issued in the manner and on the terms the governing
89.11 body determines by resolution.

89.12 (b) The governing body of the local government shall levy taxes for the payment of
89.13 principal and interest on the certificates in accordance with section 475.61.

89.14 (c) The certificates are not to be included in the net debt of the issuing local
89.15 government.

89.16 (d) To the extent that a local government issues certificates under this section to fund
89.17 an unallotment or other reduction in its state aid, the local government may not use a
89.18 special levy for the aid reduction under section 275.70, subdivision 5, clause (22), or a
89.19 similar or successor provision. This provision does not affect the status of the levy under
89.20 section 475.61 to pay the certificates as a levy that is not subject to levy limits.

89.21 (e) For purposes of this section, the following terms have the meanings given:

89.22 (1) "Local government" means a statutory or home rule charter city, a town, or
89.23 a county.

89.24 (2) "Receipts" includes the following amounts scheduled to be received by the
89.25 local government for the fiscal year from:

89.26 (i) taxes;

89.27 (ii) aid payments previously certified by the state to be paid to the local government;

89.28 (iii) state reimbursement payments for property tax credits; and

89.29 (iv) any other source.

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

89.31 Sec. 4. Laws 1986, chapter 400, section 44, as amended by Laws 1995, chapter 264,
89.32 article 2, section 39, is amended to read:

89.33 Sec. 44. **DOWNTOWN TAXING AREA.**

89.34 If a bill is enacted into law in the 1986 legislative session which authorizes the city
89.35 of Minneapolis to issue bonds and expend certain funds including taxes to finance the

90.1 acquisition and betterment of a convention center and related facilities, which authorizes
90.2 certain taxes to be levied in a downtown taxing area, then, notwithstanding the provisions
90.3 of that law "downtown taxing area" shall mean the geographic area bounded by the
90.4 portion of the Mississippi River between I-35W and Washington Avenue, the portion
90.5 of Washington Avenue between the river and I-35W, the portion of I-35W between
90.6 Washington Avenue and 8th Street South, the portion of 8th Street South between I-35W
90.7 and Portland Avenue South, the portion of Portland Avenue South between 8th Street
90.8 South and I-94, the portion of I-94 from the intersection of Portland Avenue South to
90.9 the intersection of I-94 and the Burlington Northern Railroad tracks, the portion of the
90.10 Burlington Northern Railroad tracks from I-94 to Main Street and including Nicollet
90.11 Island, and the portion of Main Street to Hennepin Avenue and the portion of Hennepin
90.12 Avenue between Main Street and 2nd Street S.E., and the portion of 2nd Street S.E.
90.13 between Main Street and Bank Street, and the portion of Bank Street between 2nd Street
90.14 S.E. and University Avenue S.E., and the portion of University Avenue S.E. between Bank
90.15 Street and I-35W, and by I-35W from University Avenue S.E., to the river. The downtown
90.16 taxing area excludes the area bounded on the south and west by Oak Grove Street, on the
90.17 east by Spruce Place, and on the north by West 15th Street. The downtown taxing area
90.18 also excludes any property located in a zoned area that is contained in chapter 546 of the
90.19 Minneapolis zone code of ordinances on which a restaurant or liquor establishment is
90.20 operated.

90.21 **EFFECTIVE DATE.** This section is effective for sales made after July 31, 2012,
90.22 provided that the proceeds of the tax collected between July 1, 2009, and July 31, 2012,
90.23 by a restaurant or liquor establishment that is excluded from the downtown taxing area
90.24 by this section, when collected by the commissioner of revenue, shall be deposited in the
90.25 general fund of the state treasury.

