

SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 2555

(SENATE AUTHORS: CHAMBERLAIN)

DATE	D-PG	OFFICIAL STATUS
03/18/2019	1006	Introduction and first reading Referred to Taxes

1.1 A bill for an act

1.2 relating to taxation; making various policy and technical changes to individual

1.3 income and corporate franchise taxes, partnership taxes, sales and use taxes, special

1.4 taxes, property taxes, gross revenues taxes, fire and police state aid, and other

1.5 miscellaneous taxes and tax provisions; amending Minnesota Statutes 2018, sections

1.6 6.495, subdivision 3; 144E.42, subdivision 2; 162.145, subdivision 3; 270B.08,

1.7 subdivision 2; 270C.445, subdivision 6; 270C.85, subdivision 2; 270C.89,

1.8 subdivisions 1, 2; 270C.91; 272.02, subdivisions 27, 81; 273.032; 273.061,

1.9 subdivision 9; 273.0755; 273.113, subdivision 3; 273.119, subdivision 2; 273.1231,

1.10 subdivision 3; 273.124, subdivision 13; 273.13, subdivisions 22, 34; 273.136,

1.11 subdivision 2; 273.1384, subdivision 3; 273.1387, subdivision 3; 273.18; 274.14;

1.12 274.16; 275.025, subdivision 1; 289A.08, subdivision 6; 289A.25, subdivision 1;

1.13 289A.31, subdivisions 1, 2; 289A.37, subdivisions 2, 6; 289A.38, subdivisions 7,

1.14 10; 289A.42; 289A.60, subdivision 24; 290.0132, subdivision 26; 290.0137; 290.06,

1.15 subdivisions 2c, 2d; 290.0802, subdivisions 2, 3; 290.091, subdivision 2; 290.31,

1.16 subdivision 1; 290.92, subdivision 28; 290A.03, subdivisions 3, 4, 8; 290A.05;

1.17 290A.08; 290A.09; 290B.09, subdivision 1; 295.50, subdivisions 3, 4, 9b, 14, 15,

1.18 by adding subdivisions; 295.53, subdivision 1; 295.57, subdivision 5; 295.582,

1.19 subdivision 1; 297A.61, subdivision 18; 297A.67, subdivisions 6, 12; 297A.68,

1.20 subdivisions 17, 42, 44; 297A.70, subdivisions 3, 4, 16; 297A.71, subdivisions

1.21 22, 45; 297A.75, subdivision 1; 297A.77, by adding a subdivision; 297A.84;

1.22 297A.85; 297B.01, subdivisions 14, 16; 297F.01, subdivisions 19, 23, by adding

1.23 a subdivision; 297F.17, subdivision 6; 297G.16, subdivision 7; 297I.20, subdivision

1.24 3; 298.018, subdivision 1, by adding a subdivision; 298.282, subdivision 1;

1.25 353G.01, subdivision 9; 353G.05, subdivision 2; 353G.08, subdivisions 1, 1a;

1.26 353G.17, subdivision 2; 356.20, subdivision 4a; 356.219, subdivision 8; 423A.02,

1.27 subdivisions 1b, 3; 423A.022, subdivisions 2, 4; 424A.016, subdivisions 2, 4;

1.28 424A.02, subdivisions 1, 3a, 10; 424A.03, subdivision 2; 424A.05, subdivisions

1.29 2, 3, by adding a subdivision; 424A.07; 424A.091, subdivision 3; 424A.092,

1.30 subdivisions 3, 4; 424A.093, subdivision 5; 424B.09; 462D.03, subdivision 2;

1.31 469.177, subdivision 1; 469.190, subdivisions 1, 7; 469.319, subdivision 4; Laws

1.32 2017, First Special Session chapter 1, article 8, section 3; proposing coding for

1.33 new law in Minnesota Statutes, chapters 289A; 297I; 424A; proposing coding for

1.34 new law as Minnesota Statutes, chapters 477B; 477C; repealing Minnesota Statutes

1.35 2018, sections 69.011, subdivisions 1, 2, 2b, 2c, 3, 4; 69.021, subdivisions 1, 2, 3,

1.36 4, 5, 7, 7a, 8, 9, 10, 11; 69.022; 69.031, subdivisions 1, 3, 5; 69.041; 69.051,

1.37 subdivisions 1, 1a, 1b, 2, 3, 4; 69.33; 69.80; 270C.131; 275.29; 289A.38,

1.38 subdivisions 7, 8, 9; 297I.25, subdivision 2.

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

2.2

ARTICLE 1

2.3

DEPARTMENT OF REVENUE INDIVIDUAL INCOME AND CORPORATE 2.4 FRANCHISE TAXES: POLICY CHANGES

2.5 Section 1. Minnesota Statutes 2018, section 290.0132, subdivision 26, is amended to read:

2.6 Subd. 26. **Social Security benefits.** (a) A portion of Social Security benefits is allowed
2.7 as a subtraction. The subtraction equals the lesser of Social Security benefits or a maximum
2.8 subtraction subject to the limits under paragraphs (b), (c), and (d).

2.9 (b) For married taxpayers filing a joint return and surviving spouses, the maximum
2.10 subtraction equals \$4,500. The maximum subtraction is reduced by 20 percent of provisional
2.11 income over \$77,000. In no case is the subtraction less than zero.

2.12 (c) For single or head-of-household taxpayers, the maximum subtraction equals \$3,500.
2.13 The maximum subtraction is reduced by 20 percent of provisional income over \$60,200.
2.14 In no case is the subtraction less than zero.

2.15 (d) For married taxpayers filing separate returns, the maximum subtraction equals ~~\$2,250~~
2.16 one-half the maximum subtraction for joint returns under paragraph (b). The maximum
2.17 subtraction is reduced by 20 percent of provisional income over ~~\$38,500~~ one-half the
2.18 threshold amount specified in paragraph (b). In no case is the subtraction less than zero.

2.19 (e) For purposes of this subdivision, "provisional income" means modified adjusted
2.20 gross income as defined in section 86(b)(2) of the Internal Revenue Code, plus one-half of
2.21 the Social Security benefits received during the taxable year, and "Social Security benefits"
2.22 has the meaning given in section 86(d)(1) of the Internal Revenue Code.

2.23 (f) The commissioner shall adjust the maximum subtraction and threshold amounts in
2.24 paragraphs (b) to (d) by the percentage determined pursuant to the provisions of section
2.25 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) of the Internal Revenue
2.26 Code the word "2016" shall be substituted for the word "1992." For 2018, the commissioner
2.27 shall then determine the percentage change from the 12 months ending on August 31, 2016,
2.28 to the 12 months ending on August 31, 2017, and in each subsequent year, from the 12
2.29 months ending on August 31, 2016, to the 12 months ending on August 31 of the year
2.30 preceding the taxable year. The determination of the commissioner pursuant to this
2.31 subdivision must not be considered a rule and is not subject to the Administrative Procedure
2.32 Act contained in chapter 14, including section 14.386. The maximum subtraction and

3.1 threshold amounts as adjusted must be rounded to the nearest \$10 amount. If the amount
3.2 ends in \$5, the amount is rounded up to the nearest \$10 amount.

3.3 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
3.4 31, 2018.

3.5 Sec. 2. Minnesota Statutes 2018, section 290.0137, is amended to read:

3.6 **290.0137 ACCELERATED RECOGNITION OF CERTAIN INSTALLMENT**
3.7 **SALE GAINS.**

3.8 (a) In the case of a nonresident individual or a person who becomes a nonresident
3.9 individual during the tax year, taxable net income shall include the allocable amount realized
3.10 upon a sale of the assets of, or any interest in, an S corporation or partnership that operated
3.11 in Minnesota during the year of sale, including any income or gain to be recognized in future
3.12 years pursuant to an installment sale method of reporting under the Internal Revenue Code.

3.13 (1) For the purposes of this paragraph, an individual who becomes a nonresident of
3.14 Minnesota in any year after an installment sale is required to recognize the full amount of
3.15 any income or gain described in this paragraph on the individual's final Minnesota resident
3.16 tax return to the extent that such income has not been recognized in a prior year.

3.17 (2) For the purposes of this section, "realized" has the meaning given in section 1001(b)
3.18 of the Internal Revenue Code.

3.19 (3) For the purposes of this section, "installment sale" means any installment sale under
3.20 section 453 of the Internal Revenue Code and any other sale that is reported utilizing a
3.21 method of accounting authorized under subchapter E of the Internal Revenue Code that
3.22 allows taxpayers to delay reporting or recognizing a realized gain until a future year.

3.23 ~~(4) For the purposes of this section, "allocable amount" means the full amount to be~~
3.24 ~~apportioned to Minnesota under section 290.191 or 290.20, or the full amount to be assigned~~
3.25 ~~to Minnesota under section 290.17.~~

3.26 (b) Notwithstanding paragraph (a), nonresident taxpayers may elect to defer recognizing
3.27 unrecognized installment sale gains by making an election under this paragraph. The election
3.28 must be filed on a form to be determined or prescribed by the commissioner and must be
3.29 filed by the due date of the individual income tax return, including any extension. Electing
3.30 taxpayers must make an irrevocable agreement to:

3.31 (1) file Minnesota tax returns in all subsequent years when gains from the installment
3.32 sales are recognized and reported to the Internal Revenue Service;

4.1 (2) allocate gains to the state of Minnesota as though the gains were realized in the year
4.2 of sale under section 290.17, 290.191, or 290.20; and

4.3 (3) include all relevant federal tax documents reporting the installment sale with
4.4 subsequent Minnesota tax returns.

4.5 (c) Income or gain recognized for Minnesota purposes pursuant to paragraph (a) must
4.6 be excluded from taxable net income in any future year that the taxpayer files a Minnesota
4.7 tax return to the extent that the income or gain has already been subject to tax pursuant to
4.8 paragraph (a).

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

4.10 Sec. 3. Minnesota Statutes 2018, section 290.06, subdivision 2c, is amended to read:

4.11 Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes
4.12 imposed by this chapter upon married individuals filing joint returns and surviving spouses
4.13 as defined in section 2(a) of the Internal Revenue Code must be computed by applying to
4.14 their taxable net income the following schedule of rates:

4.15 (1) On the first \$35,480, 5.35 percent;

4.16 (2) On all over \$35,480, but not over \$140,960, 7.05 percent;

4.17 (3) On all over \$140,960, but not over \$250,000, 7.85 percent;

4.18 (4) On all over \$250,000, 9.85 percent.

4.19 Married individuals filing separate returns, estates, and trusts must compute their income
4.20 tax by applying the above rates to their taxable income, except that the income brackets
4.21 will be one-half of the above amounts after the adjustment required in subdivision 2d.

4.22 (b) The income taxes imposed by this chapter upon unmarried individuals must be
4.23 computed by applying to taxable net income the following schedule of rates:

4.24 (1) On the first \$24,270, 5.35 percent;

4.25 (2) On all over \$24,270, but not over \$79,730, 7.05 percent;

4.26 (3) On all over \$79,730, but not over \$150,000, 7.85 percent;

4.27 (4) On all over \$150,000, 9.85 percent.

4.28 (c) The income taxes imposed by this chapter upon unmarried individuals qualifying as
4.29 a head of household as defined in section 2(b) of the Internal Revenue Code must be
4.30 computed by applying to taxable net income the following schedule of rates:

5.1 (1) On the first \$29,880, 5.35 percent;

5.2 (2) On all over \$29,880, but not over \$120,070, 7.05 percent;

5.3 (3) On all over \$120,070, but not over \$200,000, 7.85 percent;

5.4 (4) On all over \$200,000, 9.85 percent.

5.5 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax
5.6 of any individual taxpayer whose taxable net income for the taxable year is less than an
5.7 amount determined by the commissioner must be computed in accordance with tables
5.8 prepared and issued by the commissioner of revenue based on income brackets of not more
5.9 than \$100. The amount of tax for each bracket shall be computed at the rates set forth in
5.10 this subdivision, provided that the commissioner may disregard a fractional part of a dollar
5.11 unless it amounts to 50 cents or more, in which case it may be increased to \$1.

5.12 (e) An individual who is not a Minnesota resident for the entire year must compute the
5.13 individual's Minnesota income tax as provided in this subdivision. After the application of
5.14 the nonrefundable credits provided in this chapter, the tax liability must then be multiplied
5.15 by a fraction in which:

5.16 (1) the numerator is the individual's Minnesota source federal adjusted gross income as
5.17 defined in section 62 of the Internal Revenue Code and increased by:

5.18 (i) ~~the additions required under section~~ sections 290.0131, subdivisions 2 and 6 to 11,
5.19 and 290.0137, paragraph (a); and reduced by

5.20 (ii) the Minnesota assignable portion of the subtraction for United States government
5.21 interest under section 290.0132, subdivision 2, and the subtractions under ~~section~~ sections
5.22 290.0132, subdivisions 9, 10, 14, 15, 17, and 18, and 290.0137, paragraph (c), after applying
5.23 the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

5.24 (2) the denominator is the individual's federal adjusted gross income as defined in section
5.25 62 of the Internal Revenue Code, increased by:

5.26 (i) ~~the amounts specified in section~~ additions required under sections 290.0131,
5.27 subdivisions 2 and 6 to 11, and 290.0137, paragraph (a); and reduced by

5.28 (ii) ~~the amounts specified in section~~ subtractions under sections 290.0132, subdivisions
5.29 2, 9, 10, 14, 15, 17, and 18, and 290.0137, paragraph (c).

5.30 **EFFECTIVE DATE.** The amendment to paragraph (a) is effective for taxable years
5.31 beginning after December 31, 2018. The amendment to paragraph (e) is effective the day
5.32 following final enactment.

6.1 Sec. 4. Minnesota Statutes 2018, section 290.06, subdivision 2d, is amended to read:

6.2 Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after
 6.3 December 31, 2013, the minimum and maximum dollar amounts for each rate bracket for
 6.4 which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage
 6.5 determined under paragraph (b). For the purpose of making the adjustment as provided in
 6.6 this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets
 6.7 as they existed for taxable years beginning after December 31, 2012, and before January 1,
 6.8 2014. The rate applicable to any rate bracket must not be changed. The dollar amounts
 6.9 setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate
 6.10 brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in
 6.11 \$5, it must be rounded up to the nearest \$10 amount.

6.12 (b) The commissioner shall adjust the rate brackets and by the percentage determined
 6.13 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section
 6.14 1(f)(3)(B) the word "2012" shall be substituted for the word "1992." For 2014, the
 6.15 commissioner shall then determine the percent change from the 12 months ending on August
 6.16 31, 2012, to the 12 months ending on August 31, 2013, and in each subsequent year, from
 6.17 the 12 months ending on August 31, 2012, to the 12 months ending on August 31 of the
 6.18 year preceding the taxable year. The commissioner shall determine the rate bracket for
 6.19 married filing separate returns after this adjustment is done. The rate bracket for married
 6.20 filing separate must be one-half of the rate bracket for married filing joint. The determination
 6.21 of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall
 6.22 not be subject to the Administrative Procedure Act contained in chapter 14.

6.23 No later than December 15 of each year, the commissioner shall announce the specific
 6.24 percentage that will be used to adjust the tax rate brackets.

6.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 6.26 31, 2018.

6.27 ARTICLE 2

6.28 DEPARTMENT OF REVENUE INDIVIDUAL INCOME AND CORPORATE 6.29 FRANCHISE TAXES: TECHNICAL CHANGES

6.30 Section 1. Minnesota Statutes 2018, section 289A.38, subdivision 7, is amended to read:

6.31 Subd. 7. **Federal tax changes.** (a) If the amount of income, items of tax preference,
 6.32 deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any
 6.33 period, as reported to the Internal Revenue Service is changed or corrected by the
 6.34 commissioner of Internal Revenue or other officer of the United States or other competent

7.1 authority, or where a renegotiation of a contract or subcontract with the United States results
 7.2 in a change in income, items of tax preference, deductions, credits, or withholding tax, or,
 7.3 in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall
 7.4 report the change or correction or renegotiation results in writing to the commissioner. The
 7.5 report must be submitted within 180 days after the final determination and must be in the
 7.6 form of either an amended Minnesota estate, withholding tax, corporate franchise tax, or
 7.7 income tax return conceding the accuracy of the federal determination or a letter detailing
 7.8 how the federal determination is incorrect or does not change the Minnesota tax. An amended
 7.9 Minnesota income tax return must be accompanied by an amended property tax refund
 7.10 return, if necessary. A taxpayer filing an amended federal tax return must also file a copy
 7.11 of the amended return with the commissioner of revenue within 180 days after filing the
 7.12 amended return.

7.13 (b) For the purposes of paragraph (a), a change or correction includes any case where a
 7.14 taxpayer reaches a closing agreement or compromise with the Internal Revenue Service
 7.15 under section 7121 or 7122 of the Internal Revenue Code.

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

7.17 Sec. 2. Minnesota Statutes 2018, section 290.92, subdivision 28, is amended to read:

7.18 Subd. 28. **Payments to horse racing license holders.** Effective with payments made
 7.19 after April 1, 1988, any holder of a license issued by the Minnesota Racing Commission
 7.20 who makes a payment for personal or professional services to a holder of a class C license
 7.21 issued by the commission, except an amount paid as a purse, shall deduct from the payment
 7.22 and withhold 6.25 percent of the amount as Minnesota withholding tax when the amount
 7.23 paid to that individual by the same person during the calendar year exceeds \$600. For
 7.24 purposes of the provisions of this section, a payment to any person which is subject to
 7.25 withholding under this subdivision must be treated as if the payment was a wage paid by
 7.26 an employer to an employee. Every individual who is to receive a payment which is subject
 7.27 to withholding under this subdivision shall furnish the license holder with a statement, made
 7.28 under the penalties of perjury, containing the name, address, and Social Security account
 7.29 number of the person receiving the payment. No withholding is required if the individual
 7.30 presents a signed certificate from the individual's employer which states that the individual
 7.31 is an employee of that employer. A nonresident individual who holds a class C license must
 7.32 be treated as an athlete for purposes of applying the provisions of subdivision 4a and section
 7.33 290.17, subdivision ~~2(1)(b)(ii)~~(a)(2)(ii).

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

8.1 Sec. 3. Minnesota Statutes 2018, section 462D.03, subdivision 2, is amended to read:

8.2 Subd. 2. **Designation of qualified beneficiary.** (a) The account holder must designate
8.3 a first-time home buyer as the qualified beneficiary of the account ~~by April 15 of the year~~
8.4 in a form and manner prescribed by the commissioner following the taxable year in which
8.5 the account was established. The account holder may be the qualified beneficiary. The
8.6 account holder may change the designated qualified beneficiary at any time, but no more
8.7 than one qualified beneficiary may be designated for an account at any one time. For purposes
8.8 of the one beneficiary restriction, a married couple qualifies as one beneficiary. Changing
8.9 the designated qualified beneficiary of an account does not affect computation of the ten-year
8.10 period under section 462D.06, subdivision 2.

8.11 (b) The commissioner shall establish a process for account holders to notify the state
8.12 that permits recording of the account, the account holder or holders, any transfers under
8.13 section 462D.04, subdivision 2, and the designated qualified beneficiary for each account.
8.14 This may be done upon filing the account holder's income tax return or in any other way
8.15 the commissioner determines to be appropriate.

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

8.17 ARTICLE 3

8.18 PARTNERSHIP TAX; POLICY

8.19 Section 1. Minnesota Statutes 2018, section 270C.445, subdivision 6, is amended to read:

8.20 Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The
8.21 commissioner may impose an administrative penalty of not more than \$1,000 per violation
8.22 of subdivision 3 or 5, or section 270C.4451, provided that a penalty may not be imposed
8.23 for any conduct for which a tax preparer penalty is imposed under section 289A.60,
8.24 subdivision 13. The commissioner may terminate a tax preparer's authority to transmit
8.25 returns electronically to the state, if the commissioner determines the tax preparer engaged
8.26 in a pattern and practice of violating this section. Imposition of a penalty under this paragraph
8.27 is subject to the contested case procedure under chapter 14. The commissioner shall collect
8.28 the penalty in the same manner as the income tax. There is no right to make a claim for
8.29 refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed
8.30 under this paragraph are public data.

8.31 (b) In addition to the penalty under paragraph (a), if the commissioner determines that
8.32 a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may
8.33 issue an administrative order to the tax preparer requiring the tax preparer to cease and

9.1 desist from committing the violation. The administrative order may include an administrative
9.2 penalty provided in paragraph (a).

9.3 (c) If the commissioner issues an administrative order under paragraph (b), the
9.4 commissioner must send the order to the tax preparer addressed to the last known address
9.5 of the tax preparer.

9.6 (d) A cease and desist order under paragraph (b) must:

9.7 (1) describe the act, conduct, or practice committed and include a reference to the law
9.8 that the act, conduct, or practice violates; and

9.9 (2) provide notice that the tax preparer may request a hearing as provided in this
9.10 subdivision.

9.11 (e) Within 30 days after the commissioner issues an administrative order under paragraph
9.12 (b), the tax preparer may request a hearing to review the commissioner's action. The request
9.13 for hearing must be made in writing and must be served on the commissioner at the address
9.14 specified in the order. The hearing request must specifically state the reasons for seeking
9.15 review of the order. The date on which a request for hearing is served by mail is the postmark
9.16 date on the envelope in which the request for hearing is mailed.

9.17 (f) If a tax preparer does not timely request a hearing regarding an administrative order
9.18 issued under paragraph (b), the order becomes a final order of the commissioner and is not
9.19 subject to review by any court or agency.

9.20 (g) If a tax preparer timely requests a hearing regarding an administrative order issued
9.21 under paragraph (b), the hearing must be commenced within ten days after the commissioner
9.22 receives the request for a hearing.

9.23 (h) A hearing timely requested under paragraph (e) is subject to the contested case
9.24 procedure under chapter 14, as modified by this subdivision. The administrative law judge
9.25 must issue a report containing findings of fact, conclusions of law, and a recommended
9.26 order within ten days after the completion of the hearing, the receipt of late-filed exhibits,
9.27 or the submission of written arguments, whichever is later.

9.28 (i) Within five days of the date of the administrative law judge's report issued under
9.29 paragraph (h), any party aggrieved by the administrative law judge's report may submit
9.30 written exceptions and arguments to the commissioner. Within 15 days after receiving the
9.31 administrative law judge's report, the commissioner must issue an order vacating, modifying,
9.32 or making final the administrative order.

10.1 (j) The commissioner and the tax preparer requesting a hearing may by agreement
10.2 lengthen any time periods prescribed in paragraphs (g) to (i).

10.3 (k) An administrative order issued under paragraph (b) is in effect until it is modified
10.4 or vacated by the commissioner or an appellate court. The administrative hearing provided
10.5 by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute
10.6 the exclusive remedy for a tax preparer aggrieved by the order.

10.7 (l) The commissioner may impose an administrative penalty, in addition to the penalty
10.8 under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under
10.9 paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case
10.10 procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under
10.11 this paragraph, the tax preparer assessed the penalty may request a hearing to review the
10.12 penalty order. The request for hearing must be made in writing and must be served on the
10.13 commissioner at the address specified in the order. The hearing request must specifically
10.14 state the reasons for seeking review of the order. The cease and desist order issued under
10.15 paragraph (b) is not subject to review in a proceeding to challenge the penalty order under
10.16 this paragraph. The date on which a request for hearing is served by mail is the postmark
10.17 date on the envelope in which the request for hearing is mailed. If the tax preparer does not
10.18 timely request a hearing, the penalty order becomes a final order of the commissioner and
10.19 is not subject to review by any court or agency. A penalty imposed by the commissioner
10.20 under this paragraph may be collected and enforced by the commissioner as an income tax
10.21 liability. There is no right to make a claim for refund under section 289A.50 of the penalty
10.22 imposed under this paragraph. A penalty imposed under this paragraph is public data.

10.23 (m) If a tax preparer violates a cease and desist order issued under paragraph (b), the
10.24 commissioner may terminate the tax preparer's authority to transmit returns electronically
10.25 to the state. Termination under this paragraph is public data.

10.26 (n) A cease and desist order issued under paragraph (b) is public data when it is a final
10.27 order.

10.28 (o) Notwithstanding any other law, the commissioner may impose a penalty or take other
10.29 action under this subdivision against a tax preparer, with respect to a return, within the
10.30 period to assess tax on that return as provided by ~~section~~ sections 289A.38 to 289A.384.

10.31 (p) Notwithstanding any other law, the imposition of a penalty or any other action against
10.32 a tax preparer under this subdivision, other than with respect to a return, must be taken by
10.33 the commissioner within five years of the violation of statute.

11.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
11.2 after December 31, 2017, except that for partnerships that make an election under Code of
11.3 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
11.4 and applies to the same tax periods to which the election relates.

11.5 Sec. 2. Minnesota Statutes 2018, section 289A.31, subdivision 1, is amended to read:

11.6 Subdivision 1. **Individual income, fiduciary income, mining company, corporate**
11.7 **franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining
11.8 company, and corporate franchise taxes, and interest and penalties, must be paid by the
11.9 taxpayer upon whom the tax is imposed, except in the following cases:

11.10 (1) the tax due from a decedent for that part of the taxable year in which the decedent
11.11 died during which the decedent was alive and the taxes, interest, and penalty due for the
11.12 prior years must be paid by the decedent's personal representative, if any. If there is no
11.13 personal representative, the taxes, interest, and penalty must be paid by the transferees, as
11.14 defined in section 270C.58, subdivision 3, to the extent they receive property from the
11.15 decedent;

11.16 (2) the tax due from an infant or other incompetent person must be paid by the person's
11.17 guardian or other person authorized or permitted by law to act for the person;

11.18 (3) the tax due from the estate of a decedent must be paid by the estate's personal
11.19 representative;

11.20 (4) the tax due from a trust, including those within the definition of a corporation, as
11.21 defined in section 290.01, subdivision 4, must be paid by a trustee; and

11.22 (5) the tax due from a taxpayer whose business or property is in charge of a receiver,
11.23 trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge
11.24 of the business or property so far as the tax is due to the income from the business or property.

11.25 (b) Entertainment taxes are the joint and several liability of the entertainer and the
11.26 entertainment entity. The payor is liable to the state for the payment of the tax required to
11.27 be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the
11.28 entertainer for the amount of the payment.

11.29 (c) The taxes imposed under sections 289A.35, paragraph (b), 289A.383, subdivision
11.30 3, and 290.0922 on partnerships are the joint and several liability of the partnership and the
11.31 general partners.

12.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 12.2 after December 31, 2017, except that for partnerships that make an election under Code of
 12.3 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 12.4 and applies to the same tax periods to which the election relates.

12.5 Sec. 3. Minnesota Statutes 2018, section 289A.37, subdivision 2, is amended to read:

12.6 Subd. 2. **Erroneous refunds.** (a) Except as provided in paragraph (b), an erroneous
 12.7 refund occurs when the commissioner issues a payment to a person that exceeds the amount
 12.8 the person is entitled to receive under law. An erroneous refund is considered an
 12.9 underpayment of tax on the date issued.

12.10 (b) To the extent that the amount paid does not exceed the amount claimed by the
 12.11 taxpayer, an erroneous refund does not include the following:

12.12 (1) any amount of a refund or credit paid pursuant to a claim for refund filed by a
 12.13 taxpayer, including but not limited to refunds of claims made under section 290.06,
 12.14 subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068;
 12.15 290.0681; or 290.0692; or chapter 290A; or

12.16 (2) any amount paid pursuant to a claim for refund of an overpayment of tax filed by a
 12.17 taxpayer.

12.18 (c) The commissioner may make an assessment to recover an erroneous refund at any
 12.19 time within two years from the issuance of the erroneous refund. If all or part of the erroneous
 12.20 refund was induced by fraud or misrepresentation of a material fact, the assessment may
 12.21 be made at any time.

12.22 (d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be
 12.23 conducted under ~~section~~ sections 289A.38 to 289A.384.

12.24 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 12.25 after December 31, 2017, except that for partnerships that make an election under Code of
 12.26 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 12.27 and applies to the same tax periods to which the election relates.

12.28 Sec. 4. Minnesota Statutes 2018, section 289A.38, subdivision 10, is amended to read:

12.29 Subd. 10. **Incorrect determination of federal adjusted gross income.** Notwithstanding
 12.30 any other provision of this chapter, if a taxpayer whose net income is determined under
 12.31 section 290.01, subdivision 19, omits from income an amount that will under the Internal
 12.32 Revenue Code extend the statute of limitations for the assessment of federal income taxes,

13.1 or otherwise incorrectly determines the taxpayer's federal adjusted gross income resulting
13.2 in adjustments by the Internal Revenue Service, then the period of assessment and
13.3 determination of tax will be that under the Internal Revenue Code. When a change is made
13.4 to federal income during the extended time provided under this subdivision, the provisions
13.5 under ~~subdivisions 7 to 9~~ sections 289A.381 to 289A.384 regarding additional extensions
13.6 apply.

13.7 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
13.8 after December 31, 2017, except that for partnerships that make an election under Code of
13.9 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
13.10 and applies to the same tax periods to which the election relates.

13.11 **Sec. 5. [289A.381] DEFINITIONS; PARTNERSHIPS; FEDERAL ADJUSTMENTS.**

13.12 Subdivision 1. **Definitions relating to federal adjustments.** Unless otherwise specified,
13.13 the definitions in this section apply for the purposes of sections 289A.381 to 289A.385.

13.14 Subd. 2. **Administrative adjustment request.** "Administrative adjustment request"
13.15 means an administrative adjustment request filed by a partnership under section 6227 of
13.16 the Internal Revenue Code.

13.17 Subd. 3. **Audited partnership.** "Audited partnership" means a partnership subject to a
13.18 federal adjustment resulting from a partnership-level audit.

13.19 Subd. 4. **Corporate partner.** "Corporate partner" means a partner that is subject to tax
13.20 under section 290.02.

13.21 Subd. 5. **Direct partner.** "Direct partner" means a partner that holds an immediate legal
13.22 ownership interest in a partnership or pass-through entity.

13.23 Subd. 6. **Exempt partner.** "Exempt partner" means a partner that is exempt from taxes
13.24 on its net income under section 290.05, subdivision 1.

13.25 Subd. 7. **Federal adjustment.** "Federal adjustment" means any change in an amount
13.26 calculated under the Internal Revenue Code, whether to income, gross estate, a credit, an
13.27 item of preference, or any other item that is used by a taxpayer to compute a tax administered
13.28 under this chapter for the reviewed year whether that change results from action by the
13.29 Internal Revenue Service or other competent authority, including a partnership-level audit,
13.30 or the filing of an amended federal return, federal refund claim, or an administrative
13.31 adjustment request by the taxpayer.

14.1 Subd. 8. **Federal adjustments report.** "Federal adjustments report" includes a method
14.2 or form prescribed by the commissioner for use by a taxpayer to report federal adjustments,
14.3 including an amended Minnesota tax return or a uniform multistate report.

14.4 Subd. 9. **Federal partnership representative.** "Federal partnership representative"
14.5 means the person the partnership designates for the taxable year as the partnership's
14.6 representative, or the person the Internal Revenue Service has appointed to act as the
14.7 partnership representative, pursuant to section 6223(a) of the Internal Revenue Code.

14.8 Subd. 10. **Final determination date.** (a) "Final determination date" means:

14.9 (1) for a federal adjustment arising from an audit by the Internal Revenue Service or
14.10 other competent authority, the first day on which no federal adjustment arising from that
14.11 audit remains to be finally determined, whether by agreement, or, if appealed or contested,
14.12 by a final decision with respect to which all rights of appeal have been waived or exhausted;

14.13 (2) for a federal adjustment arising from the filing of an amended federal return, a federal
14.14 refund claim, or the filing by a partnership of an administrative adjustment request, the day
14.15 which the amended return, refund claim, or administrative adjustment request was filed; or

14.16 (3) for agreements required to be signed by the Internal Revenue Service and the taxpayer,
14.17 the date on which the last party signed the agreement.

14.18 Subd. 11. **Final federal adjustment.** "Final federal adjustment" means a federal
14.19 adjustment for which the final determination date for that federal adjustment has passed.

14.20 Subd. 12. **Indirect partner.** "Indirect partner" means either:

14.21 (1) a partner in a partnership or pass-through entity that itself holds an immediate legal
14.22 ownership interest in another partnership or pass-through entity; or

14.23 (2) a partner in a partnership or pass-through entity that holds an indirect interest in
14.24 another partnership or pass-through entity through another indirect partner.

14.25 Subd. 13. **Partner.** "Partner" means a person that holds an interest directly or indirectly
14.26 in a partnership or other pass-through entity.

14.27 Subd. 14. **Partnership.** The term "partnership" has the meaning provided under section
14.28 7701(a)(2) of the Internal Revenue Code.

14.29 Subd. 15. **Partnership-level audit.** "Partnership-level audit" means an examination by
14.30 the Internal Revenue Service at the partnership level pursuant to subtitle F, chapter 63,
14.31 subchapter C, of the Internal Revenue Code, which results in federal adjustments and
14.32 adjustments to partnership-related items.

15.1 Subd. 16. **Pass-through entity.** "Pass-through entity" means an entity, other than a
15.2 partnership, that is not subject to the tax imposed under section 290.02. The term pass-through
15.3 entity includes but is not limited to S corporations, estates, and trusts other than grantor
15.4 trusts.

15.5 Subd. 17. **Resident partner.** "Resident partner" means an individual partner or individual
15.6 indirect partner who is a resident of Minnesota under section 290.01, subdivision 7, for the
15.7 relevant tax period.

15.8 Subd. 18. **Reviewed year.** "Reviewed year" means the taxable year of a partnership that
15.9 is subject to a partnership-level audit from which federal adjustments arise.

15.10 Subd. 19. **Tiered partner.** "Tiered partner" means any partner that is a partnership or
15.11 pass-through entity.

15.12 Subd. 20. **Unrelated business taxable income.** "Unrelated business taxable income"
15.13 has the same meaning as defined in section 512 of the Internal Revenue Code.

15.14 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
15.15 after December 31, 2017, except that for partnerships that make an election under Code of
15.16 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
15.17 and applies to the same tax periods to which the election relates.

15.18 Sec. 6. **[289A.382] REPORTING FEDERAL ADJUSTMENTS; GENERAL RULE.**

15.19 (a) Within 180 days of a final determination date, a taxpayer must file a federal
15.20 adjustments report with the commissioner reporting all final federal adjustments by the
15.21 Internal Revenue Service or other competent authority.

15.22 (b) Within 180 days of a final determination date, a taxpayer must file a federal
15.23 adjustments report with the commissioner reporting any federal adjustments reported by
15.24 the taxpayer to the Internal Revenue Service, including but not limited to:

15.25 (1) federal refund claims;

15.26 (2) a change reported on a timely filed amended federal income tax return; and

15.27 (3) a change reported on an amended return filed pursuant to section 6225(c) of the
15.28 Internal Revenue Code.

15.29 (c) In the case of a final federal adjustment arising from a partnership-level audit or an
15.30 administrative adjustment request filed by a partnership under section 6227 of the Internal
15.31 Revenue Code, a taxpayer must report adjustments as provided for under section 289A.383,
15.32 and not this section.

16.1 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
16.2 after December 31, 2017, except that for partnerships that make an election under Code of
16.3 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
16.4 and applies to the same tax periods to which the election relates.

16.5 **Sec. 7. [289A.383] REPORTING AND PAYMENT REQUIREMENTS.**

16.6 Subdivision 1. **State partnership representative.** (a) With respect to an action required
16.7 or permitted to be taken by a partnership under this section, or in a proceeding under section
16.8 270C.35 or 271.06, the state partnership representative for the reviewed year shall have the
16.9 sole authority to act on behalf of the partnership, and its direct partners and indirect partners
16.10 shall be bound by those actions.

16.11 (b) The state partnership representative for the reviewed year is the partnership's federal
16.12 partnership representative unless the partnership, in a form and manner prescribed by the
16.13 commissioner, designates another person as its state partnership representative.

16.14 Subd. 2. **Reporting and payment requirements for partnerships and tiered**
16.15 **partners.** (a) Unless an audited partnership makes the election in subdivision 3, then, for
16.16 all final federal adjustments the audited partnership must comply with paragraph (b) and
16.17 each direct partner of the audited partnership, other than a tiered partner, must comply with
16.18 paragraph (c).

16.19 (b) No later than 90 days after the final determination date, the audited partnership must:

16.20 (1) file a completed federal adjustments report, including all partner-level information
16.21 required under section 289A.12, subdivision 3, with the commissioner;

16.22 (2) notify each of its direct partners of their distributive share of the adjustments;

16.23 (3) file an amended composite report for all direct partners who were included in a
16.24 composite return under section 289A.08, subdivision 7, in the reviewed year, and pay the
16.25 additional amount that would have been due had the federal adjustments been reported
16.26 properly as required; and

16.27 (4) file amended withholding reports for all direct partners who were or should have
16.28 been subject to nonresident withholding under section 290.92, subdivision 4b, in the reviewed
16.29 year, and pay the additional amount that would have been due had the federal adjustments
16.30 been reported properly as required.

17.1 (c) No later than 180 days after the final determination date, each direct partner, other
17.2 than a tiered partner, that is subject to a tax administered under this chapter, other than the
17.3 sales tax, must:

17.4 (1) file a federal adjustments report reporting their distributive share of the adjustments
17.5 reported to them under paragraph (b), clause (2); and

17.6 (2) pay any additional amount of tax due as if the final federal adjustment had been
17.7 properly reported, plus any penalty and interest due under this chapter, and less any credit
17.8 for related amounts paid or withheld and remitted on behalf of the direct partner under
17.9 paragraph (b), clauses (3) and (4).

17.10 Subd. 3. Election; partnership or tiered partners pay. (a) An audited partnership may
17.11 make an election under this subdivision to pay its assessment at the entity level. If an audited
17.12 partnership makes an election to pay its assessment at the entity level it must:

17.13 (1) no later than 90 days after the final determination date, file a completed federal
17.14 adjustments report, including the residency information for all individual partners, both
17.15 direct and indirect, and information pertaining to all other partners as prescribed by the
17.16 commissioner, and notify the commissioner that it is making the election under this
17.17 subdivision; and

17.18 (2) no later than 180 days after the final determination date, pay an amount, determined
17.19 as follows, in lieu of taxes on partners:

17.20 (i) exclude from final federal adjustments the distributive share of these adjustments
17.21 made to an exempt partner that is not unrelated business taxable income;

17.22 (ii) exclude from final federal adjustments the distributive share of these adjustments
17.23 made to a partner that has filed a federal adjustments report and paid the applicable tax, as
17.24 required under subdivision 2, for the distributive share of adjustments reported on a federal
17.25 return under section 6225(c) of the Internal Revenue Code;

17.26 (iii) allocate at the partner level using section 290.17, subdivision 1, all final federal
17.27 adjustments attributable to resident partners, both direct and indirect, for the reviewed year;

17.28 (iv) allocate and apportion at the partnership level using sections 290.17 to 290.20 all
17.29 remaining final federal adjustments for the reviewed year;

17.30 (v) determine the total distributive share of the allocated and apportioned final federal
17.31 adjustments determined in items (iii) and (iv) that are attributable to:

17.32 (A) resident partners;

- 18.1 (B) corporate partners and exempt partners; and
- 18.2 (C) the total distributive share amount allocated to all other partners;
- 18.3 (vi) for the total distributive share of net final federal adjustments attributed to corporate
- 18.4 partners and exempt partners under item (v), subitem (B), multiply the total by the highest
- 18.5 tax rate in section 290.06, subdivision 1, for the reviewed year, and calculate interest and
- 18.6 penalties as applicable under this chapter;
- 18.7 (vii) for the total distributive share of net final federal adjustments attributable to resident
- 18.8 partners, and all other partners under item (v), subitems (A) and (C), multiply the total by
- 18.9 the highest tax rate in section 290.06, subdivision 2c, for the reviewed year, and calculate
- 18.10 interest and penalties as applicable under this chapter; and
- 18.11 (viii) add the amount determined in item (vi) to the amount determined in item (vii),
- 18.12 and pay all applicable taxes, penalties, and interest to the commissioner.
- 18.13 (b) An audited partnership may not make an election under this subdivision to report:
- 18.14 (1) a federal adjustment that results in unitary business income to a corporate partner
- 18.15 required to file as a member of a combined report under section 290.17, subdivision 4; or
- 18.16 (2) any final federal adjustments resulting from an administrative adjustment request.
- 18.17 **Subd. 4. Tiered partners and indirect partners.** (a) Each tiered partner and each
- 18.18 indirect partner of an audited partnership that reported final federal adjustments pursuant
- 18.19 to subdivision 2, paragraph (b), clause (1), or this subdivision, must:
- 18.20 (1) within 90 days of the report comply with the filing, reporting, and payment
- 18.21 requirements of subdivision 2, paragraph (b); or
- 18.22 (2) make the election under subdivision 3 as though it were the audited partnership.
- 18.23 (b) Each direct partner in a partnership making a report under paragraph (a) must, within
- 18.24 180 days of the report, comply with the filing, reporting, and payment requirements of
- 18.25 subdivision 2, paragraph (c).
- 18.26 (c) Notwithstanding the interim time requirements in this subdivision and subdivisions
- 18.27 2 and 3, all reports and payments required to be made by the tiered and indirect partners
- 18.28 under this section are required to be made within 90 days after the time for the filing and
- 18.29 furnishing of statements to tiered partners and their partners as established by the Internal
- 18.30 Revenue Service under section 6226 of the Internal Revenue Code.

19.1 Subd. 5. **Effects of election by partnership or tiered partner and payment of amount**
19.2 **due.** (a) Unless the commissioner determines otherwise, the election under subdivision 3
19.3 is irrevocable.

19.4 (b) If an audited partnership or tiered partner properly reports and pays an amount
19.5 determined in subdivision 3, the amount must be treated as paid in lieu of taxes owed by
19.6 the partnership's direct partners on the same final federal adjustments. The direct partners
19.7 and indirect partners of the partnership who are not resident partners may not take any
19.8 deduction or credit for this amount or claim a refund of the amount in this state.

19.9 (c) Nothing in this subdivision precludes resident partners from claiming a credit against
19.10 taxes paid under section 290.06, on any amounts paid by the audited partnership or tiered
19.11 partners on the resident partner's behalf to another state or local tax jurisdiction.

19.12 Subd. 6. **Failure of partnership or tiered partner to report or pay.** Nothing in this
19.13 section prevents the commissioner from assessing partners or indirect partners for taxes
19.14 they owe in the event that, for any reason, a partnership or tiered partner fails to timely
19.15 make any report or payment required by this section.

19.16 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
19.17 after December 31, 2017, except that for partnerships that make an election under Code of
19.18 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
19.19 and applies to the same tax periods to which the election relates.

19.20 Sec. 8. **[289A.384] ASSESSMENT OF TAX, INTEREST, PENALTIES, AND**
19.21 **ADDITIONAL AMOUNTS.**

19.22 Subdivision 1. **Assessment of additional tax, interest, and penalties.** The commissioner
19.23 may assess additional tax, interest, and penalties following a final federal adjustment:

19.24 (1) arising from an audit by the Internal Revenue Service, including a partnership-level
19.25 audit;

19.26 (2) reported by the taxpayer on an amended federal tax return; or

19.27 (3) as part of an administrative adjustment request on or before the dates provided in
19.28 this section.

