

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 1219

(SENATE AUTHORS: CHAMBERLAIN)

DATE
02/20/2017

D-PG
677 Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act

1.2 relating to taxation; making policy, technical, and clarifying changes to income,

1.3 corporate, estate, special, sales, property, and miscellaneous taxes and tax

1.4 provisions; amending Minnesota Statutes 2016, sections 13.51, subdivision 2;

1.5 69.021, subdivision 5; 270.071, subdivisions 2, 7, 8, by adding a subdivision;

1.6 270.072, subdivisions 2, 3, by adding a subdivision; 270.12, by adding a

1.7 subdivision; 270.82, subdivision 1; 270A.03, subdivision 5; 270B.14, subdivision

1.8 1; 270C.30; 270C.33, subdivisions 5, 8; 270C.34, subdivision 2; 270C.35,

1.9 subdivision 3, by adding a subdivision; 270C.38, subdivision 1; 270C.445, by

1.10 adding a subdivision; 270C.446, subdivision 5; 270C.72, subdivision 4; 270C.89,

1.11 subdivision 1; 271.06, subdivisions 2, 7; 272.02, subdivisions 9, 10; 272.0211,

1.12 subdivision 1; 272.025, subdivision 1; 272.029, subdivisions 2, 4, by adding a

1.13 subdivision; 272.0295, subdivision 4; 272.115, subdivision 2; 273.061, subdivision

1.14 7; 273.08; 273.121, by adding a subdivision; 273.124, subdivision 13; 273.13,

1.15 subdivision 22; 273.33, subdivisions 1, 2; 273.371; 273.372, subdivisions 1, 2, 4,

1.16 by adding subdivisions; 274.01, subdivision 1; 274.13, subdivision 1; 274.135,

1.17 subdivision 3; 275.065, subdivision 1; 275.62, subdivision 2; 278.01, subdivision

1.18 1; 282.01, subdivisions 1a, 1d; 287.2205; 289A.08, subdivisions 11, 16, by adding

1.19 a subdivision; 289A.09, subdivisions 1, 2; 289A.11, subdivision 1; 289A.12,

1.20 subdivision 14; 289A.18, subdivision 1, by adding a subdivision; 289A.20,

1.21 subdivision 2; 289A.31, subdivision 1; 289A.35; 289A.37, subdivision 2; 289A.38,

1.22 subdivision 6; 289A.50, subdivision 7; 289A.60, subdivision 28, by adding a

1.23 subdivision; 289A.63, by adding a subdivision; 290.0672, subdivision 1; 290.068,

1.24 subdivision 2; 290.0922, subdivision 2; 290.17, subdivision 2; 290.31, subdivision

1.25 1; 290A.19; 290C.03; 291.016, subdivisions 2, 3; 291.03, subdivisions 9, 11;

1.26 295.54, subdivision 2; 295.55, subdivision 6; 296A.01, subdivisions 33, 42, by

1.27 adding a subdivision; 296A.02, by adding a subdivision; 296A.07, subdivision 1;

1.28 296A.22, subdivision 9; 296A.26; 297A.61, subdivision 10; 297A.82, subdivisions

1.29 4, 4a; 297D.02; 297E.02, subdivisions 3, 7; 297E.04, subdivision 1; 297E.05,

1.30 subdivision 4; 297E.06, subdivision 1; 297F.09, subdivision 1; 297F.23; 297G.09,

1.31 subdivision 1; 297G.22; 297H.06, subdivision 2; 297I.05, subdivision 2; 297I.10,

1.32 subdivisions 1, 3; 297I.30, by adding a subdivision; 297I.60, subdivision 2; 298.01,

1.33 subdivision 4c; 469.319, subdivision 5; 477A.013, by adding a subdivision;

1.34 477A.19, by adding subdivisions; 559.202, subdivision 2; 609.5316, subdivision

1.35 3; Laws 2014, chapter 308, article 9, section 94; Laws 2016, chapter 187, section

1.36 5; proposing coding for new law in Minnesota Statutes, chapters 273; 289A; 290B;

1.37 290C; 293; repealing Minnesota Statutes 2016, sections 281.22; 290C.02,

2.1 subdivisions 5, 9; 290C.06; Minnesota Rules, parts 8092.1400; 8092.2000;
2.2 8100.0700.

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

2.4 **ARTICLE 1**

2.5 **LEGISLATIVE PURPOSE AND INTENT**

2.6 Section 1. **LEGISLATIVE PURPOSE AND INTENT.**

2.7 This bill contains nonbudget policy and technical provisions that were proposed by the
2.8 Department of Revenue during the 2015 and 2016 regular legislative sessions. The provisions
2.9 are identical to those passed by the legislature in HF848 during the 2016 regular legislative
2.10 session. The effective dates have been updated and other nonsubstantive edits have been
2.11 made. The intent of this bill is to recreate, as closely as possible, the agreed-upon policy
2.12 and technical provisions of 2016 HF848.

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

2.14 **ARTICLE 2**

2.15 **DEPARTMENT SALES SUPPRESSION PROVISIONS**

2.16 Section 1. **[289A.14] USE OF AUTOMATED SALES SUPPRESSION DEVICES.**

2.17 Subdivision 1. **Definitions.** (a) For the purposes of sections 289A.60, subdivision 32,
2.18 289A.63, subdivision 12, and 609.5316, subdivision 3, the following terms have the meanings
2.19 given.

2.20 (b) "Automated sales suppression device" or "zapper" means a software program, carried
2.21 on any tangible medium, or accessed through any other means, that falsifies the electronic
2.22 records of electronic cash registers and other point-of-sale systems including, but not limited
2.23 to, transaction data and transaction reports.

2.24 (c) "Electronic cash register" means a device that keeps a register or supporting documents
2.25 through the means of an electronic device or computer system designed to record transaction
2.26 data for the purpose of computing, compiling, or processing retail sales transaction data in
2.27 whatever manner.

2.28 (d) "Phantom-ware" means hidden preinstalled or later-installed programming option
2.29 embedded in the operating system of an electronic cash register or hardwired into the
2.30 electronic cash register that can be used to create a virtual second electronic cash register
2.31 or may eliminate or manipulate transaction records that may or may not be preserved in

3.1 digital formats to represent the true or manipulated record of transactions in the electronic
3.2 cash register.

3.3 (e) "Transaction data" includes items purchased by a customer, the price of each item,
3.4 the taxability determination for each item, a segregated tax amount for each of the taxed
3.5 items, the date and time of the purchase, the name, address, and identification number of
3.6 the vendor, and the receipt or invoice number of the transaction.

3.7 (f) "Transaction report" means a report documenting, but not limited to, the sales, taxes
3.8 collected, media totals, and discount voids at an electronic cash register that is printed on
3.9 cash register tape at the end of a day or shift, or a report documenting every action at an
3.10 electronic cash register that is stored electronically.

3.11 **EFFECTIVE DATE.** This section is effective for activities enumerated in Minnesota
3.12 Statutes, section 289A.63, subdivision 12, or 289A.60, subdivision 32, that occur on or after
3.13 August 1, 2017.

3.14 Sec. 2. Minnesota Statutes 2016, section 289A.60, is amended by adding a subdivision to
3.15 read:

3.16 Subd. 32. **Sales suppression.** (a) A person who:

3.17 (1) sells;

3.18 (2) transfers;

3.19 (3) develops;

3.20 (4) manufactures; or

3.21 (5) possesses with the intent to sell or transfer an automated sales suppression device,
3.22 zapper, phantom-ware, or similar device capable of being used to commit tax fraud or
3.23 suppress sales is liable for a civil penalty calculated under paragraph (b).

3.24 (b) The amount of the civil penalty equals the greater of (1) \$2,000, or (2) the total
3.25 amount of all taxes and penalties due that are attributable to the use of any automated sales
3.26 suppression device, zapper, phantom-ware, or similar device facilitated by the sale, transfer,
3.27 development, or manufacture of the automated sales suppression device, zapper,
3.28 phantom-ware, or similar device by the person.

3.29 (c) The definitions in section 289A.14 apply to this subdivision.

3.30 **EFFECTIVE DATE.** This section is effective for activities enumerated that occur on
3.31 or after August 1, 2017.

4.1 Sec. 3. Minnesota Statutes 2016, section 289A.63, is amended by adding a subdivision to
4.2 read:

4.3 Subd. 12. **Felony.** (a) A person who knowingly:

4.4 (1) sells;

4.5 (2) purchases;

4.6 (3) installs;

4.7 (4) transfers;

4.8 (5) possesses;

4.9 (6) develops;

4.10 (7) manufactures;

4.11 (8) accesses; or

4.12 (9) uses an automated sales suppression device, zapper, phantom-ware, or similar device
4.13 knowing that the device or phantom-ware is capable of being used to commit tax fraud or
4.14 suppress sales is guilty of a felony and may be sentenced to imprisonment for not more than
4.15 five years or to a payment of a fine of not more than \$10,000, or both.

4.16 (b) An automated sales suppression device, zapper, phantom-ware, and any other device
4.17 containing an automated sales suppression, zapper, or phantom-ware device or software is
4.18 contraband and subject to forfeiture under section 609.5316.

4.19 (c) The definitions in section 289A.14 apply to this subdivision.

4.20 **EFFECTIVE DATE.** This section is effective for activities enumerated that occur on
4.21 or after August 1, 2017.

4.22 Sec. 4. Minnesota Statutes 2016, section 609.5316, subdivision 3, is amended to read:

4.23 Subd. 3. **Weapons, telephone cloning paraphernalia, automated sales suppression**
4.24 **devices, and bullet-resistant vests.** Weapons used are contraband and must be summarily
4.25 forfeited to the appropriate agency upon conviction of the weapon's owner or possessor for
4.26 a controlled substance crime; for any offense of this chapter or chapter 624, or for a violation
4.27 of an order for protection under section 518B.01, subdivision 14. Bullet-resistant vests, as
4.28 defined in section 609.486, worn or possessed during the commission or attempted
4.29 commission of a crime are contraband and must be summarily forfeited to the appropriate
4.30 agency upon conviction of the owner or possessor for a controlled substance crime or for
4.31 any offense of this chapter. Telephone cloning paraphernalia used in a violation of section

5.1 609.894, and automated sales suppression devices, phantom-ware, and other devices
 5.2 containing an automated sales suppression or phantom-ware device or software used in
 5.3 violation of section 289A.63, subdivision 12, are contraband and must be summarily forfeited
 5.4 to the appropriate agency upon a conviction.

5.5 **EFFECTIVE DATE.** This section is effective for activities enumerated in Minnesota
 5.6 Statutes, section 289A.63, subdivision 12, that occur on or after August 1, 2017.

5.7 **ARTICLE 3**

5.8 **DEPARTMENT POLICY AND TECHNICAL PROVISIONS; INCOME,** 5.9 **CORPORATE FRANCHISE, AND ESTATE TAXES**

5.10 Section 1. Minnesota Statutes 2016, section 289A.08, subdivision 11, is amended to read:

5.11 Subd. 11. **Information included in income tax return.** (a) The return must state:

5.12 (1) the name of the taxpayer, or taxpayers, if the return is a joint return, and the address
 5.13 of the taxpayer in the same name or names and same address as the taxpayer has used in
 5.14 making the taxpayer's income tax return to the United States;

5.15 (2) the date or dates of birth of the taxpayer or taxpayers;

5.16 (3) the Social Security number of the taxpayer, or taxpayers, if a Social Security number
 5.17 has been issued by the United States with respect to the taxpayers; and

5.18 (4) the amount of the taxable income of the taxpayer as it appears on the federal return
 5.19 for the taxable year to which the Minnesota state return applies.