90.26 Sec. 5. Laws 1991, chapter 291, article 8, section 27, subdivision 3, as amended by
90.27 Laws 1998, chapter 389, article 8, section 28, and Laws 2008, chapter 366, article 7,
90.28 section 9, is amended to read:

90.29 Subd. 3. **Use of revenues.** Revenues received from taxes authorized by subdivisions
90.30 1 and 2 shall be used by the city to pay the cost of collecting the tax and to pay all or
90.31 a portion of the expenses of constructing and improving facilities as part of an urban
90.32 revitalization project in downtown Mankato known as Riverfront 2000. Authorized
90.33 expenses include, but are not limited to, acquiring property and paying relocation expenses
90.34 related to the development of Riverfront 2000 and related facilities, and securing or paying
90.35 debt service on bonds or other obligations issued to finance the construction of Riverfront

91.1 2000 and related facilities. For purposes of this section, "Riverfront 2000 and related
91.2 facilities" means a civic-convention center, an arena, a riverfront park, a technology center
91.3 and related educational facilities, and all publicly owned real or personal property that
91.4 the governing body of the city determines will be necessary to facilitate the use of these
91.5 facilities, including but not limited to parking, skyways, pedestrian bridges, lighting, and
91.6 landscaping. It also includes the performing arts theatre and the Southern Minnesota
91.7 Women's Hockey Exposition Center, ~~attached to the Mankato Civic Center~~ for use by
91.8 Minnesota State University, Mankato.

91.9 **EFFECTIVE DATE.** This section is effective the day after the governing body of
91.10 the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section
91.11 645.021, subdivisions 2 and 3.

91.12 Sec. 6. Laws 2002, chapter 377, article 3, section 25, is amended to read:

91.13 Sec. 25. **ROCHESTER LODGING TAX.**

91.14 Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section
91.15 469.190 or 477A.016, or any other law, the city of Rochester may impose an additional
91.16 tax of one percent on the gross receipts from the furnishing for consideration of lodging at
91.17 a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it
91.18 for a continuous period of 30 days or more.

91.19 Subd. 1a. **Authorization.** Notwithstanding Minnesota Statutes, section 469.190 or
91.20 477A.016, or any other law, and in addition to the tax authorized by subdivision 1, the city
91.21 of Rochester may impose an additional tax of one percent on the gross receipts from the
91.22 furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or
91.23 resort, other than the renting or leasing of it for a continuous period of 30 days or more
91.24 only upon (1) enactment of a law appropriating state money for construction costs of
91.25 renovating, improving, or expanding the Mayo Civic Center Complex; and (2) approval of
91.26 the city governing body of a total financial package for the project.

91.27 Subd. 2. **Disposition of proceeds.** (a) The gross proceeds from any the tax imposed
91.28 under subdivision 1 must be used by the city to fund a local convention or tourism bureau
91.29 for the purpose of marketing and promoting the city as a tourist or convention center.

91.30 (b) The gross proceeds from the one percent tax imposed under subdivision 1a may
91.31 be used to pay for (1) construction, renovation, improvement, and expansion of the Mayo
91.32 Civic Center Complex and related skyway access, lighting, parking, or landscaping;
91.33 and (2) for payment of any principal, interest, or premium on bonds issued to finance
91.34 the Mayo Civic Center Complex.

92.1 Subd. 3. Expiration of taxing authority. The authority of the city to impose a
92.2 tax under subdivision 1a shall expire when the principal and interest on any bonds or
92.3 other obligations issued to finance the Mayo Civic Center Complex and related skyway
92.4 access, lighting, parking, or landscaping have been paid or at an earlier time as the city
92.5 shall, by ordinance, determine.

92.6 EFFECTIVE DATE. This section is effective the day after the governing body of
92.7 the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section
92.8 645.021, subdivisions 2 and 3.