19.29 Subd. 2. **Timely and untimely reported federal adjustments.** If a taxpayer files a
19.30 federal adjustments report, within or after the periods prescribed in section 289A.382 or
19.31 289A.383, the commissioner may assess any additional Minnesota amounts including
19.32 in-lieu-of amounts, taxes, interest, and penalties at the later of:

20.1 (1) the expiration of the period of limitations in section 289A.38; or

20.2 (2) the expiration of the one-year period following the date of the filing with the
 20.3 commissioner of the federal adjustments report.

20.4 Subd. 3. **Unreported reported federal adjustments.** If the taxpayer fails to file a federal
 20.5 adjustments report, the commissioner may assess any additional amounts including in-lieu-of
 20.6 amounts, taxes, penalties, and interest, at the later of:

20.7 (1) the expiration of the period of limitations in section 289A.38; or

20.8 (2) the expiration of the six-year period following the final determination date.

20.9 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 20.10 after December 31, 2017, except that for partnerships that make an election under Code of
 20.11 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 20.12 and applies to the same tax periods to which the election relates.

20.13 Sec. 9. **[289A.385] CLAIMS FOR REFUND OR CREDITS OF STATE TAX**
 20.14 **ARISING FROM FINAL FEDERAL ADJUSTMENTS MADE BY THE INTERNAL**
 20.15 **REVENUE SERVICE.**

20.16 Taxpayers subject to the reporting requirements of sections 289A.382 and 289A.383
 20.17 may file claims for refund related to federal adjustments made by the Internal Revenue
 20.18 Service on or before the last day of the general period of limitations on claims for refund
 20.19 in section 289A.40.

20.20 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 20.21 after December 31, 2017, except that for partnerships that make an election under Code of
 20.22 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 20.23 and applies to the same tax periods to which the election relates.

20.24 Sec. 10. Minnesota Statutes 2018, section 289A.42, is amended to read:

20.25 **289A.42 CONSENT TO EXTEND STATUTE.**

20.26 Subdivision 1. **Extension agreement.** If before the expiration of time prescribed in
 20.27 sections 289A.38 to 289A.384 and 289A.40 for the assessment of tax or the filing of a claim
 20.28 for refund, both the commissioner and the taxpayer have consented in writing to the
 20.29 assessment or filing of a claim for refund after that time, the tax may be assessed or the
 20.30 claim for refund filed at any time before the expiration of the agreed-upon period. The
 20.31 period may be extended by later agreements in writing before the expiration of the period

21.1 previously agreed upon. The taxpayer and the commissioner may also agree to extend the
21.2 period for collection of the tax.

21.3 Subd. 2. **Federal extensions.** When a taxpayer consents to an extension of time for the
21.4 assessment of federal withholding or income taxes, the period in which the commissioner
21.5 may recompute the tax is also extended, notwithstanding any period of limitations to the
21.6 contrary, as follows:

21.7 (1) for the periods provided in section ~~289A.38, subdivisions 8 and 9~~ 289A.384,
21.8 subdivisions 2 and 3;

21.9 (2) for six months following the expiration of the extended federal period of limitations
21.10 when no change is made by the federal authority. If no change is made by the federal
21.11 authority, and, but for this subdivision, the commissioner's time period to adjust the tax has
21.12 expired, and if the commissioner has completed a field audit of the taxpayer, no additional
21.13 changes resulting in additional tax due or a refund may be made. For purposes of this
21.14 subdivision, "field audit" has the meaning given it in section 289A.38, subdivision 9.

21.15 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
21.16 after December 31, 2017, except that for partnerships that make an election under Code of
21.17 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
21.18 and applies to the same tax periods to which the election relates.

21.19 Sec. 11. Minnesota Statutes 2018, section 289A.60, subdivision 24, is amended to read:

21.20 Subd. 24. **Penalty for failure to notify of federal change.** If a person fails to report to
21.21 the commissioner a change or correction of the person's federal return in the manner and
21.22 time prescribed in ~~section 289A.38, subdivision 7~~ sections 289A.382 and 289A.383, there
21.23 must be added to the tax an amount equal to ten percent of the amount of any underpayment
21.24 of Minnesota tax attributable to the federal change.

21.25 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
21.26 after December 31, 2017, except that for partnerships that make an election under Code of
21.27 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
21.28 and applies to the same tax periods to which the election relates.

21.29 Sec. 12. Minnesota Statutes 2018, section 290.31, subdivision 1, is amended to read:

21.30 Subdivision 1. **Partners, not partnership, subject to tax.** Except as provided under
21.31 ~~section~~ sections 289A.35, paragraph (b), and 289A.383, subdivision 3, a partnership as such
21.32 shall not be subject to the income tax imposed by this chapter, but is subject to the tax

22.1 imposed under section 290.0922. Persons carrying on business as partners shall be liable
22.2 for income tax only in their separate or individual capacities.

22.3 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
22.4 after December 31, 2017, except that for partnerships that make an election under Code of
22.5 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
22.6 and applies to the same tax periods to which the election relates.

22.7 Sec. 13. Minnesota Statutes 2018, section 297F.17, subdivision 6, is amended to read:

22.8 Subd. 6. **Time limit for bad debt refund.** Claims for refund must be filed with the
22.9 commissioner during the one-year period beginning with the timely filing of the taxpayer's
22.10 federal income tax return containing the bad debt deduction that is being claimed. Claimants
22.11 under this subdivision are subject to the notice requirements of ~~section 289A.38, subdivision~~
22.12 ~~7~~ sections 289A.382 and 289A.383.

22.13 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
22.14 after December 31, 2017, except that for partnerships that make an election under Code of
22.15 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
22.16 and applies to the same tax periods to which the election relates.

22.17 Sec. 14. Minnesota Statutes 2018, section 297G.16, subdivision 7, is amended to read:

22.18 Subd. 7. **Time limit for a bad debt deduction.** Claims for refund must be filed with
22.19 the commissioner within one year of the filing of the taxpayer's income tax return containing
22.20 the bad debt deduction that is being claimed. Claimants under this subdivision are subject
22.21 to the notice requirements of ~~section 289A.38, subdivision 7~~ sections 289A.38 to 289A.384.

22.22 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
22.23 after December 31, 2017, except that for partnerships that make an election under Code of
22.24 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
22.25 and applies to the same tax periods to which the election relates.

22.26 Sec. 15. Minnesota Statutes 2018, section 469.319, subdivision 4, is amended to read:

22.27 Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under chapter
22.28 290 or 297A or local taxes collected pursuant to section 297A.99, a business must file an
22.29 amended return with the commissioner of revenue and pay any taxes required to be repaid
22.30 within 30 days after becoming subject to repayment under this section. The amount required
22.31 to be repaid is determined by calculating the tax for the period or periods for which repayment
22.32 is required without regard to the exemptions and credits allowed under section 469.315.

23.1 (b) For the repayment of taxes imposed under chapter 297B, a business must pay any
23.2 taxes required to be repaid to the motor vehicle registrar, as agent for the commissioner of
23.3 revenue, within 30 days after becoming subject to repayment under this section.

23.4 (c) For the repayment of property taxes, the county auditor shall prepare a tax statement
23.5 for the business, applying the applicable tax extension rates for each payable year and
23.6 provide a copy to the business and to the taxpayer of record. The business must pay the
23.7 taxes to the county treasurer within 30 days after receipt of the tax statement. The business
23.8 or the taxpayer of record may appeal the valuation and determination of the property tax to
23.9 the Tax Court within 30 days after receipt of the tax statement.

23.10 (d) The provisions of chapters 270C and 289A relating to the commissioner's authority
23.11 to audit, assess, and collect the tax and to hear appeals are applicable to the repayment
23.12 required under paragraphs (a) and (b). The commissioner may impose civil penalties as
23.13 provided in chapter 289A, and the additional tax and penalties are subject to interest at the
23.14 rate provided in section 270C.40. The additional tax shall bear interest from 30 days after
23.15 becoming subject to repayment under this section until the date the tax is paid. Any penalty
23.16 imposed pursuant to this section shall bear interest from the date provided in section 270C.40,
23.17 subdivision 3, to the date of payment of the penalty.

23.18 (e) If a property tax is not repaid under paragraph (c), the county treasurer shall add the
23.19 amount required to be repaid to the property taxes assessed against the property for payment
23.20 in the year following the year in which the auditor provided the statement under paragraph
23.21 (c).

23.22 (f) For determining the tax required to be repaid, a reduction of a state or local sales or
23.23 use tax is deemed to have been received on the date that the good or service was purchased
23.24 or first put to a taxable use. In the case of an income tax or franchise tax, including the credit
23.25 payable under section 469.318, a reduction of tax is deemed to have been received for the
23.26 two most recent tax years that have ended prior to the date that the business became subject
23.27 to repayment under this section. In the case of a property tax, a reduction of tax is deemed
23.28 to have been received for the taxes payable in the year that the business became subject to
23.29 repayment under this section and for the taxes payable in the prior year.

23.30 (g) The commissioner may assess the repayment of taxes under paragraph (d) any time
23.31 within two years after the business becomes subject to repayment under subdivision 1, or
23.32 within any period of limitations for the assessment of tax under ~~section 289A.38~~ sections
23.33 289A.38 to 289A.384, whichever period is later. The county auditor may send the statement

24.1 under paragraph (c) any time within three years after the business becomes subject to
 24.2 repayment under subdivision 1.

24.3 (h) A business is not entitled to any income tax or franchise tax benefits, including
 24.4 refundable credits, for any part of the year in which the business becomes subject to
 24.5 repayment under this section nor for any year thereafter. Property is not exempt from tax
 24.6 under section 272.02, subdivision 64, for any taxes payable in the year following the year
 24.7 in which the property became subject to repayment under this section nor for any year
 24.8 thereafter. A business is not eligible for any sales tax benefits beginning with goods or
 24.9 services purchased or first put to a taxable use on the day that the business becomes subject
 24.10 to repayment under this section.

24.11 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 24.12 after December 31, 2017, except that for partnerships that make an election under Code of
 24.13 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 24.14 and applies to the same tax periods to which the election relates.

24.15 Sec. 16. **REPEALER.**

24.16 Minnesota Statutes 2018, section 289A.38, subdivisions 7, 8, and 9, are repealed.

24.17 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
 24.18 after December 31, 2017, except that for partnerships that make an election under Code of
 24.19 Federal Regulations, title 26, section 301.9100-22T, this section is effective retroactively
 24.20 and applies to the same tax periods to which the election relates.

24.21 **ARTICLE 4**

24.22 **DEPARTMENT OF REVENUE; SALES AND USE TAXES; TECHNICAL CHANGES**

24.23 Section 1. Minnesota Statutes 2018, section 297A.68, subdivision 17, is amended to read:

24.24 Subd. 17. **Ships used in interstate commerce; other vessels.** Repair, replacement, and
 24.25 rebuilding parts and materials, and lubricants, for the following are exempt:

24.26 (1) ships or vessels used or to be used principally in interstate or foreign commerce ~~are~~
 24.27 exempt; and

24.28 (2) vessels with a gross registered tonnage of at least 3,000 tons ~~are exempt.~~

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

25.1 Sec. 2. Minnesota Statutes 2018, section 297A.68, subdivision 42, is amended to read:

25.2 Subd. 42. **Qualified data centers.** (a) Purchases of enterprise information technology
25.3 equipment and computer software for use in a qualified data center, or a qualified refurbished
25.4 data center, are exempt, except that computer software maintenance agreements are exempt
25.5 for purchases made after June 30, 2013. The tax on purchases exempt under this paragraph
25.6 must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied,
25.7 and then refunded after June 30, 2013, in the manner provided in section 297A.75. This
25.8 exemption includes enterprise information technology equipment and computer software
25.9 purchased to replace or upgrade enterprise information technology equipment and computer
25.10 software in a qualified data center, or a qualified refurbished data center.

25.11 (b) Electricity used or consumed in the operation of a qualified data center or qualified
25.12 refurbished data center is exempt.

25.13 (c) For purposes of this subdivision, "qualified data center" means a facility in Minnesota:

25.14 (1) that is comprised of one or more buildings that consist in the aggregate of at least
25.15 25,000 square feet, and that are located on a single parcel or on contiguous parcels, where
25.16 the total cost of construction or refurbishment, investment in enterprise information
25.17 technology equipment, and computer software is at least \$30,000,000 within a 48-month
25.18 period. The 48-month period begins no sooner than July 1, 2012, except that costs for
25.19 computer software maintenance agreements purchased before July 1, 2013, are not included
25.20 in determining if the \$30,000,000 threshold has been met;

25.21 (2) that is constructed or substantially refurbished after June 30, 2012, where
25.22 "substantially refurbished" means that at least 25,000 square feet have been rebuilt or
25.23 modified, including:

25.24 (i) installation of enterprise information technology equipment; environmental control,
25.25 computer software, and energy efficiency improvements; and

25.26 (ii) building improvements; and

25.27 (3) that is used to house enterprise information technology equipment, where the facility
25.28 has the following characteristics:

25.29 (i) uninterruptible power supplies, generator backup power, or both;

25.30 (ii) sophisticated fire suppression and prevention systems; and

25.31 (iii) enhanced security. A facility will be considered to have enhanced security if it has
25.32 restricted access to the facility to selected personnel; permanent security guards; video

26.1 camera surveillance; an electronic system requiring pass codes, keycards, or biometric scans,
26.2 such as hand scans and retinal or fingerprint recognition; or similar security features.

26.3 In determining whether the facility has the required square footage, the square footage
26.4 of the following spaces shall be included if the spaces support the operation of enterprise
26.5 information technology equipment: office space, meeting space, and mechanical and other
26.6 support facilities. For purposes of this subdivision, "computer software" includes, but is not
26.7 limited to, software utilized or loaded at a qualified data center or qualified refurbished data
26.8 center, including maintenance, licensing, and software customization.

26.9 (d) For purposes of this subdivision, a "qualified refurbished data center" means an
26.10 existing facility that qualifies as a data center under paragraph (c), clauses (2) and (3), but
26.11 that is comprised of one or more buildings that consist in the aggregate of at least 25,000
26.12 square feet, and that are located on a single parcel or contiguous parcels, where the total
26.13 cost of construction or refurbishment, investment in enterprise information technology
26.14 equipment, and computer software is at least \$50,000,000 within a 24-month period.

26.15 (e) For purposes of this subdivision, "enterprise information technology equipment"
26.16 means computers and equipment supporting computing, networking, or data storage,
26.17 including servers and routers. It includes, but is not limited to: cooling systems, cooling
26.18 towers, and other temperature control infrastructure; power infrastructure for transformation,
26.19 distribution, or management of electricity used for the maintenance and operation of a
26.20 qualified data center or qualified refurbished data center, including but not limited to exterior
26.21 dedicated business-owned substations, backup power generation systems, battery systems,
26.22 and related infrastructure; and racking systems, cabling, and trays, which are necessary for
26.23 the maintenance and operation of the qualified data center or qualified refurbished data
26.24 center.

26.25 (f) A qualified data center or qualified refurbished data center may claim the exemptions
26.26 in this subdivision for purchases made either within 20 years of the date of its first purchase
26.27 qualifying for the exemption under paragraph (a), or by June 30, 2042, whichever is earlier.

26.28 (g) The purpose of this exemption is to create jobs in the construction and data center
26.29 industries.

26.30 (h) This subdivision is effective for sales and purchases made before July 1, 2042.

26.31 (i) The commissioner of employment and economic development must certify to the
26.32 commissioner of revenue, in a format approved by the commissioner of revenue, when a
26.33 qualified data center has met the requirements under paragraph (c) or a qualified refurbished
26.34 data center has met the requirements under paragraph (d). The certification must provide

27.1 the following information regarding each qualified data center or qualified refurbished data
27.2 center:

27.3 (1) the total square footage amount;

27.4 (2) the total amount of construction or refurbishment costs and the total amount of
27.5 qualifying investments in enterprise information technology equipment and computer
27.6 software; ~~and~~

27.7 (3) the beginning and ending of the applicable period under either paragraph (c) or (d)
27.8 in which the qualifying expenditures and purchases under clause (2) were made, but in no
27.9 case shall the period begin before July 1, 2012; and

27.10 (4) the date upon which the qualified data center first met the requirements under
27.11 paragraph (c) or a qualified refurbished data center first met the requirements under paragraph
27.12 (d).

27.13 (j) Any refund for sales tax paid on qualifying purchases under this subdivision must
27.14 not be issued unless the commissioner of revenue has received the certification required
27.15 under paragraph (i) ~~either from~~ issued by the commissioner of employment and economic
27.16 development ~~or the qualified data center or qualified refurbished data center claiming the~~
27.17 ~~refund; and.~~

27.18 (k) The commissioner of employment and economic development must annually notify
27.19 the commissioner of revenue of the qualified data centers that are projected to meet the
27.20 requirements under paragraph (c) and the qualified refurbished data centers that are projected
27.21 to meet the requirements under paragraph (d) in each of the next four years. The notification
27.22 must provide the information required under paragraph (i), clauses (1) to ~~(3)~~ (4), for each
27.23 qualified data center or qualified refurbished data center.

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

27.25 Sec. 3. Minnesota Statutes 2018, section 297A.68, subdivision 44, is amended to read:

27.26 Subd. 44. **Greater Minnesota business expansions.** (a) Purchases and use of tangible
27.27 personal property or taxable services by a qualified business, ~~as defined in section 116J.8738,~~
27.28 are exempt if:

27.29 (1) the commissioner of employment and economic development certifies to the
27.30 commissioner of revenue, in a format approved by the commissioner of revenue, that the
27.31 qualified business meets the requirements under section 116J.8738;

28.1 (2) the business subsidy agreement provides that the exemption under this subdivision
28.2 applies;

28.3 ~~(2)~~ (3) the property or services are primarily used or consumed at the facility in greater
28.4 Minnesota identified in the business subsidy agreement; and

28.5 ~~(3)~~ (4) the purchase was made and delivery received during the duration of the
28.6 ~~certification of the business as a qualified business under section 116J.8738~~ business subsidy
28.7 agreement.

28.8 (b) Purchase and use of construction materials and supplies used or consumed in, and
28.9 equipment incorporated into, the construction of improvements to real property in greater
28.10 Minnesota are exempt if the improvements after completion of construction are to be used
28.11 in the conduct of the trade or business of the qualified business, ~~as defined in section~~
28.12 ~~116J.8738~~ and the commissioner of employment and economic development certifies to
28.13 the commissioner of revenue, in a format approved by the commissioner of revenue, that
28.14 the qualified business meets the requirements under section 116J.8738. This exemption
28.15 applies regardless of whether the purchases are made by the business or a contractor.

28.16 (c) The exemptions under this subdivision apply to a local sales and use tax.

28.17 (d) The tax on purchases imposed under this subdivision must be imposed and collected
28.18 as if the rate under section 297A.62 applied, and then refunded in the manner provided in
28.19 section 297A.75. The total amount refunded for a facility over the certification period is
28.20 limited to the amount listed in the business subsidy agreement. No more than \$7,000,000
28.21 may be refunded in a fiscal year for all purchases under this subdivision. Refunds must be
28.22 allocated on a first-come, first-served basis. If more than \$7,000,000 of eligible claims are
28.23 made in a fiscal year, claims by qualified businesses carry over to the next fiscal year, and
28.24 the commissioner of revenue must first allocate refunds to qualified businesses eligible for
28.25 a refund in the preceding fiscal year. Any portion of the balance of funds allocated for
28.26 refunds under this paragraph does not cancel and shall be carried forward to and available
28.27 for refunds in subsequent fiscal years. Notwithstanding section 297A.75, subdivision 4, for
28.28 an eligible refund claim that carries over to a subsequent fiscal year, the interest on the
28.29 amount carried over must be paid on the refund no sooner than from 90 days after July 1
28.30 of the fiscal year in which funds are available for the eligible claim.

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

29.1 Sec. 4. Minnesota Statutes 2018, section 297A.71, subdivision 45, is amended to read:

29.2 Subd. 45. **Biopharmaceutical manufacturing facility.** (a) Materials and supplies used
29.3 or consumed in, capital equipment incorporated into, and privately owned infrastructure in
29.4 support of the construction, improvement, or expansion of a biopharmaceutical manufacturing
29.5 facility in the state are exempt if the commissioner of employment and economic
29.6 development certifies to the commissioner of revenue that the following criteria are met:

29.7 (1) the facility is used for the manufacturing of biologics;

29.8 (2) the total capital investment made at the facility exceeds \$50,000,000; and

29.9 (3) the facility creates and maintains at least 190 full-time equivalent positions at the
29.10 facility. These positions must be new jobs in Minnesota and not the result of relocating jobs
29.11 that currently exist in Minnesota.

29.12 (b) The tax must be imposed and collected as if the rate under section 297A.62 applied,
29.13 and refunded in the manner provided in section 297A.75.

29.14 (c) To be eligible for a refund, the owner of the biopharmaceutical manufacturing facility
29.15 must:

29.16 (1) initially apply to the ~~Department~~ commissioner of employment and economic
29.17 development for certification no later than one year from the final completion date of
29.18 construction, improvement, or expansion of the facility; and

29.19 (2) for each year that the owner of the biopharmaceutical manufacturing facility applies
29.20 for a refund, the ~~owner~~ commissioner of revenue must have received written certification
29.21 from the ~~Department~~ commissioner of employment and economic development that the
29.22 facility has met the criteria of paragraph (a).

29.23 (d) The refund is to be paid annually at a rate of 25 percent of the total allowable refund
29.24 payable to date, with the commissioner making annual payments of the remaining refund
29.25 until all of the refund has been paid.

29.26 (e) For purposes of this subdivision, "biopharmaceutical" and "biologics" are
29.27 interchangeable and mean medical drugs or medicinal preparations produced using
29.28 technology that uses biological systems, living organisms, or derivatives of living organisms
29.29 to make or modify products or processes for specific use. The medical drugs or medicinal
29.30 preparations include but are not limited to proteins, antibodies, nucleic acids, and vaccines.

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

30.1 Sec. 5. Minnesota Statutes 2018, section 297A.77, is amended by adding a subdivision to
30.2 read:

30.3 Subd. 5. **Records must be kept.** Every person liable for any tax imposed by this chapter,
30.4 or for the collection thereof, shall keep such records, render such statements, make such
30.5 returns, and comply with such rules, as the commissioner may from time to time prescribe.

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

30.7 **ARTICLE 5**

30.8 **DEPARTMENT OF REVENUE; TOBACCO TAXES; TECHNICAL CHANGES**

30.9 Section 1. Minnesota Statutes 2018, section 297F.01, subdivision 19, is amended to read:

30.10 Subd. 19. **Tobacco products.** (a) "Tobacco products" means any product containing,
30.11 made, or derived from tobacco that is intended for human consumption, whether chewed,
30.12 smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, or
30.13 any component, part, or accessory of a tobacco product, including, but not limited to, cigars;
30.14 cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking
30.15 tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing
30.16 tobacco; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco, and other kinds
30.17 and forms of tobacco; but does not include cigarettes as defined in this section. Tobacco
30.18 products includes nicotine solution products. Tobacco products excludes any tobacco product
30.19 that has been approved by the United States Food and Drug Administration for sale as a
30.20 tobacco cessation product, as a tobacco dependence product, or for other medical purposes,
30.21 and is being marketed and sold solely for such an approved purpose.

30.22 (b) Except for the imposition of tax under section 297F.05, subdivisions 3 and 4, tobacco
30.23 products includes a premium cigar, as defined in subdivision 13a.

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

30.25 Sec. 2. Minnesota Statutes 2018, section 297F.01, is amended by adding a subdivision to
30.26 read:

30.27 Subd. 22b. **Nicotine solution products.** (a) "Nicotine solution products" means any
30.28 cartridge, bottle, or other package that contains nicotine made or derived from tobacco, that
30.29 is in a solution that is consumed, or meant to be consumed, through the use of a heating
30.30 element, power source, electronic circuit, or other electronic, chemical, or mechanical means
30.31 that produces vapor or aerosol. This paragraph expires December 31, 2019.

31.1 (b) Beginning January 1, 2020, "nicotine solution products" means any cartridge, bottle,
31.2 or other package that contains nicotine, including nicotine made or derived from tobacco
31.3 or sources other than tobacco, that is in a solution that is consumed, or meant to be consumed,
31.4 through the use of a heating element, power source, electronic circuit, or other electronic,
31.5 chemical, or mechanical means that produces vapor or aerosol.

31.6 (c) Nicotine solution products includes any electronic cigarette, electronic cigar, electronic
31.7 cigarillo, electronic pipe, or similar product or device, and any batteries, heating elements,
31.8 or other components, parts, or accessories sold with and meant to be used in the consumption
31.9 of a solution containing nicotine.

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

31.11 Sec. 3. Minnesota Statutes 2018, section 297F.01, subdivision 23, is amended to read:

31.12 Subd. 23. **Wholesale sales price.** (a) "Wholesale sales price" means the price at which
31.13 a distributor purchases a tobacco product.

31.14 (b) When a distributor sells a cartridge, bottle, or other package of a solution containing
31.15 nicotine that is part of a kit that also includes a product, device, component, part, or accessory
31.16 described in subdivision 22b:

31.17 (1) the wholesale sales price is the price at which the distributor purchases the kit; except
31.18 that

31.19 (2) if the distributor also separately sells the same package of solution containing nicotine
31.20 that is sold with the kit and can isolate the cost of the package of solution containing nicotine,
31.21 then the wholesale sales price includes only the price at which the distributor separately
31.22 purchases the package of the solution containing nicotine and any taxes, charges, and costs
31.23 listed in paragraph (c).

31.24 (c) Wholesale sales price includes the applicable federal excise tax, freight charges, or
31.25 packaging costs, regardless of whether they were included in the purchase price.

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

32.1

ARTICLE 6

32.2

MINNESOTACARE; TECHNICAL CHANGES

32.3 Section 1. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision
32.4 to read:

32.5 Subd. 2b. **Emergency medical reasons.** "Emergency medical reasons" means a public
32.6 health emergency declaration pursuant to United States Code, title 42, section 247d; a
32.7 national security or peacetime emergency declared by the governor pursuant to section
32.8 12.31; or a situation involving an action by the commissioner of health pursuant to section
32.9 144.4197, 144.4198, or 151.37, subdivisions 2, paragraph (b), and 10, except that, for
32.10 purposes of this subdivision, a drug shortage not caused by a public health emergency shall
32.11 not constitute an emergency medical reason.

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

32.13 Sec. 2. Minnesota Statutes 2018, section 295.50, subdivision 3, is amended to read:

32.14 Subd. 3. **Gross revenues.** "Gross revenues" are total amounts received in money or
32.15 otherwise by:

32.16 (1) a hospital for patient services;

32.17 (2) a surgical center for patient services;

32.18 (3) a health care provider, other than a staff model health ~~carrier~~ plan company, for
32.19 patient services;

32.20 (4) a wholesale drug distributor for sale or distribution of legend drugs that are delivered
32.21 in Minnesota by the wholesale drug distributor, by common carrier, or by mail, unless the
32.22 legend drugs are delivered to another wholesale drug distributor who sells legend drugs
32.23 exclusively at wholesale. ~~Legend drugs do not include nutritional products as defined in~~
32.24 ~~Minnesota Rules, part 9505.0325, and blood and blood components; and~~

32.25 (5) a staff model health plan company as gross premiums for enrollees, co-payments,
32.26 deductibles, coinsurance, and fees for patient services.

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

32.28 Sec. 3. Minnesota Statutes 2018, section 295.50, subdivision 4, is amended to read:

32.29 Subd. 4. **Health care provider.** (a) "Health care provider" means:

33.1 (1) a person whose health care occupation is regulated or required to be regulated by
33.2 the state of Minnesota furnishing any or all of the following goods or services directly to a
33.3 patient or consumer: medical, surgical, optical, visual, dental, hearing, nursing services,
33.4 drugs, laboratory, diagnostic or therapeutic services;

33.5 (2) a person who provides goods and services not listed in clause (1) that qualify for
33.6 reimbursement under the medical assistance program provided under chapter 256B;

33.7 (3) a staff model health plan company;

33.8 (4) an ambulance service required to be licensed; ~~or~~

33.9 (5) a person who sells or repairs hearing aids and related equipment or prescription
33.10 eyewear; or

33.11 (6) a person providing patient services, who does not otherwise meet the definition of
33.12 health care provider and is not specifically excluded in clause (b), who employs or contracts
33.13 with a health care provider as defined in clauses (1) to (5) to perform, supervise, otherwise
33.14 oversee, or consult with regarding patient services.

33.15 (b) Health care provider does not include:

33.16 (1) hospitals; medical supplies distributors, except as specified under paragraph (a),
33.17 clause (5); nursing homes licensed under chapter 144A or licensed in any other jurisdiction;
33.18 wholesale drug distributors; pharmacies; surgical centers; bus and taxicab transportation,
33.19 or any other providers of transportation services other than ambulance services required to
33.20 be licensed; supervised living facilities for persons with developmental disabilities, licensed
33.21 under Minnesota Rules, parts 4665.0100 to 4665.9900; housing with services establishments
33.22 required to be registered under chapter 144D; board and lodging establishments providing
33.23 only custodial services that are licensed under chapter 157 and registered under section
33.24 157.17 to provide supportive services or health supervision services; adult foster homes as
33.25 defined in Minnesota Rules, part 9555.5105; day training and habilitation services for adults
33.26 with developmental disabilities as defined in section 252.41, subdivision 3; boarding care
33.27 homes, as defined in Minnesota Rules, part 4655.0100; and adult day care centers as defined
33.28 in Minnesota Rules, part 9555.9600;

33.29 (2) home health agencies as defined in Minnesota Rules, part 9505.0175, subpart 15; a
33.30 person providing personal care services and supervision of personal care services as defined
33.31 in Minnesota Rules, part 9505.0335; a person providing home care nursing services as
33.32 defined in Minnesota Rules, part 9505.0360; and home care providers required to be licensed
33.33 under chapter 144A for home care services provided under chapter 144A;

34.1 (3) a person who employs health care providers solely for the purpose of providing
34.2 patient services to its employees;

34.3 (4) an educational institution that employs health care providers solely for the purpose
34.4 of providing patient services to its students if the institution does not receive fee for service
34.5 payments or payments for extended coverage; and

34.6 (5) a person who receives all payments for patient services from health care providers,
34.7 surgical centers, or hospitals for goods and services that are taxable to the paying health
34.8 care providers, surgical centers, or hospitals, as provided under section 295.53, subdivision
34.9 1, paragraph (b), clause (3) or (4), or from a source of funds that is exempt from tax under
34.10 this chapter.

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

34.12 Sec. 4. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to
34.13 read:

34.14 Subd. 7a. **Manufacturer.** "Manufacturer" has the meaning provided in section 151.01,
34.15 subdivision 14a.

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

34.17 Sec. 5. Minnesota Statutes 2018, section 295.50, subdivision 9b, is amended to read:

34.18 Subd. 9b. **Patient services.** (a) "Patient services" means inpatient and outpatient services
34.19 and other goods and services provided by hospitals, surgical centers, or health care providers.
34.20 They include the following health care goods and services provided to a patient or consumer:

34.21 (1) bed and board;

34.22 (2) nursing services and other related services;

34.23 (3) use of hospitals, surgical centers, or health care provider facilities;

34.24 (4) medical social services;

34.25 (5) drugs, biologicals, supplies, appliances, and equipment;

34.26 (6) other diagnostic or therapeutic items or services;

34.27 (7) medical or surgical services;

34.28 (8) items and services furnished to ambulatory patients not requiring emergency care;

34.29 and

35.1 (9) emergency services.

35.2 (b) "Patient services" does not include:

35.3 (1) services provided to nursing homes licensed under chapter 144A;

35.4 (2) examinations for purposes of utilization reviews, insurance claims or eligibility,
35.5 litigation, and employment, including reviews of medical records for those purposes;

35.6 (3) services provided to and by community residential mental health facilities licensed
35.7 under Minnesota Rules, parts 9520.0500 to 9520.0670, and to and by residential treatment
35.8 programs for children with severe emotional disturbance licensed or certified under chapter
35.9 245A;

35.10 (4) ~~services provided to and by community support programs and family community~~
35.11 ~~support programs approved under Minnesota Rules, parts 9535.1700 to 9535.1760, or~~
35.12 ~~certified as mental health rehabilitative services under chapter 256B; under the following~~
35.13 programs: day treatment services as defined in section 245.462, subdivision 8; assertive
35.14 community treatment as described in section 256B.0622; adult rehabilitative mental health
35.15 services as described in section 256B.0623; adult crisis response services as described in
35.16 section 256B.0624; children's therapeutic services and supports as described in section
35.17 256B.0943; and children's mental health crisis response services as described in section
35.18 256B.0944;

35.19 (5) services provided to and by community mental health centers as defined in section
35.20 245.62, subdivision 2;

35.21 (6) services provided to and by assisted living programs and congregate housing
35.22 programs;

35.23 (7) hospice care services;

35.24 (8) home and community-based waived services under sections 256B.0915, 256B.49,
35.25 and 256B.501;

35.26 (9) targeted case management services under sections 256B.0621; 256B.0625,
35.27 subdivisions 20, 20a, 33, and 44; and 256B.094; and

35.28 (10) services provided to the following: supervised living facilities for persons with
35.29 developmental disabilities licensed under Minnesota Rules, parts 4665.0100 to 4665.9900;
35.30 housing with services establishments required to be registered under chapter 144D; board
35.31 and lodging establishments providing only custodial services that are licensed under chapter
35.32 157 and registered under section 157.17 to provide supportive services or health supervision

36.1 services; adult foster homes as defined in Minnesota Rules, part 9555.5105; day training
36.2 and habilitation services for adults with developmental disabilities as defined in section
36.3 252.41, subdivision 3; boarding care homes as defined in Minnesota Rules, part 4655.0100;
36.4 adult day care services as defined in section 245A.02, subdivision 2a; and home health
36.5 agencies as defined in Minnesota Rules, part 9505.0175, subpart 15, or licensed under
36.6 chapter 144A.

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

36.8 Sec. 6. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to
36.9 read:

36.10 Subd. 10c. **Pharmacy benefits manager.** "Pharmacy benefits manager" means an entity
36.11 that performs pharmacy benefits management.

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

36.13 Sec. 7. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to
36.14 read:

36.15 Subd. 13a. **Third-party purchaser of health care services.** "Third-party purchaser of
36.16 health care services" includes but is not limited to a health carrier or community integrated
36.17 service network that pays for health care services on behalf of patients or that reimburses,
36.18 indemnifies, compensates, or otherwise insures patients for health care services.

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

36.20 Sec. 8. Minnesota Statutes 2018, section 295.50, subdivision 14, is amended to read:

36.21 Subd. 14. **Wholesale drug distributor.** "Wholesale drug distributor" means a ~~wholesale~~
36.22 ~~drug distributor required to be licensed under sections 151.42 to 151.51.~~ any person engaged
36.23 in wholesale drug distribution including but not limited to manufacturers; repackagers;
36.24 own-label distributors; jobbers; brokers; warehouses, including manufacturers' and
36.25 distributors' warehouses, chain drug warehouses, and wholesale drug warehouses;
36.26 independent wholesale drug traders; and pharmacies that conduct wholesale drug distribution.
36.27 A wholesale drug distributor does not include a common carrier or individual hired primarily
36.28 to transport legend drugs.

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

37.1 Sec. 9. Minnesota Statutes 2018, section 295.50, subdivision 15, is amended to read:

37.2 Subd. 15. **Legend drug.** "Legend drug" means a drug that is required by federal law to
37.3 bear one of the following statements: "Caution: Federal law prohibits dispensing without
37.4 prescription" or "Rx only." Legend drugs do not include nutritional products as defined in
37.5 Minnesota Rules, part 9505.0325, subpart 1, and blood and blood components.

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

37.7 Sec. 10. Minnesota Statutes 2018, section 295.50, is amended by adding a subdivision to
37.8 read:

37.9 Subd. 16. **Wholesale drug distribution.** "Wholesale drug distribution" means the sale
37.10 or distribution of legend drugs to a person other than a consumer or patient, but does not
37.11 include:

37.12 (1) a sale between a division, subsidiary, parent, affiliated, or related company under
37.13 the common ownership and control of a corporate entity;

37.14 (2) the purchase or other acquisition, by a hospital or other health care entity that is a
37.15 member of a group purchasing organization, of a legend drug for its own use from the
37.16 organization or from other hospitals or health care entities that are members of such
37.17 organizations;

37.18 (3) the sale, purchase, or trade of a legend drug by a charitable organization described
37.19 in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December
37.20 31, 1988, to a nonprofit affiliate of the organization to the extent otherwise permitted by
37.21 law;

37.22 (4) the sale, purchase, or trade of a legend drug among hospitals or other health care
37.23 entities that are under common control;

37.24 (5) the sale, purchase, or trade of a legend drug for emergency medical reasons;

37.25 (6) the transfer of legend drugs by a retail pharmacy to another retail pharmacy to alleviate
37.26 a temporary shortage; or

37.27 (7) the distribution of legend drug samples by manufacturer representatives.

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

38.1 Sec. 11. Minnesota Statutes 2018, section 295.53, subdivision 1, is amended to read:

38.2 Subdivision 1. **Exclusions and Exemptions.** (a) The following payments are excluded
38.3 from the gross revenues subject to the hospital, surgical center, or health care provider taxes
38.4 under sections 295.50 to 295.59:

38.5 ~~(1) payments received for services provided under the Medicare program, including~~
38.6 ~~payments received from the government, and organizations governed by sections 1833 and~~
38.7 ~~1876 of title XVIII of the federal Social Security Act, United States Code, title 42, section~~
38.8 ~~1395, and enrollee deductibles, coinsurance, and co-payments, whether paid by the Medicare~~
38.9 ~~enrollee or by a Medicare supplemental coverage as defined in section 62A.011, subdivision~~
38.10 ~~3, clause (10), or by Medicaid payments under title XIX of the federal Social Security Act.~~
38.11 ~~Payments for services not covered by Medicare are taxable;~~

38.12 ~~(2) payments received for home health care services;~~

38.13 ~~(3) payments received from hospitals or surgical centers for goods and services on which~~
38.14 ~~liability for tax is imposed under section 295.52 or the source of funds for the payment is~~
38.15 ~~exempt under clause (1), (7), (10), or (14);~~

38.16 ~~(4) payments received from health care providers for goods and services on which~~
38.17 ~~liability for tax is imposed under this chapter or the source of funds for the payment is~~
38.18 ~~exempt under clause (1), (7), (10), or (14);~~

38.19 ~~(5) amounts paid for legend drugs, other than nutritional products and blood and blood~~
38.20 ~~components, to a wholesale drug distributor who is subject to tax under section 295.52,~~
38.21 ~~subdivision 3, reduced by reimbursements received for legend drugs otherwise exempt~~
38.22 ~~under this chapter;~~

38.23 ~~(6)~~ (1) payments received by a health care provider or the wholly owned subsidiary of
38.24 a health care provider for care provided outside Minnesota;

38.25 ~~(7) payments received from the chemical dependency fund under chapter 254B;~~

38.26 ~~(8) payments received in the nature of charitable donations that are not designated for~~
38.27 ~~providing patient services to a specific individual or group;~~

38.28 (9) payments received for providing patient services incurred through a formal program
38.29 of health care research conducted in conformity with federal regulations governing research
38.30 on human subjects. Payments received from patients or from other persons paying on behalf
38.31 of the patients are subject to tax;

39.1 ~~(10) payments received from any governmental agency for services benefiting the public;~~
 39.2 ~~not including payments made by the government in its capacity as an employer or insurer~~
 39.3 ~~or payments made by the government for services provided under the MinnesotaCare~~
 39.4 ~~program or the medical assistance program governed by title XIX of the federal Social~~
 39.5 ~~Security Act, United States Code, title 42, sections 1396 to 1396v;~~

39.6 ~~(11) (2)~~ government payments received by the commissioner of human services for
 39.7 state-operated services;

39.8 ~~(12) (3)~~ payments received by a health care provider for hearing aids and related
 39.9 equipment or prescription eyewear delivered outside of Minnesota; and

39.10 ~~(13) (4)~~ payments received by an educational institution from student tuition, student
 39.11 activity fees, health care service fees, government appropriations, donations, or grants, and
 39.12 for services identified in and provided under an individualized education program as defined
 39.13 in section 256B.0625 or Code of Federal Regulations, chapter 34, section 300.340(a). Fee
 39.14 for service payments and payments for extended coverage are taxable;.

39.15 ~~(14) payments received under the federal Employees Health Benefits Act, United States~~
 39.16 ~~Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of 1990.~~
 39.17 ~~Enrollee deductibles, coinsurance, and co-payments are subject to tax; and~~

39.18 ~~(15) payments received under the federal Tricare program, Code of Federal Regulations,~~
 39.19 ~~title 32, section 199.17(a)(7). Enrollee deductibles, coinsurance, and co-payments are subject~~
 39.20 ~~to tax.~~

39.21 (b) The following payments are exempted from the gross revenues subject to hospital,
 39.22 surgical center, or health care provider taxes under sections 295.50 to 295.59:

39.23 (1) payments received for services provided under the Medicare program, including
 39.24 payments received from the government and organizations governed by sections 1833,
 39.25 1853, and 1876 of title XVIII of the federal Social Security Act, United States Code, title
 39.26 42, section 1395; and enrollee deductibles, co-insurance, and co-payments, whether paid
 39.27 by the Medicare enrollee, by Medicare supplemental coverage as described in section
 39.28 62A.011, subdivision 3, clause (10), or by Medicaid payments under title XIX of the federal
 39.29 Social Security Act. Payments for services not covered by Medicare are taxable;

39.30 (2) payments received for home health care services;

39.31 (3) payments received from hospitals or surgical centers for goods and services on which
 39.32 liability for tax is imposed under section 295.52 or the source of funds for the payment is
 39.33 exempt under clauses (1), (6), (9), (10), or (11);

40.1 (4) payments received from the health care providers for goods and services on which
 40.2 liability for tax is imposed under this chapter or the source of funds for the payment is
 40.3 exempt under clause (1), (6), (9), (10), or (11);

40.4 (5) amounts paid for legend drugs to a wholesale drug distributor who is subject to tax
 40.5 under section 295.52, subdivision 3, reduced by reimbursement received for legend drugs
 40.6 otherwise exempt under this chapter;

40.7 (6) payments received from the chemical dependency fund under chapter 254B;

40.8 (7) payments received in the nature of charitable donations that are not designated for
 40.9 providing patient services to a specific individual or group;

40.10 (8) payments received for providing patient services incurred through a formal program
 40.11 of health care research conducted in conformity with federal regulations governing research
 40.12 on human subjects. Payments received from patients or from other persons paying on behalf
 40.13 of the patients are subject to tax;

40.14 (9) payments received from any governmental agency for services benefiting the public,
 40.15 not including payments made by the government in its capacity as an employer or insurer
 40.16 or payments made by the government for services provided under the MinnesotaCare
 40.17 program or the medical assistance program governed by title XIX of the federal Social
 40.18 Security Act, United States Code, title 42, section 1396 to 1396v;

40.19 (10) payments received under the federal Employees Health Benefits Act, United States
 40.20 Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of 1990.
 40.21 Enrollee deductibles, co-insurance, and co-payments are subject to tax;

40.22 (11) payments received under the federal Tricare program, Code of Federal Regulations,
 40.23 title 32, section 199.17(a)(7). Enrollee deductibles, co-insurance, and co-payments are
 40.24 subject to tax; and

40.25 (12) supplemental or enhanced payments authorized under section 256B.196 or 256B.197.