5.20 (b) The taxpayer must attach to the taxpayer's Minnesota state income tax return a copy
 5.21 of the federal income tax return that the taxpayer has filed or is about to file for the period;
 5.22 ~~unless the taxpayer is eligible to telefile the federal return and does file the Minnesota return~~
 5.23 ~~by telefiling.~~

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

5.25 Sec. 2. Minnesota Statutes 2016, section 289A.08, subdivision 16, is amended to read:

5.26 Subd. 16. **Tax refund or return preparers; electronic filing; paper filing fee imposed.**

5.27 (a) A "tax refund or return preparer," as defined in section 289A.60, ~~subdivision 13, paragraph~~
 5.28 ~~(f)~~, who is a tax return preparer for purposes of section 6011(e) of the Internal Revenue
 5.29 Code, and who reasonably expects to prepare more than ten Minnesota individual income,
 5.30 corporate franchise, S corporation, partnership, or fiduciary income tax returns for the prior
 5.31 ~~calendar~~ year must file all Minnesota individual income, corporate franchise, S corporation,

6.1 partnership, or fiduciary income tax returns prepared for that ~~calendar~~ year by electronic
6.2 means.

6.3 (b) Paragraph (a) does not apply to a return if the taxpayer has indicated on the return
6.4 that the taxpayer did not want the return filed by electronic means.

6.5 (c) For each return that is not filed electronically by a tax refund or return preparer under
6.6 this subdivision, including returns filed under paragraph (b), a paper filing fee of \$5 is
6.7 imposed upon the preparer. The fee is collected from the preparer in the same manner as
6.8 income tax. The fee does not apply to returns that the commissioner requires to be filed in
6.9 paper form.

6.10 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
6.11 31, 2016.

6.12 Sec. 3. Minnesota Statutes 2016, section 289A.09, subdivision 2, is amended to read:

6.13 Subd. 2. **Withholding statement.** (a) A person required to deduct and withhold from
6.14 an employee a tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, or
6.15 who would have been required to deduct and withhold a tax under section 290.92, subdivision
6.16 2a or 3, or persons required to withhold tax under section 290.923, subdivision 2, determined
6.17 without regard to section 290.92, subdivision 19, if the employee or payee had claimed no
6.18 more than one withholding exemption, or who paid wages or made payments not subject
6.19 to withholding under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, to an
6.20 employee or person receiving royalty payments in excess of \$600, or who has entered into
6.21 a voluntary withholding agreement with a payee under section 290.92, subdivision 20, must
6.22 give every employee or person receiving royalty payments in respect to the remuneration
6.23 paid by the person to the employee or person receiving royalty payments during the calendar
6.24 year, on or before January 31 of the succeeding year, or, if employment is terminated before
6.25 the close of the calendar year, within 30 days after the date of receipt of a written request
6.26 from the employee if the 30-day period ends before January 31, a written statement showing
6.27 the following:

6.28 (1) name of the person;

6.29 (2) the name of the employee or payee and the employee's or payee's Social Security
6.30 account number;

6.31 (3) the total amount of wages as that term is defined in section 290.92, subdivision 1,
6.32 paragraph (1); the total amount of remuneration subject to withholding under section 290.92,
6.33 subdivision 20; the amount of sick pay as required under section 6051(f) of the Internal

7.1 Revenue Code; and the amount of royalties subject to withholding under section 290.923,
7.2 subdivision 2; and

7.3 (4) the total amount deducted and withheld as tax under section 290.92, subdivision 2a
7.4 or 3, or 290.923, subdivision 2.

7.5 (b) The statement required to be furnished by paragraph (a) with respect to any
7.6 remuneration must be furnished at those times, must contain the information required, and
7.7 must be in the form the commissioner prescribes.

7.8 (c) The commissioner may prescribe rules providing for reasonable extensions of time,
7.9 not in excess of 30 days, to employers or payers required to give the statements to their
7.10 employees or payees under this subdivision.

7.11 (d) A duplicate of any statement made under this subdivision and in accordance with
7.12 rules prescribed by the commissioner, ~~along with a reconciliation in the form the~~
7.13 ~~commissioner prescribes of the statements for the calendar year, including a reconciliation~~
7.14 ~~of the quarterly returns required to be filed under subdivision 1,~~ must be filed with the
7.15 commissioner on or before ~~February 28~~ January 31 of the year after the payments were
7.16 made.

7.17 (e) If an employer cancels the employer's Minnesota withholding account number required
7.18 by section 290.92, subdivision 24, the information required by paragraph (d), must be filed
7.19 with the commissioner within 30 days of the end of the quarter in which the employer
7.20 cancels its account number.

7.21 (f) The employer must submit the statements required to be sent to the commissioner ~~in~~
7.22 ~~the same manner required to satisfy the federal reporting requirements of section 6011(e)~~
7.23 ~~of the Internal Revenue Code and the regulations issued under it. An employer must submit~~
7.24 ~~statements to the commissioner required by this section by electronic means if the employer~~
7.25 ~~is required to send more than 25 statements to the commissioner, even though the employer~~
7.26 ~~is not required to submit the returns federally by electronic means. For statements issued~~
7.27 ~~for wages paid in 2011 and after, the threshold is ten. All statements issued for withholding~~
7.28 ~~required under section 290.92 are aggregated for purposes of determining whether the~~
7.29 ~~electronic submission threshold is met. The commissioner shall prescribe the content, format,~~
7.30 and manner of the statement pursuant to section 270C.30.

7.31 (g) A "third-party bulk filer" as defined in section 290.92, subdivision 30, paragraph
7.32 (a), clause (2), must submit the returns required by this subdivision and subdivision 1,
7.33 paragraph (a), with the commissioner by electronic means.

8.1 **EFFECTIVE DATE.** This section is effective for statements required to be sent to the
8.2 commissioner after December 31, 2017, except that the date change in paragraph (d) is
8.3 effective for wages paid after December 31, 2016.

8.4 Sec. 4. Minnesota Statutes 2016, section 289A.12, subdivision 14, is amended to read:

8.5 Subd. 14. ~~Regulated investment companies; Reporting exempt interest and~~
8.6 ~~exempt-interest dividends.~~ (a) A regulated investment company paying \$10 or more in
8.7 exempt-interest dividends to an individual who is a resident of Minnesota, or any person
8.8 receiving \$10 or more of exempt interest or exempt-interest dividends and paying as nominee
8.9 to an individual who is a resident of Minnesota, must make a return indicating the amount
8.10 of the exempt interest or exempt-interest dividends, the name, address, and Social Security
8.11 number of the recipient, and any other information that the commissioner specifies. The
8.12 return must be provided to the ~~shareholder~~ recipient by February 15 of the year following
8.13 the year of the payment. The return provided to the ~~shareholder~~ recipient must include a
8.14 clear statement, in the form prescribed by the commissioner, that the exempt interest or
8.15 exempt-interest dividends must be included in the computation of Minnesota taxable income.
8.16 By June 1 of each year, the ~~regulated investment company~~ payor must file a copy of the
8.17 return with the commissioner.

8.18 (b) For purposes of this subdivision, the following definitions apply.

8.19 (1) "Exempt-interest dividends" mean exempt-interest dividends as defined in section
8.20 852(b)(5) of the Internal Revenue Code, but does not include the portion of exempt-interest
8.21 dividends that are not required to be added to federal taxable income under section 290.0131,
8.22 subdivision 2, paragraph (b).

8.23 (2) "Regulated investment company" means regulated investment company as defined
8.24 in section 851(a) of the Internal Revenue Code or a fund of the regulated investment company
8.25 as defined in section 851(g) of the Internal Revenue Code.

8.26 (3) "Exempt interest" means income on obligations of any state other than Minnesota,
8.27 or a political or governmental subdivision, municipality, or governmental agency or
8.28 instrumentality of any state other than Minnesota, and exempt from federal income taxes
8.29 under the Internal Revenue Code or any other federal statute.

8.30 **EFFECTIVE DATE.** This section is effective for reports required to be filed after
8.31 December 31, 2017.

9.1 Sec. 5. Minnesota Statutes 2016, section 289A.18, is amended by adding a subdivision to
9.2 read:

9.3 Subd. 2a. **Annual withholding returns; eligible employers.** (a) An employer who
9.4 deducts and withholds an amount required to be withheld by section 290.92 may file an
9.5 annual return and make an annual payment of the amount required to be deducted and
9.6 withheld for that calendar year if the employer has received a notification under paragraph
9.7 (b). The ability to elect to file an annual return continues through the year following the
9.8 year where an employer is required to deduct and withhold more than \$500.

9.9 (b) The commissioner is authorized to determine which employers are eligible to file
9.10 an annual return and to notify employers who newly qualify to file an annual return because
9.11 the amount an employer is required to deduct and withhold for that calendar year is \$500
9.12 or less based on the most recent period of four consecutive quarters for which the
9.13 commissioner has compiled data on that employer's withholding tax for that period. At the
9.14 time of notification, eligible employers may still decide to file returns and make deposits
9.15 quarterly. An employer who decides to file returns and make deposits quarterly is required
9.16 to make all returns and deposits required by this chapter and, notwithstanding paragraph
9.17 (a), is subject to all applicable penalties for failing to do so.

9.18 (c) If, at the end of any calendar month other than the last month of the calendar year,
9.19 the aggregate amount of undeposited tax withheld by an employer who has elected to file
9.20 an annual return exceeds \$500, the employer must deposit the aggregate amount with the
9.21 commissioner within 30 days of the end of the calendar month.

9.22 (d) If an employer who has elected to file an annual return ceases to pay wages for which
9.23 withholding is required, the employer must file a final return and deposit any undeposited
9.24 tax within 30 days of the end of the calendar month following the month in which the
9.25 employer ceased paying wages.

9.26 (e) An employer not subject to paragraph (c) or (d) who elects to file an annual return
9.27 must file the return and pay the tax not previously deposited before February 1 of the year
9.28 following the year in which the tax was withheld.

9.29 (f) A notification to an employer regarding eligibility to file an annual return under
9.30 Minnesota Rules, part 8092.1400, is considered a notification under paragraph (a).

9.31 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
9.32 31, 2016.

10.1 Sec. 6. Minnesota Statutes 2016, section 289A.20, subdivision 2, is amended to read:

10.2 Subd. 2. **Withholding from wages, entertainer withholding, withholding from**
10.3 **payments to out-of-state contractors, and withholding by partnerships, small business**
10.4 **corporations, trusts.** (a) Except as provided in section 289A.18, subdivision 2a, a tax
10.5 required to be deducted and withheld during the quarterly period must be paid on or before
10.6 the last day of the month following the close of the quarterly period, unless an earlier time
10.7 for payment is provided. A tax required to be deducted and withheld from compensation
10.8 of an entertainer and from a payment to an out-of-state contractor must be paid on or before
10.9 the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes
10.10 required to be deducted and withheld by partnerships, S corporations, and trusts must be
10.11 paid on a quarterly basis as estimated taxes under section 289A.25 for partnerships and
10.12 trusts and under section 289A.26 for S corporations.

10.13 (b) An employer who, during the previous quarter, withheld more than \$1,500 of tax
10.14 under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must deposit tax
10.15 withheld under those sections with the commissioner within the time allowed to deposit the
10.16 employer's federal withheld employment taxes under Code of Federal Regulations, title 26,
10.17 section 31.6302-1, as amended through December 31, 2001, without regard to the safe
10.18 harbor or de minimis rules in paragraph (f) or the one-day rule in paragraph (c)(3). Taxpayers
10.19 must submit a copy of their federal notice of deposit status to the commissioner upon request
10.20 by the commissioner.

10.21 (c) The commissioner may prescribe by rule other return periods or deposit requirements.
10.22 In prescribing the reporting period, the commissioner may classify payors according to the
10.23 amount of their tax liability and may adopt an appropriate reporting period for the class that
10.24 the commissioner judges to be consistent with efficient tax collection. In no event will the
10.25 duration of the reporting period be more than one year.