92.9 Sec. 7. Laws 2006, chapter 259, article 3, section 12, subdivision 3, is amended to read:

92.10 **Subd. 3. Use of revenues.** Revenues received from the taxes authorized by
92.11 subdivisions 1 and 2 must be used to pay all or part of the capital costs of transportation
92.12 projects included in the 2004 U.S. Highway 14-Owatonna Beltline Study by the Minnesota
92.13 Department of Transportation, Steele County, and the city of Owatonna; regional parks
92.14 and trail developments; and the West Hills complex, including the firehall, and library
92.15 improvement projects; as described in the city resolution No. 4-06, Exhibit A, as adopted
92.16 by the city on January 17, 2006. Notwithstanding the specific transportation projects
92.17 described in city resolution No. 4-06, Exhibit A, the city may transfer up to \$1,500,000
92.18 of the sales and use tax revenues from the Alexander Street to 39th Avenue Southwest
92.19 project to the reconstruction of 18th Street Southwest from 24th Avenue Southwest to 39th
92.20 Avenue West. The amount paid from these revenues for transportation projects may not
92.21 exceed \$4,450,000 plus associated bond costs. The amount paid from these revenues for
92.22 park and trail projects may not exceed \$5,400,000 plus associated bond costs. The amount
92.23 paid from these revenues for West Hills complex, fire hall, and library improvement
92.24 projects may not exceed \$2,823,000 plus associated bond costs.

92.25 EFFECTIVE DATE. This section is effective the day after compliance by the
92.26 governing body of the city of Owatonna with Minnesota Statutes, section 645.021,
92.27 subdivision 3.

92.28 Sec. 8. Laws 2008, chapter 366, article 7, section 16, subdivision 3, is amended to read:

92.29 **Subd. 3. Use of proceeds from authorized taxes.** The proceeds of any tax imposed
92.30 under subdivisions 1 and 2 shall be used by the city to pay all or a portion of the expenses
92.31 of operation and maintenance of the Riverfront 2000 and related facilities, including a
92.32 performing arts theatre and the Southern Minnesota Women's Hockey Exposition Center,
92.33 ~~attached to the Mankato Civic Center~~ for use by Minnesota State University, Mankato.

93.1 Authorized expenses include securing or paying debt service on bonds or other obligations
93.2 issued to finance the construction of the facilities.

93.3 EFFECTIVE DATE. This section is effective the day after the governing body of
93.4 the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section
93.5 645.021, subdivisions 2 and 3.

93.6 Sec. 9. **ROCHESTER FOOD AND BEVERAGE TAX.**

93.7 Subdivision 1. Authorization. Notwithstanding Minnesota Statutes, section
93.8 477A.016, or any other law or charter provision, the city of Rochester may impose a tax of
93.9 one percent on the gross receipts on all sales of food and beverages by restaurants and
93.10 places of refreshment, as defined by resolution of the city, that occur in the city. For
93.11 purposes of this section, "food and beverages" include retail on-sale of intoxicating liquor
93.12 and fermented malt beverages.

93.13 Subd. 2. Use of proceeds. The proceeds of this tax shall be used for (1) paying the
93.14 cost of collection; (2) to pay for construction, renovation, improvement, and expansion
93.15 of the Mayo Civic Center Complex and related skyway access, lighting, parking, or
93.16 landscaping; and (3) for payment of any principal, interest, or premium on bonds issued to
93.17 finance the Mayo Civic Center Complex.

93.18 Subd. 3. Imposition of the tax. The tax under this section may only be imposed
93.19 upon (1) enactment of a law appropriating state money for construction costs of
93.20 renovating, improving, or expanding the Mayo Civic Center Complex; and (2) approval of
93.21 the city governing body of a total financing package for the project.

93.22 Subd. 4. Expiration of taxing authority. The authority granted under subdivision
93.23 1 to the city to impose a one percent tax on food and beverages shall expire when the
93.24 principal and interest on any bonds or other obligations issued to finance the Mayo Civic
93.25 Center Complex and related skyway access, lighting, parking, or landscaping have been
93.26 paid or at an earlier time as the city shall, by ordinance, determine.

93.27 EFFECTIVE DATE. This section is effective the day after the governing body of
93.28 the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section
93.29 645.021, subdivisions 2 and 3, and upon approval of the city governing body of a total
93.30 financing package to renovate, improve, or expand the Mayo Civic Center Complex.