40.26 ~~(b)~~ (c) Payments received by wholesale drug distributors for legend drugs sold directly
 40.27 to veterinarians or veterinary bulk purchasing organizations are excluded from the gross
 40.28 revenues subject to the wholesale drug distributor tax under sections 295.50 to 295.59.

40.29 ~~(e) Supplemental or enhanced payments authorized under section 256B.19, subdivision~~
 40.30 ~~1e, 256B.196, or 256B.197 are excluded from gross revenues subject to the tax under sections~~
 40.31 ~~295.50 to 295.59.~~

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

41.1 Sec. 12. Minnesota Statutes 2018, section 295.57, subdivision 5, is amended to read:

41.2 Subd. 5. **Exemption for amounts paid for legend drugs.** If a hospital, surgical center,
41.3 or health care provider cannot determine the actual cost or reimbursement of legend drugs
41.4 under the exemption provided in section 295.53, subdivision 1, paragraph ~~(a)~~ (b), clause
41.5 (5), the following method must be used:

41.6 A hospital, surgical center, or health care provider must determine the amount paid for
41.7 legend drugs used during the month or quarter and multiply that amount by a ratio, the
41.8 numerator of which is the total amount received for taxable patient services, and the
41.9 denominator of which is the total amount received for all patient services, including amounts
41.10 exempt under section 295.53, subdivision 1, paragraph (b). The result represents the allowable
41.11 exemption for the monthly or quarterly cost of drugs.

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

41.13 Sec. 13. Minnesota Statutes 2018, section 295.582, subdivision 1, is amended to read:

41.14 Subdivision 1. **Tax expense transfer.** ~~(a) A hospital, surgical center, or health care~~
41.15 ~~provider that is subject to a tax under section 295.52, or a pharmacy that has paid additional~~
41.16 ~~expense transferred under this section by a wholesale drug distributor, may transfer additional~~
41.17 ~~expense generated by section 295.52 obligations on to all third-party contracts for the~~
41.18 ~~purchase of health care services on behalf of a patient or consumer. Nothing shall prohibit~~
41.19 ~~a pharmacy from transferring the additional expense generated under section 295.52 to a~~
41.20 ~~pharmacy benefits manager. The additional expense transferred to the third-party purchaser~~
41.21 ~~or a pharmacy benefits manager must not exceed the tax percentage specified in section~~
41.22 ~~295.52 multiplied against the gross revenues received under the third-party contract, and~~
41.23 ~~the tax percentage specified in section 295.52 multiplied against co-payments and deductibles~~
41.24 ~~paid by the individual patient or consumer. The expense must not be generated on revenues~~
41.25 ~~derived from payments that are excluded from the tax under section 295.53. All third-party~~
41.26 ~~purchasers of health care services including, but not limited to, third-party purchasers~~
41.27 ~~regulated under chapter 60A, 62A, 62C, 62D, 62H, 62N, 64B, 65A, 65B, 79, or 79A, or~~
41.28 ~~under section 471.61 or 471.617, and pharmacy benefits managers must pay the transferred~~
41.29 ~~expense in addition to any payments due under existing contracts with the hospital, surgical~~
41.30 ~~center, pharmacy, or health care provider, to the extent allowed under federal law. A~~
41.31 ~~third-party purchaser of health care services includes, but is not limited to, a health carrier~~
41.32 ~~or community integrated service network that pays for health care services on behalf of~~
41.33 ~~patients or that reimburses, indemnifies, compensates, or otherwise insures patients for~~
41.34 ~~health care services. For purposes of this section, a pharmacy benefits manager means an~~

42.1 ~~entity that performs pharmacy benefits management. A third-party purchaser or pharmacy~~
42.2 ~~benefits manager shall comply with this section regardless of whether the third-party~~
42.3 ~~purchaser or pharmacy benefits manager is a for-profit, not-for-profit, or nonprofit entity.~~
42.4 ~~A wholesale drug distributor may transfer additional expense generated by section 295.52~~
42.5 ~~obligations to entities that purchase from the wholesaler, and the entities must pay the~~
42.6 ~~additional expense. Nothing in this section limits the ability of a hospital, surgical center,~~
42.7 ~~pharmacy, wholesale drug distributor, or health care provider to recover all or part of the~~
42.8 ~~section 295.52 obligation by other methods, including increasing fees or charges.~~

42.9 (a) The tax expense generated by section 295.52 may be transferred as follows:

42.10 (1) a hospital, surgical center, or health care provider subject to the tax under section
42.11 295.52 may transfer the tax expense to all third-party contracts for the purchase of health
42.12 care services on behalf of a patient or consumer;

42.13 (2) a wholesale drug distributor subject to the tax under section 295.52 may transfer the
42.14 tax expense to entities that purchase legend drugs from the wholesale drug distributor; and

42.15 (3) a pharmacy that has paid the tax expense transferred by a wholesale drug distributor
42.16 may transfer the tax expense to all third-party contracts for the purchase of health care
42.17 services on behalf of a patient or consumer. Nothing shall prohibit a pharmacy from
42.18 transferring the tax expense generated under section 295.52 to a pharmacy benefits manager.

42.19 (b) The transfer of the tax expense under paragraph (a) must comply with the following:

42.20 (1) the tax expense transferred to the third-party purchaser or a pharmacy benefits
42.21 manager must not exceed the tax percentage specified in section 295.52 multiplied against:

42.22 (i) gross revenues received under the third-party contract; and

42.23 (ii) co-payments and deductibles paid by the individual patient or consumer; and

42.24 (2) the tax expense must not be generated on revenues derived from payments that are
42.25 excluded or exempted from the tax under section 295.53.

42.26 (c) Payment of the transferred tax expense is required as follows:

42.27 (1) all third-party purchasers of health care services, including but not limited to
42.28 third-party purchasers regulated under chapter 60A, 62A, 62C, 62D, 62H, 62N, 64B, 65A,
42.29 65B, 79, or 79A, or under section 471.61 or 471.617, and pharmacy benefits managers must
42.30 pay the transferred expense. This is in addition to any payments due under existing contracts
42.31 with the hospital, surgical center, pharmacy, or health care provider, to the extent allowed
42.32 under federal law; and

43.1 (2) all entities that purchase legend drugs from a wholesale drug distributor must pay
 43.2 the transferred expense.

43.3 (d) A third-party purchaser or pharmacy benefits manager must comply with this section
 43.4 regardless of whether the third-party purchaser or pharmacy benefits manager is a for-profit,
 43.5 not-for-profit, or nonprofit entity.

43.6 (e) Nothing in this section limits the ability of a hospital, surgical center, health care
 43.7 provider, pharmacy, or wholesale drug distributor to recover all or part of the section 295.52
 43.8 obligation by other methods, including increasing fees or charges.

43.9 ~~(b)~~ (f) Any hospital, surgical center, or health care provider subject to a tax under section
 43.10 295.52 or a pharmacy that has paid the additional expense transferred under this section by
 43.11 a wholesale drug distributor may file a complaint with the commissioner responsible for
 43.12 regulating the third-party purchaser if at any time the third-party purchaser fails to comply
 43.13 with ~~paragraph (a)~~ this section.

43.14 ~~(e)~~ (g) If the commissioner responsible for regulating the third-party purchaser finds at
 43.15 any time that the third-party purchaser has not complied with ~~paragraph (a)~~ this section, the
 43.16 commissioner may take enforcement action against a third-party purchaser which is subject
 43.17 to the commissioner's regulatory jurisdiction and which does not allow a hospital, surgical
 43.18 center, pharmacy, or provider to pass-through the tax expense. The commissioner may by
 43.19 order fine or censure the third-party purchaser or revoke or suspend the certificate of authority
 43.20 or license of the third-party purchaser to do business in this state if the commissioner finds
 43.21 that the third-party purchaser has not complied with this section. The third-party purchaser
 43.22 may appeal the commissioner's order through a contested case hearing in accordance with
 43.23 chapter 14.

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

43.25 **ARTICLE 7**

43.26 **PROPERTY TAX POLICY**

43.27 Section 1. Minnesota Statutes 2018, section 162.145, subdivision 3, is amended to read:

43.28 Subd. 3. **Administration.** (a) Subject to funds made available by law, the commissioner
 43.29 shall allocate all funds as provided in subdivision 4 and shall ~~notify~~, by June 1, certify to
 43.30 the commissioner of revenue the amounts to be paid.

43.31 (b) Following ~~notification~~ certification from the commissioner ~~of transportation~~, the
 43.32 commissioner of revenue shall distribute the specified funds to cities in the same manner

44.1 as local government aid under chapter 477A. An appropriation to the commissioner of
 44.2 ~~transportation~~ under this section is available to the commissioner of revenue for the purposes
 44.3 specified in this paragraph.

44.4 (c) Notwithstanding other law to the contrary, in order to receive distributions under
 44.5 this section, a city must conform to the standards in section 477A.017, subdivision 2. A city
 44.6 that receives funds under this section must make and preserve records necessary to show
 44.7 that the funds are spent in compliance with subdivision 4.

44.8 **EFFECTIVE DATE.** This section is effective for aids payable in 2019 and thereafter.

44.9 Sec. 2. Minnesota Statutes 2018, section 273.124, subdivision 13, is amended to read:

44.10 Subd. 13. **Homestead application.** (a) A person who meets the homestead requirements
 44.11 under subdivision 1 must file a homestead application with the county assessor to initially
 44.12 obtain homestead classification.

44.13 (b) The commissioner shall prescribe the content, format, and manner of the homestead
 44.14 application required to be filed under this chapter pursuant to section 270C.30. The
 44.15 application must clearly inform the taxpayer that this application must be signed by all
 44.16 owners who occupy the property or by the qualifying relative and returned to the county
 44.17 assessor in order for the property to receive homestead treatment.

44.18 (c) Every property owner applying for homestead classification must furnish to the
 44.19 county assessor the Social Security number of each occupant who is listed as an owner of
 44.20 the property on the deed of record, the name and address of each owner who does not occupy
 44.21 the property, and the name and Social Security number of ~~each owner's~~ the spouse of each
 44.22 occupying owner. The application must be signed by each owner who occupies the property
 44.23 and by each owner's spouse who occupies the property, or, in the case of property that
 44.24 qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

44.25 If a property owner occupies a homestead, the property owner's spouse may not claim
 44.26 another property as a homestead unless the property owner and the property owner's spouse
 44.27 file with the assessor an affidavit or other proof required by the assessor stating that the
 44.28 property qualifies as a homestead under subdivision 1, paragraph (e).

44.29 Owners or spouses occupying residences owned by their spouses and previously occupied
 44.30 with the other spouse, either of whom fail to include the other spouse's name and Social
 44.31 Security number on the homestead application or provide the affidavits or other proof
 44.32 requested, will be deemed to have elected to receive only partial homestead treatment of
 44.33 their residence. The remainder of the residence will be classified as nonhomestead residential.

45.1 When an owner or spouse's name and Social Security number appear on homestead
45.2 applications for two separate residences and only one application is signed, the owner or
45.3 spouse will be deemed to have elected to homestead the residence for which the application
45.4 was signed.

45.5 (d) If residential real estate is occupied and used for purposes of a homestead by a relative
45.6 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for
45.7 the property to receive homestead status, a homestead application must be filed with the
45.8 assessor. The Social Security number of each relative occupying the property and the name
45.9 and Social Security number of the spouse of a relative occupying the property shall be
45.10 required on the homestead application filed under this subdivision. If a different relative of
45.11 the owner subsequently occupies the property, the owner of the property must notify the
45.12 assessor within 30 days of the change in occupancy. The Social Security number of a relative
45.13 occupying the property or the spouse of a relative occupying the property is private data on
45.14 individuals as defined by section 13.02, subdivision 12, but may be disclosed to the
45.15 commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture
45.16 Act to recover personal property taxes owing, to the county treasurer.

45.17 (e) The homestead application shall also notify the property owners that if the property
45.18 is granted homestead status for any assessment year, that same property shall remain
45.19 classified as homestead until the property is sold or transferred to another person, or the
45.20 owners, the spouse of the owner, or the relatives no longer use the property as their
45.21 homestead. Upon the sale or transfer of the homestead property, a certificate of value must
45.22 be timely filed with the county auditor as provided under section 272.115. Failure to notify
45.23 the assessor within 30 days that the property has been sold, transferred, or that the owner,
45.24 the spouse of the owner, or the relative is no longer occupying the property as a homestead,
45.25 shall result in the penalty provided under this subdivision and the property will lose its
45.26 current homestead status.

45.27 (f) If a homestead application has not been filed with the county by December 15, the
45.28 assessor shall classify the property as nonhomestead for the current assessment year for
45.29 taxes payable in the following year, provided that the owner may be entitled to receive the
45.30 homestead classification by proper application under section 375.192.

45.31 **EFFECTIVE DATE.** This section is effective for applications for homestead filed in
45.32 2020 and thereafter.

46.1 **ARTICLE 8**

46.2 **DEPARTMENT OF REVENUE; PROPERTY TAXES; TECHNICAL CHANGES**

46.3 Section 1. Minnesota Statutes 2018, section 270C.85, subdivision 2, is amended to read:

46.4 Subd. 2. **Powers and duties.** The commissioner shall have and exercise the following
46.5 powers and duties in administering the property tax laws:

46.6 ~~(a)~~ (1) confer with, advise, and give the necessary instructions and directions to local
46.7 assessors and local boards of review throughout the state as to their duties under the laws
46.8 of the state;

46.9 ~~(b)~~ (2) direct proceedings, actions, and prosecutions to be instituted to enforce the laws
46.10 relating to the liability and punishment of public officers and officers and agents of
46.11 corporations for failure or negligence to comply with the provisions of the property tax
46.12 laws, and cause complaints to be made against local assessors, members of boards of
46.13 equalization, members of boards of review, or any other assessing or taxing officer, to the
46.14 proper authority, for their removal from office for misconduct or negligence of duty;

46.15 ~~(c)~~ (3) require county attorneys to assist in the commencement of prosecutions in actions
46.16 or proceedings for removal, forfeiture, and punishment, for violation of the property tax
46.17 laws in their respective districts or counties;

46.18 ~~(d)~~ (4) require town, city, county, and other public officers to report and certify
46.19 information, at the parcel level or in the aggregate, as to the assessment and taxation of real
46.20 and personal property, and such other information as may be needful in the work of the
46.21 commissioner, ~~in such form as the commissioner may prescribe.~~ The commissioner shall
46.22 prescribe the content, format, manner, and time of filing of all required reports and
46.23 certifications;

46.24 ~~(e)~~ (5) transmit to the governor, on or before the third Monday in December of each
46.25 even-numbered year, and to each member of the legislature, on or before November 15 of
46.26 each even-numbered year, the report of the department for the preceding years, showing all
46.27 the taxable property subject to the property tax laws and the value of the same, in tabulated
46.28 form;

46.29 ~~(f)~~ (6) inquire into the methods of assessment and taxation and ascertain whether the
46.30 assessors faithfully discharge their duties; and

46.31 ~~(g)~~ (7) assist local assessors in determining the estimated market value of industrial
46.32 special-use property. For purposes of this ~~paragraph~~ clause, "industrial special-use property"
46.33 means property that:

- 47.1 ~~(1)~~ (i) is designed and equipped for a particular type of industry;
- 47.2 ~~(2)~~ (ii) is not easily adapted to some other use due to the unique nature of the facilities;
- 47.3 ~~(3)~~ (iii) has facilities totaling at least 75,000 square feet in size; and
- 47.4 ~~(4)~~ (iv) has a total estimated market value of \$10,000,000 or greater based on the
- 47.5 assessor's preliminary determination.

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

47.7 Sec. 2. Minnesota Statutes 2018, section 270C.89, subdivision 1, is amended to read:

47.8 Subdivision 1. **Initial report.** Each county assessor shall file by ~~April 1~~ with the

47.9 commissioner a copy of ~~the abstract~~ preliminary assessment information that the

47.10 commissioner may require under section 270C.85, subdivision 2, clause (4), that will be

47.11 acted upon by the local and county boards of review. ~~The abstract must list the real and~~

47.12 ~~personal property in the county itemized by assessment districts.~~ The assessor of each county

47.13 in the state shall file with the commissioner, within ten working days following final action

47.14 of the local board of review or equalization and within five days following final action of

47.15 the county board of equalization, any changes made by the local or county board. ~~The~~

47.16 ~~information must be filed in the manner prescribed by the commissioner.~~

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

47.18 Sec. 3. Minnesota Statutes 2018, section 270C.89, subdivision 2, is amended to read:

47.19 Subd. 2. **Final report.** The final ~~abstract of assessments~~ assessment information after

47.20 adjustments by the State Board of Equalization and inclusion of any omitted property shall

47.21 be ~~submitted~~ reported to the commissioner ~~on or before September 1 of each calendar year~~

47.22 under section 270C.85, subdivision 2, clause (4). ~~The final abstract must separately report~~

47.23 ~~the captured tax capacity of tax increment financing districts under section 469.177,~~

47.24 ~~subdivision 2, the areawide net tax capacity contribution values determined under sections~~

47.25 ~~276A.05, subdivision 1, and 473F.07, subdivision 1, and the value subject to the power line~~

47.26 ~~credit under section 273.42.~~

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

48.1 Sec. 4. Minnesota Statutes 2018, section 270C.91, is amended to read:

48.2 **270C.91 RECORD OF PROCEEDINGS CHANGING NET TAX CAPACITY;**
 48.3 **DUTIES OF COUNTY AUDITOR.**

48.4 A record of all proceedings of the commissioner affecting any change in the net tax
 48.5 capacity of any property, as revised by the State Board of Equalization, shall be kept by the
 48.6 commissioner and a copy thereof, duly certified, shall be mailed each year to the auditor of
 48.7 each county wherein such property is situated, on or before June 30 ~~or 30 days after~~
 48.8 ~~submission of the abstract required by section 270C.89, whichever is later.~~ This record shall
 48.9 specify the amounts or amount, or both, added to or deducted from the net tax capacity of
 48.10 the real property of each of the several towns and cities, and of the real property not in towns
 48.11 or cities, also the percent or amount of both, added to or deducted from the several classes
 48.12 of personal property in each of the towns and cities, and also the amount added to or deducted
 48.13 from the assessment of any person. The county auditor shall add to or deduct from such
 48.14 tract or lot, or portion thereof, of any real property in the county the required percent or
 48.15 amount, or both, on the net tax capacity thereof as it stood after equalized by the county
 48.16 board, adding in each case a fractional sum of 50 cents or more, and deducting in each case
 48.17 any fractional sum of less than 50 cents, so that no net tax capacity of any separate tract or
 48.18 lot shall contain any fraction of a dollar; and add to, or deduct from, the several classes of
 48.19 personal property in the county the required percent or amount, or both, on the net tax
 48.20 capacity thereof as it stood after equalized by the county board, adding or deducting in
 48.21 manner aforesaid any fractional sum so that no net tax capacity of any separate class of
 48.22 personal property shall contain a fraction of a dollar, and add to or deduct from assessment
 48.23 of any person, as they stood after equalization by the county board, the required amounts
 48.24 to agree with the assessments as returned by the commissioner.

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

48.26 Sec. 5. Minnesota Statutes 2018, section 273.061, subdivision 9, is amended to read:

48.27 Subd. 9. **Additional general duties.** Additional duties of the county assessor ~~shall be~~
 48.28 are as follows:

48.29 (1) to make all assessments, based upon the appraised values reported by the local
 48.30 assessors or assistants and the county assessor's own knowledge of the value of the property
 48.31 assessed;

48.32 (2) to personally view and determine the value of any property ~~which~~ that because of
 48.33 its type or character may be difficult for the local assessor to appraise;

49.1 (3) to make all changes ordered by the local boards of review, relative to the net tax
 49.2 capacity of the property of any individual, firm or corporation after notice has been given
 49.3 and hearings held as provided by law;

49.4 (4) to enter all assessments in the assessment books, furnished by the county auditor,
 49.5 with each book and the tabular statements for each book in correct balance;

49.6 (5) to prepare all assessment cards, charts, maps and any other forms prescribed by the
 49.7 commissioner of revenue;

49.8 (6) to attend the meeting of the county board of equalization; to investigate and report
 49.9 on any assessment ordered by said board; to enter all changes made by said board in the
 49.10 assessment books and prepare ~~the abstract of assessments for the commissioner of revenue~~
 49.11 information reported to the commissioner under section 270C.85, subdivision 2, clause (4);
 49.12 to enter all changes made by the State Board of Equalization in the assessment books; to
 49.13 deduct all exemptions authorized by law from each assessment and certify to the county
 49.14 auditor the taxable value of each parcel of land, as described and listed in the assessment
 49.15 books by the county auditor, and the taxable value of the personal property of each person,
 49.16 firm, or corporation assessed;

49.17 (7) to investigate and make recommendations relative to all applications for the abatement
 49.18 of taxes or applications for the reduction of the net tax capacity of any property; and

49.19 (8) to perform all other duties relating to the assessment of property for the purpose of
 49.20 taxation which may be required by the commissioner of revenue.

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

49.22 Sec. 6. Minnesota Statutes 2018, section 273.0755, is amended to read:

49.23 **273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

49.24 (a) Beginning with the four-year period starting on July 1, 2000, every person licensed
 49.25 by the state Board of Assessors at the Accredited Minnesota Assessor level or higher, shall
 49.26 successfully complete a weeklong Minnesota laws course sponsored by the Department of
 49.27 Revenue at least once in every four-year period. An assessor need not attend the course if
 49.28 they successfully pass the test for the course.

49.29 (b) The commissioner of revenue may require that each county, and each city for which
 49.30 the city assessor performs the duties of county assessor, have ~~(i)~~ (1) a person on the assessor's
 49.31 staff who is certified by the Department of Revenue in sales ratio calculations, ~~(ii)~~ (2) an
 49.32 officer or employee who is certified by the Department of Revenue in tax calculations, and

50.1 ~~(iii) (3)~~ an officer or employee who is certified by the Department of Revenue in the proper
 50.2 preparation of ~~abstracts of assessment. The commissioner of revenue may require that each~~
 50.3 ~~county have an officer or employee who is certified by the Department of Revenue in the~~
 50.4 ~~proper preparation of abstracts of tax lists~~ information reported to the commissioner under
 50.5 section 270C.85, subdivision 2, clause (4). Certifications under this paragraph expire after
 50.6 four years.

50.7 (c) Beginning with the four-year educational licensing period starting on July 1, 2004,
 50.8 every Minnesota assessor licensed by the State Board of Assessors must attend and participate
 50.9 in a seminar that focuses on ethics, professional conduct and the need for standardized
 50.10 assessment practices developed and presented by the commissioner of revenue. This
 50.11 requirement must be met at least once in every subsequent four-year period. This requirement
 50.12 applies to all assessors licensed for one year or more in the four-year period.

50.13 (d) When the commissioner of revenue determines that an individual or board that
 50.14 performs functions related to property tax administration has performed those functions in
 50.15 a manner that is not uniform or equitable, the commissioner may require that the individual
 50.16 or members of the board complete supplemental training. The commissioner may not require
 50.17 that an individual complete more than 32 hours of supplemental training pursuant to this
 50.18 paragraph. If the individual is required to complete supplemental training due to that
 50.19 individual's membership on a local or county board of appeal and equalization, the
 50.20 commissioner may not require that the individual complete more than two hours of
 50.21 supplemental training.

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

50.23 Sec. 7. Minnesota Statutes 2018, section 273.113, subdivision 3, is amended to read:

50.24 Subd. 3. **Reimbursement for lost revenue.** The county auditor shall certify to the
 50.25 commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with the~~
 50.26 ~~commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of tax
 50.27 lost to the county from the property tax credit under subdivision 2. Any prior year adjustments
 50.28 must also be certified ~~in the abstracts of tax lists.~~ The commissioner of revenue shall review
 50.29 the certifications to determine their accuracy. The commissioner may make the changes in
 50.30 the certification that are considered necessary or return a certification to the county auditor
 50.31 for corrections. The commissioner shall reimburse each taxing district, other than school
 50.32 districts, for the taxes lost. The payments must be made at the time provided in section
 50.33 473H.10 for payment to taxing jurisdictions in the same proportion that the ad valorem tax
 50.34 is distributed. Reimbursements to school districts must be made as provided in section

51.1 273.1392. The amount necessary to make the reimbursements under this section is annually
51.2 appropriated from the general fund to the commissioner of revenue.

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

51.4 Sec. 8. Minnesota Statutes 2018, section 273.119, subdivision 2, is amended to read:

51.5 Subd. 2. **Reimbursement for lost revenue.** The county may transfer money from the
51.6 county conservation account created in section 40A.152 to the county revenue fund to
51.7 reimburse the fund for the cost of the property tax credit. The county auditor shall certify
51.8 to the commissioner of revenue, ~~as part of the abstracts of tax lists required to be filed with~~
51.9 ~~the commissioner~~ under section ~~275.29~~ 270C.85, subdivision 2, clause (4), the amount of
51.10 tax lost to the county from the property tax credit under subdivision 1 and the extent that
51.11 the tax lost exceeds funds available in the county conservation account. Any prior year
51.12 adjustments must also be certified ~~in the abstracts of tax lists~~. The commissioner of revenue
51.13 shall review the certifications to determine their accuracy. The commissioner may make
51.14 the changes in the certification that are considered necessary or return a certification to the
51.15 county auditor for corrections. The commissioner shall reimburse each taxing district, other
51.16 than school districts, from the Minnesota conservation fund under section 40A.151 for the
51.17 taxes lost in excess of the county account. The payments must be made at the time provided
51.18 in section 473H.10, subdivision 3, for payment to taxing jurisdictions in the same proportion
51.19 that the ad valorem tax is distributed.

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

51.21 Sec. 9. Minnesota Statutes 2018, section 273.1231, subdivision 3, is amended to read:

51.22 Subd. 3. **Disaster or emergency area.** (a) "Disaster or emergency area" means a
51.23 geographic area for which:

51.24 (1)(i) the president of the United States, the secretary of agriculture, or the administrator
51.25 of the Small Business Administration has determined that a disaster exists pursuant to federal
51.26 law, or

51.27 (ii) a local emergency has been declared pursuant to section 12.29; and

51.28 (2) an application by the local unit of government requesting property tax relief under
51.29 this section has been received by the governor and approved by the executive council.

51.30 (b) The executive council must not approve an application unless:

51.31 (1) a completed disaster survey is included; and

52.1 (2) within the boundaries of the applicant, (i) the average damage for the buildings that
 52.2 are damaged is at least \$5,000, and (ii) either at least 25 taxable buildings were damaged,
 52.3 or the total dollar amount of damage to all taxable buildings equals or exceeds one percent
 52.4 of the total taxable market value of buildings for the applicant as reported to the commissioner
 52.5 of revenue under section ~~270C.89, subdivision 2~~ 270C.85, subdivision 2, clause (4), for the
 52.6 assessment in the year prior to the year of the damage.

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

52.8 Sec. 10. Minnesota Statutes 2018, section 273.136, subdivision 2, is amended to read:

52.9 Subd. 2. **Reduction amounts submitted to county.** The commissioner of revenue shall
 52.10 determine, not later than April 1 of each year, the amount of reduction resulting from section
 52.11 273.135 in each county containing a tax relief area as defined by section 273.134, paragraph
 52.12 (b), basing determinations on a review of ~~abstracts of tax lists submitted by the county~~
 52.13 ~~auditors pursuant to section 275.29~~ information reported to the commissioner under section
 52.14 270C.85, subdivision 2, clause (4). The commissioner may make changes ~~in the abstracts~~
 52.15 ~~of tax lists~~ as deemed necessary. The commissioner of revenue, after such review, shall
 52.16 submit to the St. Louis County auditor, on or before April 15, the amount of the first half
 52.17 payment payable hereunder and on or before September 15 the amount of the second half
 52.18 payment.

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

52.20 Sec. 11. Minnesota Statutes 2018, section 273.1384, subdivision 3, is amended to read:

52.21 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions
 52.22 allowed under subdivision 2 within the county for each taxes payable year and shall certify
 52.23 that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted~~
 52.24 ~~by the county auditors under section 275.29~~ under section 270C.85, subdivision 2, clause
 52.25 (4). Any prior year adjustments shall also be certified ~~on the abstracts of tax lists~~. The
 52.26 commissioner shall review the certifications for accuracy, and may make such changes as
 52.27 are deemed necessary, or return the certification to the county auditor for correction. The
 52.28 credit under this section must be used to proportionately reduce the net tax capacity-based
 52.29 property tax payable to each local taxing jurisdiction as provided in section 273.1393.

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

53.1 Sec. 12. Minnesota Statutes 2018, section 273.1387, subdivision 3, is amended to read:

53.2 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions
 53.3 allowed under this section within the county for each taxes payable year and shall certify
 53.4 that amount to the commissioner of revenue ~~as a part of the abstracts of tax lists submitted~~
 53.5 ~~under section 275.29~~ under section 270C.85, subdivision 2, clause (4). Any prior year
 53.6 adjustments shall also be certified ~~on the abstracts of tax lists.~~ The commissioner shall
 53.7 review the certifications for accuracy, and may make such changes as are deemed necessary,
 53.8 or return the certification to the county auditor for correction. The credit under this section
 53.9 must be used to reduce the school district net tax capacity-based property tax as provided
 53.10 in section 273.1393.

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

53.12 Sec. 13. Minnesota Statutes 2018, section 273.18, is amended to read:

53.13 **273.18 LISTING, VALUATION, AND ASSESSMENT OF EXEMPT PROPERTY**
 53.14 **BY COUNTY AUDITORS.**

53.15 (a) In every sixth year after the year 2010, the county auditor shall enter the description
 53.16 of each tract of real property exempt by law from taxation, with the name of the owner, and
 53.17 the assessor shall value and assess the same in the same manner that other real property is
 53.18 valued and assessed, and shall designate in each case the purpose for which the property is
 53.19 used.

53.20 (b) ~~For purposes of the apportionment of fire state aid under section 69.021, subdivision~~
 53.21 ~~7,~~ The county auditor shall include ~~on the abstract of assessment of exempt real property~~
 53.22 ~~filed under this section~~ in the exempt property information that the commissioner may
 53.23 require under section 270C.85, subdivision 2, clause (4), the total number of acres of all
 53.24 natural resources lands for which in lieu payments are made under sections 477A.11 to
 53.25 477A.14. The assessor shall estimate its market value, provided that if the assessor is not
 53.26 able to estimate the market value of the land on a per parcel basis, the assessor shall furnish
 53.27 the commissioner of revenue with an estimate of the average value per acre of this land
 53.28 within the county.

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

54.1 Sec. 14. Minnesota Statutes 2018, section 274.14, is amended to read:

54.2 **274.14 LENGTH OF SESSION; RECORD.**

54.3 The board must meet after the second Friday in June on at least one meeting day and
 54.4 may meet for up to ten consecutive meeting days. The actual meeting dates must be contained
 54.5 on the valuation notices mailed to each property owner in the county as provided in section
 54.6 273.121. For this purpose, "meeting days" is defined as any day of the week excluding
 54.7 Sunday. At the board's discretion, "meeting days" may include Saturday. No action taken
 54.8 by the county board of review after June 30 is valid, except for corrections permitted in
 54.9 sections 273.01 and 274.01. The county auditor shall keep an accurate record of the
 54.10 proceedings and orders of the board. The record must be published like other proceedings
 54.11 of county commissioners. A copy of the published record must be sent to the commissioner
 54.12 of revenue, ~~with the abstract of assessment required by section 274.16~~ within five days
 54.13 following final action of the county board of equalization.

54.14 For counties that conduct either regular board of review meetings or open book meetings,
 54.15 at least one of the meeting days must include a meeting that does not end before 7:00 p.m.
 54.16 For counties that require taxpayer appointments for the board of review, appointments must
 54.17 include some available times that extend until at least 7:00 p.m. The county may have a
 54.18 Saturday meeting in lieu of, or in addition to, the extended meeting times under this
 54.19 paragraph.

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

54.21 Sec. 15. Minnesota Statutes 2018, section 274.16, is amended to read:

54.22 **274.16 CORRECTED LISTS, ~~ABSTRACTS.~~**

54.23 The county assessor or, in Ramsey County, the official designated by the board of county
 54.24 commissioners shall calculate the changes of the assessment lists determined by the county
 54.25 board of equalization, and make corrections accordingly, in the real or personal lists, or
 54.26 both, and shall make ~~duplicate abstracts~~ duplicates of them. One must be filed in the assessor's
 54.27 office, and one must be forwarded to the commissioner of revenue as provided in section
 54.28 270C.89.

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

54.30 Sec. 16. Minnesota Statutes 2018, section 275.025, subdivision 1, is amended to read:

54.31 Subdivision 1. **Levy amount.** The state general levy is levied against
 54.32 commercial-industrial property and seasonal residential recreational property, as defined

55.1 in this section. The state general levy for commercial-industrial property is \$784,590,000
 55.2 for taxes payable in 2018 and thereafter. The state general levy for seasonal-recreational
 55.3 property is \$44,190,000 for taxes payable in 2018 and thereafter. The tax under this section
 55.4 is not treated as a local tax rate under section 469.177 and is not the levy of a governmental
 55.5 unit under chapters 276A and 473F.

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

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

55.12 (2) an erroneous calculation by the commissioner; and

55.13 (3) an increase or decrease in taxable value for commercial-industrial or seasonal
 55.14 residential recreational property reported ~~on the abstracts of tax lists submitted under section~~
 55.15 ~~275.29 that was not reported on the abstracts of assessment submitted under section 270C.89~~
 55.16 to the commissioner under section 270C.85, subdivision 2, clause (4), for the same year.

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

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

55.20 Sec. 17. Minnesota Statutes 2018, section 290B.09, subdivision 1, is amended to read:

55.21 Subdivision 1. **Determination; payment.** The county auditor shall determine the total
 55.22 current year's deferred amount of property tax under this chapter in the county, and ~~submit~~
 55.23 report those amounts as part of the abstracts of tax lists submitted by the county auditors
 55.24 under section 275.29 to the commissioner under section 270C.85, subdivision 2, clause (4).
 55.25 The commissioner may make changes ~~in the abstracts of tax lists~~ as deemed necessary. The
 55.26 commissioner of revenue, after such review, shall pay the deferred amount of property tax
 55.27 to each county treasurer on or before August 31.

55.28 The county treasurer shall distribute as part of the October settlement the funds received
 55.29 as if they had been collected as a part of the property tax.

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

56.1 Sec. 18. Minnesota Statutes 2018, section 469.177, subdivision 1, is amended to read:

56.2 Subdivision 1. **Original net tax capacity.** (a) Upon or after adoption of a tax increment
56.3 financing plan, the auditor of any county in which the district is situated shall, upon request
56.4 of the authority, certify the original net tax capacity of the tax increment financing district
56.5 and that portion of the district overlying any subdistrict as described in the tax increment
56.6 financing plan and shall certify in each year thereafter the amount by which the original net
56.7 tax capacity has increased or decreased as a result of a change in tax exempt status of
56.8 property within the district and any subdistrict, reduction or enlargement of the district or
56.9 changes pursuant to subdivision 4. The auditor shall certify the amount within 30 days after
56.10 receipt of the request and sufficient information to identify the parcels included in the district.
56.11 The certification relates to the taxes payable year as provided in subdivision 6.

56.12 (b) If the classification under section 273.13 of property located in a district changes to
56.13 a classification that has a different assessment ratio, the original net tax capacity of that
56.14 property must be redetermined at the time when its use is changed as if the property had
56.15 originally been classified in the same class in which it is classified after its use is changed.

56.16 (c) The amount to be added to the original net tax capacity of the district as a result of
56.17 previously tax exempt real property within the district becoming taxable equals the net tax
56.18 capacity of the real property as most recently assessed pursuant to ~~section 273.18~~ information
56.19 reported to the commissioner under section 270C.85, subdivision 2, clause (4), or, if that
56.20 assessment was made more than one year prior to the date of title transfer rendering the
56.21 property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If
56.22 improvements are made to tax exempt property after the municipality approves the district
56.23 and before the parcel becomes taxable, the assessor shall, at the request of the authority,
56.24 separately assess the estimated market value of the improvements. If the property becomes
56.25 taxable, the county auditor shall add to original net tax capacity, the net tax capacity of the
56.26 parcel, excluding the separately assessed improvements. If substantial taxable improvements
56.27 were made to a parcel after certification of the district and if the property later becomes tax
56.28 exempt, in whole or part, as a result of the authority acquiring the property through
56.29 foreclosure or exercise of remedies under a lease or other revenue agreement or as a result
56.30 of tax forfeiture, the amount to be added to the original net tax capacity of the district as a
56.31 result of the property again becoming taxable is the amount of the parcel's value that was
56.32 included in original net tax capacity when the parcel was first certified. The amount to be
56.33 added to the original net tax capacity of the district as a result of enlargements equals the
56.34 net tax capacity of the added real property as most recently certified by the commissioner

57.1 of revenue as of the date of modification of the tax increment financing plan pursuant to
57.2 section 469.175, subdivision 4.

57.3 (d) If the net tax capacity of a property increases because the property no longer qualifies
57.4 under the Minnesota Agricultural Property Tax Law, section 273.111; the Minnesota Open
57.5 Space Property Tax Law, section 273.112; or the Metropolitan Agricultural Preserves Act,
57.6 chapter 473H, the Rural Preserve Property Tax Program under section 273.114, or because
57.7 platted, unimproved property is improved or market value is increased after approval of the
57.8 plat under section 273.11, subdivision 14a or 14b, the increase in net tax capacity must be
57.9 added to the original net tax capacity. If the net tax capacity of a property increases because
57.10 the property no longer qualifies for the homestead market value exclusion under section
57.11 273.13, subdivision 35, the increase in net tax capacity must be added to original net tax
57.12 capacity if the original construction of the affected home was completed before the date the
57.13 assessor certified the original net tax capacity of the district.

57.14 (e) The amount to be subtracted from the original net tax capacity of the district as a
57.15 result of previously taxable real property within the district becoming tax exempt or
57.16 qualifying in whole or part for an exclusion from taxable market value, or a reduction in
57.17 the geographic area of the district, shall be the amount of original net tax capacity initially
57.18 attributed to the property becoming tax exempt, being excluded from taxable market value,
57.19 or being removed from the district. If the net tax capacity of property located within the tax
57.20 increment financing district is reduced by reason of a court-ordered abatement, stipulation
57.21 agreement, voluntary abatement made by the assessor or auditor or by order of the
57.22 commissioner of revenue, the reduction shall be applied to the original net tax capacity of
57.23 the district when the property upon which the abatement is made has not been improved
57.24 since the date of certification of the district and to the captured net tax capacity of the district
57.25 in each year thereafter when the abatement relates to improvements made after the date of
57.26 certification. The county auditor may specify reasonable form and content of the request
57.27 for certification of the authority and any modification thereof pursuant to section 469.175,
57.28 subdivision 4.

57.29 (f) If a parcel of property contained a substandard building or improvements described
57.30 in section 469.174, subdivision 10, paragraph (e), that were demolished or removed and if
57.31 the authority elects to treat the parcel as occupied by a substandard building under section
57.32 469.174, subdivision 10, paragraph (b), or by improvements under section 469.174,
57.33 subdivision 10, paragraph (e), the auditor shall certify the original net tax capacity of the
57.34 parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated

58.1 market value of the parcel for the year in which the building or other improvements were
58.2 demolished or removed, but applying the classification rates for the current year.

58.3 (g) For a redevelopment district qualifying under section 469.174, subdivision 10,
58.4 paragraph (a), clause (4), as a qualified disaster area, the auditor shall certify the value of
58.5 the land as the original tax capacity for any parcel in the district that contains a building
58.6 that suffered substantial damage as a result of the disaster or emergency.

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

58.8 Sec. 19. **REPEALER.**

58.9 Minnesota Statutes 2018, section 275.29, is repealed.

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

58.11 **ARTICLE 9**

58.12 **FIRE STATE AID; TECHNICAL CHANGES**

58.13 Section 1. **[477B.01] DEFINITIONS.**

58.14 Subdivision 1. **Scope.** Unless the language or context clearly indicates that a different
58.15 meaning is intended, the following words and terms, for the purposes of this chapter and
58.16 chapters 423A and 424A, have the meanings given to them.

58.17 Subd. 2. **Commissioner.** "Commissioner" means the commissioner of revenue.

58.18 Subd. 3. **Company or insurance company.** "Company" or "insurance company" has
58.19 the meaning given in section 60A.02, subdivision 4.

58.20 Subd. 4. **Estimated market value.** "Estimated market value" has the meaning given in
58.21 section 272.03, subdivision 14.

58.22 Subd. 5. **Fire department.** "Fire department" includes a municipal fire department and
58.23 an independent nonprofit firefighting corporation.

58.24 Subd. 6. **Fire department service area.** "Fire department service area" means the area
58.25 serviced by a qualifying fire department that meets the requirements of section 477B.02.

58.26 Subd. 7. **Independent nonprofit firefighting corporation.** "Independent nonprofit
58.27 firefighting corporation" means an independent nonprofit firefighting corporation that meets
58.28 the criteria in section 424A.094, subdivision 1, paragraph (a).

58.29 Subd. 8. **Minnesota Fire Premium Report.** "Minnesota Fire Premium Report" means
58.30 a form for reporting by insurance companies of (1) gross direct fire, lightning, sprinkler

59.1 leakage, and extended coverage premiums received upon risks located or to be performed
 59.2 in this state less return premiums and dividends, and (2) other facts that the commissioner
 59.3 may require.

59.4 Subd. 9. **Municipal clerk.** "Municipal clerk" means the person elected or appointed to
 59.5 the position of municipal clerk or, if there is no such person, the chief financial official, the
 59.6 chief administrative official, or the person primarily responsible for managing the finances
 59.7 of a municipality.

59.8 Subd. 10. **Municipality.** (a) "Municipality" means:

59.9 (1) a home rule charter or statutory city;

59.10 (2) an organized town;

59.11 (3) a park district subject to chapter 398;

59.12 (4) the University of Minnesota; and

59.13 (5) an American Indian tribal government entity located within a federally recognized
 59.14 American Indian reservation.

59.15 (b) This subdivision only applies to chapter 477B.

59.16 Subd. 11. **Secretary.** "Secretary" means the secretary of an independent nonprofit
 59.17 firefighting corporation that has a subsidiary incorporated firefighters' relief association or
 59.18 whose firefighters participate in the voluntary statewide volunteer firefighter retirement
 59.19 plan.

59.20 Subd. 12. **Voluntary statewide volunteer firefighter retirement plan.** "Voluntary
 59.21 statewide volunteer firefighter retirement plan" means the retirement plan established under
 59.22 chapter 353G.