10.26 (d) If less than the correct amount of tax is paid to the commissioner, proper adjustments
10.27 with respect to both the tax and the amount to be deducted must be made, without interest,
10.28 in the manner and at the times the commissioner prescribes. If the underpayment cannot be
10.29 adjusted, the amount of the underpayment will be assessed and collected in the manner and
10.30 at the times the commissioner prescribes.

10.31 (e) If the aggregate amount of the tax withheld is \$10,000 or more in a fiscal year ending
10.32 June 30, the employer must remit each required deposit for wages paid in all subsequent
10.33 calendar years by electronic means.

11.1 (f) A third-party bulk filer as defined in section 290.92, subdivision 30, paragraph (a),
 11.2 clause (2), who remits withholding deposits must remit all deposits by electronic means as
 11.3 provided in paragraph (e), regardless of the aggregate amount of tax withheld during a fiscal
 11.4 year for all of the employers.

11.5 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 11.6 31, 2016.

11.7 Sec. 7. Minnesota Statutes 2016, section 289A.31, subdivision 1, is amended to read:

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

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

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

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

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

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

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

11.31 (c) The ~~tax~~ taxes imposed under ~~section~~ sections 289A.35 and 290.0922 on partnerships
 11.32 is ~~are~~ the joint and several liability of the partnership and the general partners.

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

12.2 Sec. 8. Minnesota Statutes 2016, section 289A.35, is amended to read:

12.3 **289A.35 ASSESSMENTS ON RETURNS.**

12.4 (a) The commissioner may audit and adjust the taxpayer's computation of federal taxable
12.5 income, items of federal tax preferences, or federal credit amounts to make them conform
12.6 with the provisions of chapter 290 or section 298.01. If a return has been filed, the
12.7 commissioner shall enter the liability reported on the return and may make any audit or
12.8 investigation that is considered necessary.

12.9 (b) Upon petition by a taxpayer, and when the commissioner determines that it is in the
12.10 best interest of the state, the commissioner may allow S corporations and partnerships to
12.11 receive orders of assessment issued under section 270C.33, subdivision 4, on behalf of their
12.12 owners, and to pay liabilities shown on such orders. In such cases, the owners' liability must
12.13 be calculated using the method provided in section 289A.08, subdivision 7, paragraph (b).

12.14 (c) A taxpayer may petition the commissioner for the use of the method described in
12.15 paragraph (b) after the taxpayer is notified that an audit has been initiated and before an
12.16 order of assessment has been issued.

12.17 (d) A determination of the commissioner under paragraph (b) to grant or deny the petition
12.18 of a taxpayer cannot be appealed to the Tax Court or any other court.

12.19 ~~(b)~~ (e) The commissioner may audit and adjust the taxpayer's computation of tax under
12.20 chapter 291. In the case of a return filed pursuant to section 289A.10, the commissioner
12.21 shall notify the estate no later than nine months after the filing date, as provided by section
12.22 289A.38, subdivision 2, whether the return is under examination or the return has been
12.23 processed as filed.

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

12.25 Sec. 9. Minnesota Statutes 2016, section 289A.60, subdivision 28, is amended to read:

12.26 Subd. 28. **Preparer identification number.** Any Minnesota ~~individual~~ income tax return
12.27 or claim for refund prepared by a "tax refund or return preparer" as defined in subdivision
12.28 13, paragraph (f), shall bear the identification number the preparer is required to use federally
12.29 under section 6109(a)(4) of the Internal Revenue Code. A tax refund or return preparer who
12.30 prepares a Minnesota ~~individual income tax~~ return required by section 289A.08, subdivisions
12.31 1, 2, 3, and 7; or 289A.12, subdivision 3, or claim for refund and fails to include the required
12.32 number on the return or claim is subject to a penalty of \$50 for each failure.

13.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
13.2 31, 2016.

13.3 Sec. 10. Minnesota Statutes 2016, section 290.0672, subdivision 1, is amended to read:

13.4 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
13.5 the meanings given.

13.6 (b) "Long-term care insurance" means a policy that:

13.7 (1) qualifies for a deduction under section 213 of the Internal Revenue Code, disregarding
13.8 the ~~7.5 percent~~ adjusted gross income test; or meets the requirements given in section 62A.46;
13.9 or provides similar coverage issued under the laws of another jurisdiction; and

13.10 (2) has a lifetime long-term care benefit limit of not less than \$100,000; and

13.11 (3) has been offered in compliance with the inflation protection requirements of section
13.12 62S.23.

13.13 (c) "Qualified beneficiary" means the taxpayer or the taxpayer's spouse.

13.14 (d) "Premiums deducted in determining federal taxable income" means the lesser of (1)
13.15 long-term care insurance premiums that qualify as deductions under section 213 of the
13.16 Internal Revenue Code; and (2) the total amount deductible for medical care under section
13.17 213 of the Internal Revenue Code.

13.18 **EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning
13.19 after December 31, 2012.

13.20 Sec. 11. Minnesota Statutes 2016, section 290.068, subdivision 2, is amended to read:

13.21 Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings
13.22 given.

13.23 (a) "Qualified research expenses" means (i) qualified research expenses and basic research
13.24 payments as defined in section 41(b) and (e) of the Internal Revenue Code, except it does
13.25 not include expenses incurred for qualified research or basic research conducted outside
13.26 the state of Minnesota pursuant to section 41(d) and (e) of the Internal Revenue Code; and
13.27 (ii) contributions to a nonprofit corporation established and operated pursuant to the
13.28 provisions of chapter 317A for the purpose of promoting the establishment and expansion
13.29 of business in this state, provided the contributions are invested by the nonprofit corporation
13.30 for the purpose of providing funds for small, technologically innovative enterprises in
13.31 Minnesota during the early stages of their development.

14.1 (b) "Qualified research" means qualified research as defined in section 41(d) of the
 14.2 Internal Revenue Code, except that the term does not include qualified research conducted
 14.3 outside the state of Minnesota.

14.4 (c) "Base amount" means base amount as defined in section 41(c) of the Internal Revenue
 14.5 Code, except that the average annual gross receipts and aggregate gross receipts must be
 14.6 calculated using Minnesota sales or receipts under section 290.191 and the definitions
 14.7 contained in ~~clauses~~ paragraphs (a) and (b) shall apply.

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

14.9 Sec. 12. Minnesota Statutes 2016, section 290.17, subdivision 2, is amended to read:

14.10 Subd. 2. **Income not derived from conduct of a trade or business.** The income of a
 14.11 taxpayer subject to the allocation rules that is not derived from the conduct of a trade or
 14.12 business must be assigned in accordance with paragraphs (a) to (f):

14.13 (a)(1) Subject to paragraphs (a)(2) and (a)(3), income from wages as defined in section
 14.14 3401(a) and (f) of the Internal Revenue Code is assigned to this state if, and to the extent
 14.15 that, the work of the employee is performed within it; all other income from such sources
 14.16 is treated as income from sources without this state.

14.17 Severance pay shall be considered income from labor or personal or professional services.

14.18 (2) In the case of an individual who is a nonresident of Minnesota and who is an athlete
 14.19 or entertainer, income from compensation for labor or personal services performed within
 14.20 this state shall be determined in the following manner:

14.21 (i) The amount of income to be assigned to Minnesota for an individual who is a
 14.22 nonresident salaried athletic team employee shall be determined by using a fraction in which
 14.23 the denominator contains the total number of days in which the individual is under a duty
 14.24 to perform for the employer, and the numerator is the total number of those days spent in
 14.25 Minnesota. For purposes of this paragraph, off-season training activities, unless conducted
 14.26 at the team's facilities as part of a team imposed program, are not included in the total number
 14.27 of duty days. Bonuses earned as a result of play during the regular season or for participation
 14.28 in championship, play-off, or all-star games must be allocated under the formula. Signing
 14.29 bonuses are not subject to allocation under the formula if they are not conditional on playing
 14.30 any games for the team, are payable separately from any other compensation, and are
 14.31 nonrefundable; and

14.32 (ii) The amount of income to be assigned to Minnesota for an individual who is a
 14.33 nonresident, and who is an athlete or entertainer not listed in clause (i), for that person's

15.1 athletic or entertainment performance in Minnesota shall be determined by assigning to this
15.2 state all income from performances or athletic contests in this state.

15.3 (3) For purposes of this section, amounts received by a nonresident as "retirement income"
15.4 as defined in section (b)(1) of the State Income Taxation of Pension Income Act, Public
15.5 Law 104-95, are not considered income derived from carrying on a trade or business or
15.6 from wages or other compensation for work an employee performed in Minnesota, and are
15.7 not taxable under this chapter.

15.8 (b) Income or gains from tangible property located in this state that is not employed in
15.9 the business of the recipient of the income or gains must be assigned to this state.

15.10 (c) Income or gains from intangible personal property not employed in the business of
15.11 the recipient of the income or gains must be assigned to this state if the recipient of the
15.12 income or gains is a resident of this state or is a resident trust or estate.

15.13 Gain on the sale of a partnership interest is allocable to this state in the ratio of the
15.14 original cost of partnership tangible property in this state to the original cost of partnership
15.15 tangible property everywhere, determined at the time of the sale. If more than 50 percent
15.16 of the value of the partnership's assets consists of intangibles, gain or loss from the sale of
15.17 the partnership interest is allocated to this state in accordance with the sales factor of the
15.18 partnership for its first full tax period immediately preceding the tax period of the partnership
15.19 during which the partnership interest was sold.

15.20 Gain on the sale of an interest in a single member limited liability company that is
15.21 disregarded for federal income tax purposes is allocable to this state as if the single member
15.22 limited liability company did not exist and the assets of the limited liability company are
15.23 personally owned by the sole member.

15.24 Gain on the sale of goodwill or income from a covenant not to compete that is connected
15.25 with a business operating all or partially in Minnesota is allocated to this state to the extent
15.26 that the income from the business in the year preceding the year of sale was ~~assignable~~
15.27 allocable to Minnesota under subdivision 3.

15.28 When an employer pays an employee for a covenant not to compete, the income allocated
15.29 to this state is in the ratio of the employee's service in Minnesota in the calendar year
15.30 preceding leaving the employment of the employer over the total services performed by the
15.31 employee for the employer in that year.

16.1 (d) Income from winnings on a bet made by an individual while in Minnesota is assigned
16.2 to this state. In this paragraph, "bet" has the meaning given in section 609.75, subdivision
16.3 2, as limited by section 609.75, subdivision 3, clauses (1), (2), and (3).

16.4 (e) All items of gross income not covered in paragraphs (a) to (d) and not part of the
16.5 taxpayer's income from a trade or business shall be assigned to the taxpayer's domicile.

16.6 (f) For the purposes of this section, working as an employee shall not be considered to
16.7 be conducting a trade or business.

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

16.9 Sec. 13. Minnesota Statutes 2016, section 290.31, subdivision 1, is amended to read:

16.10 Subdivision 1. **Partners, not partnership, subject to tax.** Except as provided under
16.11 section 289A.35, paragraph (b), a partnership as such shall not be subject to the income tax
16.12 imposed by this chapter, but is subject to the tax imposed under section 290.0922. Persons
16.13 carrying on business as partners shall be liable for income tax only in their separate or
16.14 individual capacities.

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

16.16 Sec. 14. Minnesota Statutes 2016, section 290A.19, is amended to read:

16.17 **290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.**

16.18 (a) The owner or managing agent of any property for which rent is paid for occupancy
16.19 as a homestead must furnish a certificate of rent paid to a person who is a renter on December
16.20 31, in the form prescribed by the commissioner. If the renter moves before December 31,
16.21 the owner or managing agent may give the certificate to the renter at the time of moving,
16.22 or mail the certificate to the forwarding address if an address has been provided by the
16.23 renter. The certificate must be made available to the renter before February 1 of the year
16.24 following the year in which the rent was paid. The owner or managing agent must retain a
16.25 duplicate of each certificate or an equivalent record showing the same information for a
16.26 period of three years. The duplicate or other record must be made available to the
16.27 commissioner upon request.