59.23 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

59.24 Sec. 2. **[477B.02] QUALIFYING FOR FIRE STATE AID.**

59.25 Subdivision 1. **Qualifications for fire state aid.** A municipality or independent nonprofit
 59.26 firefighting corporation qualifies to receive fire state aid if all the requirements of this section
 59.27 are met.

59.28 Subd. 2. **Establishment of fire department.** (a) An independent nonprofit firefighting
 59.29 corporation must be created under the nonprofit corporation act of this state operating for
 59.30 the exclusive purpose of firefighting, or the governing body of a municipality must officially
 59.31 establish a fire department.

60.1 (b) The fire department must have provided firefighting services for at least one calendar
60.2 year.

60.3 Subd. 3. **Personnel and benefits requirements.** (a) A fire department must have a
60.4 minimum of ten paid or volunteer firefighters, including a fire chief and assistant fire chief.

60.5 (b) The fire department must have regular scheduled meetings and frequent drills that
60.6 include instructions in firefighting tactics and in the use, care, and operation of all fire
60.7 apparatus and equipment.

60.8 (c) The fire department must have a separate subsidiary incorporated firefighters' relief
60.9 association that provides retirement benefits or must participate in the voluntary statewide
60.10 volunteer firefighter retirement plan; or if the municipality solely employs full-time
60.11 firefighters as defined in section 299N.03, subdivision 5, retirement coverage must be
60.12 provided by the public employees police and fire retirement plan.

60.13 (d) Notwithstanding paragraph (c), a municipality without a relief association as described
60.14 under section 424A.08, paragraph (a), may still qualify to receive fire state aid if all other
60.15 requirements of this section are met.

60.16 Subd. 4. **Equipment requirements.** The fire department must have all of the following
60.17 equipment, or the equivalent as determined by the state fire marshal, by December 31 of
60.18 the year preceding the certification required in subdivision 8:

60.19 (1) a motorized fire truck equipped with:

60.20 (i) a motorized pump;

60.21 (ii) a 250-gallon or larger water tank;

60.22 (iii) 300 feet of one inch or larger fire hose in two lines with combination spray and
60.23 straight stream nozzles;

60.24 (iv) five-gallon hand pumps - tank extinguisher or equivalent;

60.25 (v) a dry chemical extinguisher or equivalent;

60.26 (vi) ladders;

60.27 (vii) extension ladders;

60.28 (viii) pike poles;

60.29 (ix) crowbars;

60.30 (x) axes;

61.1 (xi) lanterns; and

61.2 (xii) fire coats, helmets, and boots;

61.3 (2) the items in clause (1) suitably housed in a building of good construction with facilities
61.4 for care of hoses and equipment;

61.5 (3) a reliable and adequate method of receiving fire alarms by telephone or with electric
61.6 siren and suitable means of sounding an alarm; and

61.7 (4) if response is to be provided outside the corporate limits of the municipality where
61.8 the fire department is located, another piece of motorized apparatus to make the response.

61.9 **Subd. 5. Fire service contract or agreement; apportionment agreement filing**

61.10 **requirement.** (a) Every municipality or independent nonprofit firefighting corporation must
61.11 file a copy of any duly executed and valid fire service contract or agreement with the
61.12 commissioner.

61.13 (b) If more than one fire department provides service to a municipality, the fire
61.14 departments furnishing service must enter into an agreement apportioning among themselves
61.15 the percentage of the population and the percentage of the estimated market value of each
61.16 shared service fire department service area. The agreement must be in writing and must be
61.17 filed with the commissioner.

61.18 **Subd. 6. Compliance with rules.** The fire department must meet all other requirements
61.19 that the commissioner establishes by rule.

61.20 **Subd. 7. Financial reporting requirements.** The financial reporting requirements of
61.21 section 424A.014 must be satisfied.

61.22 **Subd. 8. PERA certification to commissioner.** On or before February 1 each year, if
61.23 retirement coverage for a fire department is provided by the voluntary statewide volunteer
61.24 firefighter retirement plan, the executive director of the Public Employees Retirement
61.25 Association must certify the existence of retirement coverage.

61.26 **Subd. 9. Fire department certification to commissioner.** On or before March 15 of
61.27 each year, the municipal clerk or the secretary, and the fire chief, must jointly certify to the
61.28 commissioner that the fire department exists and meets the qualification requirements of
61.29 this section. The certification must be on a form prescribed by the commissioner and must
61.30 include all other information that the commissioner requires.

61.31 **Subd. 10. Penalty for failure to file certification.** (a) If the certification under
61.32 subdivision 9 is not filed with the commissioner on or before March 15, the commissioner

62.1 must notify the municipal clerk or the secretary that a penalty equal to a portion or all of
 62.2 the current year aid will apply if the certification is not received within ten days of the
 62.3 postmark date of the notification.

62.4 (b) The penalty for failure to file the certification under subdivision 9 is equal to the
 62.5 amount of fire state aid determined for the municipality or the independent nonprofit
 62.6 firefighting corporation for the current year, multiplied by five percent for each week or
 62.7 fraction of a week that the certification is late. The penalty must be computed beginning
 62.8 ten days after the postmark date of the commissioner's notification. Aid amounts forfeited
 62.9 as a result of the penalty revert to the state general fund. Failure to receive the certification
 62.10 form is not a defense for a failure to file.

62.11 Subd. 11. **Determination by commissioner.** The commissioner must determine which
 62.12 municipalities and independent nonprofit firefighting corporations are qualified to receive
 62.13 fire state aid directly or are qualified to receive the benefit of fire state aid paid to the
 62.14 voluntary statewide volunteer firefighter retirement plan based on compliance with the
 62.15 requirements of this section and the financial compliance report required under section
 62.16 6.495, subdivision 3, if applicable. The commissioner may take into account any other
 62.17 relevant information that comes to the attention of the commissioner when making the
 62.18 determination.

62.19 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

62.20 Sec. 3. **[477B.03] CALCULATION OF FIRE STATE AID; APPEAL.**

62.21 Subdivision 1. **Certification and calculation of fire state aid.** (a) On or before October
 62.22 1, the commissioner must calculate the amount of fire state aid that each municipality or
 62.23 independent nonprofit firefighting corporation is to receive.

62.24 (b) The commissioner must calculate an initial fire state aid allocation amount for each
 62.25 municipality or independent nonprofit firefighting corporation under subdivision 4 and, if
 62.26 applicable, a minimum fire state aid allocation amount for each municipality or independent
 62.27 nonprofit firefighting corporation under subdivision 5. The municipality or independent
 62.28 nonprofit firefighting corporation must be apportioned the greater of the amounts calculated
 62.29 under subdivisions 4 and 5.

62.30 Subd. 2. **Apportionment of fire state aid.** (a) The amount of fire state aid available for
 62.31 apportionment, before the addition of the minimum fire state aid allocation amount under
 62.32 subdivision 5, is equal to 107 percent of the amount of premium taxes paid to the state upon
 62.33 the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the

63.1 commissioner by companies or insurance companies on the Minnesota Fire Premium Report.
63.2 This amount must be reduced by the amount required to pay the state auditor's costs and
63.3 expenses of the audits or exams of the firefighters' relief associations.

63.4 (b) The total amount available for apportionment must not be less than two percent of
63.5 the premiums less return premiums reported to the commissioner by companies or insurance
63.6 companies on the Minnesota Fire Premium Report after subtracting the following amounts:

63.7 (1) the amount required to pay the state auditor's costs and expenses of the audits or
63.8 exams of the firefighters' relief associations; and

63.9 (2) one percent of the premiums reported by township mutual insurance companies and
63.10 mutual property and casualty companies with total assets of \$5,000,000 or less.

63.11 (c) The commissioner must apportion the fire state aid to each municipality or independent
63.12 nonprofit firefighting corporation qualified under section 477B.02 relative to the premiums
63.13 reported on the Minnesota Fire Premium Reports filed under this chapter.

63.14 (d) The commissioner must calculate the percentage of increase or decrease reflected in
63.15 the apportionment over or under the previous year's available state aid using the same
63.16 premiums as a basis for comparison.

63.17 Subd. 3. **Population and estimated market value.** (a) Official statewide federal census
63.18 figures must be used in calculations requiring the use of population figures under this chapter.
63.19 Increases or decreases in population disclosed by reason of any special census must not be
63.20 taken into consideration.

63.21 (b) The latest available estimated market value property figures must be used in
63.22 calculations requiring the use of estimated market value property figures under this chapter.

63.23 Subd. 4. **Initial fire state aid allocation amount.** (a) The initial fire state aid allocation
63.24 amount is the amount available for apportionment as fire state aid under subdivision 2,
63.25 without the inclusion of any additional funding amount to support a minimum fire state aid
63.26 amount under section 423A.02, subdivision 3. The initial fire state aid allocation amount
63.27 is allocated one-half in proportion to the population for each fire department service area
63.28 and one-half in proportion to the estimated market value of each fire department service
63.29 area, including (1) the estimated market value of tax-exempt property, and (2) the estimated
63.30 market value of natural resources lands receiving in lieu payments under sections 477A.11
63.31 to 477A.14 and 477A.17. The estimated market value of minerals is excluded.

63.32 (b) In the case of a municipality or independent nonprofit firefighting corporation
63.33 furnishing fire protection to other municipalities as evidenced by valid fire service contracts

64.1 filed with the commissioner under section 477B.02, subdivision 5, the distribution must be
64.2 adjusted proportionately to take into consideration the crossover fire protection service.
64.3 Necessary adjustments must be made to subsequent apportionments.

64.4 (c) In the case of municipalities or independent nonprofit firefighting corporations
64.5 qualifying for aid, the commissioner must calculate the state aid for the municipality or
64.6 independent nonprofit firefighting corporation on the basis of the population and the estimated
64.7 market value of the area furnished fire protection service by the fire department as evidenced
64.8 by fire service agreements filed with the commissioner under section 477B.02, subdivision
64.9 5.

64.10 (d) In the case of more than one fire department furnishing contracted fire service to a
64.11 municipality, the population and estimated market value in the apportionment agreement
64.12 filed with the commissioner under section 477B.02, subdivision 5, must be used in calculating
64.13 the state aid.

64.14 Subd. 5. **Minimum fire state aid allocation amount.** (a) The minimum fire state aid
64.15 allocation amount is the amount derived from any additional funding amount to support a
64.16 minimum fire state aid amount under section 423A.02, subdivision 3. The minimum fire
64.17 state aid allocation amount is allocated to municipalities or independent nonprofit firefighting
64.18 corporations with volunteer firefighters' relief associations or covered by the voluntary
64.19 statewide volunteer firefighter retirement plan. The amount is based on the number of active
64.20 volunteer firefighters who are (1) members of the relief association as reported to the Office
64.21 of the State Auditor in a specific annual financial reporting year as specified in paragraphs
64.22 (b) to (d), or (2) covered by the voluntary statewide volunteer firefighter retirement plan as
64.23 specified in paragraph (e).

64.24 (b) For relief associations established in calendar year 1993 or a prior year, the number
64.25 of active volunteer firefighters equals the number of active volunteer firefighters who were
64.26 members of the relief association as reported in the annual financial reporting for calendar
64.27 year 1993, but not to exceed 30 active volunteer firefighters.

64.28 (c) For relief associations established in calendar year 1994 through calendar year 1999,
64.29 the number of active volunteer firefighters equals the number of active volunteer firefighters
64.30 who were members of the relief association as reported in the annual financial reporting for
64.31 calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer
64.32 firefighters.

64.33 (d) For relief associations established after calendar year 1999, the number of active
64.34 volunteer firefighters equals the number of active volunteer firefighters who are members

65.1 of the relief association as reported in the first annual financial reporting submitted to the
65.2 Office of the State Auditor, but not to exceed 20 active volunteer firefighters.

65.3 (e) If a relief association is terminated as a result of providing retirement coverage for
65.4 volunteer firefighters by the voluntary statewide volunteer firefighter retirement plan under
65.5 chapter 353G, the number of active volunteer firefighters equals the number of active
65.6 volunteer firefighters of the municipality or independent nonprofit firefighting corporation
65.7 covered by the statewide plan as certified by the executive director of the Public Employees
65.8 Retirement Association to the commissioner and the state auditor, but not to exceed 30
65.9 active firefighters.

65.10 Subd. 6. **Corrective aid adjustments.** Any adjustments needed to correct prior
65.11 misallocations must be made to subsequent fire state aid apportionments.

65.12 Subd. 7. **Appeal.** A municipality, an independent nonprofit firefighting corporation, a
65.13 fire relief association, or the voluntary statewide volunteer firefighter retirement plan may
65.14 object to the amount of fire state aid apportioned to it by filing a written request with the
65.15 commissioner to review and adjust the apportionment of funds within the state. The decision
65.16 of the commissioner is subject to appeal, review, and adjustment by the district court in the
65.17 county in which the applicable municipality or independent nonprofit firefighting corporation
65.18 is located or by the Ramsey County District Court with respect to the voluntary statewide
65.19 volunteer firefighter retirement plan.

65.20 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

65.21 Sec. 4. **[477B.04] APPROPRIATION, PAYMENT, AND ADMINISTRATION.**

65.22 Subdivision 1. **Payments.** (a) The commissioner must make payments to the Public
65.23 Employees Retirement Association for deposit in the voluntary statewide volunteer firefighter
65.24 retirement fund on behalf of a municipality or independent nonprofit firefighting corporation
65.25 that is a member of the voluntary statewide volunteer firefighter retirement plan under
65.26 chapter 353G, or directly to a municipality or county designated by an independent nonprofit
65.27 firefighting corporation. The payment is equal to the amount of fire state aid apportioned
65.28 to the applicable fire state aid recipient under section 477B.03.

65.29 (b) Fire state aid is payable on October 1 annually. The amount of state aid due and not
65.30 paid by October 1 accrues interest payable to the recipient at the rate of one percent for each
65.31 month or part of a month that the amount remains unpaid after October 1.

65.32 (c) The interest under paragraph (b) does not apply when payment has not been made
65.33 by October 1 due to noncompliance with sections 424A.014 and 477B.02, subdivision 7.

66.1 Subd. 2. **Appropriation.** The amount necessary to make the payments under this section
66.2 and section 477B.03 is annually appropriated to the commissioner from the general fund.

66.3 Subd. 3. **Deposit of state aid.** (a) If the municipality or the independent nonprofit
66.4 firefighting corporation is covered by the voluntary statewide volunteer firefighter retirement
66.5 plan under chapter 353G, the executive director of the Public Employees Retirement
66.6 Association must credit the fire state aid against future municipal contribution requirements
66.7 under section 353G.08 and must notify the municipality or the independent nonprofit
66.8 firefighting corporation of the fire state aid so credited at least annually.

66.9 (b) If the municipality or the independent nonprofit firefighting corporation is not covered
66.10 by the voluntary statewide volunteer firefighter retirement plan, the treasurer of the
66.11 municipality must, within 30 days after receipt, transmit the fire state aid to the treasurer
66.12 of the duly incorporated firefighters' relief association if there is one organized and the
66.13 association has filed a financial report with the municipality pursuant to section 424A.014,
66.14 subdivision 1 or 2, whichever applies. If the relief association has not filed a financial report
66.15 with the municipality, the treasurer of the municipality must delay transmission of the fire
66.16 state aid to the relief association until the complete financial report is filed.

66.17 (c) The treasurer of the municipality must deposit the fire state aid money in the municipal
66.18 treasury if (1) the municipality or independent nonprofit firefighting corporation is not
66.19 covered by the voluntary statewide volunteer firefighter retirement plan, (2) there is no
66.20 relief association organized, (3) the association has dissolved, or (4) the association has
66.21 been removed as trustees of state aid. The money may be disbursed from the municipal
66.22 treasury only for the purposes and in the manner set forth in section 424A.08 or for the
66.23 payment of the employer contribution requirement with respect to firefighters covered by
66.24 the public employees police and fire retirement plan under section 353.65, subdivision 3.

66.25 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

66.26 Sec. 5. **[477B.05] SHORTFALL FROM GENERAL FUND.**

66.27 (a) If the annual funding requirements of fire relief associations or consolidation accounts
66.28 under sections 424A.091 to 424A.095 or Laws 2013, chapter 111, article 5, sections 31 to
66.29 42, exceed all applicable revenue sources of a given year, including the insurance premium
66.30 taxes funding fire state aid under this chapter as set under section 297I.05, subdivisions 2,
66.31 3, and 4, the shortfall in the annual funding requirements must be paid from the general
66.32 fund to the extent appropriated by the legislature.

67.1 (b) Nothing in this section relieves any municipality from its obligation to a relief
 67.2 association or consolidation account under law.

67.3 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

67.4 Sec. 6. **PURPOSE.**

67.5 It is the intent of the legislature to make Minnesota's fire and police state aid laws more
 67.6 understandable by separating and recodifying disparate administration and compliance
 67.7 provisions currently contained in chapter 69 of Minnesota Statutes. Due to the complexity
 67.8 of the recodification, prior provisions are repealed on the effective date of the new provisions.

67.9 **EFFECTIVE DATE.** This section is effective July 1, 2019.

67.10 Sec. 7. **REPEALER.**

67.11 Minnesota Statutes 2018, sections 69.011, subdivisions 1, 2, 2b, 2c, 3, and 4; 69.021,
 67.12 subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, and 11; 69.031, subdivisions 1, 3, and 5; and 69.041,
 67.13 are repealed.

67.14 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

67.15 **ARTICLE 10**

67.16 **POLICE STATE AID; TECHNICAL CHANGES**

67.17 Section 1. **[477C.01] DEFINITIONS.**

67.18 Subdivision 1. **Scope.** Unless the language or context clearly indicates that a different
 67.19 meaning is intended, the following words and terms, for the purposes of this chapter and
 67.20 chapter 423A have the meanings given to them.

67.21 Subd. 2. **Commissioner.** "Commissioner" means the commissioner of revenue.

67.22 Subd. 3. **Company or insurance company.** "Company" or "insurance company" has
 67.23 the meaning given in section 60A.02, subdivision 4.

67.24 Subd. 4. **Minnesota Aid to Police Premium Report.** "Minnesota Aid to Police Premium
 67.25 Report" means a form for reporting the total gross premiums, less return premiums and
 67.26 dividends, on all direct business received by an insurance company in this state during the
 67.27 preceding calendar year, with reference to insurance written for perils contained in auto
 67.28 insurance coverages as reported to the National Association of Insurance Commissioners
 67.29 and the commissioner of commerce.

68.1 Subd. 5. **Municipal clerk, municipal clerk-treasurer, or county auditor.** "Municipal
68.2 clerk," "municipal clerk-treasurer," or "county auditor" means:

68.3 (1) the person elected or appointed to the position of municipal clerk, municipal
68.4 clerk-treasurer, or county auditor or, if there is no such person, the chief financial official
68.5 or the person primarily responsible for managing the finances of a municipality;

68.6 (2) for a park district, the secretary of the board of park district commissioners;

68.7 (3) for the University of Minnesota, the official designated by the Board of Regents;

68.8 (4) for the Metropolitan Airports Commission, the person designated by the commission;

68.9 (5) for the Departments of Natural Resources and Public Safety, the respective
68.10 commissioner of the agency; and

68.11 (6) for a tribal police department that exercises state arrest powers under section 626.90,
68.12 626.91, 626.92, or 626.93, the person designated by the applicable American Indian tribal
68.13 government.

68.14 Subd. 6. **Municipality.** (a) "Municipality" means:

68.15 (1) a home rule charter or statutory city;

68.16 (2) an organized town;

68.17 (3) a county;

68.18 (4) a park district subject to chapter 398;

68.19 (5) the University of Minnesota;

68.20 (6) an American Indian tribal government with a tribal police department that exercises
68.21 state arrest powers under section 626.90, 626.91, 626.92, or 626.93;

68.22 (7) the Metropolitan Airports Commission; and

68.23 (8) the Departments of Natural Resources and Public Safety with respect to peace officers
68.24 covered under chapter 352B.

68.25 (b) This subdivision only applies to chapter 477C.

68.26 Subd. 7. **Peace officer.** "Peace officer" means any person:

68.27 (1) whose primary source of income derived from wages is from direct employment by
68.28 a municipality as a law enforcement officer on a full-time basis of not less than 30 hours
68.29 per week;

69.1 (2) who has been employed for a minimum of six months before December 31 preceding
69.2 the date of the current year's certification under section 477C.02, subdivision 1;

69.3 (3) who is sworn to enforce the general criminal laws of the state and local ordinances;

69.4 (4) who is licensed by the Peace Officers Standards and Training Board and is authorized
69.5 to arrest with a warrant; and

69.6 (5) who is a member of the State Patrol retirement plan or the public employees police
69.7 and fire fund.

69.8 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

69.9 **Sec. 2. [477C.02] QUALIFYING FOR POLICE STATE AID.**

69.10 Subdivision 1. **Certification to commissioner.** (a) A certification made under this
69.11 section must be filed with the commissioner on a form prescribed by the commissioner and
69.12 must include all other facts that the commissioner requires.

69.13 (b) Except as provided in subdivision 2, on or before March 15 annually, the municipal
69.14 clerk, municipal clerk-treasurer, or county auditor of each municipality employing one or
69.15 more peace officers must certify to the commissioner the number of peace officers employed
69.16 during the previous calendar year. No peace officer may be included in the certification by
69.17 more than one municipality for the same month.

69.18 (c) Credit for peace officers employed less than a full year must be apportioned. Each
69.19 full month of employment of a qualifying officer during the calendar year entitles the
69.20 employing municipality to credit for 1/12 of the payment for employment of a peace officer
69.21 for the entire year. For purposes of this chapter, employment of a peace officer begins when
69.22 the peace officer is entered on the payroll of the employing municipality.

69.23 Subd. 2. **Departments of Natural Resources and Public Safety.** On or before March
69.24 15 annually, the commissioner of natural resources must certify the number of peace officers
69.25 employed by the Enforcement Division and the commissioner of public safety must certify
69.26 the number of peace officers employed by the Bureau of Criminal Apprehension, the
69.27 Gambling Enforcement Division, and the State Patrol Division. The certification must be
69.28 on the form described in subdivision 1, paragraph (a). Peace officers certified under this
69.29 subdivision must be included in the total certifications under subdivision 1.

69.30 Subd. 3. **Ineligibility of certain peace officers.** A peace officer employed by the
69.31 University of Minnesota who is required by the Board of Regents to be a member of the

70.1 University of Minnesota faculty retirement plan is not eligible to be included in any police
70.2 state aid certification under this section.

70.3 Subd. 4. **Penalty for failure to file certification.** (a) If a certification under subdivision
70.4 1 or 2 is not filed with the commissioner on or before March 15, the commissioner must
70.5 notify the municipal clerk, municipal clerk-treasurer, or county auditor that a penalty equal
70.6 to a portion or all of its current year aid will apply if the certification is not received within
70.7 ten days.

70.8 (b) The penalty for failure to file the certification under subdivision 1 or 2 is equal to
70.9 the amount of police state aid determined for the municipality for the current year, multiplied
70.10 by five percent for each week or fraction of a week that the certification is late. The penalty
70.11 must be computed beginning ten days after the postmark date of the commissioner's
70.12 notification as required under this subdivision. All aid amounts forfeited as a result of the
70.13 penalty revert to the state general fund. Failure to receive the certification form may not be
70.14 used as a defense for a failure to file.

70.15 Subd. 5. **Determination by commissioner.** The commissioner must determine which
70.16 municipalities are qualified to receive police state aid based on compliance with the
70.17 requirements of this section. The commissioner may take into account any other relevant
70.18 information that comes to the attention of the commissioner when making the determination.

70.19 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

70.20 Sec. 3. **[477C.03] CALCULATION OF POLICE STATE AID; APPEAL.**

70.21 Subdivision 1. **Certification and calculation of police state aid.** (a) On or before
70.22 October 1, the commissioner must calculate the amount of police state aid that each
70.23 municipality is to receive.

70.24 (b) The commissioner must calculate an excess police state aid amount for each
70.25 municipality under subdivision 3 and must reduce the apportionment amount for each
70.26 municipality based on the calculation.

70.27 Subd. 2. **Apportionment of police state aid.** (a) The total amount available for
70.28 apportionment as police state aid is equal to 104 percent of the amount of premium taxes
70.29 paid to the state on the premiums reported to the commissioner by companies or insurance
70.30 companies on the Minnesota Aid to Police Premium Report. The total amount for
70.31 apportionment for the police state aid program must not be less than two percent of the
70.32 amount of premiums reported to the commissioner by companies or insurance companies
70.33 on the Minnesota Aid to Police Premium Report.

71.1 (b) The commissioner must calculate the percentage of increase or decrease reflected in
71.2 the apportionment over or under the previous year's available state aid using the same
71.3 premiums as a basis for comparison.

71.4 (c) In addition to the amount for apportionment of police state aid under paragraph (a),
71.5 each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay
71.6 this increase is annually appropriated from the general fund.

71.7 (d) The commissioner must apportion police state aid to all municipalities in proportion
71.8 to the relationship that the total number of peace officers employed by that municipality for
71.9 the prior calendar year and the proportional or fractional number who were employed less
71.10 than a calendar year as credited under section 477C.02, subdivision 1, paragraph (c), bears
71.11 to the total number of peace officers employed by all municipalities subject to any reduction
71.12 under subdivision 3.

71.13 (e) Any necessary additional adjustments must be made to subsequent police state aid
71.14 apportionments.

71.15 Subd. 3. **Apportionment reduction; excess police state aid.** (a) The commissioner
71.16 must reduce the apportionment of police state aid under this section for eligible municipalities
71.17 by the amount of any excess police state aid calculated under this subdivision.

71.18 (b) The commissioner must calculate the amount of excess police state aid for each
71.19 municipality as follows:

71.20 (1) for municipalities in which police retirement coverage is provided wholly by the
71.21 public employees police and fire fund and all peace officers are members of the plan governed
71.22 by sections 353.63 to 353.657, the excess police state aid amount equals the amount of
71.23 police state aid apportioned under subdivision 2 that exceeds the employer's total prior
71.24 calendar year obligation as defined in paragraph (c), as certified by the executive director
71.25 of the Public Employees Retirement Association;

71.26 (2) for the Metropolitan Airports Commission, the excess police state aid amount equals
71.27 the amount of apportioned police aid calculated under subdivision 2 that exceeds the
71.28 commission's total prior calendar year obligation as defined in paragraph (c), as certified
71.29 by the executive director of the Public Employees Retirement Association; and

71.30 (3) for the Departments of Natural Resources and Public Safety, the excess police state
71.31 aid amount equals the amount of apportioned police aid calculated under subdivision 2 that
71.32 exceeds the employer's total prior calendar year obligation under section 352B.02, subdivision

72.1 1c, for plan members who are peace officers, as certified by the executive director of the
 72.2 Minnesota State Retirement System.

72.3 (c) The municipality's total prior calendar year obligation with respect to the public
 72.4 employees police and fire plan under paragraph (b), clause (1), is the total prior calendar
 72.5 year obligation under section 353.65, subdivision 3, for police officers as defined in section
 72.6 353.64, subdivisions 1, 1a, and 2, and the actual total prior calendar year obligation under
 72.7 section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivisions 1,
 72.8 1a, and 2, but not to exceed for those firefighters the applicable following employer calendar
 72.9 year amount:

	<u>Municipality</u>	<u>Maximum Amount</u>
72.10	<u>Albert Lea</u>	<u>\$54,157.01</u>
72.11	<u>Anoka</u>	<u>10,399.31</u>
72.12	<u>Apple Valley</u>	<u>5,442.44</u>
72.13	<u>Austin</u>	<u>49,864.73</u>
72.14	<u>Bemidji</u>	<u>27,671.38</u>
72.15	<u>Brooklyn Center</u>	<u>6,605.92</u>
72.16	<u>Brooklyn Park</u>	<u>24,002.26</u>
72.17	<u>Burnsville</u>	<u>15,956.00</u>
72.18	<u>Cloquet</u>	<u>4,260.49</u>
72.19	<u>Coon Rapids</u>	<u>39,920.00</u>
72.20	<u>Cottage Grove</u>	<u>8,588.48</u>
72.21	<u>Crystal</u>	<u>5,855.00</u>
72.22	<u>East Grand Forks</u>	<u>51,009.88</u>
72.23	<u>Edina</u>	<u>32,251.00</u>
72.24	<u>Elk River</u>	<u>5,216.55</u>
72.25	<u>Ely</u>	<u>13,584.16</u>
72.26	<u>Eveleth</u>	<u>16,288.27</u>
72.27	<u>Fergus Falls</u>	<u>6,742.00</u>
72.28	<u>Fridley</u>	<u>33,420.64</u>
72.29	<u>Golden Valley</u>	<u>11,744.61</u>
72.30	<u>Hastings</u>	<u>16,561.00</u>
72.31	<u>Hopkins</u>	<u>4,324.23</u>
72.32	<u>International Falls</u>	<u>14,400.69</u>
72.33	<u>Lakeville</u>	<u>782.35</u>
72.34	<u>Lino Lakes</u>	<u>5,324.00</u>
72.35	<u>Little Falls</u>	<u>7,889.41</u>
72.36	<u>Maple Grove</u>	<u>6,707.54</u>

73.1	<u>Maplewood</u>	<u>8,476.69</u>
73.2	<u>Minnetonka</u>	<u>10,403.00</u>
73.3	<u>Montevideo</u>	<u>1,307.66</u>
73.4	<u>Moorhead</u>	<u>68,069.26</u>
73.5	<u>New Hope</u>	<u>6,739.72</u>
73.6	<u>North St. Paul</u>	<u>4,241.14</u>
73.7	<u>Northfield</u>	<u>770.63</u>
73.8	<u>Owatonna</u>	<u>37,292.67</u>
73.9	<u>Plymouth</u>	<u>6,754.71</u>
73.10	<u>Red Wing</u>	<u>3,504.01</u>
73.11	<u>Richfield</u>	<u>53,757.96</u>
73.12	<u>Rosemount</u>	<u>1,712.55</u>
73.13	<u>Roseville</u>	<u>9,854.51</u>
73.14	<u>St. Anthony</u>	<u>33,055.00</u>
73.15	<u>St. Louis Park</u>	<u>53,643.11</u>
73.16	<u>Thief River Falls</u>	<u>28,365.04</u>
73.17	<u>Virginia</u>	<u>31,164.46</u>
73.18	<u>Waseca</u>	<u>11,135.17</u>
73.19	<u>West St. Paul</u>	<u>15,707.20</u>
73.20	<u>White Bear Lake</u>	<u>6,521.04</u>
73.21	<u>Woodbury</u>	<u>3,613.00</u>
73.22	<u>any other municipality</u>	<u>0.00</u>

73.23 (d) The total amount of excess police state aid must be deposited in the excess police
73.24 state aid account in the general fund, and administered and distributed as provided in
73.25 subdivision 4.

73.26 Subd. 4. Excess police state aid holding account. (a) The excess police state aid holding
73.27 account is established in the general fund. The excess police state aid holding account is
73.28 administered by the commissioner.

73.29 (b) Excess police state aid determined under subdivision 3 must be deposited annually
73.30 in the excess police state aid holding account.

73.31 (c) From the balance in the excess police state aid holding account, \$900,000 must be
73.32 canceled annually to the general fund.

73.33 (d) On October 1 annually, one-half of the balance of the excess police state aid holding
73.34 account remaining after the deduction under paragraph (c) is appropriated for additional
73.35 amortization aid under section 423A.02, subdivision 1b.

74.1 (e) The remaining balance in the excess police state aid holding account, after the
74.2 deductions under paragraphs (c) and (d), must be canceled annually to the general fund.

74.3 Subd. 5. **Appeal.** A municipality may object to the amount of police state aid apportioned
74.4 to it by filing a written request with the commissioner to review and adjust the apportionment
74.5 of funds to the municipality. The decision of the commissioner is subject to appeal, review,
74.6 and adjustment by the district court in the county in which the applicable municipality is
74.7 located or by the Ramsey County District Court with respect to the Departments of Natural
74.8 Resources or Public Safety.

74.9 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

74.10 Sec. 4. **[477C.04] APPROPRIATION, PAYMENT, AND ADMINISTRATION.**

74.11 Subdivision 1. **Payments.** (a) The commissioner must make payments to the municipality
74.12 equal to the amount of police state aid apportioned to the applicable state aid recipient under
74.13 section 477C.03.

74.14 (b) Police state aid is payable on October 1 annually. The amount of state aid due and
74.15 not paid by October 1 accrues interest payable to the recipient at the rate of one percent for
74.16 each month or part of a month that the amount remains unpaid after October 1.

74.17 Subd. 2. **Appropriation.** (a) The amount necessary to make the payments under this
74.18 section and section 477C.03 is annually appropriated to the commissioner from the general
74.19 fund.

74.20 (b) The police state aid apportioned to the Departments of Public Safety and Natural
74.21 Resources under section 477C.03 is allocated to the commissioner of management and
74.22 budget for transfer to the funds and accounts from which the salaries of peace officers
74.23 certified under section 477C.02, subdivision 2, are paid. On or before October 1, the
74.24 commissioner of revenue must certify to the commissioners of public safety, natural
74.25 resources, and management and budget the amounts to be transferred from the appropriation
74.26 for police state aid. The commissioners of public safety and natural resources must certify
74.27 to the commissioner of management and budget the amounts to be credited to each of the
74.28 funds and accounts from which the peace officers employed by their respective departments
74.29 are paid.

74.30 Subd. 3. **Deposit of state aid.** (a) For a municipality in which police retirement coverage
74.31 is provided by the public employees police and fire fund and all peace officers are members
74.32 of the fund, including municipalities covered by section 353.665, the total state aid must

75.1 be applied toward the municipality's employer contribution to the public employees police
 75.2 and fire fund under sections 353.65, subdivision 3, and 353.665, subdivision 8.

75.3 (b) The county treasurer, upon receipt of the police state aid for the county, must apply
 75.4 the total state aid toward the county's employer contribution to the public employees police
 75.5 and fire fund under section 353.65, subdivision 3.

75.6 (c) The designated Metropolitan Airports Commission official, upon receipt of the police
 75.7 state aid for the Metropolitan Airports Commission, must apply the total police state aid
 75.8 toward the commission's employer contribution for peace officers to the public employees
 75.9 police and fire plan under section 353.65, subdivision 3.

75.10 (d) The commissioners of public safety and natural resources must allocate the police
 75.11 state aid first for employer contributions funded from the general fund and then for employer
 75.12 contributions funded from other funds. For peace officers employed by the Departments of
 75.13 Natural Resources or Public Safety whose salaries are paid from the general fund, the
 75.14 amounts transferred from the appropriation for police state aid must be canceled to the
 75.15 general fund.

75.16 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

75.17 **ARTICLE 11**

75.18 **FIRE AND POLICE STATE AID; MISCELLANEOUS TECHNICAL CHANGES**

75.19 Section 1. **[2971.26] FIRE AND POLICE PREMIUM REPORTS.**

75.20 Subdivision 1. **Filing reports.** (a) Each company must file with the commissioner the
 75.21 reports defined in sections 477B.01, subdivision 8, and 477C.01, subdivision 4, signed by
 75.22 the authorized representative of the company, on or before March 1 annually. The fire and
 75.23 extended coverage portion of multiperil package premiums and all other combination
 75.24 premiums must be determined by applying percentages determined by the commissioner
 75.25 or by rating bureaus recognized by the commissioner. The commissioner shall prescribe
 75.26 the content, form, and manner of the reports.

75.27 (b) The commissioner must notify each company that fails to timely file the report
 75.28 required under paragraph (a). The notice must demand that the company file the report
 75.29 within 30 days. Where good cause exists, the commissioner may extend the period for filing
 75.30 the report as long as a request for extension is filed by the company before the expiration
 75.31 of the 30-day period.

76.1 Subd. 2. Penalties. (a) A company that fails to file the report on or before the due date
76.2 in subdivision 1 is liable for a penalty equal to \$25 for each seven days, or fraction thereof,
76.3 that the report is delinquent, but not to exceed \$200.

76.4 (b) Any person whose duty it is to file the report and who fails or refuses to file within
76.5 30 days after the postmark of the notice in subdivision 1 must be fined an amount of no
76.6 more than \$1,000.

76.7 (c) Any company that knowingly makes and files an inaccurate or false report is liable
76.8 for a fine in an amount not less than \$25 nor more than \$1,000, as determined by the
76.9 commissioner, and the commissioner of commerce may revoke the company's certificate
76.10 of authority.

76.11 **EFFECTIVE DATE.** This section is effective for reports filed after December 31, 2019.

76.12 Sec. 2. **[424A.014] FINANCIAL REPORT; BOND; EXAMINATION.**

76.13 Subdivision 1. **Financial report and audit.** (a) The board of the Bloomington Fire
76.14 Department Relief Association and each volunteer firefighters relief association with assets
76.15 of at least \$500,000 or liabilities of at least \$500,000 in the prior year or in any previous
76.16 year, according to the applicable actuarial valuation or according to the financial report if
76.17 no valuation is required, must prepare a financial report covering the special and general
76.18 funds of the relief association for the preceding fiscal year, file the financial report, and
76.19 submit financial statements.

76.20 (b) The financial report must contain financial statements and disclosures that present
76.21 the true financial condition of the relief association and the results of relief association
76.22 operations in conformity with generally accepted accounting principles and in compliance
76.23 with the regulatory, financing, and funding provisions of this chapter and any other applicable
76.24 laws. The financial report must be countersigned by:

76.25 (1) the municipal clerk or clerk-treasurer of the municipality in which the relief
76.26 association is located if the relief association is a firefighters' relief association that is directly
76.27 associated with a municipal fire department;

76.28 (2) the municipal clerk or clerk-treasurer of the largest municipality in population that
76.29 contracts with the independent nonprofit firefighting corporation if the volunteer firefighter
76.30 relief association is a subsidiary of an independent nonprofit firefighting corporation, and
76.31 by the secretary of the independent nonprofit firefighting corporation; or

77.1 (3) the chief financial official of the county in which the volunteer firefighter relief
77.2 association is located or primarily located if the relief association is associated with a fire
77.3 department that is not located in or associated with an organized municipality.

77.4 (c) The financial report must be retained in the office of the Bloomington Fire Department
77.5 Relief Association or the volunteer firefighter relief association for public inspection and
77.6 must be filed with the governing body of the government subdivision in which the associated
77.7 fire department is located after the close of the fiscal year. One copy of the financial report
77.8 must be furnished to the state auditor after the close of the fiscal year.

77.9 (d) Audited financial statements must be attested to by a certified public accountant or
77.10 by the state auditor and must be filed with the state auditor on or before June 30 after the
77.11 close of the fiscal year. The state auditor may accept this report in lieu of the report required
77.12 in paragraph (c).

77.13 Subd. 2. **Financial statement.** (a) The board of each volunteer firefighter relief
77.14 association that is not required to file a financial report and audit under subdivision 1 must
77.15 prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief
77.16 association's special and general funds in the style and form prescribed by the state auditor.
77.17 The detailed statement must show:

77.18 (1) the sources and amounts of all money received;

77.19 (2) all disbursements, accounts payable, and accounts receivable;

77.20 (3) the amount of money remaining in the treasury;

77.21 (4) total assets, including a listing of all investments;

77.22 (5) the accrued liabilities; and

77.23 (6) all other items necessary to show accurately the revenues and expenditures and
77.24 financial position of the relief association.

77.25 (b) The detailed financial statement of the special and general funds required under
77.26 paragraph (a) must be certified by a certified public accountant or by the state auditor in
77.27 accordance with agreed-upon procedures and forms prescribed by the state auditor. The
77.28 accountant must have at least five years of public accounting, auditing, or similar experience
77.29 and must not be an active, inactive, or retired member of the relief association or the fire
77.30 department.

77.31 (c) The detailed financial statement required under paragraph (a) must be countersigned
77.32 by:

78.1 (1) the municipal clerk or clerk-treasurer of the municipality;

78.2 (2) where applicable, the municipal clerk or clerk-treasurer of the largest municipality
78.3 in population that contracts with the independent nonprofit firefighting corporation if the
78.4 relief association is a subsidiary of an independent nonprofit firefighting corporation, and
78.5 by the secretary of the independent nonprofit firefighting corporation; or

78.6 (3) the chief financial official of the county in which the volunteer firefighter relief
78.7 association is located or primarily located if the relief association is associated with a fire
78.8 department that is not located in or associated with an organized municipality.

78.9 (d) The volunteer firefighters relief association board must submit a copy of the detailed
78.10 financial statement required under paragraph (a) that has been certified by the governing
78.11 body of the municipality to the state auditor on or before March 31 after the close of the
78.12 fiscal year.

78.13 (e) A certified public accountant or auditor who performs the agreed-upon procedures
78.14 under paragraph (b) is subject to the reporting requirement of section 6.67.

78.15 Subd. 3. **Qualification.** The state auditor may, upon a demonstration by a relief
78.16 association of hardship or an inability to conform, extend the deadline for reports under
78.17 subdivision 1 or 2, but not beyond November 30 following the due date. If the reports are
78.18 not received by November 30, the municipality or relief association forfeits its current year
78.19 state aid, and, until the state auditor receives the required information, the relief association
78.20 or municipality is ineligible to receive any future state aid. A municipality or relief association
78.21 does not qualify initially to receive, or be entitled subsequently to retain, fire state aid and
78.22 police and firefighter retirement supplemental state aid payable under chapter 477B and
78.23 section 423A.022 if the financial reporting requirement or the applicable requirements of
78.24 this chapter or any other statute or special law have not been complied with or are not
78.25 fulfilled.

78.26 Subd. 4. **Treasurer bond.** (a) The treasurer of the Bloomington Fire Department Relief
78.27 Association may not enter upon duties without having given the association a bond in a
78.28 reasonable amount acceptable to the municipality for the faithful discharge of duties
78.29 according to law.

78.30 (b) No treasurer of a relief association governed by sections 424A.091 to 424A.096 may
78.31 enter upon the duties of the office until the treasurer has given the association a good and
78.32 sufficient bond in an amount equal to at least ten percent of the assets of the relief association;
78.33 however, the amount of the bond need not exceed \$500,000.

79.1 Subd. 5. Report by certain municipalities; exceptions. (a) The chief administrative
79.2 officer of each municipality that has a fire department but does not have a relief association
79.3 governed by sections 424A.091 to 424A.095 or Laws 2014, chapter 275, article 2, section
79.4 23, and that is not exempted under paragraph (b) or (c) must annually prepare a detailed
79.5 financial report of the receipts and disbursements by the municipality for fire protection
79.6 service during the preceding calendar year on a form prescribed by the state auditor. The
79.7 financial report must contain any information that the state auditor deems necessary to
79.8 disclose the sources of receipts and the purpose of disbursements for fire protection service.
79.9 The financial report must be signed by the municipal clerk or clerk-treasurer with the state
79.10 auditor on or before July 1 annually. The municipality does not qualify initially to receive,
79.11 and is not entitled subsequently to retain, any fire state aid and police and firefighter
79.12 retirement supplemental state aid payable under chapter 477B and section 423A.022 if the
79.13 financial reporting requirement or the applicable requirements of any other statute or special
79.14 law have not been complied with or are not fulfilled.

79.15 (b) Each municipality that has a fire department and provides retirement coverage to its
79.16 firefighters through the voluntary statewide volunteer firefighter retirement plan under
79.17 chapter 353G qualifies to have fire state aid transmitted to and retained in the statewide
79.18 volunteer firefighter retirement fund without filing a detailed financial report if the executive
79.19 director of the Public Employees Retirement Association certifies compliance by the
79.20 municipality with the requirements of sections 353G.04 and 353G.08, subdivision 1,
79.21 paragraph (e), and certifies conformity by the applicable fire chief with the requirements
79.22 of section 353G.07.

79.23 (c) Each municipality qualifies to receive fire state aid under chapter 477B without filing
79.24 a financial report under paragraph (a) if the municipality:

79.25 (1) has a fire department;

79.26 (2) does not have a volunteer firefighters relief association directly associated with its
79.27 fire department;

79.28 (3) does not participate in the statewide volunteer firefighter retirement plan under
79.29 chapter 353G;

79.30 (4) provides retirement coverage to its firefighters through the public employees police
79.31 and fire retirement plan under sections 353.63 to 353.68; and

79.32 (5) is certified by the executive director of the Public Employees Retirement Association
79.33 to the state auditor to have had an employer contribution under section 353.65, subdivision

80.1 3, for its firefighters for the immediately prior calendar year equal to or greater than its fire
80.2 state aid for the immediately prior calendar year.

80.3 Subd. 6. **Notification by commissioner of revenue and state auditor.** (a) The state
80.4 auditor, in performing an audit or examination, must notify the Legislative Commission on
80.5 Pensions and Retirement if the audit or examination reveals malfeasance, misfeasance, or
80.6 nonfeasance in office by relief association officials or municipal officials.

80.7 (b) The commissioner of revenue must notify the Legislative Commission on Pensions
80.8 and Retirement if the state auditor has not filed the required financial compliance reports
80.9 by July 1.

80.10 **EFFECTIVE DATE.** This section is effective July 1, 2019.

80.11 Sec. 3. Minnesota Statutes 2018, section 424A.05, is amended by adding a subdivision to
80.12 read:

80.13 Subd. 3b. **Authorized administrative expenses from special fund.** (a) Notwithstanding
80.14 any provision of law to the contrary, the payment of the following necessary, reasonable,
80.15 and direct expenses of maintaining, protecting, and administering the special fund, when
80.16 provided for in the bylaws of the association and approved by the board of trustees,
80.17 constitutes authorized administrative expenses of a volunteer firefighters relief association
80.18 organized under any law of the state or the Bloomington Fire Department Relief Association:

80.19 (1) office expenses, including but not limited to rent, utilities, equipment, supplies,
80.20 postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;

80.21 (2) salaries of the officers of the association or their designees, and salaries of the
80.22 members of the board of trustees of the association if the salary amounts are approved by
80.23 the governing body of the entity that is responsible for meeting any minimum obligation
80.24 under section 424A.092 or 424A.093 or Laws 2013, chapter 111, article 5, sections 31 to
80.25 42, and the itemized expenses of relief association officers and board members that are
80.26 incurred as a result of fulfilling their responsibilities as administrators of the special fund;

80.27 (3) tuition, registration fees, organizational dues, and other authorized expenses of the
80.28 officers or members of the board of trustees incurred in attending educational conferences,
80.29 seminars, or classes relating to the administration of the relief association;

80.30 (4) audit and audit-related services, accounting and accounting-related services, and
80.31 actuarial, medical, legal, and investment and performance evaluation expenses;

81.1 (5) filing and application fees payable by the relief association to federal or other
 81.2 government entities;

81.3 (6) reimbursement to the officers and members of the board of trustees or their designees,
 81.4 for reasonable and necessary expenses actually paid and incurred in the performance of
 81.5 their duties as officers or members of the board; and

81.6 (7) premiums on fiduciary liability insurance and official bonds for the officers, members
 81.7 of the board of trustees, and employees of the relief association.

81.8 (b) All other expenses of the relief association must be paid from the general fund of
 81.9 the association if one exists. If a relief association has only one fund, that fund is the special
 81.10 fund for purposes of this subdivision. If a relief association has a special fund and a general
 81.11 fund, the payment of any expense of the relief association that is directly related to the
 81.12 purposes for which both funds were established must be apportioned between the two funds
 81.13 on the basis of the benefits derived by each fund.

81.14 **EFFECTIVE DATE.** This section is effective July 1, 2019.

81.15 Sec. 4. **REPEALER.**

81.16 (a) Minnesota Statutes 2018, sections 69.051, subdivisions 1, 1a, 1b, 2, 3, and 4; and
 81.17 69.80, are repealed.

81.18 (b) Minnesota Statutes 2018, sections 69.33; and 297I.25, subdivision 2, are repealed.

81.19 **EFFECTIVE DATE.** Paragraph (a) is effective July 1, 2019. Paragraph (b) is effective
 81.20 for reports filed after December 31, 2019.

81.21 **ARTICLE 12**

81.22 **FIRE AND POLICE STATE AID; CONFORMING CHANGES**

81.23 Section 1. Minnesota Statutes 2018, section 6.495, subdivision 3, is amended to read:

81.24 Subd. 3. **Report to commissioner of revenue.** The state auditor shall file with the
 81.25 commissioner of revenue a financial compliance report certifying for each relief association:

81.26 (1) the completion of the annual financial report required under section ~~69.051~~ 424A.014
 81.27 and the auditing or certification of those financial reports under subdivision 1; and

81.28 (2) the receipt of any actuarial valuations required under section 424A.093 or Laws
 81.29 2013, chapter 111, article 5, sections 31 to 42.

81.30 **EFFECTIVE DATE.** This section is effective July 1, 2019.

82.1 Sec. 2. Minnesota Statutes 2018, section 144E.42, subdivision 2, is amended to read:

82.2 Subd. 2. **Trust account.** (a) There is established in the general fund the Cooper/Sams
82.3 volunteer ambulance trust account and the Cooper/Sams volunteer ambulance award and
82.4 account.

82.5 (b) The trust account must be credited with:

82.6 (1) general fund appropriations for that purpose;

82.7 (2) transfers from the Cooper/Sams volunteer ambulance award and account; and

82.8 (3) investment earnings on those accumulated proceeds. The assets and income of the
82.9 trust account must be held and managed by the commissioner of management and budget
82.10 and the State Board of Investment for the benefit of the state of Minnesota and its general
82.11 creditors.

82.12 (c) The Cooper/Sams volunteer ambulance account must be credited with transfers from
82.13 the excess police state-aid holding account established in section ~~69.021, subdivision 11~~
82.14 477C.03, subdivision 4, any per-year-of-service allocation under section 144E.45, subdivision
82.15 2, paragraph (c), that was not made for an individual, and investment earnings on those
82.16 accumulated proceeds. The Cooper/Sams volunteer ambulance account must be managed
82.17 by the commissioner of management and budget and the State Board of Investment. From
82.18 the Cooper/Sams volunteer ambulance account to the trust account there must be transferred
82.19 to the Cooper/Sams volunteer ambulance trust account, as the Cooper/Sams volunteer
82.20 ambulance account balance permits, the following amounts:

82.21 (1) an amount equal to any general fund appropriation to the Cooper/Sams volunteer
82.22 ambulance trust account for that fiscal year; and

82.23 (2) an amount equal to the percentage of the remaining balance in the account after the
82.24 deduction of the amount under clause (1), as specified for the applicable fiscal year:

82.25	Fiscal year	Percentage
82.26	1995	20
82.27	1996	40
82.28	1997	50
82.29	1998	60
82.30	1999	70
82.31	2000	80
82.32	2001	90
82.33	2002 and thereafter	100

83.1 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

83.2 Sec. 3. Minnesota Statutes 2018, section 297I.20, subdivision 3, is amended to read:

83.3 Subd. 3. **Historic structure rehabilitation credit.** An insurance company may claim
 83.4 a credit against the premiums tax imposed under this chapter equal to the amount of the
 83.5 credit certificate issued to it, or to a person who has assigned the credit to the insurance
 83.6 company, under section 290.0681. If the amount of the credit exceeds the liability for tax
 83.7 under this chapter, the commissioner shall refund the excess to the insurance company. An
 83.8 amount sufficient to pay the refunds under this section is appropriated to the commissioner
 83.9 from the general fund. This credit does not affect the calculation of ~~police and fire state aid~~
 83.10 under section ~~69.021~~ 477B.03 and police state aid under section 477C.03.

83.11 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

83.12 Sec. 4. Minnesota Statutes 2018, section 353G.01, subdivision 9, is amended to read:

83.13 Subd. 9. **Municipality.** "Municipality" means a governmental entity specified in section
 83.14 ~~69.011, subdivision 1, paragraph (b), clauses (1), (2), and (5)~~ 477B.01, subdivision 10, a
 83.15 city or township that has entered into a contract with an independent nonprofit firefighting
 83.16 corporation, or a city or township that has entered into a contract with a joint powers entity
 83.17 established under section 471.59.

83.18 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

83.19 Sec. 5. Minnesota Statutes 2018, section 353G.05, subdivision 2, is amended to read:

83.20 Subd. 2. **Election of coverage; lump sum.** (a) The process for electing coverage of
 83.21 volunteer firefighters by the lump-sum retirement division is initiated by a request to the
 83.22 executive director for a cost analysis of the prospective retirement coverage under the
 83.23 lump-sum retirement division.

83.24 (b) If the volunteer firefighters are currently covered by a lump-sum volunteer firefighter
 83.25 relief association or a defined contribution volunteer firefighter relief association governed
 83.26 by chapter 424A, the cost analysis of the prospective retirement coverage must be requested
 83.27 jointly by the secretary of the volunteer firefighter relief association, following approval of
 83.28 the request by the board of the volunteer firefighter relief association, and the chief
 83.29 administrative officer of the entity associated with the relief association, following approval
 83.30 of the request by the governing body of the entity associated with the relief association. If
 83.31 the relief association is associated with more than one entity, the chief administrative officer
 83.32 of each associated entity must execute the request. If the volunteer firefighters are not

84.1 currently covered by a volunteer firefighter relief association, the cost analysis of the
 84.2 prospective retirement coverage must be requested by the chief administrative officer of
 84.3 the entity operating the fire department. The request must be made in writing and must be
 84.4 made on a form prescribed by the executive director.

84.5 (c) The cost analysis of the prospective retirement coverage by the lump-sum retirement
 84.6 division of the statewide retirement plan must be based on the service pension amount under
 84.7 section 353G.11 closest to the service pension amount provided by the volunteer firefighter
 84.8 relief association if the relief association is a lump-sum defined benefit plan, or the amount
 84.9 equal to 95 percent of the most current average account balance per relief association member
 84.10 if the relief association is a defined contribution plan, or to the lowest service pension amount
 84.11 under section 353G.11 if there is no volunteer firefighter relief association, rounded up, and
 84.12 any other service pension amount designated by the requester or requesters. The cost analysis
 84.13 must be prepared using a mathematical procedure certified as accurate by an approved
 84.14 actuary retained by the Public Employees Retirement Association.

84.15 (d) If a cost analysis is requested and a volunteer ~~firefighters'~~ firefighters relief association
 84.16 exists that has filed the information required under section ~~69.051~~ 424A.014 in a timely
 84.17 fashion, upon request by the executive director, the state auditor shall provide the most
 84.18 recent data available on the financial condition of the volunteer firefighter relief association,
 84.19 the most recent firefighter demographic data available, and a copy of the current relief
 84.20 association bylaws. If a cost analysis is requested, but no volunteer firefighter relief
 84.21 association exists, the chief administrative officer of the entity operating the fire department
 84.22 shall provide the demographic information on the volunteer firefighters serving as members
 84.23 of the fire department requested by the executive director.

84.24 **EFFECTIVE DATE.** This section is effective July 1, 2019.

84.25 Sec. 6. Minnesota Statutes 2018, section 353G.08, subdivision 1, is amended to read:

84.26 Subdivision 1. **Annual funding requirements; lump-sum retirement division.** (a)
 84.27 Annually, the executive director shall determine the funding requirements of each account
 84.28 in the lump-sum retirement division of the voluntary statewide volunteer firefighter retirement
 84.29 plan on or before August 1. The funding requirements computed under this subdivision
 84.30 must be determined using a mathematical procedure developed and certified as accurate by
 84.31 the approved actuary retained by the Public Employees Retirement Association and must
 84.32 be based on present value factors using a six percent interest rate, without any decrement
 84.33 assumptions. The funding requirements must be certified to the entity or entities associated
 84.34 with the fire department whose active firefighters are covered by the retirement plan.

85.1 (b) The overall funding balance of each lump-sum account for the current calendar year
85.2 must be determined in the following manner:

85.3 (1) The total accrued liability for all active and deferred members of the account as of
85.4 December 31 of the current year must be calculated based on the good time service credit
85.5 of active and deferred members as of that date.

85.6 (2) The total present assets of the account projected to December 31 of the current year,
85.7 including receipts by and disbursements from the account anticipated to occur on or before
85.8 December 31, must be calculated. To the extent possible, the market value of assets must
85.9 be utilized in making this calculation.

85.10 (3) The amount of the total present assets calculated under clause (2) must be subtracted
85.11 from the amount of the total accrued liability calculated under clause (1). If the amount of
85.12 total present assets exceeds the amount of the total accrued liability, then the account is
85.13 considered to have a surplus over full funding. If the amount of the total present assets is
85.14 less than the amount of the total accrued liability, then the account is considered to have a
85.15 deficit from full funding. If the amount of total present assets is equal to the amount of the
85.16 total accrued liability, then the special fund is considered to be fully funded.

85.17 (c) The financial requirements of each lump-sum account for the following calendar
85.18 year must be determined in the following manner:

85.19 (1) The total accrued liability for all active and deferred members of the account as of
85.20 December 31 of the calendar year next following the current calendar year must be calculated
85.21 based on the good time service used in the calculation under paragraph (b), clause (1),
85.22 increased by one year.

85.23 (2) The increase in the total accrued liability of the account for the following calendar
85.24 year over the total accrued liability of the account for the current year must be calculated.

85.25 (3) The amount of administrative expenses of the account must be calculated by
85.26 multiplying the per-person dollar amount of the administrative expenses for the most recent
85.27 prior calendar year by the number of active and deferred firefighters reported to PERA on
85.28 the most recent good time service credit certification form for each account.

85.29 (4) If the account is fully funded, the financial requirement of the account for the
85.30 following calendar year is the total of the amounts calculated under clauses (2) and (3).

85.31 (5) If the account has a deficit from full funding, the financial requirement of the account
85.32 for the following calendar year is the total of the amounts calculated under clauses (2) and

86.1 (3) plus an amount equal to one-tenth of the amount of the deficit from full funding of the
86.2 account.

86.3 (6) If the account has a surplus over full funding, the financial requirement of the account
86.4 for the following calendar year is the financial requirement of the account calculated as
86.5 though the account was fully funded under clause (4) and, if the account has also had a
86.6 surplus over full funding during the prior two years, additionally reduced by an amount
86.7 equal to one-tenth of the amount of the surplus over full funding of the account.

86.8 (d) The required contribution of the entity or entities associated with the fire department
86.9 whose active firefighters are covered by the lump-sum retirement division is the annual
86.10 financial requirements of the lump-sum account of the retirement plan under paragraph (c)
86.11 reduced by the amount of any fire state aid payable under ~~sections 69.011 to 69.051~~ chapter
86.12 477B or police and firefighter retirement supplemental state aid payable under section
86.13 423A.022 that is reasonably anticipated to be received by the retirement plan attributable
86.14 to the entity or entities during the following calendar year, and an amount of interest on the
86.15 assets projected to be received during the following calendar year calculated at the rate of
86.16 six percent per annum. The required contribution must be allocated between the entities if
86.17 more than one entity is involved. A reasonable amount of anticipated fire state aid is an
86.18 amount that does not exceed the fire state aid actually received in the prior year multiplied
86.19 by the factor 1.035.

86.20 (e) The required contribution calculated in paragraph (d) must be paid to the retirement
86.21 plan on or before December 31 of the year for which it was calculated. If the contribution
86.22 is not received by the retirement plan by December 31, it is payable with interest at an
86.23 annual compound rate of six percent from the date due until the date payment is received
86.24 by the retirement plan. If the entity does not pay the full amount of the required contribution,
86.25 the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

86.26 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

86.27 Sec. 7. Minnesota Statutes 2018, section 353G.08, subdivision 1a, is amended to read:

86.28 Subd. 1a. **Annual funding requirements; monthly benefit retirement division.** (a)
86.29 Annually, the executive director shall determine the funding requirements of each monthly
86.30 benefit account in the voluntary statewide volunteer firefighter retirement plan on or before
86.31 August 1.

86.32 (b) The executive director must determine the funding requirements of a monthly benefit
86.33 account under this subdivision from:

87.1 (1) the most recent actuarial valuation normal cost, administrative expense, including
87.2 the cost of a regular actuarial valuation, and amortization results for the account determined
87.3 by the approved actuary retained by the retirement association under sections 356.215 and
87.4 356.216; and

87.5 (2) the standards for actuarial work, utilizing a six percent interest rate actuarial
87.6 assumption and other actuarial assumptions approved under section 356.215, subdivision
87.7 18:

87.8 (i) with that portion of any unfunded actuarial accrued liability attributable to a benefit
87.9 increase to be amortized over a period of 20 years from the date of the benefit change;

87.10 (ii) with that portion of any unfunded actuarial accrued liability attributable to an
87.11 assumption change or an actuarial method change to be amortized over a period of 20 years
87.12 from the date of the assumption or method change;

87.13 (iii) with that portion of any unfunded actuarial accrued liability attributable to an
87.14 investment loss to be amortized over a period of ten years from the date of investment loss;
87.15 and

87.16 (iv) with the balance of any net unfunded actuarial accrued liability to be amortized over
87.17 a period of five years from the date of the actuarial valuation.

87.18 (c) The required contributions of the entity or entities associated with the fire department
87.19 whose active firefighters are covered by the monthly benefit retirement division are the
87.20 annual financial requirements of the monthly benefit account of the retirement plan under
87.21 paragraph (b) reduced by the amount of any fire state aid payable under ~~sections 69.011 to~~
87.22 ~~69.051~~ chapter 477B, or any police and firefighter retirement supplemental state aid payable
87.23 under section 423A.022, that is reasonably anticipated to be received by the retirement plan
87.24 attributable to the entity or entities during the following calendar year. The required
87.25 contribution must be allocated between the entities if more than one entity is involved. A
87.26 reasonable amount of anticipated fire state aid is an amount that does not exceed the fire
87.27 state aid actually received in the prior year multiplied by the factor 1.035.

87.28 (d) The required contribution calculated in paragraph (c) must be paid to the retirement
87.29 plan on or before December 31 of the year for which it was calculated. If the contribution
87.30 is not received by the retirement plan by December 31, it is payable with interest at an
87.31 annual compound rate of six percent from the date due until the date payment is received
87.32 by the retirement plan. If the entity does not pay the full amount of the required contribution,
87.33 the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

88.1 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

88.2 Sec. 8. Minnesota Statutes 2018, section 353G.17, subdivision 2, is amended to read:

88.3 Subd. 2. **Approval by the relief association.** (a) Before a transfer of records, assets,
88.4 and liabilities from the retirement plan to a relief association may occur, the board of trustees
88.5 of the relief association shall adopt resolutions as follows:

88.6 (1) approving and accepting the transfer of records, assets, and liabilities from the
88.7 retirement plan; and

88.8 (2) amending the bylaws of the relief association as necessary to add the firefighters
88.9 whose benefits are being transferred from the retirement plan and to provide that each benefit
88.10 being transferred retains vesting, distribution, and other rights to which the firefighter, for
88.11 whom the benefit is being transferred, is entitled under the terms of the retirement plan to
88.12 the date of the transfer.

88.13 The board of trustees shall file a copy of the resolutions with the executive director.

88.14 (b) The board of trustees of the relief association shall file with the state auditor the
88.15 following:

88.16 (1) a copy of the resolutions required under paragraph (a);

88.17 (2) a copy of the bylaws of the relief association and any bylaw amendments;

88.18 (3) a copy of the relief association's investment policy;

88.19 (4) a statement that a board of trustees has been duly elected and each trustee's name,
88.20 address, telephone number, and e-mail address, if any;

88.21 (5) a copy of the most recent annual financial, investment, and plan administration report
88.22 filed under section ~~69.051~~ 424A.014, unless the due date for the first report has not yet
88.23 occurred; and

88.24 (6) a copy of the documentation indicating that a special fund has been established with
88.25 a financial institution to receive a transfer of assets from the retirement plan.

88.26 (c) Upon receipt of the information and documents required under paragraph (b), the
88.27 state auditor shall issue to the relief association and the executive director written
88.28 confirmation of receipt of all required information and documents.

88.29 **EFFECTIVE DATE.** This section is effective July 1, 2019.

89.1 Sec. 9. Minnesota Statutes 2018, section 356.20, subdivision 4a, is amended to read:

89.2 Subd. 4a. **Financial report for police or firefighters relief association.** For any police
89.3 or firefighter's firefighters relief association referred to in subdivision 2, clause (10) or (11),
89.4 a financial report that is duly filed and that meets the requirements of section ~~69.051~~
89.5 424A.014 is deemed to have met the requirements of subdivision 4.

89.6 **EFFECTIVE DATE.** This section is effective July 1, 2019.

89.7 Sec. 10. Minnesota Statutes 2018, section 356.219, subdivision 8, is amended to read:

89.8 Subd. 8. **Timing of reports.** (a) For the Bloomington Fire Department Relief Association
89.9 and the volunteer firefighter relief associations, the information required under this section
89.10 must be submitted by the due date for reports required under section ~~69.051, subdivision 1~~
89.11 ~~or 1a~~ 424A.014, subdivision 1 or 2, as applicable. If a relief association satisfies the definition
89.12 of a fully invested plan under subdivision 1, paragraph (b), for the calendar year covered
89.13 by the report required under section ~~69.051, subdivision 1 or 1a~~ 424A.014, subdivision 1
89.14 or 2, as applicable, the chief administrative officer of the covered pension plan shall certify
89.15 that compliance on a form prescribed by the state auditor. The state auditor shall transmit
89.16 annually to the State Board of Investment a list or lists of covered pension plans which
89.17 submitted certifications in order to facilitate reporting by the State Board of Investment
89.18 under paragraph (c).

89.19 (b) For the St. Paul Teachers Retirement Fund Association and the University of
89.20 Minnesota faculty supplemental retirement plan, the information required under this section
89.21 must be submitted to the state auditor by June 1 of each year.

89.22 (c) The State Board of Investment, on behalf of pension funds specified in subdivision
89.23 1, paragraph (c), shall report information required under this section by September 1 of each
89.24 year.

89.25 **EFFECTIVE DATE.** This section is effective July 1, 2019.

89.26 Sec. 11. Minnesota Statutes 2018, section 423A.02, subdivision 1b, is amended to read:

89.27 Subd. 1b. **Additional amortization state aid.** (a) Annually, the commissioner shall
89.28 allocate the additional amortization state aid, if any, including any state aid in excess of the
89.29 limitation in subdivision 4, on the following basis:

89.30 (1) 47.1 percent to the city of Minneapolis to defray the employer costs associated with
89.31 police and firefighter retirement coverage;

90.1 (2) 25.8 percent as additional funding to support the minimum fire state aid for volunteer
90.2 firefighter relief associations under section ~~69.021, subdivision 7, paragraph (d)~~ 477B.03,
90.3 subdivision 5;

90.4 (3) 12.9 percent to the city of Duluth to defray employer costs associated with police
90.5 and firefighter retirement coverage;

90.6 (4) 12.9 percent to the St. Paul Teachers Retirement Fund Association if the investment
90.7 performance requirement of paragraph (c) is met; and

90.8 (5) 1.3 percent to the city of Virginia to defray the employer contribution under section
90.9 353.665, subdivision 8, paragraph (d).

90.10 If there is no additional employer contribution under section 353.665, subdivision 8,
90.11 paragraph (b), certified under subdivision 1, paragraph (d), clause (2), with respect to the
90.12 former Minneapolis Police Relief Association and the former Minneapolis Fire Department
90.13 Relief Association, the commissioner shall allocate that 47.1 percent of the aid as follows:
90.14 49 percent to the Teachers Retirement Association, 21 percent to the St. Paul Teachers
90.15 Retirement Fund Association, and 30 percent as additional funding to support minimum
90.16 fire state aid for volunteer firefighter relief associations under section ~~69.021, subdivision~~
90.17 ~~7, paragraph (d)~~ 477B.03, subdivision 5. If there is no employer contribution by the city of
90.18 Virginia under section 353.665, subdivision 8, paragraph (d), for the former Virginia Fire
90.19 Department Relief Association certified on or before June 30 by the executive director of
90.20 the Public Employees Retirement Association, the commissioner shall allocate that 1.3
90.21 percent of the aid as follows: 49 percent to the Teachers Retirement Association, 21 percent
90.22 to the St. Paul Teachers Retirement Fund Association, and 30 percent as additional funding
90.23 to support minimum fire state aid for volunteer firefighter relief associations under section
90.24 ~~69.021, subdivision 7, paragraph (d)~~ 477B.03, subdivision 5.

90.25 (b) The allocation must be made by the commissioner of revenue on October 1 annually.

90.26 (c) With respect to the St. Paul Teachers Retirement Fund Association, annually, if the
90.27 teacher's association five-year average time-weighted rate of investment return does not
90.28 equal or exceed the performance of a composite portfolio assumed passively managed
90.29 (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt
90.30 securities, and 30 percent in domestic stock calculated using the formula under section
90.31 11A.04, clause (11), the aid allocation to the retirement fund under this section ceases until
90.32 the five-year annual rate of investment return equals or exceeds the performance of that
90.33 composite portfolio.

91.1 (d) The amounts required under this subdivision are the amounts annually appropriated
 91.2 to the commissioner of revenue under section ~~69.021, subdivision 11~~ 477B.03, subdivision
 91.3 5, paragraph (d), if any, and the aid amounts in excess of the limitation in subdivision 4.

91.4 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

91.5 Sec. 12. Minnesota Statutes 2018, section 423A.02, subdivision 3, is amended to read:

91.6 Subd. 3. **Reallocation of amortization state aid.** (a) Seventy percent of the difference
 91.7 between \$5,720,000 and the current year amortization aid distributed under subdivision 1
 91.8 that is not distributed for any reason to a municipality must be distributed by the
 91.9 commissioner of revenue according to this paragraph. The commissioner shall distribute
 91.10 60 percent of the amounts derived under this paragraph to the Teachers Retirement
 91.11 Association, and 40 percent to the St. Paul Teachers Retirement Fund Association to fund
 91.12 the unfunded actuarial accrued liabilities of the respective funds. These payments must be
 91.13 made on July 15 each fiscal year. If the St. Paul Teachers Retirement Fund Association or
 91.14 the Teachers Retirement Association satisfies subdivision 5, eligibility for its portion of this
 91.15 aid ceases. Amounts remaining in the undistributed balance account at the end of the
 91.16 biennium if aid eligibility ceases cancel to the general fund.

91.17 (b) In order to receive amortization aid under paragraph (a), before June 30 annually
 91.18 Independent School District No. 625, St. Paul, must make an additional contribution of
 91.19 \$800,000 each year to the St. Paul Teachers Retirement Fund Association.

91.20 (c) Thirty percent of the difference between \$5,720,000 and the current year amortization
 91.21 aid under subdivision 1 that is not distributed for any reason to a municipality must be
 91.22 distributed under section ~~69.021, subdivision 7, paragraph (d)~~ 477B.03, subdivision 5, as
 91.23 additional funding to support a minimum fire state aid amount for volunteer firefighter relief
 91.24 associations.

91.25 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

91.26 Sec. 13. Minnesota Statutes 2018, section 423A.022, subdivision 2, is amended to read:

91.27 Subd. 2. **Allocation.** (a) Of the total amount appropriated as supplemental state aid:

91.28 (1) 58.064 percent must be paid to the executive director of the Public Employees
 91.29 Retirement Association for deposit in the public employees police and fire retirement fund
 91.30 established by section 353.65, subdivision 1;

91.31 (2) 35.484 percent must be paid to municipalities other than municipalities solely
 91.32 employing firefighters with retirement coverage provided by the public employees police

92.1 and fire retirement plan which qualified to receive fire state aid in that calendar year, allocated
 92.2 in proportion to the most recent amount of fire state aid paid under section ~~69.021~~,
 92.3 ~~subdivision 7~~ 477B.04, for the municipality bears to the most recent total fire state aid for
 92.4 all municipalities other than the municipalities solely employing firefighters with retirement
 92.5 coverage provided by the public employees police and fire retirement plan paid under section
 92.6 ~~69.021~~, ~~subdivision 7~~ 477B.04, with the allocated amount for fire departments participating
 92.7 in the voluntary statewide lump-sum volunteer firefighter retirement plan paid to the
 92.8 executive director of the Public Employees Retirement Association for deposit in the fund
 92.9 established by section 353G.02, subdivision 3, and credited to the respective account and
 92.10 with the balance paid to the treasurer of each municipality for transmittal within 30 days of
 92.11 receipt to the treasurer of the applicable volunteer firefighter relief association for deposit
 92.12 in its special fund; and

92.13 (3) 6.452 percent must be paid to the executive director of the Minnesota State Retirement
 92.14 System for deposit in the state patrol retirement fund.

92.15 (b) For purposes of this section, the term "municipalities" includes independent nonprofit
 92.16 firefighting corporations that participate in the voluntary statewide lump-sum volunteer
 92.17 firefighter retirement plan under chapter 353G or with subsidiary volunteer firefighter relief
 92.18 associations operating under chapter 424A.

92.19 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

92.20 Sec. 14. Minnesota Statutes 2018, section 423A.022, subdivision 4, is amended to read:

92.21 Subd. 4. **Payments; conditions prerequisite.** (a) The payments under this section must
 92.22 be made on October 1 each year, with interest at one percent for each month, or portion of
 92.23 a month, that the amount remains unpaid after October 1. Any necessary adjustments must
 92.24 be made to subsequent payments.

92.25 (b) The provisions of ~~sections 69.011 to 69.051~~ chapter 477B and section 424A.014 that
 92.26 prevent municipalities and relief associations from being eligible for, or receiving fire state
 92.27 aid under ~~sections 69.011 to 69.051~~ chapter 477B and section 424A.014 until the applicable
 92.28 financial reporting requirements have been complied with, apply to the amounts payable to
 92.29 municipalities and relief associations under this section.

92.30 **EFFECTIVE DATE.** This section is effective July 1, 2019, except the references to
 92.31 Minnesota Statutes, chapter 477B, are effective for aids payable in 2020 and thereafter.

93.1 Sec. 15. Minnesota Statutes 2018, section 424A.016, subdivision 2, is amended to read:

93.2 Subd. 2. **Defined contribution service pension eligibility.** (a) A relief association,
93.3 when its articles of incorporation or bylaws so provide, may pay out of the assets of its
93.4 special fund a defined contribution service pension to each of its members who:

93.5 (1) separates from active service with the fire department;

93.6 (2) reaches age 50;

93.7 (3) completes at least five years of active service as an active member of the fire
93.8 department to which the relief association is associated;

93.9 (4) completes at least five years of active membership with the relief association before
93.10 separation from active service; and

93.11 (5) complies with any additional conditions as to age, service, and membership that are
93.12 prescribed by the bylaws of the relief association.

93.13 (b) In the case of a member who has completed at least five years of active service as
93.14 an active member of the fire department to which the relief association is associated on the
93.15 date that the relief association is established and incorporated, the requirement that the
93.16 member complete at least five years of active membership with the relief association before
93.17 separation from active service may be waived by the board of trustees of the relief association
93.18 if the member completes at least five years of inactive membership with the relief association
93.19 before the date of the payment of the service pension. During the period of inactive
93.20 membership, the member is not entitled to receive any disability benefit coverage, is not
93.21 entitled to receive additional individual account allocation of fire state aid or municipal
93.22 contribution towards a service pension, and is considered to have the status of a person
93.23 entitled to a deferred service pension.

93.24 (c) The service pension earned by a volunteer under this chapter and the articles of
93.25 incorporation and bylaws of the relief association may be paid whether or not the municipality
93.26 or independent nonprofit firefighting corporation to which the relief association is associated
93.27 qualifies for the receipt of fire state aid under chapter ~~69~~ 477B.

93.28 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

93.29 Sec. 16. Minnesota Statutes 2018, section 424A.016, subdivision 4, is amended to read:

93.30 Subd. 4. **Individual accounts.** (a) An individual account must be established for each
93.31 firefighter who is a member of the relief association.

93.32 (b) To each individual active member account must be credited an equal share of:

94.1 (1) any amounts of fire state aid and police and firefighter retirement supplemental state
94.2 aid received by the relief association;

94.3 (2) any amounts of municipal contributions to the relief association raised from levies
94.4 on real estate or from other available municipal revenue sources exclusive of fire state aid;
94.5 and

94.6 (3) any amounts equal to the share of the assets of the special fund to the credit of:

94.7 (i) any former member who terminated active service with the fire department to which
94.8 the relief association is associated before meeting the minimum service requirement provided
94.9 for in subdivision 2, paragraph (b), and has not returned to active service with the fire
94.10 department for a period no shorter than five years; or

94.11 (ii) any retired member who retired before obtaining a full nonforfeitable interest in the
94.12 amounts credited to the individual member account under subdivision 2, paragraph (b), and
94.13 any applicable provision of the bylaws of the relief association. In addition, any investment
94.14 return on the assets of the special fund must be credited in proportion to the share of the
94.15 assets of the special fund to the credit of each individual active member account.

94.16 Administrative expenses of the relief association payable from the special fund may be
94.17 deducted from individual accounts in a manner specified in the bylaws of the relief
94.18 association.

94.19 (c) If the bylaws so permit and as the bylaws define, the relief association may credit
94.20 any investment return on the assets of the special fund to the accounts of inactive members.

94.21 (d) Amounts to be credited to individual accounts must be allocated uniformly for all
94.22 years of active service and allocations must be made for all years of service, except for caps
94.23 on service credit if so provided in the bylaws of the relief association. Amounts forfeited
94.24 under paragraph (b), clause (3), before a resumption of active service and membership under
94.25 section 424A.01, subdivision 6, remain forfeited and may not be reinstated upon the
94.26 resumption of active service and membership. The allocation method may utilize monthly
94.27 proration for fractional years of service, as the bylaws or articles of incorporation of the
94.28 relief association so provide. The bylaws or articles of incorporation may define a "month,"
94.29 but the definition must require a calendar month to have at least 16 days of active service.
94.30 If the bylaws or articles of incorporation do not define a "month," a "month" is a completed
94.31 calendar month of active service measured from the member's date of entry to the same date
94.32 in the subsequent month.

94.33 (e) At the time of retirement under subdivision 2 and any applicable provision of the
94.34 bylaws of the relief association, a retiring member is entitled to that portion of the assets of

95.1 the special fund to the credit of the member in the individual member account which is
 95.2 nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief
 95.3 association based on the number of years of service to the credit of the retiring member.

95.4 (f) Annually, the secretary of the relief association shall certify the individual account
 95.5 allocations to the state auditor at the same time that the annual financial statement or financial
 95.6 report and audit of the relief association, whichever applies, is due under section ~~69.051~~
 95.7 424A.014.

95.8 **EFFECTIVE DATE.** This section is effective July 1, 2019.

95.9 Sec. 17. Minnesota Statutes 2018, section 424A.02, subdivision 1, is amended to read:

95.10 Subdivision 1. **Authorization.** (a) A defined benefit relief association, when its articles
 95.11 of incorporation or bylaws so provide, may pay out of the assets of its special fund a defined
 95.12 benefit service pension to each of its members who: (1) separates from active service with
 95.13 the fire department; (2) reaches age 50; (3) completes at least five years of active service
 95.14 as an active member of the fire department to which the relief association is associated; (4)
 95.15 completes at least five years of active membership with the relief association before
 95.16 separation from active service; and (5) complies with any additional conditions as to age,
 95.17 service, and membership that are prescribed by the bylaws of the relief association. A service
 95.18 pension computed under this section may be prorated monthly for fractional years of service
 95.19 as the bylaws or articles of incorporation of the relief association so provide. The bylaws
 95.20 or articles of incorporation may define a "month," but the definition must require a calendar
 95.21 month to have at least 16 days of active service. If the bylaws or articles of incorporation
 95.22 do not define a "month," a "month" is a completed calendar month of active service measured
 95.23 from the member's date of entry to the same date in the subsequent month. The service
 95.24 pension earned by a volunteer firefighter under this chapter and the articles of incorporation
 95.25 and bylaws of the volunteer firefighters relief association may be paid whether or not the
 95.26 municipality or independent nonprofit firefighting corporation to which the relief association
 95.27 is associated qualifies for the receipt of fire state aid under chapter ~~69~~ 477B.

95.28 (b) In the case of a member who has completed at least five years of active service as
 95.29 an active member of the fire department to which the relief association is associated on the
 95.30 date that the relief association is established and incorporated, the requirement that the
 95.31 member complete at least five years of active membership with the relief association before
 95.32 separation from active service may be waived by the board of trustees of the relief association
 95.33 if the member completes at least five years of inactive membership with the relief association
 95.34 before the date of the payment of the service pension. During the period of inactive

96.1 membership, the member is not entitled to receive disability benefit coverage, is not entitled
96.2 to receive additional service credit towards computation of a service pension, and is
96.3 considered to have the status of a person entitled to a deferred service pension under
96.4 subdivision 7.

96.5 (c) No municipality, independent nonprofit firefighting corporation, or joint powers
96.6 entity may delegate the power to take final action in setting a service pension or ancillary
96.7 benefit amount or level to the board of trustees of the relief association or to approve in
96.8 advance a service pension or ancillary benefit amount or level equal to the maximum amount
96.9 or level that this chapter would allow rather than a specific dollar amount or level.

96.10 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

96.11 Sec. 18. Minnesota Statutes 2018, section 424A.02, subdivision 3a, is amended to read:

96.12 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a) If a
96.13 defined benefit relief association pays a service pension greater than the maximum service
96.14 pension associated with the applicable average amount of available financing per active
96.15 covered firefighter under the table in subdivision 3, paragraph (c) or (d), whichever applies,
96.16 the maximum service pension under subdivision 3, paragraph (f), or the applicable maximum
96.17 service pension amount specified in subdivision 3, paragraph (g), whichever is less, the
96.18 state auditor shall:

96.19 (1) disqualify the municipality or the independent nonprofit firefighting corporation
96.20 associated with the relief association from receiving fire state aid by making the appropriate
96.21 notification to the municipality and the commissioner of revenue, with the disqualification
96.22 applicable for the next apportionment and payment of fire state aid; and

96.23 (2) order the treasurer of the applicable relief association to recover the amount of the
96.24 overpaid service pension or pensions from any retired firefighter who received an
96.25 overpayment.

96.26 (b) Fire state aid amounts from disqualified municipalities for the period of
96.27 disqualifications under paragraph (a), clause (1), must be credited to the amount of fire
96.28 insurance premium tax proceeds available for the next subsequent fire state aid
96.29 apportionment.

96.30 (c) The amount of any overpaid service pension recovered under paragraph (a), clause
96.31 (2), must be credited to the amount of fire insurance premium tax proceeds available for
96.32 the next subsequent fire state aid apportionment.

97.1 (d) The determination of the state auditor that a relief association has paid a service
 97.2 pension greater than the applicable maximum must be made on the basis of the information
 97.3 filed by the relief association and the municipality with the state auditor under ~~sections~~
 97.4 ~~69.011, subdivision 2, and 69.051, subdivision 1 or 1a, whichever applies,~~ this chapter and
 97.5 any other relevant information that comes to the attention of the state auditor. The
 97.6 determination of the state auditor is final. An aggrieved municipality, relief association, or
 97.7 person may appeal the determination under section 480A.06.

97.8 (e) The state auditor may certify, upon learning that a relief association overpaid a service
 97.9 pension based on an error in the maximum service pension calculation, the municipality or
 97.10 independent nonprofit firefighting corporation associated with the relief association for fire
 97.11 state aid if (1) there is evidence that the error occurred in good faith, and (2) the relief
 97.12 association has initiated recovery of any overpayment amount. Notwithstanding paragraph
 97.13 (c), all overpayments recovered under this paragraph must be credited to the relief
 97.14 association's special fund.

97.15 **EFFECTIVE DATE.** This section is effective July 1, 2019.

97.16 Sec. 19. Minnesota Statutes 2018, section 424A.02, subdivision 10, is amended to read:

97.17 Subd. 10. **Local approval of bylaw amendments; filing requirements.** (a) Each defined
 97.18 benefit relief association to which this section applies must file a revised copy of its governing
 97.19 bylaws with the state auditor upon the adoption of any amendment to its governing bylaws
 97.20 by the relief association or upon the approval of any amendment to its governing bylaws
 97.21 granted by the governing body of each municipality served by the fire department to which
 97.22 the relief association is directly associated. Failure of the relief association to file a copy of
 97.23 the bylaws or any bylaw amendments with the state auditor disqualifies the municipality
 97.24 from the distribution of any future fire state aid until this filing requirement has been
 97.25 completed.

97.26 (b) If the special fund of the relief association does not have a surplus over full funding
 97.27 under section 424A.092, subdivision 3, paragraph (c), clause (5), or 424A.093, subdivision
 97.28 4, and if the municipality is required to provide financial support to the special fund of the
 97.29 relief association under section 424A.092 or 424A.093, no bylaw amendment which would
 97.30 affect the amount of, the manner of payment of, or the conditions for qualification for service
 97.31 pensions or ancillary benefits or disbursements other than administrative expenses authorized
 97.32 under section ~~69.80~~ 424A.05, subdivision 3b, payable from the special fund of the relief
 97.33 association is effective until it has been ratified as required under section 424A.092,
 97.34 subdivision 6, or 424A.093, subdivision 6. If the special fund of the relief association has

98.1 a surplus over full funding under section 424A.092, subdivision 3, or 424A.093, subdivision
 98.2 4, and if the municipality is not required to provide financial support to the special fund
 98.3 under this section, the relief association may adopt or amend without municipal ratification
 98.4 its articles of incorporation or bylaws which increase or otherwise affect the service pensions
 98.5 or ancillary benefits payable from the special fund if authorized under section 424A.092,
 98.6 subdivision 6, or 424A.093, subdivision 6.

98.7 (c) If the relief association pays only a lump-sum pension, the financial requirements
 98.8 are to be determined by the board of trustees following the preparation of an estimate of
 98.9 the expected increase in the accrued liability and annual accruing liability of the relief
 98.10 association attributable to the change. If the relief association pays a monthly benefit service
 98.11 pension, the financial requirements are to be determined by the board of trustees following
 98.12 either an updated actuarial valuation including the proposed change or an estimate of the
 98.13 expected actuarial impact of the proposed change prepared by the actuary of the relief
 98.14 association. If a relief association adopts or amends its articles of incorporation or bylaws
 98.15 without municipal ratification under this subdivision, and, subsequent to the amendment or
 98.16 adoption, the financial requirements of the special fund under this section are such so as to
 98.17 require financial support from the municipality, the provision which was implemented
 98.18 without municipal ratification is no longer effective without municipal ratification, and any
 98.19 service pensions or ancillary benefits payable after that date must be paid only in accordance
 98.20 with the articles of incorporation or bylaws as amended or adopted with municipal
 98.21 ratification.