16.28 (b) The commissioner may require the owner or managing agent, through a simple
16.29 process, to furnish to the commissioner on or before March 1 a copy of each certificate of
16.30 rent paid furnished to a renter for rent paid in the prior year, in the content, format, and
16.31 manner prescribed by the commissioner pursuant to section 270C.30. Prior to implementation,
16.32 the commissioner, after consulting with representatives of owners or managing agents, shall

17.1 develop an implementation and administration plan for the requirements of this paragraph
 17.2 that attempts to minimize financial burdens, administration and compliance costs, and takes
 17.3 into consideration existing systems of owners and managing agents.

17.4 (c) For the purposes of this section, "owner" includes a park owner as defined under
 17.5 section 327C.01, subdivision 6, and "property" includes a lot as defined under section
 17.6 327C.01, subdivision 3.

17.7 **EFFECTIVE DATE.** This section is effective for certificates of rent paid furnished to
 17.8 a renter for rent paid after December 31, 2016.

17.9 Sec. 15. Minnesota Statutes 2016, section 291.016, subdivision 2, is amended to read:

17.10 Subd. 2. **Additions.** The following amounts, to the extent deducted in computing or
 17.11 otherwise excluded from the federal taxable estate, must be added in computing the
 17.12 Minnesota taxable estate:

17.13 (1) the amount of the deduction for state death taxes allowed under section 2058 of the
 17.14 Internal Revenue Code;

17.15 (2) the amount of the deduction for foreign death taxes allowed under section 2053(d)
 17.16 of the Internal Revenue Code; and

17.17 (3) the aggregate amount of taxable gifts as defined in section 2503 of the Internal
 17.18 Revenue Code, made by the decedent within three years of the date of death. For purposes
 17.19 of this clause, the amount of the addition equals the value of the gift under section 2512 of
 17.20 the Internal Revenue Code and excludes any value of the gift included in the federal estate.

17.21 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
 17.22 dying after June 30, 2013.

17.23 Sec. 16. Minnesota Statutes 2016, section 291.016, subdivision 3, is amended to read:

17.24 Subd. 3. **Subtraction.** The following amounts, to the extent included in computing the
 17.25 federal taxable estate, may be subtracted in computing the Minnesota taxable estate but
 17.26 must not reduce the Minnesota taxable estate to less than zero:

17.27 (1) the value of property subject to an election under section 291.03, subdivision 1d;
 17.28 and

17.29 (2) the value of qualified small business property under section 291.03, subdivision 9,
 17.30 and the value of qualified farm property under section 291.03, subdivision 10, or the result
 17.31 of \$5,000,000 minus the amount for the year of death listed in ~~clauses (1) to (5)~~ items (i)

18.1 ~~to (v), whichever is less, may be subtracted in computing the Minnesota taxable estate but~~
 18.2 ~~must not reduce the Minnesota taxable estate to less than zero:~~

18.3 ~~(1) (i)~~ \$1,200,000 for estates of decedents dying in 2014;

18.4 ~~(2) (ii)~~ \$1,400,000 for estates of decedents dying in 2015;

18.5 ~~(3) (iii)~~ \$1,600,000 for estates of decedents dying in 2016;

18.6 ~~(4) (iv)~~ \$1,800,000 for estates of decedents dying in 2017; and

18.7 ~~(5) (v)~~ \$2,000,000 for estates of decedents dying in 2018 and thereafter.

18.8 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
 18.9 dying after June 30, 2011.

18.10 Sec. 17. Minnesota Statutes 2016, section 291.03, subdivision 9, is amended to read:

18.11 Subd. 9. **Qualified small business property.** Property satisfying all of the following
 18.12 requirements is qualified small business property:

18.13 (1) The value of the property was included in the federal adjusted taxable estate.

18.14 (2) The property consists of the assets of a trade or business or shares of stock or other
 18.15 ownership interests in a corporation or other entity engaged in a trade or business. Shares
 18.16 of stock in a corporation or an ownership interest in another type of entity do not qualify
 18.17 under this subdivision if the shares or ownership interests are traded on a public stock
 18.18 exchange at any time during the three-year period ending on the decedent's date of death.
 18.19 For purposes of this subdivision, an ownership interest includes the interest the decedent is
 18.20 deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code.

18.21 (3) During the taxable year that ended before the decedent's death, the trade or business
 18.22 must not have been a passive activity within the meaning of section 469(c) of the Internal
 18.23 Revenue Code, and the decedent or the decedent's spouse must have materially participated
 18.24 in the trade or business within the meaning of section 469(h) of the Internal Revenue Code,
 18.25 excluding section 469(h)(3) of the Internal Revenue Code and any other provision provided
 18.26 by United States Treasury Department regulation that substitutes material participation in
 18.27 prior taxable years for material participation in the taxable year that ended before the
 18.28 decedent's death.

18.29 (4) The gross annual sales of the trade or business were \$10,000,000 or less for the last
 18.30 taxable year that ended before the date of the death of the decedent.

18.31 (5) The property does not ~~consist of~~ include:

19.1 (i) cash;

19.2 (ii) cash equivalents;

19.3 (iii) publicly traded securities; or

19.4 (iv) any assets not used in the operation of the trade or business.

19.5 (6) For property consisting of shares of stock or other ownership interests in an entity,
 19.6 the value of cash, cash equivalents, publicly traded securities, or assets not used in the
 19.7 operation of the trade or business held by the corporation or other entity items described in
 19.8 clause (5) must be deducted from the value of the property qualifying under this subdivision
 19.9 in proportion to the decedent's share of ownership of the entity on the date of death excluded
 19.10 in the valuation of the decedent's interest in the entity.

19.11 ~~(6)~~ (7) The decedent continuously owned the property, including property the decedent
 19.12 is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code, for
 19.13 the three-year period ending on the date of death of the decedent. In the case of a sole
 19.14 proprietor, if the property replaced similar property within the three-year period, the
 19.15 replacement property will be treated as having been owned for the three-year period ending
 19.16 on the date of death of the decedent.

19.17 ~~(7)~~ (8) For three years following the date of death of the decedent, the trade or business
 19.18 is not a passive activity within the meaning of section 469(c) of the Internal Revenue Code,
 19.19 and a family member materially participates in the operation of the trade or business within
 19.20 the meaning of section 469(h) of the Internal Revenue Code, excluding section 469(h)(3)
 19.21 of the Internal Revenue Code and any other provision provided by United States Treasury
 19.22 Department regulation that substitutes material participation in prior taxable years for
 19.23 material participation in the three years following the date of death of the decedent.

19.24 ~~(8)~~ (9) The estate and the qualified heir elect to treat the property as qualified small
 19.25 business property and agree, in the form prescribed by the commissioner, to pay the recapture
 19.26 tax under subdivision 11, if applicable.

19.27 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
 19.28 dying after June 30, 2011.

19.29 Sec. 18. Minnesota Statutes 2016, section 291.03, subdivision 11, is amended to read:

19.30 Subd. 11. **Recapture tax.** (a) If, within three years after the decedent's death and before
 19.31 the death of the qualified heir, the qualified heir disposes of any interest in the qualified
 19.32 property, other than by a disposition to a family member, or a family member ceases to

20.1 satisfy the requirement under subdivision 9, clause (7); or 10, clause (5), an additional estate
 20.2 tax is imposed on the property. In the case of a sole proprietor, if the qualified heir replaces
 20.3 qualified small business property excluded under subdivision 9 with similar property, then
 20.4 the qualified heir will not be treated as having disposed of an interest in the qualified property.

20.5 (b) The amount of the additional tax equals the amount of the exclusion claimed by the
 20.6 estate under subdivision 8, paragraph (d), multiplied by 16 percent.

20.7 (c) The additional tax under this subdivision is due on the day which is six months after
 20.8 the date of the disposition or cessation in paragraph (a).

20.9 (d) This subdivision shall not apply as a result of any of the following:

20.10 (1) a portion of qualified farm property consisting of less than one-fifth of the acreage
 20.11 of the property is reclassified as class 2b property under section 273.13, subdivision 23, and
 20.12 the qualified heir has not substantially altered the reclassified property during the three-year
 20.13 holding period; or

20.14 (2) a portion of qualified farm property classified as 2a property at the death of the
 20.15 decedent pursuant to section 273.13, subdivision 23, paragraph (a), consisting of a residence,
 20.16 garage, and immediately surrounding one acre of land is reclassified as 4bb property during
 20.17 the three-year holding period, and the qualified heir has not substantially altered the property.

20.18 **EFFECTIVE DATE.** This section is effective retroactively for estates of decedents
 20.19 dying after June 30, 2011.

20.20 Sec. 19. **REPEALER.**

20.21 (a) Minnesota Rules, part 8092.1400, is repealed.

20.22 (b) Minnesota Rules, part 8092.2000, is repealed.

20.23 **EFFECTIVE DATE.** Paragraph (a) is effective for taxable years beginning after
 20.24 December 31, 2016, except that notifications from the Department of Revenue to employers
 20.25 regarding eligibility to file an annual return for taxes withheld in calendar year 2017 remain
 20.26 in force. Paragraph (b) is effective the day following final enactment.

20.27 **ARTICLE 4**

20.28 **DEPARTMENT POLICY AND TECHNICAL PROVISIONS; SPECIAL TAXES** 20.29 **AND SALES AND USE TAXES**

20.30 Section 1. Minnesota Statutes 2016, section 69.021, subdivision 5, is amended to read:

21.1 Subd. 5. **Calculation of state aid.** (a) The amount of fire state aid available for
21.2 apportionment, before the addition of the minimum fire state aid allocation amount under
21.3 subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state upon
21.4 the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the
21.5 commissioner by insurers on the Minnesota Firetown Premium Report. This amount must
21.6 be reduced by the amount required to pay the state auditor's costs and expenses of the audits
21.7 or exams of the firefighters relief associations.

21.8 The total amount for apportionment in respect to fire state aid must not be less than two
21.9 percent of the premiums reported to the commissioner by insurers on the Minnesota Firetown
21.10 Premium Report after subtracting the following amounts:

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

21.13 (2) one percent of the premiums reported by ~~town and farmers'~~ township mutual insurance
21.14 companies and mutual property and casualty companies with total assets of \$5,000,000 or
21.15 less.

21.16 (b) The total amount for apportionment as police state aid is equal to 104 percent of the
21.17 amount of premium taxes paid to the state on the premiums reported to the commissioner
21.18 by insurers on the Minnesota Aid to Police Premium Report. The total amount for
21.19 apportionment in respect to the police state aid program must not be less than two percent
21.20 of the amount of premiums reported to the commissioner by insurers on the Minnesota Aid
21.21 to Police Premium Report.

21.22 (c) The commissioner shall calculate the percentage of increase or decrease reflected in
21.23 the apportionment over or under the previous year's available state aid using the same
21.24 premiums as a basis for comparison.

21.25 (d) In addition to the amount for apportionment of police state aid under paragraph (b),
21.26 each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay
21.27 this increase is annually appropriated from the general fund.

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

21.29 Sec. 2. Minnesota Statutes 2016, section 289A.38, subdivision 6, is amended to read:

21.30 Subd. 6. **Omission in excess of 25 percent.** Additional taxes may be assessed within
21.31 6-1/2 years after the due date of the return or the date the return was filed, whichever is
21.32 later, if:

22.1 (1) the taxpayer omits from gross income an amount properly includable in it that is in
22.2 excess of 25 percent of the amount of gross income stated in the return;

22.3 (2) the taxpayer omits from a sales, use, or withholding tax return, or a return for a tax
22.4 imposed under section 295.52, an amount of taxes in excess of 25 percent of the taxes
22.5 reported in the return; or

22.6 (3) the taxpayer omits from the gross estate assets in excess of 25 percent of the gross
22.7 estate reported in the return.

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

22.9 Sec. 3. Minnesota Statutes 2016, section 290.0922, subdivision 2, is amended to read:

22.10 Subd. 2. **Exemptions.** The following entities are exempt from the tax imposed by this
22.11 section:

22.12 (1) corporations exempt from tax under section 290.05;

22.13 (2) real estate investment trusts;

22.14 (3) regulated investment companies or a fund thereof; and

22.15 (4) entities having a valid election in effect under section 860D(b) of the Internal Revenue
22.16 Code;

22.17 (5) ~~town and farmers'~~ township mutual insurance companies;

22.18 (6) cooperatives organized under chapter 308A or 308B that provide housing exclusively
22.19 to persons age 55 and over and are classified as homesteads under section 273.124,
22.20 subdivision 3; and

22.21 (7) a qualified business as defined under section 469.310, subdivision 11, if for the
22.22 taxable year all of its property is located in a job opportunity building zone designated under
22.23 section 469.314 and all of its payroll is a job opportunity building zone payroll under section
22.24 469.310.

22.25 Entities not specifically exempted by this subdivision are subject to tax under this section,
22.26 notwithstanding section 290.05.

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

22.28 Sec. 4. Minnesota Statutes 2016, section 295.54, subdivision 2, is amended to read:

22.29 Subd. 2. **Pharmacy refund.** A pharmacy may claim an annual refund against the total
22.30 amount of tax, if any, the pharmacy owes during that calendar year under section 295.52,

23.1 subdivision 4. The refund shall equal the amount paid by the pharmacy to a wholesale drug
 23.2 distributor subject to tax under section 295.52, subdivision 3, for legend drugs delivered by
 23.3 the pharmacy outside of Minnesota, multiplied by the tax percentage specified in section
 23.4 295.52, subdivision 3. If the amount of the refund exceeds the tax liability of the pharmacy
 23.5 under section 295.52, subdivision 4, the commissioner shall provide the pharmacy with a
 23.6 refund equal to the excess amount. Each qualifying pharmacy must apply for the refund on
 23.7 the annual return as ~~provided under section 295.55, subdivision 5~~ prescribed by the
 23.8 commissioner, on or before March 15 of the year following the calendar year the legend
 23.9 drugs were delivered outside Minnesota. The refund ~~must be claimed within 18 months~~
 23.10 ~~from the date the drugs were delivered outside of Minnesota~~ shall not be allowed if the
 23.11 initial claim for refund is filed more than one year after the original due date of the return.
 23.12 Interest on refunds paid under this subdivision will begin to accrue 60 days after the date a
 23.13 claim for refund is filed. For purposes of this subdivision, the date a claim is filed is the due
 23.14 date of the return if a return is due or the date of the actual claim for refund, whichever is
 23.15 later.

23.16 **EFFECTIVE DATE.** This section is effective for qualifying legend drugs delivered
 23.17 outside Minnesota after December 31, 2017.

23.18 Sec. 5. Minnesota Statutes 2016, section 296A.01, is amended by adding a subdivision to
 23.19 read:

23.20 Subd. 9a. **Bulk storage or bulk storage facility.** "Bulk storage" or "bulk storage facility"
 23.21 means a single property, or contiguous or adjacent properties used for a common purpose
 23.22 and owned or operated by the same person, on or in which are located one or more stationary
 23.23 tanks that are used singularly or in combination for the storage or containment of more than
 23.24 1,100 gallons of petroleum.

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

23.26 Sec. 6. Minnesota Statutes 2016, section 296A.01, subdivision 33, is amended to read:

23.27 Subd. 33. **Motor fuel.** "Motor fuel" means a liquid or gaseous form of fuel, regardless
 23.28 of its composition or properties, used to propel a motor vehicle.

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

23.30 Sec. 7. Minnesota Statutes 2016, section 296A.01, subdivision 42, is amended to read:

23.31 Subd. 42. **Petroleum products.** "Petroleum products" means all of the products defined
 23.32 in subdivisions 2, 7, 8, 8a, 8b, 10, 14, 16, 19, 20, 22 to 26, 28, 32, and 35.

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

24.2 Sec. 8. Minnesota Statutes 2016, section 296A.07, subdivision 1, is amended to read:

24.3 Subdivision 1. **Tax imposed.** There is imposed an excise tax on gasoline, gasoline
24.4 blended with ethanol, and agricultural alcohol gasoline used in producing and generating
24.5 power for propelling motor vehicles used on the public highways of this state. The tax is
24.6 imposed on the first licensed distributor who received the product in Minnesota. For purposes
24.7 of this section, gasoline is defined in section 296A.01, subdivisions 8b, 10, 18, 20, 23, 24,
24.8 25, 32, and 34. The tax is payable at the time and in the form and manner prescribed by the
24.9 commissioner. The tax is payable at the rates specified in subdivision 3, subject to the
24.10 exceptions and reductions specified in section 296A.17.

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

24.12 Sec. 9. Minnesota Statutes 2016, section 297A.61, subdivision 10, is amended to read:

24.13 Subd. 10. **Tangible personal property.** (a) "Tangible personal property" means personal
24.14 property that can be seen, weighed, measured, felt, or touched, or that is in any other manner
24.15 perceptible to the senses. "Tangible personal property" includes, but is not limited to,
24.16 electricity, water, gas, steam, and prewritten computer software.

24.17 (b) Tangible personal property does not include:

24.18 ~~(1) large ponderous machinery and equipment used in a business or production activity~~
24.19 ~~which at common law would be considered to be real property;~~

24.20 ~~(2)~~ (1) property which is subject to an ad valorem property tax;

24.21 ~~(3)~~ (2) property described in section 272.02, subdivision 9, clauses (a) to (d);

24.22 ~~(4)~~ (3) property described in section 272.03, subdivision 2, clauses (3) and (5); and

24.23 ~~(5)~~ (4) specified digital products, or other digital products, transferred electronically.

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

24.25 Sec. 10. Minnesota Statutes 2016, section 297A.82, subdivision 4, is amended to read:

24.26 Subd. 4. **Exemptions.** (a) The following transactions are exempt from the tax imposed
24.27 in this chapter to the extent provided.

24.28 (b) The purchase or use of aircraft previously registered in Minnesota by a corporation
24.29 or partnership is exempt if the transfer constitutes a transfer within the meaning of section
24.30 351 or 721 of the Internal Revenue Code.

25.1 (c) The sale to or purchase, storage, use, or consumption by a licensed aircraft dealer of
 25.2 an aircraft for which a commercial use permit has been issued pursuant to section 360.654
 25.3 is exempt, if the aircraft is resold while the permit is in effect.

25.4 (d) Air flight equipment when sold to, or purchased, stored, used, or consumed by airline
 25.5 companies, as defined in section 270.071, subdivision 4, is exempt. For purposes of this
 25.6 subdivision, "air flight equipment" includes airplanes and parts necessary for the repair and
 25.7 maintenance of such air flight equipment, and flight simulators, but does not include ~~airplanes~~
 25.8 aircraft with a ~~gross maximum takeoff~~ weight of less than 30,000 pounds ~~that are used on~~
 25.9 ~~intermittent or irregularly timed flights.~~

25.10 (e) Sales of, and the storage, distribution, use, or consumption of aircraft, as defined in
 25.11 section 360.511 and approved by the Federal Aviation Administration, and which the seller
 25.12 delivers to a purchaser outside Minnesota or which, without intermediate use, is shipped or
 25.13 transported outside Minnesota by the purchaser are exempt, but only if the purchaser is not
 25.14 a resident of Minnesota and provided that the aircraft is not thereafter returned to a point
 25.15 within Minnesota, except in the course of interstate commerce or isolated and occasional
 25.16 use, and will be registered in another state or country upon its removal from Minnesota.
 25.17 This exemption applies even if the purchaser takes possession of the aircraft in Minnesota
 25.18 and uses the aircraft in the state exclusively for training purposes for a period not to exceed
 25.19 ten days prior to removing the aircraft from this state.

25.20 (f) The sale or purchase of the following items that relate to aircraft operated under
 25.21 Federal Aviation Regulations, Parts 91 and 135, and associated installation charges:
 25.22 equipment and parts necessary for repair and maintenance of aircraft; and equipment and
 25.23 parts to upgrade and improve aircraft.

25.24 **EFFECTIVE DATE.** This section is effective for sales and purchases made after
 25.25 December 31, 2017.

25.26 Sec. 11. Minnesota Statutes 2016, section 297A.82, subdivision 4a, is amended to read:

25.27 Subd. 4a. **Deposit in state airports fund.** Tax revenue, including interest and penalties,
 25.28 collected from the sale or purchase of an aircraft taxable under this chapter must be deposited
 25.29 in the state airports fund established in section 360.017. For purposes of this subdivision,
 25.30 "revenue" does not include the revenue, including interest and penalties, generated by the
 25.31 sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as
 25.32 provided under article XI, section 15, of the Minnesota Constitution.

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

26.1 Sec. 12. Minnesota Statutes 2016, section 297E.02, subdivision 7, is amended to read:

26.2 Subd. 7. **Untaxed gambling product.** (a) In addition to penalties or criminal sanctions
26.3 imposed by this chapter, a person, organization, or business entity possessing or selling a
26.4 pull-tab, electronic pull-tab game, raffle board, or tipboard upon which the tax imposed by
26.5 this chapter has not been paid is liable for a tax of six percent of the ideal gross of each
26.6 pull-tab, electronic pull-tab game, raffle board, or tipboard. The tax on a partial deal must
26.7 be assessed as if it were a full deal.

26.8 (b) In addition to penalties and criminal sanctions imposed by this chapter, a person (1)
26.9 not licensed by the board who conducts bingo, linked bingo, electronic linked bingo, raffles,
26.10 or paddlewheel games, or (2) who conducts gambling prohibited under sections 609.75 to
26.11 609.763, other than activities subject to tax under section 297E.03, is liable for a tax of six
26.12 percent of the gross receipts from that activity.

26.13 (c) The tax ~~must~~ may be assessed by the commissioner. An assessment must be considered
26.14 a jeopardy assessment or jeopardy collection as provided in section 270C.36. The
26.15 commissioner shall assess the tax based on personal knowledge or information available to
26.16 the commissioner. The commissioner shall mail to the taxpayer at the taxpayer's last known
26.17 address, or serve in person, a written notice of the amount of tax, demand its immediate
26.18 payment, and, if payment is not immediately made, collect the tax by any method described
26.19 in chapter 270C, except that the commissioner need not await the expiration of the times
26.20 specified in chapter 270C. The tax assessed by the commissioner is presumed to be valid
26.21 and correctly determined and assessed. The burden is upon the taxpayer to show its
26.22 incorrectness or invalidity. The tax imposed under this subdivision does not apply to gambling
26.23 that is exempt from taxation under subdivision 2.

26.24 (d) A person, organization, or business entity conducting gambling activity under this
26.25 subdivision must file monthly tax returns with the commissioner, in the form required by
26.26 the commissioner. The returns must be filed on or before the 20th day of the month following
26.27 the month in which the gambling activity occurred. The tax imposed by this section is due
26.28 and payable at the time when the returns are required to be filed.

26.29 (e) Notwithstanding any law to the contrary, neither the commissioner nor a public
26.30 employee may reveal facts contained in a tax return filed with the commissioner of revenue
26.31 as required by this subdivision, nor can any information contained in the report or return
26.32 be used against the tax obligor in any criminal proceeding, unless independently obtained,
26.33 except in connection with a proceeding involving taxes due under this section, or as provided
26.34 in section 270C.055, subdivision 1. However, this paragraph does not prohibit the

27.1 commissioner from publishing statistics that do not disclose the identity of tax obligors or
 27.2 the contents of particular returns or reports. Any person violating this paragraph is guilty
 27.3 of a gross misdemeanor.