98.22 **EFFECTIVE DATE.** This section is effective July 1, 2019.

98.23 Sec. 20. Minnesota Statutes 2018, section 424A.03, subdivision 2, is amended to read:

98.24 Subd. 2. **Penalties for violations.** A municipality which has a fire department associated
 98.25 with a relief association which violates the provisions of subdivision 1 is directly associated
 98.26 or which contracts with an independent nonprofit firefighting corporation associated with
 98.27 a relief association which violates the provisions of subdivision 1 is a subsidiary may not
 98.28 be included in the apportionment of fire state aid ~~to the applicable county auditor and police~~
 98.29 and firefighter retirement supplemental state aid payable under section 69.021, subdivision
 98.30 6, chapter 477B and section 423A.022 and may not be included in the apportionment of
 98.31 fire state aid ~~by the county auditor~~ to the various municipalities under section 69.021,
 98.32 ~~subdivision 7~~ 477B.03.

98.33 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

99.1 Sec. 21. Minnesota Statutes 2018, section 424A.05, subdivision 2, is amended to read:

99.2 Subd. 2. **Special fund assets and revenues.** The special fund must be credited with all
99.3 fire state aid and police and firefighter retirement supplemental state aid received under
99.4 ~~sections 69.011 to 69.051~~ chapter 477B and section 423A.022, all taxes levied by or other
99.5 revenues received from the municipality under sections 424A.091 to 424A.096 or any
99.6 applicable special law requiring municipal support for the relief association, any funds or
99.7 property donated, given, granted or devised by any person which is specified for use for the
99.8 support of the special fund and any interest or investment return earned upon the assets of
99.9 the special fund. The treasurer of the relief association is the custodian of the assets of the
99.10 special fund and must be the recipient on behalf of the special fund of all revenues payable
99.11 to the special fund. The treasurer shall maintain adequate records documenting any
99.12 transaction involving the assets or the revenues of the special fund. These records and the
99.13 bylaws of the relief association are public and must be open for inspection by any member
99.14 of the relief association, any officer or employee of the state or of the municipality, or any
99.15 member of the public, at reasonable times and places.

99.16 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

99.17 Sec. 22. Minnesota Statutes 2018, section 424A.05, subdivision 3, is amended to read:

99.18 Subd. 3. **Authorized disbursements from special fund.** (a) Disbursements from the
99.19 special fund may not be made for any purpose other than one of the following:

99.20 (1) for the payment of service pensions to retired members of the relief association if
99.21 authorized and paid under law and the bylaws governing the relief association;

99.22 (2) for the purchase of an annuity for the applicable person under section 424A.015,
99.23 subdivision 3, for the transfer of service pension or benefit amounts to the applicable person's
99.24 individual retirement account under section 424A.015, subdivision 4, or to the applicable
99.25 person's account in the Minnesota deferred compensation plan under section 424A.015,
99.26 subdivision 5;

99.27 (3) for the payment of temporary or permanent disability benefits to disabled members
99.28 of the relief association if authorized and paid under law and specified in amount in the
99.29 bylaws governing the relief association;

99.30 (4) for the payment of survivor benefits or for the payment of a death benefit to the estate
99.31 of the deceased active or deferred firefighter, if authorized and paid under law and specified
99.32 in amount in the bylaws governing the relief association;

100.1 (5) for the payment of the fees, dues and assessments to the Minnesota State Fire
 100.2 Department Association and to the Minnesota State Fire Chiefs Association in order to
 100.3 entitle relief association members to membership in and the benefits of these associations
 100.4 or organizations;

100.5 (6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit
 100.6 Association, or an insurance company licensed by the state of Minnesota offering casualty
 100.7 insurance, in order to entitle relief association members to membership in and the benefits
 100.8 of the association or organization; and

100.9 (7) for the payment of administrative expenses of the relief association as authorized
 100.10 under ~~section 69.80~~ subdivision 3b.

100.11 (b) Checks or authorizations for electronic fund transfers for disbursements authorized
 100.12 by this section must be signed by the relief association treasurer and at least one other elected
 100.13 trustee who has been designated by the board of trustees to sign the checks or authorizations.
 100.14 A relief association may make disbursements authorized by this subdivision by electronic
 100.15 fund transfers only if the specific method of payment and internal control policies and
 100.16 procedures regarding the method are approved by the board of trustees.

100.17 **EFFECTIVE DATE.** This section is effective July 1, 2019.

100.18 Sec. 23. Minnesota Statutes 2018, section 424A.07, is amended to read:

100.19 **424A.07 NONPROFIT FIREFIGHTING CORPORATIONS; ESTABLISHMENT**
 100.20 **OF RELIEF ASSOCIATIONS.**

100.21 Before paying any service pensions or retirement benefits under section 424A.02 or
 100.22 before becoming entitled to receive any amounts of fire state aid upon transmittal from a
 100.23 contracting municipality under section ~~69.031, subdivision 5~~ 477B.04, subdivision 3, an
 100.24 independent nonprofit firefighting corporation shall establish a volunteer firefighters relief
 100.25 association governed by this chapter.

100.26 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

100.27 Sec. 24. Minnesota Statutes 2018, section 424A.091, subdivision 3, is amended to read:

100.28 Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which
 100.29 there exists a firefighters relief association as specified in subdivision 1 which does not
 100.30 comply with the applicable provisions of sections 424A.091 to 424A.096 or the provisions
 100.31 of any applicable special law relating to the funding or financing of the association does
 100.32 not qualify initially to receive, and is not entitled subsequently to retain, fire state aid under

101.1 ~~sections 69.011 to 69.051~~ chapter 477B until the reason for the disqualification specified
101.2 by the state auditor is remedied, whereupon the municipality or relief association, if otherwise
101.3 qualified, is entitled to again receive fire state aid for the year occurring immediately
101.4 subsequent to the year in which the disqualification is remedied.

101.5 (b) The state auditor shall determine if a municipality to which a firefighters' relief
101.6 association is directly associated or a firefighters relief association fails to comply with the
101.7 provisions of sections 424A.091 to 424A.096 or the funding or financing provisions of any
101.8 applicable special law based upon the information contained in the annual financial report
101.9 of the firefighters relief association required under section ~~69.051~~ 424A.014, the actuarial
101.10 valuation of the relief association, if applicable, the relief association officers' financial
101.11 requirements of the relief association and minimum municipal obligation determination
101.12 documentation under section 424A.092, subdivisions 3 and 4; 424A.093, subdivisions 4
101.13 and 5; or 424A.094, subdivision 2, if requested to be filed by the state auditor, the applicable
101.14 municipal or independent nonprofit firefighting corporation budget, if requested to be filed
101.15 by the state auditor, and any other relevant documents or reports obtained by the state
101.16 auditor.

101.17 (c) The municipality or independent nonprofit firefighting corporation and the associated
101.18 relief association are not eligible to receive or to retain fire state aid if:

101.19 (1) the relief association fails to prepare or to file the financial report or financial
101.20 statement under section ~~69.051~~ 424A.014;

101.21 (2) the relief association treasurer is not bonded in the manner and in the amount required
101.22 by ~~section 69.051, subdivision 2~~ 424A.014, subdivision 4;

101.23 (3) the relief association officers fail to determine or improperly determine the accrued
101.24 liability and the annual accruing liability of the relief association under section 424A.092,
101.25 subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

101.26 (4) if applicable, the relief association officers fail to obtain and file a required actuarial
101.27 valuation or the officers file an actuarial valuation that does not contain the special fund
101.28 actuarial liability calculated under the entry age normal actuarial cost method, the special
101.29 fund current assets, the special fund unfunded actuarial accrued liability, the special fund
101.30 normal cost under the entry age normal actuarial cost method, the amortization requirement
101.31 for the special fund unfunded actuarial accrued liability by the applicable target date, a
101.32 summary of the applicable benefit plan, a summary of the membership of the relief
101.33 association, a summary of the actuarial assumptions used in preparing the valuation, and a

102.1 signed statement by the actuary attesting to its results and certifying to the qualifications of
102.2 the actuary as an approved actuary under section 356.215, subdivision 1, paragraph (c);

102.3 (5) the municipality failed to provide a municipal contribution, or the independent
102.4 nonprofit firefighting corporation failed to provide a corporate contribution, in the amount
102.5 equal to the minimum municipal obligation if the relief association is governed under section
102.6 424A.092, or the amount necessary, when added to the fire state aid actually received in
102.7 the plan year in question, to at least equal in total the calculated annual financial requirements
102.8 of the special fund of the relief association if the relief association is governed under section
102.9 424A.093, and, if the municipal or corporate contribution is deficient, the municipality
102.10 failed to include the minimum municipal obligation certified under section 424A.092,
102.11 subdivision 3, or 424A.093, subdivision 5, in its budget and tax levy or the independent
102.12 nonprofit firefighting corporation failed to include the minimum corporate obligation certified
102.13 under section 424A.094, subdivision 2, in the corporate budget;

102.14 (6) the defined benefit relief association did not receive municipal ratification for the
102.15 most recent plan amendment when municipal ratification was required under section 424A.02,
102.16 subdivision 10; 424A.092, subdivision 6; or 424A.093, subdivision 6;

102.17 (7) the relief association invested special fund assets in an investment security that is
102.18 not authorized under section 424A.095;

102.19 (8) the relief association had an administrative expense that is not authorized under
102.20 section ~~69.80~~ or 424A.05, subdivision 3 or 3b, or the municipality had an expenditure that
102.21 is not authorized under section 424A.08;

102.22 (9) the relief association officers fail to provide a complete and accurate public pension
102.23 plan investment portfolio and performance disclosure under section 356.219;

102.24 (10) the relief association fails to obtain the acknowledgment from a broker of the
102.25 statement of investment restrictions under section 356A.06, subdivision 8b;

102.26 (11) the relief association officers permitted to occur a prohibited transaction under
102.27 section 356A.06, subdivision 9, or 424A.04, subdivision 2a, or failed to undertake correction
102.28 of a prohibited transaction that did occur; or

102.29 (12) the relief association pays a defined benefit service pension in an amount that is in
102.30 excess of the applicable service pension maximum under section 424A.02, subdivision 3.

102.31 **EFFECTIVE DATE.** This section is effective July 1, 2019, except the reference to
102.32 Minnesota Statutes, chapter 477B, is effective for aids payable in 2020 and thereafter.

103.1 Sec. 25. Minnesota Statutes 2018, section 424A.092, subdivision 3, is amended to read:

103.2 Subd. 3. **Financial requirements of relief association; minimum obligation of**
103.3 **municipality.** (a) During the month of July, the officers of the relief association shall
103.4 determine the overall funding balance of the special fund for the current calendar year, the
103.5 financial requirements of the special fund for the following calendar year and the minimum
103.6 obligation of the municipality with respect to the special fund for the following calendar
103.7 year in accordance with the requirements of this subdivision.

103.8 (b) The overall funding balance of the special fund for the current calendar year must
103.9 be determined in the following manner:

103.10 (1) The total accrued liability of the special fund for all active and deferred members of
103.11 the relief association as of December 31 of the current year must be calculated under
103.12 subdivisions 2 and 2a, if applicable.

103.13 (2) The total present assets of the special fund projected to December 31 of the current
103.14 year, including receipts by and disbursements from the special fund anticipated to occur on
103.15 or before December 31, must be calculated. To the extent possible, for those assets for which
103.16 a market value is readily ascertainable, the current market value as of the date of the
103.17 calculation for those assets must be utilized in making this calculation. For any asset for
103.18 which no market value is readily ascertainable, the cost value or the book value, whichever
103.19 is applicable, must be utilized in making this calculation.

103.20 (3) The amount of the total present assets of the special fund calculated under clause (2)
103.21 must be subtracted from the amount of the total accrued liability of the special fund calculated
103.22 under clause (1). If the amount of total present assets exceeds the amount of the total accrued
103.23 liability, then the special fund is considered to have a surplus over full funding. If the amount
103.24 of the total present assets is less than the amount of the total accrued liability, then the
103.25 special fund is considered to have a deficit from full funding. If the amount of total present
103.26 assets is equal to the amount of the total accrued liability, then the special fund is considered
103.27 to be fully funded.

103.28 (c) The financial requirements of the special fund for the following calendar year must
103.29 be determined in the following manner:

103.30 (1) The total accrued liability of the special fund for all active and deferred members of
103.31 the relief association as of December 31 of the calendar year next following the current
103.32 calendar year must be calculated under subdivisions 2 and 2a, if applicable.

104.1 (2) The increase in the total accrued liability of the special fund for the following calendar
104.2 year over the total accrued liability of the special fund for the current year must be calculated.

104.3 (3) The amount of anticipated future administrative expenses of the special fund must
104.4 be calculated by multiplying the dollar amount of the administrative expenses of the special
104.5 fund for the most recent prior calendar year by the factor of 1.035.

104.6 (4) If the special fund is fully funded, the financial requirements of the special fund for
104.7 the following calendar year are the total of the amounts calculated under clauses (2) and
104.8 (3).

104.9 (5) If the special fund has a deficit from full funding, the financial requirements of the
104.10 special fund for the following calendar year are the financial requirements of the special
104.11 fund calculated as though the special fund were fully funded under clause (4) plus an amount
104.12 equal to one-tenth of the original amount of the deficit from full funding of the special fund
104.13 as determined under clause (2) resulting either from an increase in the amount of the service
104.14 pension occurring in the last ten years or from a net annual investment loss occurring during
104.15 the last ten years until each increase in the deficit from full funding is fully retired. The
104.16 annual amortization contribution under this clause may not exceed the amount of the deficit
104.17 from full funding.

104.18 (6) If the special fund has a surplus over full funding, the financial requirements of the
104.19 special fund for the following calendar year are the financial requirements of the special
104.20 fund calculated as though the special fund were fully funded under clause (4) reduced by
104.21 an amount equal to one-tenth of the amount of the surplus over full funding of the special
104.22 fund.

104.23 (d) The minimum obligation of the municipality with respect to the special fund is the
104.24 financial requirements of the special fund reduced by the amount of any fire state aid and
104.25 police and firefighter retirement supplemental state aid payable under ~~sections 69.011 to~~
104.26 ~~69.051~~ chapter 477B and section 423A.022 reasonably anticipated to be received by the
104.27 municipality for transmittal to the special fund during the following calendar year, an amount
104.28 of interest on the assets of the special fund projected to the beginning of the following
104.29 calendar year calculated at the rate of five percent per annum, and the amount of any
104.30 contributions to the special fund required by the relief association bylaws from the active
104.31 members of the relief association reasonably anticipated to be received during the following
104.32 calendar year. A reasonable amount of anticipated fire state aid is an amount that does not
104.33 exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

104.34 **EFFECTIVE DATE.** This section is effective for aids payable in 2020 and thereafter.

105.1 Sec. 26. Minnesota Statutes 2018, section 424A.092, subdivision 4, is amended to read:

105.2 Subd. 4. **Certification of financial requirements and minimum municipal obligation;**
105.3 **levy.** (a) The officers of the relief association shall certify the financial requirements of the
105.4 special fund of the relief association and the minimum obligation of the municipality with
105.5 respect to the special fund of the relief association as determined under subdivision 3 on or
105.6 before August 1 of each year. The certification must be made to the entity that is responsible
105.7 for satisfying the minimum obligation with respect to the special fund of the relief association.
105.8 If the responsible entity is a joint powers entity, the certification must be made in the manner
105.9 specified in the joint powers agreement, or if the joint powers agreement is silent on this
105.10 point, the certification must be made to the chair of the joint powers board.

105.11 (b) The financial requirements of the relief association and the minimum municipal
105.12 obligation must be included in the financial report or financial statement under section
105.13 ~~69.051~~ 424A.014. The schedule forms related to the determination of the financial
105.14 requirements must be filed with the state auditor by March 31, annually, if the relief
105.15 association is required to file a financial statement under section ~~69.051, subdivision 1a~~
105.16 424A.014, subdivision 2, or by June 30, annually, if the relief association is required to file
105.17 a financial report and audit under section ~~69.051, subdivision 1~~ 424A.014, subdivision 1.

105.18 (c) The municipality shall provide for at least the minimum obligation of the municipality
105.19 with respect to the special fund of the relief association by tax levy or from any other source
105.20 of public revenue.

105.21 (d) The municipality may levy taxes for the payment of the minimum municipal obligation
105.22 without any limitation as to rate or amount and irrespective of any limitations imposed by
105.23 other provisions of law upon the rate or amount of taxation until the balance of the special
105.24 fund or any fund of the relief association has attained a specified level. In addition, any
105.25 taxes levied under this section must not cause the amount or rate of any other taxes levied
105.26 in that year or to be levied in a subsequent year by the municipality which are subject to a
105.27 limitation as to rate or amount to be reduced.

105.28 (e) If the municipality does not include the full amount of the minimum municipal
105.29 obligations in its levy for any year, the officers of the relief association shall certify that
105.30 amount to the county auditor, who shall spread a levy in the amount of the certified minimum
105.31 municipal obligation on the taxable property of the municipality.

105.32 (f) If the state auditor determines that a municipal contribution actually made in a plan
105.33 year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause (5), the
105.34 state auditor may request a copy of the certifications under this subdivision from the relief

106.1 association or from the city. The relief association or the city, whichever applies, must
106.2 provide the certifications within 14 days of the date of the request from the state auditor.

106.3 **EFFECTIVE DATE.** This section is effective July 1, 2019.

106.4 Sec. 27. Minnesota Statutes 2018, section 424A.093, subdivision 5, is amended to read:

106.5 Subd. 5. **Minimum municipal obligation.** (a) The officers of the relief association shall
106.6 determine the minimum obligation of the municipality with respect to the special fund of
106.7 the relief association for the following calendar year on or before August 1 of each year in
106.8 accordance with the requirements of this subdivision.

106.9 (b) The minimum obligation of the municipality with respect to the special fund is an
106.10 amount equal to the financial requirements of the special fund of the relief association
106.11 determined under subdivision 4, reduced by the estimated amount of any fire state aid and
106.12 police and firefighter retirement supplemental state aid payable under ~~sections 69.011 to~~
106.13 ~~69.051~~ chapter 477B and section 423A.022 reasonably anticipated to be received by the
106.14 municipality for transmittal to the special fund of the relief association during the following
106.15 year and the amount of any anticipated contributions to the special fund required by the
106.16 relief association bylaws from the active members of the relief association reasonably
106.17 anticipated to be received during the following calendar year. A reasonable amount of
106.18 anticipated fire state aid is an amount that does not exceed the fire state aid actually received
106.19 in the prior year multiplied by the factor 1.035.

106.20 (c) The officers of the relief association shall certify the financial requirements of the
106.21 special fund of the relief association and the minimum obligation of the municipality with
106.22 respect to the special fund of the relief association as determined under subdivision 4 and
106.23 this subdivision by August 1 of each year. The certification must be made to the entity that
106.24 is responsible for satisfying the minimum obligation with respect to the special fund of the
106.25 relief association. If the responsible entity is a joint powers entity, the certification must be
106.26 made in the manner specified in the joint powers agreement, or if the joint powers agreement
106.27 is silent on this point, the certification must be made to the chair of the joint powers board.

106.28 (d) The financial requirements of the relief association and the minimum municipal
106.29 obligation must be included in the financial report or financial statement under section
106.30 ~~69.051~~ 424A.014.

106.31 (e) The municipality shall provide for at least the minimum obligation of the municipality
106.32 with respect to the special fund of the relief association by tax levy or from any other source
106.33 of public revenue. The municipality may levy taxes for the payment of the minimum

107.1 municipal obligation without any limitation as to rate or amount and irrespective of any
107.2 limitations imposed by other provisions of law or charter upon the rate or amount of taxation
107.3 until the balance of the special fund or any fund of the relief association has attained a
107.4 specified level. In addition, any taxes levied under this section must not cause the amount
107.5 or rate of any other taxes levied in that year or to be levied in a subsequent year by the
107.6 municipality which are subject to a limitation as to rate or amount to be reduced.

107.7 (f) If the municipality does not include the full amount of the minimum municipal
107.8 obligation in its levy for any year, the officers of the relief association shall certify that
107.9 amount to the county auditor, who shall spread a levy in the amount of the minimum
107.10 municipal obligation on the taxable property of the municipality.

107.11 (g) If the state auditor determines that a municipal contribution actually made in a plan
107.12 year was insufficient under section 424A.091, subdivision 3, paragraph (c), clause (5), the
107.13 state auditor may request from the relief association or from the city a copy of the
107.14 certifications under this subdivision. The relief association or the city, whichever applies,
107.15 must provide the certifications within 14 days of the date of the request from the state auditor.

107.16 **EFFECTIVE DATE.** This section is effective July 1, 2019, except the reference to
107.17 Minnesota Statutes, chapter 477B, is effective for aids payable in 2020 and thereafter.

107.18 Sec. 28. Minnesota Statutes 2018, section 424B.09, is amended to read:

107.19 **424B.09 ADMINISTRATIVE EXPENSES.**

107.20 The payment of authorized administrative expenses of the subsequent volunteer
107.21 firefighters relief association must be from the special fund of the subsequent volunteer
107.22 firefighters relief association in accordance with section ~~69.80~~ 424A.05, subdivision 3b,
107.23 and as provided for in the bylaws of the subsequent volunteer firefighters relief association
107.24 and approved by the board of trustees of the subsequent volunteer firefighters relief
107.25 association. The payment of any other expenses of the subsequent volunteer firefighters
107.26 relief association must be from the general fund of the subsequent volunteer firefighters
107.27 relief association in accordance with section ~~69.80~~ 424A.05, subdivision 3b, and as provided
107.28 for in the bylaws of the subsequent volunteer firefighters relief association and approved
107.29 by the board of trustees of the subsequent volunteer firefighters relief association.

107.30 **EFFECTIVE DATE.** This section is effective July 1, 2019.

107.31 Sec. 29. **REPEALER.**

107.32 Minnesota Statutes 2018, section 69.022, is repealed.

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

108.2 **ARTICLE 13**

108.3 **DEPARTMENT OF REVENUE; MISCELLANEOUS; POLICY CHANGES**

108.4 Section 1. Minnesota Statutes 2018, section 270B.08, subdivision 2, is amended to read:

108.5 Subd. 2. **Revocation or cancellation.** When a taxpayer's sales tax permit has been
 108.6 revoked or canceled under section 270C.722 or 297A.84, the commissioner may disclose
 108.7 to any person data identifying the holder of the revoked or canceled permit, ~~stating~~ the basis
 108.8 for the revocation or cancellation, the date of the revocation or cancellation, and ~~stating~~
 108.9 ~~whether the~~ if a revoked or canceled permit has been reinstated, the date upon which the
 108.10 permit was reinstated.

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

108.12 Sec. 2. Minnesota Statutes 2018, section 297A.84, is amended to read:

108.13 **297A.84 PERMITS ISSUED AND NOT ISSUED; CANCELLATION.**

108.14 Subdivision 1. **Definitions.** (a) The following definitions apply for the purposes of this
 108.15 section.

108.16 (b) "Applicant" means an individual, corporation, or partnership. Applicant also includes
 108.17 any officer of a corporation or member of a partnership.

108.18 (c) "Delinquent sales tax" means tax not paid by the date the tax was due and payable
 108.19 under section 289A.20, subdivision 4, or an assessment not paid if the applicant has been
 108.20 issued an order assessing sales and use tax under section 270C.33, subdivision 4.

108.21 Subd. 2. **Permits issued.** Except as provided in subdivision 3, the commissioner ~~shall~~
 108.22 must issue a permit to each applicant who has complied with section 297A.83, and with
 108.23 section 297A.92 if security is required. A person is considered to have a permit if the person
 108.24 has a Minnesota tax identification number issued by the commissioner that is currently
 108.25 active for taxes imposed by this chapter. A permit is valid until canceled or revoked. It is
 108.26 not assignable and is valid only for the person in whose name it is granted and for the
 108.27 transaction of business at the places designated on the permit.

108.28 Subd. 3. **Permits not issued.** (a) Except as provided in paragraph (b), the commissioner
 108.29 must not issue a permit to an applicant if the applicant is liable for delinquent sales tax.

108.30 (b) The commissioner must issue a permit to an applicant if an appeal period of an order
 108.31 assessing sales tax under section 270C.33, subdivision 5, has not ended. The commissioner

109.1 may cancel a permit issued under this paragraph in the manner provided in subdivision 4
 109.2 if the applicant owes delinquent sales tax after the appeal period has ended.

109.3 Subd. 4. **Nonconforming permits; cancellation; reissue.** (a) If the commissioner issues
 109.4 a permit that does not conform with the requirements of this section or applicable rules, the
 109.5 commissioner may cancel the permit upon notice to the permit holder. The notice must be
 109.6 served by first class and certified mail at the permit holder's last known address. The
 109.7 cancellation is effective immediately.

109.8 (b) If a permit holder shows that a canceled permit was issued in conformance with the
 109.9 requirements of this section and applicable rules, the commissioner must reissue the permit.

109.10 **EFFECTIVE DATE.** This section is effective for permit applications filed after
 109.11 December 31, 2019.

109.12 Sec. 3. Minnesota Statutes 2018, section 297A.85, is amended to read:

109.13 **297A.85 CANCELLATION OF PERMITS.**

109.14 The commissioner may cancel a permit if one of the following conditions occurs:

109.15 (1) the permit holder has not filed a sales or use tax return for at least one year;

109.16 (2) the permit holder has not reported any sales or use tax liability on the permit holder's
 109.17 returns for at least two years;

109.18 (3) the permit holder requests cancellation of the permit; ~~or~~

109.19 (4) the permit is subject to cancellation ~~pursuant to~~ under section 270C.722, subdivision
 109.20 2, paragraph (a); or

109.21 (5) the permit is subject to cancellation under section 297A.84.

109.22 **EFFECTIVE DATE.** This section is effective for permit applications filed after
 109.23 December 31, 2019.

109.24 Sec. 4. Minnesota Statutes 2018, section 469.190, subdivision 1, is amended to read:

109.25 Subdivision 1. **Authorization.** (a) Notwithstanding section 477A.016 or any other law,
 109.26 a statutory or home rule charter city may by ordinance, and a town may by the affirmative
 109.27 vote of the electors at the annual town meeting, or at a special town meeting, impose a tax
 109.28 of up to three percent on the gross receipts from the furnishing for consideration of lodging
 109.29 at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing
 109.30 of it for a continuous period of 30 days or more. A statutory or home rule charter city may

110.1 by ordinance impose the tax authorized under this subdivision on the camping site receipts
110.2 of a municipal campground.

110.3 (b) Regardless of whether the tax is collected locally or by the state, the tax imposed
110.4 under this subdivision or under a special law applies to the entire consideration paid to
110.5 obtain access to lodging, including ancillary or related services, such as services provided
110.6 by an accommodations intermediary as defined in section 297A.61, subdivision 47, and
110.7 similar services.

110.8 **EFFECTIVE DATE; APPLICATION.** This section is effective the day following
110.9 final enactment. In enacting this section, the legislature confirms that Minnesota Statutes,
110.10 section 469.190, its predecessor provisions, and any special laws authorizing political
110.11 subdivisions to impose local lodging taxes, were and are intended to apply to the entire
110.12 consideration paid to obtain access to lodging, including ancillary or related services, such
110.13 as services provided by an accommodations intermediary as defined in Minnesota Statutes,
110.14 section 297A.61, subdivision 47, and similar services. The provisions of this section must
110.15 not be interpreted to imply a narrower construction of the tax base under the lodging tax
110.16 provisions of Minnesota law prior to the enactment of this section.

110.17 Sec. 5. Minnesota Statutes 2018, section 469.190, subdivision 7, is amended to read:

110.18 Subd. 7. **Collection.** (a) The statutory or home rule charter city may agree with the
110.19 commissioner of revenue that a tax imposed pursuant to this section shall be collected by
110.20 the commissioner together with the tax imposed by chapter 297A, and subject to the same
110.21 interest, penalties, and other rules and that its proceeds, less the cost of collection, shall be
110.22 remitted to the city.

110.23 (b) If a tax under this section or a special law is not collected by the commissioner of
110.24 revenue, the local government imposing the tax may by ordinance limit the required filing
110.25 and remittance of the tax by an accommodations intermediary as defined in section 297A.61,
110.26 subdivision 47, to once every calendar year. If the ordinance limits the filing and remittance
110.27 of the tax in this manner, then:

110.28 (1) the due date is October 20;

110.29 (2) the local government must inform the accommodations intermediary of the due date
110.30 of the filing and remittance; and

110.31 (3) local government must also electronically provide an accommodations intermediary
110.32 with geographic and zip code information necessary to collect the tax.

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

111.1 Sec. 6. **REPEALER.**

111.2 Minnesota Statutes 2018, section 270C.131, is repealed.

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

111.4 **ARTICLE 14**

111.5 **DEPARTMENT OF REVENUE; MISCELLANEOUS; TECHNICAL CHANGES**

111.6 Section 1. Minnesota Statutes 2018, section 272.02, subdivision 27, is amended to read:

111.7 Subd. 27. **Superior National Forest; recreational property for use by ~~disabled~~**
 111.8 **veterans with a disability.** Real and personal property is exempt if it is located in the
 111.9 Superior National Forest, and owned or leased and operated by a nonprofit organization
 111.10 that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue
 111.11 Code and primarily used to provide recreational opportunities for ~~disabled~~ veterans with a
 111.12 disability and their families.

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

111.14 Sec. 2. Minnesota Statutes 2018, section 272.02, subdivision 81, is amended to read:

111.15 Subd. 81. **Certain recreational property for ~~disabled~~ veterans with a disability.** Real
 111.16 and personal property is exempt if it is located in a county in the metropolitan area with a
 111.17 population of less than 500,000 according to the 2000 federal census, and owned or leased
 111.18 and operated by a nonprofit organization, and primarily used to provide recreational
 111.19 opportunities for ~~disabled~~ veterans with a disability and their families.

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

111.21 Sec. 3. Minnesota Statutes 2018, section 273.032, is amended to read:

111.22 **273.032 MARKET VALUE DEFINITION.**

111.23 (a) Unless otherwise provided, for the purpose of determining any property tax levy
 111.24 limitation based on market value or any limit on net debt, the issuance of bonds, certificates
 111.25 of indebtedness, or capital notes based on market value, any qualification to receive state
 111.26 aid based on market value, or any state aid amount based on market value, the terms "market
 111.27 value," "estimated market value," and "market valuation," whether equalized or unequalized,
 111.28 mean the estimated market value of taxable property within the local unit of government
 111.29 before any of the following or similar adjustments for:

111.30 (1) the market value exclusions under:

- 112.1 (i) section 273.11, subdivisions 14a and 14c (vacant platted land);
- 112.2 (ii) section 273.11, subdivision 16 (certain improvements to homestead property);
- 112.3 (iii) section 273.11, subdivisions 19 and 20 (certain improvements to business properties);
- 112.4 (iv) section 273.11, subdivision 21 (homestead property damaged by mold);
- 112.5 (v) section 273.13, subdivision 34 (homestead of a ~~disabled~~ veteran with a disability or
- 112.6 family caregiver); or
- 112.7 (vi) section 273.13, subdivision 35 (homestead market value exclusion); or
- 112.8 (2) the deferment of value under:
- 112.9 (i) the Minnesota Agricultural Property Tax Law, section 273.111;
- 112.10 (ii) the Aggregate Resource Preservation Law, section 273.1115;
- 112.11 (iii) the Minnesota Open Space Property Tax Law, section 273.112;
- 112.12 (iv) the rural preserves property tax program, section 273.114; or
- 112.13 (v) the Metropolitan Agricultural Preserves Act, section 473H.10; or
- 112.14 (3) the adjustments to tax capacity for:
- 112.15 (i) tax increment financing under sections 469.174 to 469.1794;
- 112.16 (ii) fiscal disparities under chapter 276A or 473F; or
- 112.17 (iii) powerline credit under section 273.425.
- 112.18 (b) Estimated market value under paragraph (a) also includes the market value of
- 112.19 tax-exempt property if the applicable law specifically provides that the limitation,
- 112.20 qualification, or aid calculation includes tax-exempt property.
- 112.21 (c) Unless otherwise provided, "market value," "estimated market value," and "market
- 112.22 valuation" for purposes of property tax levy limitations and calculation of state aid, refer
- 112.23 to the estimated market value for the previous assessment year and for purposes of limits
- 112.24 on net debt, the issuance of bonds, certificates of indebtedness, or capital notes refer to the
- 112.25 estimated market value as last finally equalized.
- 112.26 (d) For purposes of a provision of a home rule charter or of any special law that is not
- 112.27 codified in the statutes and that imposes a levy limitation based on market value or any limit
- 112.28 on debt, the issuance of bonds, certificates of indebtedness, or capital notes based on market
- 112.29 value, the terms "market value," "taxable market value," and "market valuation," whether
- 112.30 equalized or unequalized, mean "estimated market value" as defined in paragraph (a).

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

113.2 Sec. 4. Minnesota Statutes 2018, section 273.13, subdivision 22, is amended to read:

113.3 Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and
113.4 (c), real estate which is residential and used for homestead purposes is class 1a. In the case
113.5 of a duplex or triplex in which one of the units is used for homestead purposes, the entire
113.6 property is deemed to be used for homestead purposes. The market value of class 1a property
113.7 must be determined based upon the value of the house, garage, and land.

113.8 The first \$500,000 of market value of class 1a property has a net classification rate of
113.9 one percent of its market value; and the market value of class 1a property that exceeds
113.10 \$500,000 has a classification rate of 1.25 percent of its market value.

113.11 (b) Class 1b property includes homestead real estate or homestead manufactured homes
113.12 used for the purposes of a homestead by:

113.13 (1) any person who is blind as defined in section 256D.35, or the ~~blind~~ person who is
113.14 blind and the ~~blind person's~~ spouse of the person who is blind;

113.15 (2) any person who is permanently and totally disabled or by the ~~disabled~~ person with
113.16 a disability and the ~~disabled person's~~ spouse of the person with a disability; or

113.17 (3) the surviving spouse of a veteran who was permanently and totally disabled ~~veteran~~
113.18 homesteading a property classified under this paragraph for taxes payable in 2008.

113.19 Property is classified and assessed under clause (2) only if the government agency or
113.20 income-providing source certifies, upon the request of the homestead occupant, that the
113.21 homestead occupant satisfies the disability requirements of this paragraph, and that the
113.22 property is not eligible for the valuation exclusion under subdivision 34.

113.23 Property is classified and assessed under paragraph (b) only if the commissioner of
113.24 revenue or the county assessor certifies that the homestead occupant satisfies the requirements
113.25 of this paragraph.

113.26 Permanently and totally disabled for the purpose of this subdivision means a condition
113.27 which is permanent in nature and totally incapacitates the person from working at an
113.28 occupation which brings the person an income. The first \$50,000 market value of class 1b
113.29 property has a net classification rate of .45 percent of its market value. The remaining market
113.30 value of class 1b property is classified as class 1a or class 2a property, whichever is
113.31 appropriate.

114.1 (c) Class 1c property is commercial use real and personal property that abuts public
114.2 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by
114.3 the Department of Natural Resources, and is devoted to temporary and seasonal residential
114.4 occupancy for recreational purposes but not devoted to commercial purposes for more than
114.5 250 days in the year preceding the year of assessment, and that includes a portion used as
114.6 a homestead by the owner, which includes a dwelling occupied as a homestead by a
114.7 shareholder of a corporation that owns the resort, a partner in a partnership that owns the
114.8 resort, or a member of a limited liability company that owns the resort even if the title to
114.9 the homestead is held by the corporation, partnership, or limited liability company. For
114.10 purposes of this paragraph, property is devoted to a commercial purpose on a specific day
114.11 if any portion of the property, excluding the portion used exclusively as a homestead, is
114.12 used for residential occupancy and a fee is charged for residential occupancy. Class 1c
114.13 property must contain three or more rental units. A "rental unit" is defined as a cabin,
114.14 condominium, townhouse, sleeping room, or individual camping site equipped with water
114.15 and electrical hookups for recreational vehicles. Class 1c property must provide recreational
114.16 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill
114.17 or cross-country ski equipment; provide marina services, launch services, or guide services;
114.18 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred
114.19 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies
114.20 for class 1c even though it may remain available for rent. A camping pad offered for rent
114.21 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of
114.22 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If
114.23 the same owner owns two separate parcels that are located in the same township, and one
114.24 of those properties is classified as a class 1c property and the other would be eligible to be
114.25 classified as a class 1c property if it was used as the homestead of the owner, both properties
114.26 will be assessed as a single class 1c property; for purposes of this sentence, properties are
114.27 deemed to be owned by the same owner if each of them is owned by a limited liability
114.28 company, and both limited liability companies have the same membership. The portion of
114.29 the property used as a homestead is class 1a property under paragraph (a). The remainder
114.30 of the property is classified as follows: the first \$600,000 of market value is tier I, the next
114.31 \$1,700,000 of market value is tier II, and any remaining market value is tier III. The
114.32 classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25
114.33 percent. Owners of real and personal property devoted to temporary and seasonal residential
114.34 occupancy for recreation purposes in which all or a portion of the property was devoted to
114.35 commercial purposes for not more than 250 days in the year preceding the year of assessment
114.36 desiring classification as class 1c, must submit a declaration to the assessor designating the

115.1 cabins or units occupied for 250 days or less in the year preceding the year of assessment
115.2 by January 15 of the assessment year. Those cabins or units and a proportionate share of
115.3 the land on which they are located must be designated as class 1c as otherwise provided.
115.4 The remainder of the cabins or units and a proportionate share of the land on which they
115.5 are located must be designated as class 3a commercial. The owner of property desiring
115.6 designation as class 1c property must provide guest registers or other records demonstrating
115.7 that the units for which class 1c designation is sought were not occupied for more than 250
115.8 days in the year preceding the assessment if so requested. The portion of a property operated
115.9 as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5)
115.10 other nonresidential facility operated on a commercial basis not directly related to temporary
115.11 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

115.12 (d) Class 1d property includes structures that meet all of the following criteria:

115.13 (1) the structure is located on property that is classified as agricultural property under
115.14 section 273.13, subdivision 23;

115.15 (2) the structure is occupied exclusively by seasonal farm workers during the time when
115.16 they work on that farm, and the occupants are not charged rent for the privilege of occupying
115.17 the property, provided that use of the structure for storage of farm equipment and produce
115.18 does not disqualify the property from classification under this paragraph;

115.19 (3) the structure meets all applicable health and safety requirements for the appropriate
115.20 season; and

115.21 (4) the structure is not salable as residential property because it does not comply with
115.22 local ordinances relating to location in relation to streets or roads.

115.23 The market value of class 1d property has the same classification rates as class 1a property
115.24 under paragraph (a).

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

115.26 Sec. 5. Minnesota Statutes 2018, section 273.13, subdivision 34, is amended to read:

115.27 Subd. 34. **Homestead of ~~disabled~~ veteran with a disability or family caregiver.** (a)
115.28 All or a portion of the market value of property owned by a veteran and serving as the
115.29 veteran's homestead under this section is excluded in determining the property's taxable
115.30 market value if the veteran has a service-connected disability of 70 percent or more as
115.31 certified by the United States Department of Veterans Affairs. To qualify for exclusion
115.32 under this subdivision, the veteran must have been honorably discharged from the United

116.1 States armed forces, as indicated by United States Government Form DD214 or other official
116.2 military discharge papers.

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

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

116.7 (c) If a ~~disabled~~ veteran with a disability qualifying for a valuation exclusion under
116.8 paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the
116.9 veteran the spouse holds the legal or beneficial title to the homestead and permanently
116.10 resides there, the exclusion shall carry over to the benefit of the veteran's spouse for the
116.11 current taxes payable year and for eight additional taxes payable years or until such time
116.12 as the spouse remarries, or sells, transfers, or otherwise disposes of the property, whichever
116.13 comes first. Qualification under this paragraph requires an application under paragraph (h),
116.14 and a spouse must notify the assessor if there is a change in the spouse's marital status,
116.15 ownership of the property, or use of the property as a permanent residence.

116.16 (d) If the spouse of a member of any branch or unit of the United States armed forces
116.17 who dies due to a service-connected cause while serving honorably in active service, as
116.18 indicated on United States Government Form DD1300 or DD2064, holds the legal or
116.19 beneficial title to a homestead and permanently resides there, the spouse is entitled to the
116.20 benefit described in paragraph (b), clause (2), for eight taxes payable years, or until such
116.21 time as the spouse remarries or sells, transfers, or otherwise disposes of the property,
116.22 whichever comes first.

116.23 (e) If a veteran meets the disability criteria of paragraph (a) but does not own property
116.24 classified as homestead in the state of Minnesota, then the homestead of the veteran's primary
116.25 family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify
116.26 for under paragraph (b).

116.27 (f) In the case of an agricultural homestead, only the portion of the property consisting
116.28 of the house and garage and immediately surrounding one acre of land qualifies for the
116.29 valuation exclusion under this subdivision.

116.30 (g) A property qualifying for a valuation exclusion under this subdivision is not eligible
116.31 for the market value exclusion under subdivision 35, or classification under subdivision 22,
116.32 paragraph (b).

117.1 (h) To qualify for a valuation exclusion under this subdivision a property owner must
117.2 apply to the assessor by July 1 of the first assessment year for which the exclusion is sought.
117.3 For an application received after July 1, the exclusion shall become effective for the following
117.4 assessment year. Except as provided in paragraph (c), the owner of a property that has been
117.5 accepted for a valuation exclusion must notify the assessor if there is a change in ownership
117.6 of the property or in the use of the property as a homestead.

117.7 (i) A first-time application by a qualifying spouse for the market value exclusion under
117.8 paragraph (d) must be made any time within two years of the death of the service member.

117.9 (j) For purposes of this subdivision:

117.10 (1) "active service" has the meaning given in section 190.05;

117.11 (2) "own" means that the person's name is present as an owner on the property deed;

117.12 (3) "primary family caregiver" means a person who is approved by the secretary of the
117.13 United States Department of Veterans Affairs for assistance as the primary provider of
117.14 personal care services for an eligible veteran under the Program of Comprehensive Assistance
117.15 for Family Caregivers, codified as United States Code, title 38, section 1720G; and

117.16 (4) "veteran" has the meaning given the term in section 197.447.

117.17 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion
117.18 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit
117.19 under paragraph (b), clause (2), for eight tax payable years or until the spouse remarries
117.20 or sells, transfers, or otherwise disposes of the property if:

117.21 (1) the spouse files a first-time application within two years of the death of the service
117.22 member or by June 1, 2019, whichever is later;

117.23 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the
117.24 homestead and permanently resides there;

117.25 (3) the veteran met the honorable discharge requirements of paragraph (a); and

117.26 (4) the United States Department of Veterans Affairs certifies that:

117.27 (i) the veteran met the total (100 percent) and permanent disability requirement under
117.28 paragraph (b), clause (2); or

117.29 (ii) the spouse has been awarded dependency and indemnity compensation.