27.4 **EFFECTIVE DATE.** This section is effective for games played or purchased after June
 27.5 30, 2017.

27.6 Sec. 13. Minnesota Statutes 2016, section 297H.06, subdivision 2, is amended to read:

27.7 Subd. 2. **Materials.** The tax is not imposed upon charges to generators of mixed municipal
 27.8 solid waste or upon the volume of nonmixed municipal solid waste for waste management
 27.9 services to manage the following materials:

27.10 (1) mixed municipal solid waste and nonmixed municipal solid waste generated outside
 27.11 of Minnesota;

27.12 (2) recyclable materials that are separated for recycling by the generator, collected
 27.13 separately from other waste, and recycled, to the extent the price of the service for handling
 27.14 recyclable material is separately itemized on a bill to the generator;

27.15 (3) recyclable nonmixed municipal solid waste that is separated for recycling by the
 27.16 generator, collected separately from other waste, delivered to a waste facility for the purpose
 27.17 of recycling, and recycled;

27.18 (4) industrial waste, when it is transported to a facility owned and operated by the same
 27.19 person that generated it;

27.20 (5) mixed municipal solid waste from a recycling facility that separates or processes
 27.21 recyclable materials and reduces the volume of the waste by at least 85 percent, provided
 27.22 that the exempted waste is managed separately from other waste;

27.23 (6) recyclable materials that are separated from mixed municipal solid waste by the
 27.24 generator, collected and delivered to a waste facility that recycles at least 85 percent of its
 27.25 waste, and are collected with mixed municipal solid waste that is segregated in leakproof
 27.26 bags, provided that the mixed municipal solid waste does not exceed five percent of the
 27.27 total weight of the materials delivered to the facility and is ultimately delivered to a waste
 27.28 facility identified as a preferred waste management facility in county solid waste plans
 27.29 under section 115A.46;

27.30 (7) source-separated compostable waste materials, if the ~~waste is~~ materials are delivered
 27.31 to a facility exempted as described in this clause. To initially qualify for an exemption, a
 27.32 facility must apply for an exemption in its application for a new or amended solid waste

28.1 permit to the Pollution Control Agency. The first time a facility applies to the agency it
 28.2 must certify in its application that it will comply with the criteria in items (i) to (v) and the
 28.3 commissioner of the agency shall so certify to the commissioner of revenue who must grant
 28.4 the exemption. The facility must annually apply to the agency for certification to renew its
 28.5 exemption for the following year. The application must be filed according to the procedures
 28.6 of, and contain the information required by, the agency. The commissioner of revenue shall
 28.7 grant the exemption if the commissioner of the Pollution Control Agency finds and certifies
 28.8 to the commissioner of revenue that based on an evaluation of the composition of incoming
 28.9 waste and residuals and the quality and use of the product:

28.10 (i) generators separate materials at the source;

28.11 (ii) the separation is performed in a manner appropriate to the technology specific to the
 28.12 facility that:

28.13 (A) maximizes the quality of the product;

28.14 (B) minimizes the toxicity and quantity of ~~residuals~~ rejects; and

28.15 (C) provides an opportunity for significant improvement in the environmental efficiency
 28.16 of the operation;

28.17 (iii) the operator of the facility educates generators, in coordination with each county
 28.18 using the facility, about separating the waste to maximize the quality of the waste stream
 28.19 for technology specific to the facility;

28.20 (iv) process ~~residuals~~ rejects do not exceed 15 percent of the weight of the total material
 28.21 delivered to the facility; and

28.22 (v) the final product is accepted for use;

28.23 (8) waste and waste by-products for which the tax has been paid; and

28.24 (9) daily cover for landfills that has been approved in writing by the Minnesota Pollution
 28.25 Control Agency.

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

28.27 Sec. 14. Minnesota Statutes 2016, section 297I.05, subdivision 2, is amended to read:

28.28 Subd. 2. ~~Town and farmers'~~ **Township mutual insurance.** A tax is imposed on ~~town~~
 28.29 ~~and farmers'~~ township mutual insurance companies. The rate of tax is equal to one percent
 28.30 of gross premiums less return premiums on all direct business received by the insurer or
 28.31 agents of the insurer in Minnesota, in cash or otherwise, during the year.

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

29.2 Sec. 15. Minnesota Statutes 2016, section 297I.10, subdivision 1, is amended to read:

29.3 Subdivision 1. **Cities of the first class.** (a) The commissioner shall order and direct a
29.4 surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross
29.5 premiums, less return premiums, on all direct business received by any licensed foreign or
29.6 domestic fire insurance company on property in a city of the first class, or by its agents for
29.7 it, in cash or otherwise.

29.8 (b) By July 31 and December 31 of each year, the commissioner ~~of management and~~
29.9 ~~budget~~ shall pay to each city of the first class a warrant for an amount equal to the total
29.10 amount of the surcharge on the premiums collected within that city since the previous
29.11 payment.

29.12 (c) The treasurer of the city shall place the money received under this subdivision in a
29.13 special account or fund to defray all or a portion of the employer contribution requirement
29.14 of public employees police and fire plan coverage for city firefighters.

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

29.16 Sec. 16. Minnesota Statutes 2016, section 297I.10, subdivision 3, is amended to read:

29.17 Subd. 3. **Appropriation.** The amount necessary to make the payments required under
29.18 this section is appropriated to the commissioner ~~of management and budget~~ from the general
29.19 fund.

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

29.21 Sec. 17. Minnesota Statutes 2016, section 298.01, subdivision 4c, is amended to read:

29.22 Subd. 4c. **Special deductions; net operating loss.** ~~(a)~~ For purposes of determining
29.23 taxable income under subdivision 4, the provisions of sections 290.0133, subdivisions 7
29.24 and 9, and 290.0134, subdivisions 7 and 9, are not used to determine taxable income.

29.25 ~~(b) The amount of net operating loss incurred in a taxable year beginning before January~~
29.26 ~~1, 1990, that may be carried over to a taxable year beginning after December 31, 1989, is~~
29.27 ~~the amount of net operating loss carryover determined in the calculation of the hypothetical~~
29.28 ~~corporate franchise tax under Minnesota Statutes 1988, sections 298.40 and 298.402.~~

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

30.1

ARTICLE 5

30.2

**DEPARTMENT OF REVENUE TECHNICAL AND POLICY; PROPERTY TAX
PROVISIONS**

30.3

30.4 Section 1. Minnesota Statutes 2016, section 13.51, subdivision 2, is amended to read:

30.5 Subd. 2. **Income property assessment data.** The following data collected by political
30.6 subdivisions and the state from individuals or business entities concerning income properties
30.7 are classified as private or nonpublic data pursuant to section 13.02, subdivisions 9 and 12:

30.8 (a) detailed income and expense figures;

30.9 (b) average vacancy factors;

30.10 (c) verified net rentable areas or net usable areas, whichever is appropriate;

30.11 (d) anticipated income and expenses;

30.12 (e) projected vacancy factors; and

30.13 (f) lease information.

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

30.15 Sec. 2. Minnesota Statutes 2016, section 270.071, subdivision 2, is amended to read:

30.16 Subd. 2. **Air commerce.** ~~(a)~~ "Air commerce" means the transportation by aircraft of
30.17 persons or property for hire in interstate, intrastate, or international transportation on regularly
30.18 scheduled flights or on intermittent or irregularly timed flights by airline companies and
30.19 includes transportation by any airline company making three or more flights in or out of
30.20 Minnesota, or within Minnesota, during a calendar year.

30.21 ~~(b) "Air commerce" includes but is not limited to an intermittent or irregularly timed~~
30.22 ~~flight, a flight arranged at the convenience of an airline and the person contracting for the~~
30.23 ~~transportation, or a charter flight. It includes any airline company making three or more~~
30.24 ~~flights in or out of Minnesota during a calendar year.~~

30.25 ~~(c) "Air commerce" does not include casual transportation for hire by aircraft commonly~~
30.26 ~~owned and used for private air flight purposes if the person furnishing the transportation~~
30.27 ~~does not hold out to be engaged regularly in transportation for hire.~~

30.28 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

31.1 Sec. 3. Minnesota Statutes 2016, section 270.071, subdivision 7, is amended to read:

31.2 Subd. 7. **Flight property.** "Flight property" means all aircraft and flight equipment used
31.3 in connection therewith, including spare flight equipment. Flight property also includes
31.4 computers and computer software used in operating, controlling, or regulating aircraft and
31.5 flight equipment. Flight property does not include aircraft with a maximum takeoff weight
31.6 of less than 30,000 pounds.

31.7 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

31.8 Sec. 4. Minnesota Statutes 2016, section 270.071, subdivision 8, is amended to read:

31.9 Subd. 8. **Person.** "Person" means ~~any an~~ individual, ~~corporation, firm, copartnership,~~
31.10 ~~company, or association, and includes any guardian, trustee, executor, administrator, receiver,~~
31.11 ~~conservator, or any person acting in any fiduciary capacity therefor~~ trust, estate, fiduciary,
31.12 partnership, company, corporation, limited liability company, association, governmental
31.13 unit or agency, public or private organization of any kind, or other legal entity.

31.14 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

31.15 Sec. 5. Minnesota Statutes 2016, section 270.071, is amended by adding a subdivision to
31.16 read:

31.17 Subd. 10. **Intermittent or irregularly timed flights.** "Intermittently or irregularly timed
31.18 flights" means any flight in which the departure time, departure location, and arrival location
31.19 are specifically negotiated with the customer or the customer's representative, including but
31.20 not limited to charter flights.

31.21 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

31.22 Sec. 6. Minnesota Statutes 2016, section 270.072, subdivision 2, is amended to read:

31.23 Subd. 2. **Assessment of flight property.** Flight property that is owned by, or is leased,
31.24 loaned, or otherwise made available to an airline company operating in Minnesota shall be
31.25 assessed and appraised annually by the commissioner with reference to its value on January
31.26 2 of the assessment year in the manner prescribed by sections 270.071 to 270.079. ~~Aircraft~~
31.27 ~~with a gross weight of less than 30,000 pounds and used on intermittent or irregularly timed~~
31.28 ~~flights shall be excluded from the provisions of sections 270.071 to 270.079.~~

31.29 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

32.1 Sec. 7. Minnesota Statutes 2016, section 270.072, subdivision 3, is amended to read:

32.2 Subd. 3. **Report by airline company.** (a) Each year, on or before July 1, every airline
 32.3 company engaged in air commerce in this state shall file with the commissioner a report
 32.4 under oath setting forth specifically the information prescribed by the commissioner to
 32.5 enable the commissioner to make the assessment required in sections 270.071 to 270.079,
 32.6 unless the commissioner determines that the airline company ~~or person should be excluded~~
 32.7 ~~from~~ is exempt from filing ~~because its activities do not constitute air commerce as defined~~
 32.8 herein.

32.9 (b) The commissioner shall prescribe the content, format, and manner of the report
 32.10 pursuant to section 270C.30, except that a "law administered by the commissioner" includes
 32.11 the property tax laws. If a report is made by electronic means, the taxpayer's signature is
 32.12 defined pursuant to section 270C.304, except that a "law administered by the commissioner"
 32.13 includes the property tax laws.

32.14 **EFFECTIVE DATE.** The amendment to paragraph (a) is effective for reports filed in
 32.15 2018 and thereafter. The amendment adding paragraph (b) is effective the day following
 32.16 final enactment.

32.17 Sec. 8. Minnesota Statutes 2016, section 270.072, is amended by adding a subdivision to
 32.18 read:

32.19 Subd. 3a. **Commissioner filed reports.** If an airline company fails to file a report required
 32.20 by subdivision 3, the commissioner may, from information in the commissioner's possession
 32.21 or obtainable by the commissioner, make and file a report for the airline company, or may
 32.22 issue a notice of net tax capacity and tax under section 270.075, subdivision 2.

32.23 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

32.24 Sec. 9. Minnesota Statutes 2016, section 270.12, is amended by adding a subdivision to
 32.25 read:

32.26 Subd. 6. **Reassessment orders.** If the State Board of Equalization determines that a
 32.27 considerable amount of property has been undervalued or overvalued compared to like
 32.28 property such that the assessment is grossly unfair or inequitable, the State Board of
 32.29 Equalization may, pursuant to its responsibilities under subdivisions 2 and 3, issue orders
 32.30 to the county assessor to reassess all or any part of a parcel in a county.

32.31 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

33.1 Sec. 10. Minnesota Statutes 2016, section 270C.89, subdivision 1, is amended to read:

33.2 Subdivision 1. **Initial report.** Each county assessor shall file by April 1 with the
 33.3 commissioner a copy of the abstract that will be acted upon by the local and county boards
 33.4 of review. The abstract must list the real and personal property in the county itemized by
 33.5 assessment districts. The assessor of each county in the state shall file with the commissioner,
 33.6 within ten working days following final action of the local board of review or equalization
 33.7 and within five days following final action of the county board of equalization, any changes
 33.8 made by the local or county board. The information must be filed in the manner prescribed
 33.9 by the commissioner. ~~It must be accompanied by a printed or typewritten copy of the~~
 33.10 ~~proceedings of the appropriate board.~~

33.11 **EFFECTIVE DATE.** This section is effective for local and county boards of appeal
 33.12 and equalization meetings held in 2017 and thereafter.

33.13 Sec. 11. Minnesota Statutes 2016, section 272.02, subdivision 9, is amended to read:

33.14 Subd. 9. **Personal property; exceptions.** Except for the taxable personal property
 33.15 enumerated below, all personal property and the property described in section 272.03,
 33.16 subdivision 1, paragraphs (c) and (d), shall be exempt.

33.17 The following personal property shall be taxable:

33.18 (a) personal property which is part of (1) an electric generating, transmission, or
 33.19 distribution system ~~or~~; (2) a pipeline system transporting or distributing ~~water, gas, crude~~
 33.20 ~~oil, or petroleum~~ products; or (3) mains and pipes used in the distribution of steam or hot
 33.21 or chilled water for heating or cooling buildings and structures;

33.22 (b) railroad docks and wharves which are part of the operating property of a railroad
 33.23 company as defined in section 270.80;

33.24 (c) personal property defined in section 272.03, subdivision 2, clause (3);

33.25 (d) leasehold or other personal property interests which are taxed pursuant to section
 33.26 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law
 33.27 providing the property is taxable as if the lessee or user were the fee owner;

33.28 (e) manufactured homes and sectional structures, including storage sheds, decks, and
 33.29 similar removable improvements constructed on the site of a manufactured home, sectional
 33.30 structure, park trailer or travel trailer as provided in section 273.125, subdivision 8, paragraph
 33.31 (f); and

33.32 (f) flight property as defined in section 270.071.

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

34.2 Sec. 12. Minnesota Statutes 2016, section 272.029, subdivision 2, is amended to read:

34.3 Subd. 2. **Definitions.** (a) For the purposes of this section, ~~the term~~:

34.4 (1) "wind energy conversion system" has the meaning given in section 216C.06,
34.5 subdivision 19, and also includes a substation that is used and owned by one or more wind
34.6 energy conversion facilities;

34.7 (2) "large scale wind energy conversion system" means a wind energy conversion system
34.8 of more than 12 megawatts, as measured by the nameplate capacity of the system or as
34.9 combined with other systems as provided in paragraph (b);

34.10 (3) "medium scale wind energy conversion system" means a wind energy conversion
34.11 system of over two and not more than 12 megawatts, as measured by the nameplate capacity
34.12 of the system or as combined with other systems as provided in paragraph (b); and

34.13 (4) "small scale wind energy conversion system" means a wind energy conversion system
34.14 of two megawatts and under, as measured by the nameplate capacity of the system or as
34.15 combined with other systems as provided in paragraph (b).

34.16 (b) For systems installed and contracted for after January 1, 2002, the total size of a
34.17 wind energy conversion system under this subdivision shall be determined according to this
34.18 paragraph. Unless the systems are interconnected with different distribution systems, the
34.19 nameplate capacity of one wind energy conversion system shall be combined with the
34.20 nameplate capacity of any other wind energy conversion system that is:

34.21 (1) located within five miles of the wind energy conversion system;

34.22 (2) constructed within the same ~~calendar year~~ 12-month period as the wind energy
34.23 conversion system; and

34.24 (3) under common ownership.

34.25 In the case of a dispute, the commissioner of commerce shall determine the total size of
34.26 the system, and shall draw all reasonable inferences in favor of combining the systems.

34.27 (c) In making a determination under paragraph (b), the commissioner of commerce may
34.28 determine that two wind energy conversion systems are under common ownership when
34.29 the underlying ownership structure contains similar persons or entities, even if the ownership
34.30 shares differ between the two systems. Wind energy conversion systems are not under
34.31 common ownership solely because the same person or entity provided equity financing for
34.32 the systems.

35.1 **EFFECTIVE DATE.** This section is effective for reports filed in 2018 and thereafter.

35.2 Sec. 13. Minnesota Statutes 2016, section 272.029, is amended by adding a subdivision
35.3 to read:

35.4 Subd. 8. **Extension.** The commissioner may, for good cause, extend the time for filing
35.5 the report required by subdivision 4. The extension must not exceed 15 days.

35.6 **EFFECTIVE DATE.** This section is effective for reports filed in 2018 and thereafter.

35.7 Sec. 14. Minnesota Statutes 2016, section 273.061, subdivision 7, is amended to read:

35.8 Subd. 7. **Division of duties between local and county assessor.** The duty of the duly
35.9 appointed local assessor shall be to view and appraise the value of all property as provided
35.10 by law, but all the book work shall be done by the county assessor, or the assessor's assistants,
35.11 and the value of all property subject to assessment and taxation shall be determined by the
35.12 county assessor, except as otherwise hereinafter provided. If directed by the county assessor,
35.13 the local assessor ~~shall~~ must perform the duties enumerated in subdivision 8, clause (16),
35.14 and must enter construction and valuation data into the records in the manner prescribed
35.15 by the county assessor.

35.16 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

35.17 Sec. 15. Minnesota Statutes 2016, section 273.08, is amended to read:

35.18 **273.08 ASSESSOR'S DUTIES.**

35.19 The assessor shall actually view, and determine the market value of each tract or lot of
35.20 real property listed for taxation, including the value of all improvements and structures
35.21 thereon, at maximum intervals of five years and shall enter the value opposite each
35.22 description. When directed by the county assessor, local assessors must enter construction
35.23 and valuation data into the records in the manner prescribed by the county assessor.

35.24 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

35.25 Sec. 16. Minnesota Statutes 2016, section 273.121, is amended by adding a subdivision
35.26 to read:

35.27 Subd. 3. **Compliance.** A county assessor, or a city assessor having the powers of a
35.28 county assessor, who does not comply with the timely notice requirement under subdivision
35.29 1 must:

36.1 (1) mail an additional valuation notice to each person who was not provided timely
 36.2 notice; and

36.3 (2) convene a supplemental local board of appeal and equalization or local review session
 36.4 no sooner than ten days after sending the additional notices required by clause (1).

36.5 **EFFECTIVE DATE.** This section is effective for valuation notices sent in 2018 and
 36.6 thereafter.

36.7 Sec. 17. Minnesota Statutes 2016, section 273.13, subdivision 22, is amended to read:

36.8 Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and
 36.9 (c), real estate which is residential and used for homestead purposes is class 1a. In the case
 36.10 of a duplex or triplex in which one of the units is used for homestead purposes, the entire
 36.11 property is deemed to be used for homestead purposes. The market value of class 1a property
 36.12 must be determined based upon the value of the house, garage, and land.

36.13 The first \$500,000 of market value of class 1a property has a net classification rate of
 36.14 one percent of its market value; and the market value of class 1a property that exceeds
 36.15 \$500,000 has a classification rate of 1.25 percent of its market value.

36.16 (b) Class 1b property includes homestead real estate or homestead manufactured homes
 36.17 used for the purposes of a homestead by:

36.18 (1) any person who is blind as defined in section 256D.35, or the blind person and the
 36.19 blind person's spouse;

36.20 (2) any person who is permanently and totally disabled or by the disabled person and
 36.21 the disabled person's spouse; or

36.22 (3) the surviving spouse of a permanently and totally disabled veteran homesteading a
 36.23 property classified under this paragraph for taxes payable in 2008.

36.24 Property is classified and assessed under clause (2) only if the government agency or
 36.25 income-providing source certifies, upon the request of the homestead occupant, that the
 36.26 homestead occupant satisfies the disability requirements of this paragraph, and that the
 36.27 property is not eligible for the valuation exclusion under subdivision 34.

36.28 Property is classified and assessed under paragraph (b) only if the commissioner of
 36.29 revenue or the county assessor certifies that the homestead occupant satisfies the requirements
 36.30 of this paragraph.

36.31 Permanently and totally disabled for the purpose of this subdivision means a condition
 36.32 which is permanent in nature and totally incapacitates the person from working at an

37.1 occupation which brings the person an income. The first \$50,000 market value of class 1b
37.2 property has a net classification rate of .45 percent of its market value. The remaining market
37.3 value of class 1b property ~~has a classification rate using the rates for~~ is classified as class
37.4 1a or class 2a property, whichever is appropriate, ~~of similar market value.~~

37.5 (c) Class 1c property is commercial use real and personal property that abuts public
37.6 water as defined in section 103G.005, subdivision 15, and is devoted to temporary and
37.7 seasonal residential occupancy for recreational purposes but not devoted to commercial
37.8 purposes for more than 250 days in the year preceding the year of assessment, and that
37.9 includes a portion used as a homestead by the owner, which includes a dwelling occupied
37.10 as a homestead by a shareholder of a corporation that owns the resort, a partner in a
37.11 partnership that owns the resort, or a member of a limited liability company that owns the
37.12 resort even if the title to the homestead is held by the corporation, partnership, or limited
37.13 liability company. For purposes of this paragraph, property is devoted to a commercial
37.14 purpose on a specific day if any portion of the property, excluding the portion used
37.15 exclusively as a homestead, is used for residential occupancy and a fee is charged for
37.16 residential occupancy. Class 1c property must contain three or more rental units. A "rental
37.17 unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping
37.18 site equipped with water and electrical hookups for recreational vehicles. Class 1c property
37.19 must provide recreational activities such as the rental of ice fishing houses, boats and motors,
37.20 snowmobiles, downhill or cross-country ski equipment; provide marina services, launch
37.21 services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use
37.22 the property is transferred to an individual or entity by deeded interest, or the sale of shares
37.23 or stock, no longer qualifies for class 1c even though it may remain available for rent. A
37.24 camping pad offered for rent by a property that otherwise qualifies for class 1c is also class
37.25 1c, regardless of the term of the rental agreement, as long as the use of the camping pad
37.26 does not exceed 250 days. If the same owner owns two separate parcels that are located in
37.27 the same township, and one of those properties is classified as a class 1c property and the
37.28 other would be eligible to be classified as a class 1c property if it was used as the homestead
37.29 of the owner, both properties will be assessed as a single class 1c property; for purposes of
37.30 this sentence, properties are deemed to be owned by the same owner if each of them is
37.31 owned by a limited liability company, and both limited liability companies have the same
37.32 membership. The portion of the property used as a homestead is class 1a property under
37.33 paragraph (a). The remainder of the property is classified as follows: the first \$600,000 of
37.34 market value is tier I, the next \$1,700,000 of market value is tier II, and any remaining
37.35 market value is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II,
37.36 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to

38.1 temporary and seasonal residential occupancy for recreation purposes in which all or a
 38.2 portion of the property was devoted to commercial purposes for not more than 250 days in
 38.3 the year preceding the year of assessment desiring classification as class 1c, must submit a
 38.4 declaration to the assessor designating the cabins or units occupied for 250 days or less in
 38.5 the year preceding the year of assessment by January 15 of the assessment year. Those
 38.6 cabins or units and a proportionate share of the land on which they are located must be
 38.7 designated as class 1c as otherwise provided. The remainder of the cabins or units and a
 38.8 proportionate share of the land on which they are located must be designated as class 3a
 38.9 commercial. The owner of property desiring designation as class 1c property must provide
 38.10 guest registers or other records demonstrating that the units for which class 1c designation
 38.11 is sought were not occupied for more than 250 days in the year preceding the assessment
 38.12 if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop,
 38.13 (4) conference center or meeting room, and (5) other nonresidential facility operated on a
 38.14 commercial basis not directly related to temporary and seasonal residential occupancy for
 38.15 recreation purposes does not qualify for class 1c.