117.30 (l) The purpose of this provision of law providing a level of homestead property tax
117.31 relief for ~~gravely disabled~~ veterans with a disability, their primary family caregivers, and

118.1 their surviving spouses is to help ease the burdens of war for those among our state's citizens
118.2 who bear those burdens most heavily.

118.3 (m) By July 1, the county veterans service officer must certify the disability rating and
118.4 permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

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

118.6 Sec. 6. Minnesota Statutes 2018, section 289A.08, subdivision 6, is amended to read:

118.7 Subd. 6. **Returns of married persons.** ~~A husband and wife~~ Individuals who are married
118.8 to each other must file a joint Minnesota income tax return if they filed a joint federal income
118.9 tax return. If the ~~husband and wife~~ spouses have elected to file separate federal income tax
118.10 returns, they must file separate Minnesota income tax returns. This election to file a joint
118.11 or separate return must be changed if they change their election for federal purposes. In the
118.12 event taxpayers desire to change their election, the change must be done in the manner and
118.13 on the form prescribed by the commissioner.

118.14 The determination of whether an individual is married shall be made under the provisions
118.15 of section 7703 of the Internal Revenue Code.

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

118.17 Sec. 7. Minnesota Statutes 2018, section 289A.25, subdivision 1, is amended to read:

118.18 Subdivision 1. **Requirements to pay.** An individual, trust, S corporation, or partnership
118.19 must, when prescribed in subdivision 3, paragraph (b), make payments of estimated tax.
118.20 For individuals, the term "estimated tax" means the amount the taxpayer estimates is the
118.21 sum of the taxes imposed by chapter 290 for the taxable year. For trusts, S corporations,
118.22 and partnerships, the term estimated tax means the amount the taxpayer estimates is the
118.23 sum of the taxes for the taxable year imposed by chapter 290 and the composite income tax
118.24 imposed by section 289A.08, subdivision 7. If the individual is an infant or incompetent
118.25 person, the payments must be made by the individual's guardian. If joint payments on
118.26 estimated tax are made but a joint return is not made for the taxable year, the estimated tax
118.27 for that year may be treated as the estimated tax of either ~~the husband or the wife~~ spouse or
118.28 may be divided between them.

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

119.1 Sec. 8. Minnesota Statutes 2018, section 289A.31, subdivision 2, is amended to read:

119.2 Subd. 2. **Joint income tax returns.** (a) If a joint income tax return is made by a ~~husband~~
119.3 ~~and wife~~ spouses, the liability for the tax is joint and several. A spouse who qualifies for
119.4 relief from a liability attributable to an underpayment under section 6015(b) of the Internal
119.5 Revenue Code is relieved of the state income tax liability on the underpayment.

119.6 (b) In the case of individuals who were a ~~husband and wife~~ married as determined in
119.7 section 7703 of the Internal Revenue Code prior to the dissolution of their marriage or their
119.8 legal separation, or prior to the death of one of the individuals, for tax liabilities reported
119.9 on a joint or combined return, the liability of each person is limited to the proportion of the
119.10 tax due on the return that equals that person's proportion of the total tax due if ~~the husband~~
119.11 ~~and wife~~ each spouse filed separate returns for the taxable year. This provision is effective
119.12 only when the commissioner receives written notice of the marriage dissolution, legal
119.13 separation, or death of a spouse from the ~~husband or wife~~ surviving spouse. No refund may
119.14 be claimed by an ex-spouse, legally separated or widowed spouse for any taxes paid more
119.15 than 60 days before receipt by the commissioner of the written notice.

119.16 (c) A request for calculation of separate liability pursuant to paragraph (b) for taxes
119.17 reported on a return must be made within six years after the due date of the return. For
119.18 calculation of separate liability for taxes assessed by the commissioner under section 289A.35
119.19 or 289A.37, the request must be made within six years after the date of assessment. The
119.20 commissioner is not required to calculate separate liability if the remaining unpaid liability
119.21 for which recalculation is requested is \$100 or less.

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

119.23 Sec. 9. Minnesota Statutes 2018, section 289A.37, subdivision 6, is amended to read:

119.24 Subd. 6. **Order of assessment if joint income tax return.** If a joint income tax return
119.25 is filed by a ~~husband and wife~~ spouses, an order of assessment may be a single joint notice.
119.26 If the commissioner has been notified by either spouse that that spouse's address has changed
119.27 and if that spouse requests it, then, instead of the single joint notice mailed to the last known
119.28 address of the ~~husband and wife~~ spouses, a duplicate or original of the joint notice must be
119.29 sent to the requesting spouse at the address designated by the requesting spouse. The other
119.30 joint notice must be mailed to the other spouse at that spouse's last known address. An
119.31 assessment is not invalid for failure to send it to a spouse if the spouse actually receives the
119.32 notice in the same period as if it had been mailed to that spouse at the correct address or if
119.33 the spouse has failed to provide an address to the commissioner other than the last known
119.34 address.

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

120.2 Sec. 10. Minnesota Statutes 2018, section 290.0802, subdivision 2, is amended to read:

120.3 Subd. 2. **Subtraction.** (a) A qualified individual is allowed a subtraction from federal
120.4 taxable income of the individual's subtraction base amount. The excess of the subtraction
120.5 base amount over the taxable net income computed without regard to the subtraction for
120.6 the elderly or ~~disabled~~ a person with a disability under section 290.0132, subdivision 5,
120.7 may be used to reduce the amount of a lump sum distribution subject to tax under section
120.8 290.032.

120.9 (b)(1) The initial subtraction base amount equals

120.10 (i) \$12,000 for a married taxpayer filing a joint return if a spouse is a qualified individual,

120.11 (ii) \$9,600 for a single taxpayer, and

120.12 (iii) \$6,000 for a married taxpayer filing a separate federal return.

120.13 (2) The qualified individual's initial subtraction base amount, then, must be reduced by
120.14 the sum of nontaxable retirement and disability benefits and one-half of the amount of
120.15 adjusted gross income in excess of the following thresholds:

120.16 (i) \$18,000 for a married taxpayer filing a joint return if both spouses are qualified
120.17 individuals,

120.18 (ii) \$14,500 for a single taxpayer or for a married couple filing a joint return if only one
120.19 spouse is a qualified individual, and

120.20 (iii) \$9,000 for a married taxpayer filing a separate federal return.

120.21 (3) In the case of a qualified individual who is under the age of 65, the maximum amount
120.22 of the subtraction base may not exceed the taxpayer's disability income.

120.23 (4) The resulting amount is the subtraction base amount.

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

120.25 Sec. 11. Minnesota Statutes 2018, section 290.0802, subdivision 3, is amended to read:

120.26 Subd. 3. **Restrictions; married couples.** Except in the case of a ~~husband and wife~~
120.27 spouses who live apart at all times during the taxable year, if the taxpayer is married at the
120.28 close of the taxable year, the subtraction under subdivision 2 is allowable only if the taxpayers
120.29 file joint federal and state income tax returns for the taxable year.

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

121.1 Sec. 12. Minnesota Statutes 2018, section 290.091, subdivision 2, is amended to read:

121.2 Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following
121.3 terms have the meanings given.

121.4 (a) "Alternative minimum taxable income" means the sum of the following for the taxable
121.5 year:

121.6 (1) the taxpayer's federal alternative minimum taxable income as defined in section
121.7 55(b)(2) of the Internal Revenue Code;

121.8 (2) the taxpayer's itemized deductions allowed in computing federal alternative minimum
121.9 taxable income, but excluding:

121.10 (i) the charitable contribution deduction under section 170 of the Internal Revenue Code;

121.11 (ii) the medical expense deduction;

121.12 (iii) the casualty, theft, and disaster loss deduction; and

121.13 (iv) the impairment-related work expenses of a ~~disabled~~ person with a disability;

121.14 (3) for depletion allowances computed under section 613A(c) of the Internal Revenue
121.15 Code, with respect to each property (as defined in section 614 of the Internal Revenue Code),
121.16 to the extent not included in federal alternative minimum taxable income, the excess of the
121.17 deduction for depletion allowable under section 611 of the Internal Revenue Code for the
121.18 taxable year over the adjusted basis of the property at the end of the taxable year (determined
121.19 without regard to the depletion deduction for the taxable year);

121.20 (4) to the extent not included in federal alternative minimum taxable income, the amount
121.21 of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue
121.22 Code determined without regard to subparagraph (E);

121.23 (5) to the extent not included in federal alternative minimum taxable income, the amount
121.24 of interest income as provided by section 290.0131, subdivision 2; and

121.25 (6) the amount of addition required by section 290.0131, subdivisions 9 to 11;

121.26 less the sum of the amounts determined under the following:

121.27 (i) interest income as defined in section 290.0132, subdivision 2;

121.28 (ii) an overpayment of state income tax as provided by section 290.0132, subdivision
121.29 3, to the extent included in federal alternative minimum taxable income;

121.30 (iii) the amount of investment interest paid or accrued within the taxable year on
121.31 indebtedness to the extent that the amount does not exceed net investment income, as defined

122.1 in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted
122.2 in computing federal adjusted gross income;

122.3 (iv) amounts subtracted from federal taxable income as provided by section 290.0132,
122.4 subdivisions 7, 9 to 15, 17, 21, 24, and 26; and

122.5 (v) the amount of the net operating loss allowed under section 290.095, subdivision 11,
122.6 paragraph (c).

122.7 In the case of an estate or trust, alternative minimum taxable income must be computed
122.8 as provided in section 59(c) of the Internal Revenue Code.

122.9 (b) "Investment interest" means investment interest as defined in section 163(d)(3) of
122.10 the Internal Revenue Code.

122.11 (c) "Net minimum tax" means the minimum tax imposed by this section.

122.12 (d) "Regular tax" means the tax that would be imposed under this chapter (without regard
122.13 to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed
122.14 under this chapter.

122.15 (e) "Tentative minimum tax" equals 6.75 percent of alternative minimum taxable income
122.16 after subtracting the exemption amount determined under subdivision 3.

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

122.18 Sec. 13. Minnesota Statutes 2018, section 290A.03, subdivision 3, is amended to read:

122.19 Subd. 3. **Income.** (a) "Income" means the sum of the following:

122.20 (1) federal adjusted gross income as defined in the Internal Revenue Code; and

122.21 (2) the sum of the following amounts to the extent not included in clause (1):

122.22 (i) all nontaxable income;

122.23 (ii) the amount of a passive activity loss that is not disallowed as a result of section 469,
122.24 paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss
122.25 carryover allowed under section 469(b) of the Internal Revenue Code;

122.26 (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a
122.27 solvent individual excluded from gross income under section 108(g) of the Internal Revenue
122.28 Code;

122.29 (iv) cash public assistance and relief;

123.1 (v) any pension or annuity (including railroad retirement benefits, all payments received
123.2 under the federal Social Security Act, Supplemental Security Income, and veterans benefits),
123.3 which was not exclusively funded by the claimant or spouse, or which was funded exclusively
123.4 by the claimant or spouse and which funding payments were excluded from federal adjusted
123.5 gross income in the years when the payments were made;

123.6 (vi) interest received from the federal or a state government or any instrumentality or
123.7 political subdivision thereof;

123.8 (vii) workers' compensation;

123.9 (viii) nontaxable strike benefits;

123.10 (ix) the gross amounts of payments received in the nature of disability income or sick
123.11 pay as a result of accident, sickness, or other disability, whether funded through insurance
123.12 or otherwise;

123.13 (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of
123.14 1986, as amended through December 31, 1995;

123.15 (xi) contributions made by the claimant to an individual retirement account, including
123.16 a qualified voluntary employee contribution; simplified employee pension plan;
123.17 self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of
123.18 the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal
123.19 Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for
123.20 the claimant and spouse;

123.21 (xii) to the extent not included in federal adjusted gross income, distributions received
123.22 by the claimant or spouse from a traditional or Roth style retirement account or plan;

123.23 (xiii) nontaxable scholarship or fellowship grants;

123.24 (xiv) the amount of deduction allowed under section 199 of the Internal Revenue Code;

123.25 (xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue
123.26 Code;

123.27 (xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue
123.28 Code; and

123.29 (xvii) the amount deducted for certain expenses of elementary and secondary school
123.30 teachers under section 62(a)(2)(D) of the Internal Revenue Code.

123.31 In the case of an individual who files an income tax return on a fiscal year basis, the
123.32 term "federal adjusted gross income" shall mean federal adjusted gross income reflected in

124.1 the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced
124.2 by the amount of a net operating loss carryback or carryforward or a capital loss carryback
124.3 or carryforward allowed for the year.

124.4 (b) "Income" does not include:

124.5 (1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

124.6 (2) amounts of any pension or annuity which was exclusively funded by the claimant
124.7 or spouse and which funding payments were not excluded from federal adjusted gross
124.8 income in the years when the payments were made;

124.9 (3) to the extent included in federal adjusted gross income, amounts contributed by the
124.10 claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed
124.11 the retirement base amount reduced by the amount of contributions excluded from federal
124.12 adjusted gross income, but not less than zero;

124.13 (4) surplus food or other relief in kind supplied by a governmental agency;

124.14 (5) relief granted under this chapter;

124.15 (6) child support payments received under a temporary or final decree of dissolution or
124.16 legal separation; or

124.17 (7) restitution payments received by eligible individuals and excludable interest as
124.18 defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001,
124.19 Public Law 107-16.

124.20 (c) The sum of the following amounts may be subtracted from income:

124.21 (1) for the claimant's first dependent, the exemption amount multiplied by 1.4;

124.22 (2) for the claimant's second dependent, the exemption amount multiplied by 1.3;

124.23 (3) for the claimant's third dependent, the exemption amount multiplied by 1.2;

124.24 (4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

124.25 (5) for the claimant's fifth dependent, the exemption amount; and

124.26 (6) if the claimant or claimant's spouse ~~was disabled~~ had a disability or attained the age
124.27 of 65 on or before December 31 of the year for which the taxes were levied or rent paid,
124.28 the exemption amount.

124.29 (d) For purposes of this subdivision, the "exemption amount" means the exemption
124.30 amount under section 151(d) of the Internal Revenue Code for the taxable year for which
124.31 the income is reported; "retirement base amount" means the deductible amount for the

125.1 taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue
125.2 Code, adjusted for inflation as provided in section 219(b)(5)(C) of the Internal Revenue
125.3 Code, without regard to whether the claimant or spouse claimed a deduction; and "traditional
125.4 or Roth style retirement account or plan" means retirement plans under sections 401, 403,
125.5 408, 408A, and 457 of the Internal Revenue Code.

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

125.7 Sec. 14. Minnesota Statutes 2018, section 290A.03, subdivision 4, is amended to read:

125.8 Subd. 4. **Household.** "Household" means a claimant and an individual related to the
125.9 claimant as ~~husband or wife~~ the claimant's spouse who are domiciled in the same homestead.

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

125.11 Sec. 15. Minnesota Statutes 2018, section 290A.03, subdivision 8, is amended to read:

125.12 Subd. 8. **Claimant.** (a) "Claimant" means a person, other than a dependent, as defined
125.13 under sections 151 and 152 of the Internal Revenue Code disregarding section 152(b)(3)
125.14 of the Internal Revenue Code, who filed a claim authorized by this chapter and who was a
125.15 resident of this state as provided in chapter 290 during the calendar year for which the claim
125.16 for relief was filed.

125.17 (b) In the case of a claim relating to rent constituting property taxes, the claimant shall
125.18 have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu
125.19 of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem
125.20 taxes, are payable at some time during the calendar year covered by the claim.

125.21 (c) "Claimant" shall not include a resident of a nursing home, intermediate care facility,
125.22 long-term residential facility, or a facility that accepts housing support payments whose
125.23 rent constituting property taxes is paid pursuant to the Supplemental Security Income
125.24 program under title XVI of the Social Security Act, the Minnesota supplemental aid program
125.25 under sections 256D.35 to 256D.54, the medical assistance program pursuant to title XIX
125.26 of the Social Security Act, or the housing support program under chapter 256I.

125.27 If only a portion of the rent constituting property taxes is paid by these programs, the
125.28 resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant
125.29 to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as
125.30 defined in subdivision 3, paragraphs (a) and (b), reduced by the total amount of income
125.31 from the above sources other than vendor payments under the medical assistance program
125.32 and the denominator of which is income as defined in subdivision 3, paragraphs (a) and (b),

126.1 plus vendor payments under the medical assistance program, to determine the allowable
126.2 refund pursuant to this chapter.

126.3 (d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home,
126.4 intermediate care facility, long-term residential facility, or facility for which the rent was
126.5 paid for the claimant by the housing support program for only a portion of the calendar year
126.6 covered by the claim, the claimant may compute rent constituting property taxes by
126.7 disregarding the rent constituting property taxes from the nursing home or facility and use
126.8 only that amount of rent constituting property taxes or property taxes payable relating to
126.9 that portion of the year when the claimant was not in the facility. The claimant's household
126.10 income is the income for the entire calendar year covered by the claim.

126.11 (e) In the case of a claim for rent constituting property taxes of a part-year Minnesota
126.12 resident, the income and rental reflected in this computation shall be for the period of
126.13 Minnesota residency only. Any rental expenses paid which may be reflected in arriving at
126.14 federal adjusted gross income cannot be utilized for this computation. When two individuals
126.15 of a household are able to meet the qualifications for a claimant, they may determine among
126.16 them as to who the claimant shall be. If they are unable to agree, the matter shall be referred
126.17 to the commissioner of revenue whose decision shall be final. If a homestead property owner
126.18 was a part-year Minnesota resident, the income reflected in the computation made pursuant
126.19 to section 290A.04 shall be for the entire calendar year, including income not assignable to
126.20 Minnesota.

126.21 (f) If a homestead is occupied by two or more renters, who are not ~~husband and wife~~
126.22 married to each other, the rent shall be deemed to be paid equally by each, and separate
126.23 claims shall be filed by each. The income of each shall be each renter's household income
126.24 for purposes of computing the amount of credit to be allowed.

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

126.26 Sec. 16. Minnesota Statutes 2018, section 290A.05, is amended to read:

126.27 **290A.05 COMBINED HOUSEHOLD INCOME.**

126.28 If a person occupies a homestead with another person ~~or persons~~ not related to the person
126.29 as ~~husband and wife~~ the person's spouse, excluding dependents, roomers or boarders on
126.30 contract, and has property tax payable with respect to the homestead, the household income
126.31 of the claimant or claimants for the purpose of computing the refund allowed by section
126.32 290A.04 shall include the total income received by the other persons residing in the
126.33 homestead. For purposes of this section, "dependent" includes a parent of the claimant or

127.1 spouse who lives in the claimant's homestead and does not have an ownership interest in
 127.2 the homestead. If a person occupies a homestead with another person or persons not related
 127.3 to the person as ~~husband and wife~~ the person's spouse or as dependents, the property tax
 127.4 payable or rent constituting property tax shall be reduced as follows.

127.5 If the other person or persons are residing at the homestead under rental or lease
 127.6 agreement, the amount of property tax payable or rent constituting property tax shall be that
 127.7 portion not covered by the rental agreement.

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

127.9 Sec. 17. Minnesota Statutes 2018, section 290A.08, is amended to read:

127.10 **290A.08 ONE CLAIMANT PER HOUSEHOLD.**

127.11 Only one claimant per household per year is entitled to relief under this chapter. Payment
 127.12 of the claim for relief may be made payable to the ~~husband and wife~~ spouses as one claimant.
 127.13 The commissioner, upon written request, may issue separate checks, to the ~~husband and~~
 127.14 ~~wife~~ spouses for one-half of the relief provided the original check has not been issued or
 127.15 has been returned. Individuals related as ~~husband and wife~~ spouses who were married during
 127.16 the year may elect to file a joint claim which shall include each spouse's income, rent
 127.17 constituting property taxes, and property taxes payable. ~~Husbands and wives~~ Spouses who
 127.18 were married for the entire year and were domiciled in the same household for the entire
 127.19 year must file a joint claim. The maximum dollar amount allowable for a joint claim shall
 127.20 not exceed the amount that one person could receive.

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

127.22 Sec. 18. Minnesota Statutes 2018, section 290A.09, is amended to read:

127.23 **290A.09 PROOF OF CLAIM.**

127.24 Every claimant shall supply to the commissioner of revenue, in support of the claim,
 127.25 proof of eligibility under this chapter, including but not limited to amount of rent paid or
 127.26 property taxes accrued, name and address of owner or managing agent of property rented,
 127.27 changes in homestead, household membership, household income, size and nature of property
 127.28 claimed as a homestead.

127.29 ~~Disabled~~ Persons with a disability filing claims shall submit proof of disability in the
 127.30 form and manner as the commissioner may prescribe. The department may require
 127.31 examination and certification by the claimant's physician or by a physician designated by
 127.32 the commissioner. The cost of any examination shall be borne by the claimant, unless the

128.1 examination proves the disability, in which case the cost of the examination shall be borne
128.2 by the commissioner.

128.3 A determination of disability of a claimant by the Social Security Administration under
128.4 Title II or Title XVI of the Social Security Act shall constitute presumptive proof of disability.

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

128.6 Sec. 19. Minnesota Statutes 2018, section 297A.61, subdivision 18, is amended to read:

128.7 Subd. 18. **Disabled Person with a disability.** "Disabled Person with a disability" means
128.8 an individual who has a permanent and total disability as defined in section 273.13,
128.9 subdivision 22.

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

128.11 Sec. 20. Minnesota Statutes 2018, section 297A.67, subdivision 6, is amended to read:

128.12 Subd. 6. **Other exempt meals.** (a) Prepared food, candy, and soft drinks purchased for
128.13 and served exclusively to individuals who are 60 years of age or over and their spouses or
128.14 to ~~disabled~~ persons with a disability and their spouses by governmental agencies, nonprofit
128.15 organizations, or churches, or pursuant to any program funded in whole or in part through
128.16 United States Code, title 42, sections 3001 through 3045, wherever delivered, prepared, or
128.17 served, are exempt. Taxable food sold through vending machines is not exempt.

128.18 (b) Prepared food, candy, and soft drinks purchased for and served exclusively to children
128.19 who are less than 14 years of age or ~~disabled~~ children with a disability who are less than
128.20 16 years of age and who are attending a child care or early childhood education program,
128.21 are exempt if they are:

128.22 (1) purchased by a nonprofit child care facility that is exempt under section 297A.70,
128.23 subdivision 4, and that primarily serves families with income of 250 percent or less of
128.24 federal poverty guidelines; and

128.25 (2) prepared at the site of the child care facility.

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

128.27 Sec. 21. Minnesota Statutes 2018, section 297A.67, subdivision 12, is amended to read:

128.28 Subd. 12. **Parts and accessories used to make a motor vehicle disabled accessible**
128.29 **to a person with a disability.** Parts, accessories, and labor charges that are used solely to
128.30 modify a motor vehicle to make it ~~disabled~~ accessible to persons with a disability are exempt.

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

129.2 Sec. 22. Minnesota Statutes 2018, section 297A.70, subdivision 3, is amended to read:

129.3 Subd. 3. **Sales of certain goods and services to government.** (a) The following sales
129.4 to or use by the specified governments and political subdivisions of the state are exempt:

129.5 (1) repair and replacement parts for emergency rescue vehicles, fire trucks, and fire
129.6 apparatus to a political subdivision;

129.7 (2) machinery and equipment, except for motor vehicles, used directly for mixed
129.8 municipal solid waste management services at a solid waste disposal facility as defined in
129.9 section 115A.03, subdivision 10;

129.10 (3) chore and homemaking services to a political subdivision of the state to be provided
129.11 to elderly individuals or ~~disabled individuals~~ persons with a disability;

129.12 (4) telephone services to the Office of MN.IT Services that are used to provide
129.13 telecommunications services through the MN.IT services revolving fund;

129.14 (5) firefighter personal protective equipment as defined in paragraph (b), if purchased
129.15 or authorized by and for the use of an organized fire department, fire protection district, or
129.16 fire company regularly charged with the responsibility of providing fire protection to the
129.17 state or a political subdivision;

129.18 (6) bullet-resistant body armor that provides the wearer with ballistic and trauma
129.19 protection, if purchased by a law enforcement agency of the state or a political subdivision
129.20 of the state, or a licensed peace officer, as defined in section 626.84, subdivision 1;

129.21 (7) motor vehicles purchased or leased by political subdivisions of the state if the vehicles
129.22 are exempt from registration under section 168.012, subdivision 1, paragraph (b), exempt
129.23 from taxation under section 473.448, or exempt from the motor vehicle sales tax under
129.24 section 297B.03, clause (12);

129.25 (8) equipment designed to process, dewater, and recycle biosolids for wastewater
129.26 treatment facilities of political subdivisions, and materials incidental to installation of that
129.27 equipment;

129.28 (9) the removal of trees, bushes, or shrubs for the construction and maintenance of roads,
129.29 trails, or firebreaks when purchased by an agency of the state or a political subdivision of
129.30 the state;

130.1 (10) purchases by the Metropolitan Council or the Department of Transportation of
130.2 vehicles and repair parts to equip operations provided for in section 174.90, including, but
130.3 not limited to, the Northstar Corridor Rail project; and

130.4 (11) purchases of water used directly in providing public safety services by an organized
130.5 fire department, fire protection district, or fire company regularly charged with the
130.6 responsibility of providing fire protection to the state or a political subdivision.

130.7 (b) For purposes of this subdivision, "firefighters personal protective equipment" means
130.8 helmets, including face shields, chin straps, and neck liners; bunker coats and pants, including
130.9 pant suspenders; boots; gloves; head covers or hoods; wildfire jackets; protective coveralls;
130.10 goggles; self-contained breathing apparatus; canister filter masks; personal alert safety
130.11 systems; spanner belts; optical or thermal imaging search devices; and all safety equipment
130.12 required by the Occupational Safety and Health Administration.

130.13 (c) For purchases of items listed in paragraph (a), clause (10), the tax must be imposed
130.14 and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded
130.15 in the manner provided in section 297A.75.

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

130.17 Sec. 23. Minnesota Statutes 2018, section 297A.70, subdivision 4, is amended to read:

130.18 Subd. 4. **Sales to nonprofit groups.** (a) All sales, except those listed in paragraph (b),
130.19 to the following "nonprofit organizations" are exempt:

130.20 (1) a corporation, society, association, foundation, or institution organized and operated
130.21 exclusively for charitable, religious, or educational purposes if the item purchased is used
130.22 in the performance of charitable, religious, or educational functions;

130.23 (2) any senior citizen group or association of groups that:

130.24 (i) in general limits membership to persons who are either age 55 or older, or ~~physically~~
130.25 ~~disabled~~ persons with a physical disability;

130.26 (ii) is organized and operated exclusively for pleasure, recreation, and other nonprofit
130.27 purposes, not including housing, no part of the net earnings of which inures to the benefit
130.28 of any private shareholders; and

130.29 (iii) is an exempt organization under section 501(c) of the Internal Revenue Code; and

130.30 (3) an organization that qualifies for an exemption for memberships under subdivision
130.31 12 if the item is purchased and used in the performance of the organization's mission.

131.1 For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery
131.2 owned by a religious organization.

131.3 (b) This exemption does not apply to the following sales:

131.4 (1) building, construction, or reconstruction materials purchased by a contractor or a
131.5 subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed
131.6 maximum price covering both labor and materials for use in the construction, alteration, or
131.7 repair of a building or facility;

131.8 (2) construction materials purchased by tax-exempt entities or their contractors to be
131.9 used in constructing buildings or facilities that will not be used principally by the tax-exempt
131.10 entities;

131.11 (3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2),
131.12 and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67,
131.13 subdivision 2, except wine purchased by an established religious organization for sacramental
131.14 purposes or as allowed under subdivision 9a; and

131.15 (4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as
131.16 provided in paragraph (c).

131.17 (c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01,
131.18 subdivision 11, only if the vehicle is:

131.19 (1) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a
131.20 passenger automobile, as defined in section 168.002, if the automobile is designed and used
131.21 for carrying more than nine persons including the driver; and

131.22 (2) intended to be used primarily to transport tangible personal property or individuals,
131.23 other than employees, to whom the organization provides service in performing its charitable,
131.24 religious, or educational purpose.

131.25 (d) A limited liability company also qualifies for exemption under this subdivision if
131.26 (1) it consists of a sole member that would qualify for the exemption, and (2) the items
131.27 purchased qualify for the exemption.

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

131.29 Sec. 24. Minnesota Statutes 2018, section 297A.70, subdivision 16, is amended to read:

131.30 Subd. 16. **Camp fees.** Fees to camps or other recreation facilities are exempt for:

132.1 (1) services primarily for children, adults accompanying children, or persons with
 132.2 ~~disabilities~~ a disability; or

132.3 (2) educational or religious activities;

132.4 ~~and~~ if the camp or facilities are owned and operated by an exempt organization under section
 132.5 501(c)(3) of the Internal Revenue Code.

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

132.7 Sec. 25. Minnesota Statutes 2018, section 297A.71, subdivision 22, is amended to read:

132.8 Subd. 22. **Materials used to make residential property ~~disabled~~ accessible to persons**
 132.9 **with a disability.** Building materials and equipment sold to, or stored, used, or consumed
 132.10 by, a nonprofit organization are exempt if:

132.11 (1) the materials and equipment are used or incorporated into modifying an existing
 132.12 residential structure to make it ~~disabled~~ accessible to persons with a disability; and

132.13 (2) the materials and equipment used in the modification would qualify for an exemption
 132.14 under either subdivision 11 or 12 if made by the current owner of the residence.

132.15 For purposes of this subdivision, "nonprofit organization" means any nonprofit
 132.16 corporation, society, association, foundation, or institution organized and operated exclusively
 132.17 for charitable, religious, educational, or civic purposes; or a veterans' group exempt from
 132.18 federal taxation under section 501(c), clause (19), of the Internal Revenue Code.

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

132.20 Sec. 26. Minnesota Statutes 2018, section 297A.75, subdivision 1, is amended to read:

132.21 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following
 132.22 exempt items must be imposed and collected as if the sale were taxable and the rate under
 132.23 section 297A.62, subdivision 1, applied. The exempt items include:

132.24 (1) building materials for an agricultural processing facility exempt under section
 132.25 297A.71, subdivision 13;

132.26 (2) building materials for mineral production facilities exempt under section 297A.71,
 132.27 subdivision 14;

132.28 (3) building materials for correctional facilities under section 297A.71, subdivision 3;

132.29 (4) building materials used in a residence for ~~disabled~~ veterans with a disability exempt
 132.30 under section 297A.71, subdivision 11;

- 133.1 (5) elevators and building materials exempt under section 297A.71, subdivision 12;
- 133.2 (6) materials and supplies for qualified low-income housing under section 297A.71,
133.3 subdivision 23;
- 133.4 (7) materials, supplies, and equipment for municipal electric utility facilities under
133.5 section 297A.71, subdivision 35;
- 133.6 (8) equipment and materials used for the generation, transmission, and distribution of
133.7 electrical energy and an aerial camera package exempt under section 297A.68, subdivision
133.8 37;
- 133.9 (9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph
133.10 (a), clause (10);
- 133.11 (10) materials, supplies, and equipment for construction or improvement of projects and
133.12 facilities under section 297A.71, subdivision 40;
- 133.13 (11) materials, supplies, and equipment for construction, improvement, or expansion
133.14 of:
- 133.15 (i) an aerospace defense manufacturing facility exempt under Minnesota Statutes 2014,
133.16 section 297A.71, subdivision 42;
- 133.17 (ii) a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision
133.18 45;
- 133.19 (iii) a research and development facility exempt under Minnesota Statutes 2014, section
133.20 297A.71, subdivision 46; and
- 133.21 (iv) an industrial measurement manufacturing and controls facility exempt under
133.22 Minnesota Statutes 2014, section 297A.71, subdivision 47;
- 133.23 (12) enterprise information technology equipment and computer software for use in a
133.24 qualified data center exempt under section 297A.68, subdivision 42;
- 133.25 (13) materials, supplies, and equipment for qualifying capital projects under section
133.26 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b);
- 133.27 (14) items purchased for use in providing critical access dental services exempt under
133.28 section 297A.70, subdivision 7, paragraph (c);
- 133.29 (15) items and services purchased under a business subsidy agreement for use or
133.30 consumption primarily in greater Minnesota exempt under section 297A.68, subdivision
133.31 44;

134.1 (16) building materials, equipment, and supplies for constructing or replacing real
134.2 property exempt under section 297A.71, subdivision 49; and

134.3 (17) building materials, equipment, and supplies for constructing or replacing real
134.4 property exempt under section 297A.71, subdivision 50, paragraph (b).

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

134.6 Sec. 27. Minnesota Statutes 2018, section 297B.01, subdivision 14, is amended to read:

134.7 Subd. 14. **Purchase price.** (a) "Purchase price" means the total consideration valued in
134.8 money for a sale, whether paid in money or otherwise. The purchase price excludes the
134.9 amount of a manufacturer's rebate paid or payable to the purchaser. If a motor vehicle is
134.10 taken in trade as a credit or as part payment on a motor vehicle taxable under this chapter,
134.11 the credit or trade-in value allowed by the person selling the motor vehicle shall be deducted
134.12 from the total selling price to establish the purchase price of the vehicle being sold and the
134.13 trade-in allowance allowed by the seller shall constitute the purchase price of the motor
134.14 vehicle accepted as a trade-in. The purchase price in those instances where the motor vehicle
134.15 is acquired by gift or by any other transfer for a nominal or no monetary consideration shall
134.16 also include the average value of similar motor vehicles, established by standards and guides
134.17 as determined by the motor vehicle registrar. The purchase price in those instances where
134.18 a motor vehicle is manufactured by a person who registers it under the laws of this state
134.19 shall mean the manufactured cost of such motor vehicle and manufactured cost shall mean
134.20 the amount expended for materials, labor, and other properly allocable costs of manufacture,
134.21 except that in the absence of actual expenditures for the manufacture of a part or all of the
134.22 motor vehicle, manufactured costs shall mean the reasonable value of the completed motor
134.23 vehicle.

134.24 (b) The term "purchase price" shall not include the portion of the value of a motor vehicle
134.25 due solely to modifications necessary to make the motor vehicle ~~disability~~ accessible to
134.26 persons with a disability.

134.27 (c) The term "purchase price" shall not include the transfer of a motor vehicle by way
134.28 of gift between a ~~husband and wife~~ spouses or parent and child, or to a nonprofit organization
134.29 as provided under subdivision 16, paragraph (c), clause (6), nor shall it include the transfer
134.30 of a motor vehicle by a guardian to a ward when there is no monetary consideration and the
134.31 title to such vehicle was registered in the name of the guardian, as guardian, only because
134.32 the ward was a minor.

135.1 (d) The term "purchase price" shall not include the transfer of a motor vehicle as a gift
135.2 between a foster parent and foster child. For purposes of this subdivision, a foster relationship
135.3 exists, regardless of the age of the child, if (1) a foster parent's home is or was licensed as
135.4 a foster family home under Minnesota Rules, parts 2960.3000 to 2960.3340, and (2) the
135.5 county verifies that the child was a state ward or in permanent foster care.

135.6 (e) There shall not be included in "purchase price" the amount of any tax imposed by
135.7 the United States upon or with respect to retail sales whether imposed upon the retailer or
135.8 the consumer.

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

135.10 Sec. 28. Minnesota Statutes 2018, section 297B.01, subdivision 16, is amended to read:

135.11 Subd. 16. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale," "sells,"
135.12 "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor
135.13 vehicle, whether absolutely or conditionally, for a consideration in money or by exchange
135.14 or barter for any purpose other than resale in the regular course of business.

135.15 (b) Any motor vehicle utilized by the owner only by leasing such vehicle to others or
135.16 by holding it in an effort to so lease it, and which is put to no other use by the owner other
135.17 than resale after such lease or effort to lease, shall be considered property purchased for
135.18 resale.

135.19 (c) The terms also shall include any transfer of title or ownership of a motor vehicle by
135.20 other means, for or without consideration, except that these terms shall not include:

135.21 (1) the acquisition of a motor vehicle by inheritance from or by bequest of, or
135.22 transfer-on-death of title by, a decedent who owned it;

135.23 (2) the transfer of a motor vehicle which was previously licensed in the names of two
135.24 or more joint tenants and subsequently transferred without monetary consideration to one
135.25 or more of the joint tenants;

135.26 (3) the transfer of a motor vehicle by way of gift from a limited used vehicle dealer
135.27 licensed under section 168.27, subdivision 4a, to an individual, when the transfer is with
135.28 no monetary or other consideration or expectation of consideration and the parties to the
135.29 transfer submit an affidavit to that effect at the time the title transfer is recorded;

135.30 (4) the transfer of a motor vehicle by gift between:

135.31 (i) spouses;

135.32 (ii) parents and a child; or

136.1 (iii) grandparents and a grandchild;

136.2 (5) the voluntary or involuntary transfer of a motor vehicle between ~~a husband and wife~~
136.3 spouses in a divorce proceeding; or

136.4 (6) the transfer of a motor vehicle by way of a gift to an organization that is exempt from
136.5 federal income taxation under section 501(c)(3) of the Internal Revenue Code when the
136.6 motor vehicle will be used exclusively for religious, charitable, or educational purposes.

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

136.8 Sec. 29. Minnesota Statutes 2018, section 298.018, subdivision 1, is amended to read:

136.9 Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid under
136.10 sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the
136.11 taconite assistance area defined in section 273.1341, shall be allocated as follows:

136.12 (1) five percent to the city or town within which the minerals or energy resources are
136.13 mined or extracted, or within which the concentrate was produced. If the mining and
136.14 concentration, or different steps in either process, are carried on in more than one taxing
136.15 district, the commissioner shall apportion equitably the proceeds among the cities and towns
136.16 by attributing 50 percent of the proceeds of the tax to the operation of mining or extraction,
136.17 and the remainder to the concentrating plant and to the processes of concentration, and with
136.18 respect to each thereof giving due consideration to the relative extent of the respective
136.19 operations performed in each taxing district;

136.20 (2) ten percent to the taconite municipal aid account to be distributed as provided in
136.21 section 298.282, subdivisions 1 and 2, on the dates provided under this section;

136.22 (3) ten percent to the school district within which the minerals or energy resources are
136.23 mined or extracted, or within which the concentrate was produced. If the mining and
136.24 concentration, or different steps in either process, are carried on in more than one school
136.25 district, distribution among the school districts must be based on the apportionment formula
136.26 prescribed in clause (1);

136.27 (4) 20 percent to a group of school districts comprised of those school districts wherein
136.28 the mineral or energy resource was mined or extracted or in which there is a qualifying
136.29 municipality as defined by section 273.134, paragraph (b), in direct proportion to school
136.30 district indexes as follows: for each school district, its pupil units determined under section
136.31 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted
136.32 net tax capacity per pupil unit for school districts receiving aid under this clause as calculated
136.33 pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution

137.1 to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that
137.2 portion of the distribution which its index bears to the sum of the indices for all school
137.3 districts that receive the distributions;

137.4 (5) 20 percent to the county within which the minerals or energy resources are mined
137.5 or extracted, or within which the concentrate was produced. If the mining and concentration,
137.6 or different steps in either process, are carried on in more than one county, distribution
137.7 among the counties must be based on the apportionment formula prescribed in clause (1),
137.8 provided that any county receiving distributions under this clause shall pay one percent of
137.9 its proceeds to the Range Association of Municipalities and Schools;

137.10 (6) 20 percent to St. Louis County acting as the counties' fiscal agent to be distributed
137.11 as provided in sections 273.134 to 273.136;

137.12 (7) five percent to the commissioner of Iron Range resources and rehabilitation for the
137.13 purposes of section 298.22;

137.14 (8) three percent to the Douglas J. Johnson economic protection trust fund; and

137.15 (9) seven percent to the taconite environmental protection fund.

137.16 ~~The proceeds of the tax shall be distributed on July 15 each year.~~

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

137.18 Sec. 30. Minnesota Statutes 2018, section 298.018, is amended by adding a subdivision
137.19 to read:

137.20 **Subd. 1a. Distribution date.** The proceeds of the tax allocated under subdivision 1 shall
137.21 be distributed on December 15 each year. Any payment of proceeds received after December
137.22 15 shall be distributed on the next net proceeds tax distribution date.

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

137.24 Sec. 31. Minnesota Statutes 2018, section 298.282, subdivision 1, is amended to read:

137.25 Subdivision 1. **Distribution of taconite municipal aid account.** (a) The amount
137.26 deposited with the county as provided in section 298.28, subdivision 3, must be distributed
137.27 as provided by this section among: (1) the municipalities comprising a taconite assistance
137.28 area under section 273.1341; (2) a township that contains a state park consisting primarily
137.29 of an underground iron ore mine; and (3) a city located within five miles of that state park,
137.30 each being referred to in this section as a qualifying municipality.

138.1 (b) The amount deposited in the state general fund as provided in section 298.018,
138.2 subdivision 1, must be distributed in the same manner as provided under paragraph (a)
138.3 except that subdivisions 3, 4, and 5 do not apply, and the distributions shall be made on the
138.4 dates provided under section 298.018, subdivision 1a.

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

138.6 Sec. 32. Laws 2017, First Special Session chapter 1, article 8, section 3, the effective date,
138.7 is amended to read:

138.8 **EFFECTIVE DATE.** This section is effective for (1) petitions and appeals filed after
138.9 June 30, 2017, for which notices of entry of order are mailed before July 1, 2019, and (2)
138.10 notices of entry of order mailed after June 30, 2019.

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

69.011 QUALIFYING FOR STATE AID.

Subdivision 1. **Definitions.** Unless the language or context clearly indicates that a different meaning is intended, the following words and terms, for the purposes of this chapter and chapters 423, 423A, 424 and 424A, have the meanings ascribed to them:

- (a) "Commissioner" means the commissioner of revenue.
- (b) "Municipality" means:
 - (1) a home rule charter or statutory city;
 - (2) an organized town;
 - (3) a park district subject to chapter 398;
 - (4) the University of Minnesota;
 - (5) for purposes of the fire state aid program only, an American Indian tribal government entity located within a federally recognized American Indian reservation;
 - (6) for purposes of the police state aid program only, an American Indian tribal government with a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93;
 - (7) for purposes of the police state aid program only, the Metropolitan Airports Commission; and
 - (8) for purposes of the police state aid program only, the Department of Natural Resources and the Department of Public Safety with respect to peace officers covered under chapter 352B.
- (c) "Minnesota Firetown Premium Report" means a form prescribed by the commissioner containing space for reporting by insurers of fire, lightning, sprinkler leakage and extended coverage premiums received upon risks located or to be performed in this state less return premiums and dividends.
- (d) "Firetown" means the area serviced by any municipality having a qualified fire department or a qualified incorporated fire department having a subsidiary volunteer firefighters' relief association.
- (e) "Estimated market value" means latest available estimated market value of all property in a taxing jurisdiction, whether the property is subject to taxation, or exempt from ad valorem taxation obtained from information which appears on abstracts filed with the commissioner of revenue or equalized by the State Board of Equalization.
- (f) "Minnesota Aid to Police Premium Report" means a form prescribed by the commissioner for reporting by each fire and casualty insurer of all premiums received upon direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for insuring against the perils contained in auto insurance coverages as reported in the Minnesota business schedule of the annual financial statement which each insurer is required to file with the commissioner in accordance with the governing laws or rules less return premiums and dividends.
- (g) "Peace officer" means any person:
 - (1) whose primary source of income derived from wages is from direct employment by a municipality or county as a law enforcement officer on a full-time basis of not less than 30 hours per week;
 - (2) who has been employed for a minimum of six months prior to December 31 preceding the date of the current year's certification under subdivision 2, paragraph (b);
 - (3) who is sworn to enforce the general criminal laws of the state and local ordinances;
 - (4) who is licensed by the Peace Officers Standards and Training Board and is authorized to arrest with a warrant; and
 - (5) who is a member of the State Patrol retirement plan or the public employees police and fire fund.
- (h) "Full-time equivalent number of peace officers providing contract service" means the integral or fractional number of peace officers which would be necessary to provide the contract service if

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all peace officers providing service were employed on a full-time basis as defined by the employing unit and the municipality receiving the contract service.

(i) "Retirement benefits other than a service pension" means any disbursement authorized under section 424A.05, subdivision 3, clauses (3) and (4).

(j) "Municipal clerk, municipal clerk-treasurer, or county auditor" means:

(1) for the police state aid program:

(i) the person who was elected or appointed to the specified position or, in the absence of the person, another person who is designated by the applicable governing body;

(ii) in a park district, the secretary of the board of park district commissioners;

(iii) in the case of the University of Minnesota, the official designated by the Board of Regents;

(iv) for the Metropolitan Airports Commission, the person designated by the commission;

(v) for the Department of Natural Resources or the Department of Public Safety, the respective commissioner;

(vi) for a tribal police department which exercises state arrest powers under section 626.90, 626.91, 626.92, or 626.93, the person designated by the applicable American Indian tribal government; and

(2) for the fire state aid program and fire relief association financial reports, the person who was elected or appointed to the specified position, or, for governmental entities other than counties, if the governing body of the governmental entity designates the position to perform the function, the chief financial official of the governmental entity or the chief administrative official of the governmental entity.

(k) "Voluntary statewide lump-sum volunteer firefighter retirement plan" means the retirement plan established by chapter 353G.

Subd. 2. Qualification for fire or police state aid. (a) Unless retirement coverage is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in order to qualify to receive fire state aid, on or before March 15 annually, in conjunction with the financial report required pursuant to section 69.051, the clerk of each municipality having a duly organized fire department as provided in subdivision 4, or the secretary of each independent nonprofit firefighting corporation having a subsidiary incorporated firefighters' relief association, whichever is applicable, and the fire chief, shall jointly certify the existence of the municipal fire department or of the independent nonprofit firefighting corporation, whichever is applicable, which meets the minimum qualification requirements set forth in this subdivision, and the fire personnel and equipment of the municipal fire department or the independent nonprofit firefighting corporation as of the preceding December 31.

(b) Where retirement coverage is provided by the voluntary statewide lump-sum volunteer firefighter retirement plan, in order to qualify to receive fire state aid, on or before March 15, annually, the executive director of the Public Employees Retirement Association shall certify the existence of that coverage for each municipality and the municipal clerk or independent nonprofit firefighting corporation secretary, whichever applies, and the applicable fire chief shall certify the fire personnel and fire department equipment as of the preceding December 31.

(c) Except as provided in subdivision 2b, on or before March 15 annually, in order to qualify to receive police state aid, the clerk of each municipality and the auditor of each county employing one or more peace officers as defined in subdivision 1, paragraph (g), shall certify the number of such peace officers to the commissioner on forms prescribed by the commissioner. Credit for officers employed less than a full year must be apportioned. Each full month of employment of a qualifying officer during the calendar year entitles the employing municipality or county to credit for 1/12 of the payment for employment of a peace officer for the entire year. For purposes of sections 69.011 to 69.051, employment of a peace officer commences when the peace officer is entered on the payroll of the respective municipal police department or county sheriff's department. No peace officer may be included in the certification of the number of peace officers by more than one employing unit for the same month.

(d) A certification made under this subdivision must be filed with the commissioner, must be made on a form prescribed by the commissioner, and must include any other facts that the commissioner requires.

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Subd. 2b. **Departments of Natural Resources and Public Safety.** (a) On or before each March 15, the commissioner of natural resources shall certify the number of peace officers as defined in subdivision 1, clause (g), employed by the Enforcement Division and the commissioner of public safety shall certify the number of peace officers as defined in subdivision 1, clause (g), employed by the Bureau of Criminal Apprehension, the Gambling Enforcement Division, and the State Patrol Division.

(b) The certification must be on a form prescribed by the commissioner. Peace officers certified under this paragraph must be included in the total certifications under subdivision 2.

Subd. 2c. **Ineligibility of certain police officers.** A police officer employed by the University of Minnesota who is required by the Board of Regents to be a member of the University of Minnesota faculty retirement plan is not eligible to be included in any police state-aid certification under this section.

Subd. 3. **Failure to file certificate deemed waiver.** (a) If a certification required by this section is not filed with the commissioner by the due date prescribed by this section, the commissioner shall notify the county, the municipality, or the nonprofit firefighting corporation that a portion or all of its current year aid will be forfeited if the certification is not received within ten days.

(b) The amount of aid forfeited is equal to the amount of state police aid or state fire aid determined for the county, the municipality, or the nonprofit firefighting corporation for the current year, multiplied by five percent for each week or fraction of a week that this certification is late. The penalty must be computed beginning ten days after the postmark date of the commissioner's notification as required under this subdivision. All forfeited aid amounts revert to the general fund in the state treasury. Failure to receive the certificate form may not be used as a defense for a failure to file.

Subd. 4. **Qualification for fire state aid.** (a) A municipality in this state qualifies to receive fire state aid if it meets the general requirements of paragraph (b) and if it meets the specific requirements of paragraph (c).

(b) Minimum qualifications for fire state aid include the following:

(1) having for more than one year an organized fire department and officially established by the governing body of the municipality or an independent nonprofit firefighting corporation created under the nonprofit corporation act of this state and operating exclusively for firefighting purposes and providing retirement and relief benefits to its members; and

(2) having a separate subsidiary incorporated firefighter's relief association providing retirement and relief benefits, or participating in the voluntary statewide lump-sum volunteer firefighter retirement plan or, if a paid fire department, having retirement coverage by the public employees police and fire retirement plan.

(c) Minimum requirements for fire state aid also include the following or their equivalent as determined by the state fire marshal:

(1) having ten paid or volunteer firefighters including a fire chief and assistant fire chief;

(2) having regular scheduled meetings and frequent drills including instructions in firefighting tactics and in the use, care, and operation of all fire apparatus and equipment;

(3) having a motorized fire truck equipped with a motorized pump, 250 gallon or larger water tank, 300 feet of one inch or larger fire hose in two lines with combination spray and straight stream nozzles, five-gallon hand pumps--tank extinguisher or equivalent, dry chemical extinguisher or equivalent, ladders, extension ladders, pike poles, crow bars, axes, lanterns, fire coats, helmets, and boots;

(4) having apparatus suitably housed in a building of good construction with facilities for care of hose and equipment;

(5) having a reliable and adequate method of receiving fire alarms by telephone or with electric siren and suitable means of sounding an alarm;

(6) if response is to be provided outside the corporate limits of the municipality wherein the fire department is located, having another piece of motorized apparatus to make the response; and

(7) meeting other requirements that the commissioner establishes by rule.

69.021 REPORTING PREMIUMS; CALCULATION OF AID.

Subdivision 1. **Minnesota Firetown Premium Report and Minnesota Aid to Police Premium Report.** The commissioner shall, at the time of mailing tax forms, send blank copies of the Minnesota Firetown Premium Report and when applicable the Minnesota Aid to Police Premium Report to each insurer, including township and farmers mutual insurance companies licensed to write insurance as described in section 69.011, subdivision 1, clauses (c) and (f) in this state. These reports must contain space for the insurers name, address, gross premiums less return premiums, dividends, net premiums, certification and other facts that the commissioner may require.

Subd. 2. **Report of premiums.** (a) Each insurer, including township and farmers mutual insurers where applicable, shall return to the commissioner the reports described in subdivision 1 certified by its secretary and president or chief financial officer.

(b) The Minnesota Firetown Premium Report must contain a true and accurate statement of the total premium for all gross direct fire, lightning, sprinkler leakage, and extended coverage insurance of all domestic mutual insurers and the total premiums for all gross direct fire, lightning, sprinkler leakage and extended coverage insurance of all other insurers, less return premiums and dividends received by them on that business written or done during the preceding calendar year upon property located within the state or brought into the state for temporary use. The fire and extended coverage portion of multiperil and multiple peril package premiums and all other combination premiums must be determined by applying percentages determined by the commissioner or by rating bureaus recognized by the commissioner.

(c) The Minnesota Aid to Police Premium Report must contain a true and accurate statement of the total premiums, less return premiums and dividends, on all direct business received by such insurer in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for perils described in section 69.011, subdivision 1, clause (f).

Subd. 3. **Penalty for fraudulent, incorrect, incomplete returns and late filing of report.** (a) When it appears to the commissioner that any insurer has made an incomplete or inaccurate report, the commissioner shall return the report and demand that a complete and accurate report be filed. If the insurer fails to file a report on or before March 1, annually, the insurer is liable and shall pay \$25 for each seven days, or fraction thereof, that the report is delinquent, but not to exceed \$200. If the insurer fails to file a corrected report within 30 days after demand, the insurer is liable for the penalties provided in paragraph (b) or (c) for knowingly filing an inaccurate or false report.

(b) Any insurer which knowingly makes and files an inaccurate or false report is liable to a fine in an amount of not less than \$25 nor more than \$1,000, as determined by the commissioner, and additionally the commissioner of commerce may revoke the insurer's certificate of authority.

(c) Any person whose duty it is to make the report who fails or refuses to make it within 30 days after notification by the commissioner shall be fined an amount of not more than \$1,000.

(d) Failure of the insurer to receive a reporting form does not excuse the insurer from filing the report.

Subd. 4. **Determination of qualified state aid recipients; certification to commissioner of management and budget.** (a) The commissioner shall determine which municipalities and independent nonprofit firefighting corporations are qualified to receive fire state aid directly or are qualified to receive the benefit of fire state aid paid to the voluntary statewide lump-sum volunteer firefighter retirement plan and which municipalities and counties are qualified to receive police state aid.

(b) The commissioner shall determine qualification for state aid upon receipt of:

(1) the fire department personnel and equipment certification or the police department and qualified peace officers certificate, whichever applies, required under section 69.011;

(2) the financial compliance report required under section 6.495, subdivision 3, if applicable; and

(3) any other relevant information which comes to the attention of the commissioner.

(c) Upon completion of the determination, on or before October 1, the commissioner shall calculate the amount of:

(1) the police state aid which each county or municipality is to receive under subdivisions 5, 6, 7a, and 10; and

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(2) the fire state aid which each municipality or nonprofit firefighting corporation is to receive under subdivisions 5 and 7.

(d) The commissioner shall certify to the commissioner of management and budget the name of each county or municipality, and the amount of state aid which each county or municipality is to receive, in the case of police state aid. The commissioner shall certify to the commissioner of management and budget the name of each municipality or independent nonprofit firefighting corporation and the amount of state aid which each municipality or independent nonprofit firefighting corporation is to receive directly or the amount of state aid which the voluntary statewide lump-sum volunteer firefighter retirement plan is qualified to receive on behalf of the municipality or corporation, in the case of fire state aid.

Subd. 5. Calculation of state aid. (a) The amount of fire state aid available for apportionment, before the addition of the minimum fire state aid allocation amount under subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report. This amount must be reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations.

The total amount for apportionment in respect to fire state aid must not be less than two percent of the premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report after subtracting the following amounts:

(1) the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations; and

(2) one percent of the premiums reported by township mutual insurance companies and mutual property and casualty companies with total assets of \$5,000,000 or less.

(b) The total amount for apportionment as police state aid is equal to 104 percent of the amount of premium taxes paid to the state on the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report. The total amount for apportionment in respect to the police state aid program must not be less than two percent of the amount of premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report.

(c) The commissioner shall calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

(d) In addition to the amount for apportionment of police state aid under paragraph (b), each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay this increase is annually appropriated from the general fund.

Subd. 7. Apportionment of fire state aid to municipalities and relief associations. (a) The commissioner shall apportion the fire state aid relative to the premiums reported on the Minnesota Firetown Premium Reports filed under this chapter to each municipality and/or firefighters relief association qualified under section 69.011, subdivision 4.

(b) The commissioner shall calculate an initial fire state aid allocation amount for each municipality or fire department under paragraph (c) and, if applicable, a minimum fire state aid allocation amount for each municipality or fire department under paragraph (d). The municipality or fire department must be apportioned the larger fire state aid amount.

(c) The initial fire state aid allocation amount is the amount available for apportionment as fire state aid under subdivision 5, without the inclusion of any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, allocated one-half in proportion to the population as shown in the last official statewide federal census for each fire town and one-half in proportion to the estimated market value of each fire town, including (1) the estimated market value of tax-exempt property and (2) the estimated market value of natural resources lands receiving in lieu payments under sections 477A.11 to 477A.14, but excluding the estimated market value of minerals. In the case of incorporated or municipal fire departments furnishing fire protection to other cities, towns, or townships as evidenced by valid fire service contracts filed with the commissioner, the distribution must be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments must be made to subsequent apportionments. In the case of municipalities or independent fire departments qualifying for the aid, the commissioner shall calculate the state aid for the municipality or relief association on the basis of the population and the estimated market value of the area furnished fire protection service by the fire department as evidenced by duly executed and valid fire service agreements filed with the commissioner. If

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one or more fire departments are furnishing contracted fire service to a city, town, or township, only the population and estimated market value of the area served by each fire department may be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the percent of the estimated market value of each shared service area. The agreement must be in writing and must be filed with the commissioner.

(d) The minimum fire state aid allocation amount is the amount in addition to the initial fire state allocation amount that is derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, and allocated to municipalities with volunteer firefighters relief associations or covered by the voluntary statewide lump-sum volunteer firefighter retirement plan based on the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for the calendar year 1993 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or fire departments with volunteer firefighters relief associations receive in total at least a minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of 30 firefighters. If a relief association is established after calendar year 1993 and before calendar year 2000, the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for calendar year 1998 to the Office of the State Auditor, but not to exceed 30 active volunteer firefighters, shall be used in this determination. If a relief association is established after calendar year 1999, the number of active volunteer firefighters who are members of the relief association as reported in the first annual financial reporting submitted to the Office of the State Auditor, but not to exceed 20 active volunteer firefighters, must be used in this determination. If a relief association is terminated as a result of providing retirement coverage for volunteer firefighters by the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, the number of active volunteer firefighters of the municipality covered by the statewide plan as certified by the executive director of the Public Employees Retirement Association to the commissioner and the state auditor, but not to exceed 30 active firefighters, must be used in this determination.

(e) Unless the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must be paid to the treasurer of the municipality where the fire department is located and the treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit the aid to the relief association if the relief association has filed a financial report with the treasurer of the municipality and has met all other statutory provisions pertaining to the aid apportionment. If the firefighters of the applicable fire department are members of the voluntary statewide lump-sum volunteer firefighter retirement plan, the fire state aid must be paid to the executive director of the Public Employees Retirement Association and deposited in the voluntary statewide lump-sum volunteer firefighter retirement fund.

(f) The commissioner may make rules to permit the administration of the provisions of this section.

(g) Any adjustments needed to correct prior misallocations must be made to subsequent fire state aid apportionments.

Subd. 7a. Apportionment of police state aid. (a) Subject to the reduction provided for under subdivision 10, the commissioner shall apportion the police state aid to each municipality, to each county, and to the Departments of Natural Resources and Public Safety in the following manner:

(1) for all municipalities maintaining police departments, counties, the Department of Natural Resources, and the Department of Public Safety, the police state aid must be distributed in proportion to the relationship that the total number of peace officers, as determined under section 69.011, subdivision 1, paragraph (g), and subdivision 2, paragraph (b), employed by that employing unit for 12 calendar months and the proportional or fractional number who were employed less than 12 months bears to the total number of peace officers employed by all municipalities, counties, the Departments of Natural Resources and Public Safety, subject to any reduction under subdivision 10;

(2) for each municipality which contracts with the county for police service, a proportionate amount of the state aid distributed to the county based on the full-time equivalent number of peace officers providing contract service to that municipality must be credited against the municipality's contract obligation; and

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(3) for each municipality which contracts with another municipality for police service, a proportionate amount of the state aid distributed to the municipality providing contract service based on the full-time equivalent number of peace officers providing contract service to that municipality on a full-time equivalent basis must be credited against the contract obligation of the municipality receiving contract service.

(b) Any necessary additional adjustments must be made to subsequent police state aid apportionments.

Subd. 8. Population and estimated market value. (a) In computations relating to fire state aid requiring the use of population figures, only official statewide federal census figures may be used. Increases or decreases in population disclosed by reason of any special census must not be taken into consideration.

(b) In calculations relating to fire state aid requiring the use of estimated market value property figures, only the latest available estimated market value property figures may be used.

Subd. 9. Appeal. (a) In the event that a municipality, a county, a fire relief association, the Department of Natural Resources, the Department of Public Safety, or the voluntary statewide lump-sum volunteer firefighter retirement plan, feels itself to be aggrieved, it may request the commissioner to review and adjust the apportionment of funds within the county in the case of police state aid, or within the state in the case of fire state aid.

(b) The decision of the commissioner is subject to appeal, review, and adjustment by the district court in the county in which the applicable municipality or fire department is located or by the Ramsey County District Court with respect to the Department of Natural Resources, the Department of Public Safety, or the voluntary statewide lump-sum volunteer firefighter retirement plan.

Subd. 10. Reduction in police state aid apportionment. (a) The commissioner of revenue shall reduce the apportionment of police state aid under subdivisions 5, paragraph (b), 6, and 7a, for eligible employer units by the amount of any excess police state aid.

(b) "Excess police state aid" is:

(1) for counties and for municipalities in which police retirement coverage is provided wholly by the public employees police and fire fund and all police officers are members of the plan governed by sections 353.63 to 353.657, the amount in excess of the employer's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the Public Employees Retirement Association;

(2) for the Metropolitan Airports Commission, the amount in excess of the commission's total prior calendar year obligation as defined in paragraph (c), as certified by the executive director of the Public Employees Retirement Association; and

(3) for the Department of Natural Resources and for the Department of Public Safety, the amount in excess of the employer's total prior calendar year obligation under section 352B.02, subdivision 1c, for plan members who are peace officers under section 69.011, subdivision 1, paragraph (g), as certified by the executive director of the Minnesota State Retirement System.

(c) The employer's total prior calendar year obligation with respect to the public employees police and fire plan under paragraph (b), clause (1), is the total prior calendar year obligation under section 353.65, subdivision 3, for police officers as defined in section 353.64, subdivisions 1, 1a, and 2, and the actual total prior calendar year obligation under section 353.65, subdivision 3, for firefighters, as defined in section 353.64, subdivisions 1, 1a, and 2, but not to exceed for those firefighters the applicable following employer calendar year amount:

Municipality	Maximum Amount
Albert Lea	\$54,157.01
Anoka	10,399.31
Apple Valley	5,442.44
Austin	49,864.73
Bemidji	27,671.38
Brooklyn Center	6,605.92

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Brooklyn Park	24,002.26
Burnsville	15,956.00
Cloquet	4,260.49
Coon Rapids	39,920.00
Cottage Grove	8,588.48
Crystal	5,855.00
East Grand Forks	51,009.88
Edina	32,251.00
Elk River	5,216.55
Ely	13,584.16
Eveleth	16,288.27
Fergus Falls	6,742.00
Fridley	33,420.64
Golden Valley	11,744.61
Hastings	16,561.00
Hopkins	4,324.23
International Falls	14,400.69
Lakeville	782.35
Lino Lakes	5,324.00
Little Falls	7,889.41
Maple Grove	6,707.54
Maplewood	8,476.69
Minnetonka	10,403.00
Montevideo	1,307.66
Moorhead	68,069.26
New Hope	6,739.72
North St. Paul	4,241.14
Northfield	770.63
Owatonna	37,292.67
Plymouth	6,754.71
Red Wing	3,504.01
Richfield	53,757.96
Rosemount	1,712.55
Roseville	9,854.51
St. Anthony	33,055.00
St. Louis Park	53,643.11
Thief River Falls	28,365.04
Virginia	31,164.46
Waseca	11,135.17

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West St. Paul	15,707.20
White Bear Lake	6,521.04
Woodbury	3,613.00
any other municipality	0.00

(d) The total amount of excess police state aid must be deposited in the excess police state-aid account in the general fund, administered and distributed as provided in subdivision 11.

Subd. 11. **Excess police state-aid holding account.** (a) The excess police state-aid holding account is established in the general fund. The excess police state-aid holding account must be administered by the commissioner.

(b) Excess police state aid determined according to subdivision 10, must be deposited annually in the excess police state-aid holding account.

(c) From the balance in the excess police state-aid holding account, \$900,000 must be canceled annually to the general fund.

(d) On October 1 of each year, one-half of the balance of the excess police state-aid holding account remaining after the deduction under paragraph (c) is appropriated for additional amortization aid under section 423A.02, subdivision 1b.

(e) Annually, the remaining balance in the excess police state-aid holding account, after the deductions under paragraphs (c) and (d) cancels to the general fund.

69.022 VOLUNTEER RETENTION STIPEND AID PILOT.

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "Commissioner," unless otherwise specified, means the commissioner of public safety.

(c) "Emergency medical services provider" means a licensee as defined under section 144E.001, subdivision 8.

(d) "Independent nonprofit firefighting corporation" has the same meaning as used in chapter 424A.

(e) "Municipality" has the meaning given in section 69.011, but only if the municipality uses one or more qualified volunteers to provide service.

(f) "Qualified entity" means an emergency medical services provider, independent nonprofit firefighting corporation, or municipality.

(g) "Qualified volunteer" means one of the following types of volunteers who has provided service, for the entire prior calendar year, to one or more qualified entities:

(1) a volunteer firefighter as defined in section 299N.03, subdivision 7;

(2) a volunteer ambulance attendant as defined in section 144E.001, subdivision 15; or

(3) an emergency medical responder as defined in section 144E.001, subdivision 6, who provides emergency medical services as a volunteer.

(h) "Pilot area" means the following groups of counties:

(1) southern Minnesota, consisting of the counties of Faribault, Fillmore, Freeborn, Houston, and Watonwan;

(2) west central Minnesota, consisting of the counties of Chippewa, Kandiyohi, Redwood, and Renville;

(3) central Minnesota, consisting of the counties of Morrison and Todd; and

(4) north central Minnesota, consisting of the counties of Beltrami, Clearwater, and Mahnomon.

Subd. 2. **Certification.** By June 1 of the calendar year following the year in which the qualified volunteer provided service, the commissioner shall certify to the commissioner of revenue each qualified volunteer's name and the qualified entity for which the qualified volunteer provided service, but the commissioner must remove duplicate listings of qualified volunteers who provided service

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to more than one qualified entity so that each qualified volunteer is listed only once. The commissioner shall also certify to the commissioner of revenue the total amount of aid to be paid to each qualified entity under subdivision 3. For qualified entities that are not municipalities, the commissioner must indicate the municipality to which the aid is to be paid, as designated by the qualified entity.

Subd. 3. Aid payment and calculation. The commissioner of revenue shall pay aid to qualified entities located in the pilot area to provide funds for the qualified entities to pay annual volunteer retention stipends to qualified volunteers who provide services to the qualified entities. A qualified entity is located in the pilot area if it is a municipality located in whole or in part in the pilot area, or if it is an emergency medical services provider or independent nonprofit firefighting corporation with its main office located in the pilot area. The amount of the aid equals \$500 multiplied by the number of qualified volunteers. For purposes of calculating this aid, each individual providing volunteer service, regardless of the different types of service provided, is one qualified volunteer. The commissioner of revenue shall pay the aid to qualified entities by July 15 of the calendar year following the year in which the qualified volunteer provided service. If a qualified entity is not a municipality, the commissioner shall pay the aid to the treasurer of the municipality designated by the qualified entity. The treasurer of the municipality shall, within 30 days of receipt of the aid, transmit the aid to the qualified entity.

Subd. 4. Application. Each year each qualified entity in the pilot area may apply to the commissioner for aid under this section. The application must be made at the time and in the form prescribed by the commissioner and must provide sufficient information to permit the commissioner to determine the applicant's entitlement to aid under this section.

Subd. 5. Payment of stipends. A qualified entity receiving state aid under this section must pay the aid as retention stipends of \$500 to qualified volunteers no later than September 15 of the year in which the aid was received.

Subd. 6. Report. No later than January 15, 2018, the commissioner must report to the chairs and ranking minority members of the legislative committees having jurisdiction over public safety and taxes in the senate and the house of representatives, in compliance with sections 3.195 and 3.197, on aid paid under this section. The report must include:

(1) for each county in the pilot area, a listing of the qualified entities that received aid in each of the three years of the pilot;

(2) the amount of aid paid to each qualified entity that received aid in each of the three years of the pilot; and

(3) for each qualified entity that received aid, the number of qualified volunteers who were paid stipends in each of the three years of the pilot, and the number of qualified volunteers in the year preceding the pilot.

The report must also provide information on the number of qualified volunteers providing service to qualified entities in comparison counties in each of the three years of the pilot and in the year preceding the pilot, and must summarize changes in the number of qualified volunteers during the year preceding the pilot and during the three years of the pilot both within the pilot area and in the comparison counties. For purposes of this subdivision, "comparison counties" means counties designated by the commissioner to include at least half of the counties that border each group of counties in the pilot area, as specified in subdivision 1. Qualified entities in comparison counties must provide information to the commissioner necessary to the report in this subdivision in the form and manner required by the commissioner.

Subd. 7. Appropriation. An amount sufficient to pay the state aid under this section is appropriated from the general fund to the commissioner of revenue.

Subd. 8. Sunset. This section expires for aid payable after calendar year 2017, except that the reporting requirement in subdivision 6 remains in effect through 2018.

69.031 COMMISSIONER OF MANAGEMENT AND BUDGET; WARRANT, APPROPRIATION, PAYMENT AND ADMINISTRATION.

Subdivision 1. Commissioner's warrant. (a) The commissioner of management and budget shall issue to the Public Employees Retirement Association on behalf of a municipality or independent nonprofit firefighting corporation that is a member of the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, to the Department of Natural Resources, the Department of Public Safety, or the county, municipality, or independent nonprofit firefighting

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corporation certified to the commissioner of management and budget by the commissioner a warrant for an amount equal to the amount of fire state aid or police state aid, whichever applies, certified for the applicable state aid recipient by the commissioner under section 69.021.

(b) Fire state aid and police state aid is payable on October 1 annually. The amount of state aid due and not paid by October 1 accrues interest payable to the state aid recipient at the rate of one percent for each month or part of a month that the amount remains unpaid after October 1.

Subd. 3. **Appropriations.** There is hereby appropriated annually from the state general fund to the commissioner of revenue amounts sufficient to make the police state aid payments and the fire state aid payments specified in this section and section 69.021.

Subd. 5. **Deposit of state aid.** (a) If the municipality or the independent nonprofit firefighting corporation is covered by the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, the executive director shall credit the fire state aid against future municipal contribution requirements under section 353G.08 and shall notify the municipality or independent nonprofit firefighting corporation of the fire state aid so credited at least annually. If the municipality or the independent nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan, the municipal treasurer shall, within 30 days after receipt, transmit the fire state aid to the treasurer of the duly incorporated firefighters' relief association if there is one organized and the association has filed a financial report with the municipality. If the relief association has not filed a financial report with the municipality, the municipal treasurer shall delay transmission of the fire state aid to the relief association until the complete financial report is filed. If the municipality or independent nonprofit firefighting corporation is not covered by the voluntary statewide lump-sum volunteer firefighter retirement plan, if there is no relief association organized, or if the association has dissolved or has been removed as trustees of state aid, then the treasurer of the municipality shall deposit the money in the municipal treasury and the money may be disbursed only for the purposes and in the manner set forth in section 424A.08 or for the payment of the employer contribution requirement with respect to firefighters covered by the public employees police and fire retirement plan under section 353.65, subdivision 3.

(b) For a municipality in which police retirement coverage is provided by the public employees police and fire fund and all peace officers are members of the fund, including municipalities covered by section 353.665, the total state aid must be applied toward the municipality's employer contribution to the public employees police and fire fund under sections 353.65, subdivision 3, and 353.665, subdivision 8.

(c) The county treasurer, upon receipt of the police state aid for the county, shall apply the total state aid toward the county's employer contribution to the public employees police and fire fund under section 353.65, subdivision 3.

(d) The designated Metropolitan Airports Commission official, upon receipt of the police state aid for the Metropolitan Airports Commission, shall apply the total police state aid toward the commission's employer contribution for police officers to the public employees police and fire plan under section 353.65, subdivision 3.

(e) The police state aid apportioned to the Departments of Public Safety and Natural Resources under section 69.021, subdivision 7a, is appropriated to the commissioner of management and budget for transfer to the funds and accounts from which the salaries of peace officers certified under section 69.011, subdivision 2b, are paid. The commissioner of revenue shall certify to the commissioners of public safety, natural resources, and management and budget the amounts to be transferred from the appropriation for police state aid. The commissioners of public safety and natural resources shall certify to the commissioner of management and budget the amounts to be credited to each of the funds and accounts from which the peace officers employed by their respective departments are paid. Each commissioner shall allocate the police state aid first for employer contributions for employees funded from the general fund and then for employer contributions for employees funded from other funds. For peace officers whose salaries are paid from the general fund, the amounts transferred from the appropriation for police state aid must be canceled to the general fund.

69.041 SHORTFALL FROM GENERAL FUND.

(a) If the annual funding requirements of fire or police relief associations or consolidation accounts under sections 424A.091 to 424A.095, or Laws 2013, chapter 111, article 5, sections 31 to 42, exceed all applicable revenue sources of a given year, including the insurance premium taxes funding the applicable fire or police state aid as set under section 297I.05, subdivisions 2, 3, and

4, the shortfall in the annual funding requirements must be paid from the general fund to the extent appropriated by the legislature.

(b) Nothing in this section may be deemed to relieve any municipality from its obligation to a relief association or consolidation account under law.

69.051 FINANCIAL REPORT, BOND, EXAMINATION.

Subdivision 1. **Financial report and audit.** (a) The board of the Bloomington Fire Department Relief Association and each volunteer firefighters relief association as defined in section 424A.001, subdivision 4, with assets of at least \$500,000 or liabilities of at least \$500,000 in the prior year or in any previous year, according to the applicable actuarial valuation or according to the financial report if no valuation is required, shall prepare a financial report covering the special and general funds of the relief association for the preceding fiscal year, file the financial report, and submit financial statements.

(b) The financial report must contain financial statements and disclosures which present the true financial condition of the relief association and the results of relief association operations in conformity with generally accepted accounting principles and in compliance with the regulatory, financing and funding provisions of this chapter and any other applicable laws. The financial report must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality in which the relief association is located if the relief association is a firefighters relief association which is directly associated with a municipal fire department; or

(2) by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the volunteer firefighter relief association is a subsidiary of an independent nonprofit firefighting corporation and by the secretary of the independent nonprofit firefighting corporation; or

(3) by the chief financial official of the county in which the volunteer firefighter relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(c) The financial report must be retained in its office for public inspection and must be filed with the governing body of the government subdivision in which the associated fire department is located after the close of the fiscal year. One copy of the financial report must be furnished to the state auditor after the close of the fiscal year.

(d) Audited financial statements must be attested to by a certified public accountant or by the state auditor and must be filed with the state auditor within 180 days after the close of the fiscal year. The state auditor may accept this report in lieu of the report required in paragraph (c).

Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighter relief association, as defined in section 424A.001, subdivision 4, that is not required to file a financial report and audit under subdivision 1 must prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief association's special and general funds in the style and form prescribed by the state auditor. The detailed statement must show:

- (1) the sources and amounts of all money received;
- (2) all disbursements, accounts payable and accounts receivable;
- (3) the amount of money remaining in the treasury;
- (4) total assets, including a listing of all investments;
- (5) the accrued liabilities; and

(6) all other items necessary to show accurately the revenues and expenditures and financial position of the relief association.

(b) The detailed financial statement of the special and general funds required under paragraph (a) must be certified by a certified public accountant or by the state auditor in accordance with agreed-upon procedures and forms prescribed by the state auditor. The accountant must have at least five years of public accounting, auditing, or similar experience, and must not be an active, inactive, or retired member of the relief association or the fire department.

(c) The detailed financial statement required under paragraph (a) must be countersigned by:

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(1) the municipal clerk or clerk-treasurer of the municipality; or

(2) where applicable, by the municipal clerk or clerk-treasurer of the largest municipality in population which contracts with the independent nonprofit firefighting corporation if the relief association is a subsidiary of an independent nonprofit firefighting corporation and by the secretary of the independent nonprofit firefighting corporation; or

(3) by the chief financial official of the county in which the volunteer firefighter relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(d) The volunteer firefighters' relief association board must file the detailed financial statement required under paragraph (a) in the relief association office for public inspection and present it to the governing body of the municipality within 45 days after the close of the fiscal year, and must submit a copy of the certified detailed financial statement to the state auditor within 90 days of the close of the fiscal year.

(e) A certified public accountant or auditor who performs the agreed-upon procedures under paragraph (b) is subject to the reporting requirements of section 6.67.

Subd. 1b. **Qualification.** The state auditor may, upon a demonstration by a relief association of hardship or an inability to conform, extend the deadline for reports under subdivisions 1 or 1a, but not beyond November 30th following the due date. If the reports are not received by November 30th, the municipality or relief association forfeits its current year state aid, and, until the state auditor receives the required information, the relief association or municipality is ineligible to receive any future state aid. A municipality or firefighters' relief association does not qualify initially to receive, or be entitled subsequently to retain, state aid under this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

Subd. 2. **Treasurers bond.** (a) The treasurer of the Bloomington Fire Department Relief Association may not enter upon duties without having given the association a bond in a reasonable amount acceptable to the municipality for the faithful discharge of duties according to law.

(b) No treasurer of a relief association governed by sections 424A.091 to 424A.096 may enter upon the duties of the office until the treasurer has given the association a good and sufficient bond in an amount equal to at least ten percent of the assets of the relief association; however, the amount of the bond need not exceed \$500,000.

Subd. 3. **Report by certain municipalities; exceptions.** (a) The chief administrative officer of each municipality which has an organized fire department but which does not have a firefighters' relief association governed by sections 424A.091 to 424A.095 or Laws 2014, chapter 275, article 2, section 23, and which is not exempted under paragraph (b) or (c) shall annually prepare a detailed financial report of the receipts and disbursements by the municipality for fire protection service during the preceding calendar year on a form prescribed by the state auditor. The financial report must contain any information which the state auditor deems necessary to disclose the sources of receipts and the purpose of disbursements for fire protection service. The financial report must be signed by the municipal clerk or clerk-treasurer of the municipality. The financial report must be filed by the municipal clerk or clerk-treasurer with the state auditor on or before July 1 annually. The municipality does not qualify initially to receive, and is not entitled subsequently to retain, state aid under this chapter if the financial reporting requirement or the applicable requirements of this chapter or any other statute or special law have not been complied with or are not fulfilled.

(b) Each municipality that has an organized fire department and provides retirement coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G qualifies to have fire state aid transmitted to and retained in the statewide lump-sum volunteer firefighter retirement fund without filing a detailed financial report if the executive director of the Public Employees Retirement Association certifies compliance by the municipality with the requirements of sections 353G.04 and 353G.08, paragraph (e), and certifies conformity by the applicable fire chief with the requirements of section 353G.07.

(c) Each municipality qualifies to receive fire state aid under this chapter without filing a financial report under paragraph (a) if the municipality:

(1) has an organized fire department;

(2) does not have a volunteer firefighters relief association directly associated with its fire department;

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(3) does not participate in the statewide lump-sum volunteer firefighter retirement plan under chapter 353G;

(4) provides retirement coverage to its firefighters through the public employees police and fire retirement plan under sections 353.63 to 353.68; and

(5) is certified by the executive director of the Public Employees Retirement Association to the state auditor to have had an employer contribution under section 353.65, subdivision 3, for its firefighters for the immediately prior calendar year equal to or greater than its fire state aid for the immediately prior calendar year.

Subd. 4. **Notification by commissioner and state auditor.** (a) The state auditor, in performing an audit or examination, shall notify the Legislative Commission on Pensions and Retirement if the audit or examination reveals malfeasance, misfeasance, or nonfeasance in office by relief association officials or municipal officials.

(b) The commissioner shall notify the Legislative Commission on Pensions and Retirement if the state auditor has not filed the required financial compliance reports by July 1.

69.33 REPORT; AMOUNT OF PREMIUMS RECEIVED BY INSURANCE COMPANIES.

For purposes of the first class city fire insurance premium tax surcharge aid program under section 297I.10, the commissioner shall enclose in the annual statement blank that is sent to all fire insurance companies doing business in this state a blank form containing the names of all cities of the first class and require these companies, at the time of making their annual statements to the commissioner, to state on these blanks the amount of premiums received by them upon properties insured within the corporate limits of the cities named thereon during the year ending December 31st last past. Thereafter, before July first each year, the commissioner shall certify to the commissioner of management and budget the information thus obtained, together with the amount of the tax for the benefit of the pension plans covering firefighters in cities of the first class paid in such year by these companies upon these insurance premiums.

69.80 AUTHORIZED ADMINISTRATIVE EXPENSES.

(a) Notwithstanding any provision of law to the contrary, the payment of the following necessary, reasonable and direct expenses of maintaining, protecting and administering the special fund, when provided for in the bylaws of the association and approved by the board of trustees, constitutes authorized administrative expenses of a volunteer firefighters' relief association organized under any law of this state or the Bloomington Fire Department Relief Association:

(1) office expense, including, but not limited to, rent, utilities, equipment, supplies, postage, periodical subscriptions, furniture, fixtures, and salaries of administrative personnel;

(2) salaries of the officers of the association, or their designees, and salaries of the members of the board of trustees of the association if the salary amounts are approved by the governing body of the entity that is responsible for meeting any minimum obligation under section 424A.092 or 424A.093, or Laws 2013, chapter 111, article 5, sections 31 to 42, and the itemized expenses of relief association officers and board members that are incurred as a result of fulfilling their responsibilities as administrators of the special fund;

(3) tuition, registration fees, organizational dues, and other authorized expenses of the officers or members of the board of trustees incurred in attending educational conferences, seminars, or classes relating to the administration of the relief association;

(4) audit and audit-related services, accounting and accounting-related services, and actuarial, medical, legal, and investment and performance evaluation expenses;

(5) filing and application fees payable by the relief association to federal or other governmental entities;

(6) reimbursement to the officers and members of the board of trustees, or their designees, for reasonable and necessary expenses actually paid and incurred in the performance of their duties as officers or members of the board; and

(7) premiums on fiduciary liability insurance and official bonds for the officers, members of the board of trustees, and employees of the relief association.

(b) Any other expenses of the relief association must be paid from the general fund of the association, if one exists. If a relief association has only one fund, that fund is the special fund for purposes of this section. If a relief association has a special fund and a general fund, and any expense

of the relief association that is directly related to the purposes for which both funds were established, the payment of that expense must be apportioned between the two funds on the basis of the benefits derived by each fund.

270C.131 EXPLORE MINNESOTA TOURISM TAX REPORT.

Within 30 days of the end of each quarter, the Department of Revenue shall provide Explore Minnesota Tourism with a quarterly report of comparisons of quarterly sales taxes collected under the Standard Industrial Classification System, or equivalent codes in the North America Industry Classification System, in the following areas:

- (1) SIC 70, lodging;
- (2) SIC 79, amusement and recreation; and
- (3) SIC 58, eating and drinking.

275.29 ABSTRACTS TO COMMISSIONER OF REVENUE.

Not later than March 31, in each year, the county auditor shall make and transmit to the commissioner of revenue, in such form as may be prescribed by the commissioner of revenue, complete abstracts of the tax lists of the county, showing the number of acres of land assessed; its value, including the structures thereon; the value of town and city lots, including structures; the total value of all taxable personal property in the several assessment districts; the aggregate amount of all taxable property in the county, and the total amount of taxes levied therein for state, county, town, and all other purposes for that year.

289A.38 LIMITATIONS ON TIME FOR ASSESSMENT OF TAX.

Subd. 7. **Federal tax changes.** If the amount of income, items of tax preference, deductions, or credits for any year of a taxpayer, or the wages paid by a taxpayer for any period, as reported to the Internal Revenue Service is changed or corrected by the commissioner of Internal Revenue or other officer of the United States or other competent authority, or where a renegotiation of a contract or subcontract with the United States results in a change in income, items of tax preference, deductions, credits, or withholding tax, or, in the case of estate tax, where there are adjustments to the taxable estate, the taxpayer shall report the change or correction or renegotiation results in writing to the commissioner. The report must be submitted within 180 days after the final determination and must be in the form of either an amended Minnesota estate, withholding tax, corporate franchise tax, or income tax return conceding the accuracy of the federal determination or a letter detailing how the federal determination is incorrect or does not change the Minnesota tax. An amended Minnesota income tax return must be accompanied by an amended property tax refund return, if necessary. A taxpayer filing an amended federal tax return must also file a copy of the amended return with the commissioner of revenue within 180 days after filing the amended return.

Subd. 8. **Failure to report change or correction of federal return.** If a taxpayer fails to make a report as required by subdivision 7, the commissioner may recompute the tax, including a refund, based on information available to the commissioner. The tax may be recomputed within six years after the report should have been filed, notwithstanding any period of limitations to the contrary.

Subd. 9. **Report made of change or correction of federal return.** If a taxpayer is required to make a report under subdivision 7, and does report the change or files a copy of the amended return, the commissioner may recompute and reassess the tax due, including a refund (1) within one year after the report or amended return is filed with the commissioner, notwithstanding any period of limitations to the contrary, or (2) within any other applicable period stated in this section, whichever period is longer. The period provided for the carryback of any amount of loss or credit is also extended as provided in this subdivision, notwithstanding any law to the contrary. If the commissioner has completed a field audit of the taxpayer, and, but for this subdivision, the commissioner's time period to adjust the tax has expired, the additional tax due or refund is limited to only those changes that are required to be made to the return which relate to the changes made on the federal return. This subdivision does not apply to sales and use tax.

For purposes of this subdivision and section 289A.42, subdivision 2, a "field audit" is the physical presence of examiners in the taxpayer's or taxpayer's representative's office conducting an examination of the taxpayer with the intention of issuing an assessment or notice of change in tax or which results in the issuing of an assessment or notice of change in tax. The examination may include inspecting a taxpayer's place of business, tangible personal property, equipment, computer

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systems and facilities, pertinent books, records, papers, vouchers, computer printouts, accounts, and documents.

297I.25 INFORMATION RETURNS.

Subd. 2. **Firetown and police premium reports.** To the extent required by section 69.021, each insurer shall file with the commissioner a Minnesota firetown premium report and Minnesota aid to police premium report.