38.16 (d) Class 1d property includes structures that meet all of the following criteria:

38.17 (1) the structure is located on property that is classified as agricultural property under
 38.18 section 273.13, subdivision 23;

38.19 (2) the structure is occupied exclusively by seasonal farm workers during the time when
 38.20 they work on that farm, and the occupants are not charged rent for the privilege of occupying
 38.21 the property, provided that use of the structure for storage of farm equipment and produce
 38.22 does not disqualify the property from classification under this paragraph;

38.23 (3) the structure meets all applicable health and safety requirements for the appropriate
 38.24 season; and

38.25 (4) the structure is not salable as residential property because it does not comply with
 38.26 local ordinances relating to location in relation to streets or roads.

38.27 The market value of class 1d property has the same classification rates as class 1a property
 38.28 under paragraph (a).

38.29 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

38.30 Sec. 18. Minnesota Statutes 2016, section 273.33, subdivision 1, is amended to read:

38.31 Subdivision 1. **Listing and assessment in county.** The personal property of express,
 38.32 stage and transportation companies, and of pipeline companies engaged in the business of
 38.33 transporting ~~natural gas, gasoline, crude oil, or other petroleum products,~~ except as otherwise

39.1 provided by law, shall be listed and assessed in the county, town or district where the same
 39.2 is usually kept.

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

39.4 Sec. 19. Minnesota Statutes 2016, section 273.33, subdivision 2, is amended to read:

39.5 Subd. 2. **Listing and assessment by commissioner.** The personal property, consisting
 39.6 of the pipeline system of mains, pipes, and equipment attached thereto, of pipeline companies
 39.7 and others engaged in the operations or business of transporting ~~natural gas, gasoline, crude~~
 39.8 ~~oil, or other petroleum~~ products by pipelines, shall be listed with and assessed by the
 39.9 commissioner of revenue and the values provided to the city or county assessor by order.
 39.10 This subdivision shall not apply to the assessment of the products transported through the
 39.11 pipelines nor to the lines of local commercial gas companies engaged primarily in the
 39.12 business of distributing gas products to consumers at retail nor to pipelines used by the
 39.13 owner thereof to supply ~~natural gas or other petroleum~~ products exclusively for such owner's
 39.14 own consumption and not for resale to others. If more than 85 percent of the ~~natural gas or~~
 39.15 ~~other petroleum~~ products actually transported over the pipeline is used for the owner's own
 39.16 consumption and not for resale to others, then this subdivision shall not apply; provided,
 39.17 however, that in that event, the pipeline shall be assessed in proportion to the percentage
 39.18 of gas products actually transported over such pipeline that is not used for the owner's own
 39.19 consumption. On or before August 1, the commissioner shall certify to the auditor of each
 39.20 county, the amount of such personal property assessment against each company in each
 39.21 district in which such property is located. If the commissioner determines that the amount
 39.22 of personal property assessment certified on or before August 1 is in error, the commissioner
 39.23 may issue a corrected certification on or before October 1. The commissioner may correct
 39.24 errors that are merely clerical in nature until December 31.

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

39.26 Sec. 20. Minnesota Statutes 2016, section 273.372, subdivision 1, is amended to read:

39.27 Subdivision 1. **Scope.** (a) As provided in this section, an appeal by a utility or railroad
 39.28 company concerning property for which the commissioner of revenue has provided the city
 39.29 or county assessor with valuations by order, or for which the commissioner has recommended
 39.30 values to the city or county assessor, must be brought against the commissioner; and ~~not~~
 39.31 ~~against~~ the county or taxing district where the property is located. Service must be made
 39.32 on the commissioner only, and not on the county or taxing district.

40.1 (b) This section governs administrative appeals and appeals to court of a claim that utility
40.2 or railroad operating property has been partially, unfairly, or unequally assessed, or assessed
40.3 at a valuation greater than its real or actual value, misclassified, or that the property is
40.4 exempt. This section applies only to property described in sections 270.81, subdivision 1,
40.5 273.33, 273.35, 273.36, and 273.37, and only with regard to taxable net tax capacities that
40.6 have been provided to the city or county by the commissioner and which have not been
40.7 changed by city or county. If the taxable net tax capacity being appealed is not the taxable
40.8 net tax capacity established by the commissioner, or if the appeal claims that the tax rate
40.9 applied against the parcel is incorrect, or that the tax has been paid, this section does not
40.10 apply.

40.11 **EFFECTIVE DATE.** This section is effective for appeals of valuations made in
40.12 assessment year 2018 and thereafter.

40.13 Sec. 21. Minnesota Statutes 2016, section 273.372, subdivision 2, is amended to read:

40.14 **Subd. 2. Contents and filing of petition.** (a) In all appeals to court that are required to
40.15 be brought against the commissioner under this section, the petition initiating the appeal
40.16 must be served on the commissioner and must be filed with the Tax Court in Ramsey County,
40.17 as provided in paragraph (b) or (c).

40.18 (b) If the appeal to court is from an order of the commissioner, it must be brought under
40.19 chapter 271 and filed within the time period prescribed in section 271.06, subdivision 2,
40.20 except that when the provisions of this section conflict with chapter 271 or 278, this section
40.21 prevails. In addition, the petition must include all the parcels encompassed by that order
40.22 which the petitioner claims have been partially, unfairly, or unequally assessed, assessed
40.23 at a valuation greater than their real or actual value, misclassified, or are exempt. For this
40.24 purpose, an order of the commissioner is either (1) a certification or notice of value by the
40.25 commissioner for property described in subdivision 1, or (2) the final determination by the
40.26 commissioner of either an administrative appeal conference or informal administrative
40.27 appeal described in subdivision 4.

40.28 (c) If the appeal is from the tax that results from implementation of the commissioner's
40.29 order, certification, or recommendation, it must be brought under chapter 278, and the
40.30 provisions in that chapter apply, except that service shall be on the commissioner only and
40.31 not on the local officials specified in section 278.01, subdivision 1, and if any other provision
40.32 of this section conflicts with chapter 278, this section prevails. In addition, the petition must
40.33 include either all the utility parcels or all the railroad parcels in the state in which the
40.34 petitioner claims an interest and which the petitioner claims have been partially, unfairly,

41.1 or unequally assessed, assessed at a valuation greater than their real or actual value,
41.2 misclassified, or are exempt.

41.3 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

41.4 Sec. 22. Minnesota Statutes 2016, section 273.372, subdivision 4, is amended to read:

41.5 Subd. 4. **Administrative appeals.** (a) Companies that submit the reports under section
41.6 270.82 or 273.371 by the date specified in that section, or by the date specified by the
41.7 commissioner in an extension, may appeal administratively to the commissioner prior to
41.8 bringing an action in court.

41.9 (b) Companies ~~that must submit reports under section 270.82 must submit~~ file a written
41.10 request ~~to for an appeal with~~ the commissioner ~~for a conference~~ within ~~ten~~ 30 days after
41.11 the notice date of the commissioner's valuation certification or other notice to the company;
41.12 ~~or by June 15, whichever is earlier.~~ For purposes of this section, "notice date" means the
41.13 notice date of the valuation certification, commissioner's order, recommendation, or other
41.14 notice.

41.15 (c) ~~Companies that submit reports under section 273.371 must submit a written request~~
41.16 ~~to the commissioner for a conference within ten days after the date of the commissioner's~~
41.17 ~~valuation certification or notice to the company, or by July 1, whichever is earlier.~~ The
41.18 appeal need not be in any particular form but must contain the following information:

41.19 (1) name and address of the company;

41.20 (2) the date;

41.21 (3) its Minnesota identification number;

41.22 (4) the assessment year or period involved;

41.23 (5) the findings in the valuation that the company disputes;

41.24 (6) a summary statement specifying its reasons for disputing each item; and

41.25 (7) the signature of the company's duly authorized agent or representative.

41.26 (d) When requested in writing and within the time allowed for filing an administrative
41.27 appeal, the commissioner may extend the time for filing an appeal for a period of not more
41.28 than 15 days from the expiration of the time for filing the appeal.

41.29 ~~(d)~~ (e) The commissioner shall conduct the conference either in person or by telephone
41.30 upon the commissioner's entire files and records and such further information as may be
41.31 offered. The conference must be held no later than 20 days after the date of the

42.1 ~~commissioner's valuation certification or notice to the company, or by the date specified by~~
 42.2 ~~the commissioner in an extension request for an appeal.~~ Within ~~60~~ 30 days after the
 42.3 conference the commissioner shall make a final determination of the matter and shall notify
 42.4 the company promptly of the determination. The conference is not a contested case hearing
 42.5 subject to chapter 14.

42.6 ~~(e) In addition to the opportunity for a conference under paragraph (a), the commissioner~~
 42.7 ~~shall also provide the railroad and utility companies the opportunity to discuss any questions~~
 42.8 ~~or concerns relating to the values established by the commissioner through certification or~~
 42.9 ~~notice in a less formal manner. This does not change or modify the deadline for requesting~~
 42.10 ~~a conference under paragraph (a), the deadline in section 271.06 for appealing an order of~~
 42.11 ~~the commissioner, or the deadline in section 278.01 for appealing property taxes in court.~~

42.12 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

42.13 Sec. 23. Minnesota Statutes 2016, section 273.372, is amended by adding a subdivision
 42.14 to read:

42.15 Subd. 5. **Agreement determining valuation.** When it appears to be in the best interest
 42.16 of the state, the commissioner may settle any matter under consideration regarding an appeal
 42.17 filed under this section. The agreement must be in writing and signed by the commissioner
 42.18 and the company or the company's authorized representative. The agreement is final and
 42.19 conclusive, and except upon a showing of fraud, malfeasance, or misrepresentation of a
 42.20 material fact, the case may not be reopened as to the matters agreed upon.

42.21 **EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

42.22 Sec. 24. Minnesota Statutes 2016, section 273.372, is amended by adding a subdivision
 42.23 to read:

42.24 Subd. 6. **Dismissal of administrative appeal.** If a taxpayer files an administrative appeal
 42.25 from an order of the commissioner and also files an appeal to the tax court for that same
 42.26 order of the commissioner, the administrative appeal is dismissed and the commissioner is
 42.27 no longer required to make the determination of appeal under subdivision 4.

42.28 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2017.

42.29 Sec. 25. **[273.88] EQUALIZATION OF PUBLIC UTILITY STRUCTURES.**

42.30 After making the apportionment provided in Minnesota Rules, part 8100.0600, the
 42.31 commissioner must equalize the values of the operating structures to the level accepted by

43.1 the State Board of Equalization if the appropriate sales ratio for each county, as conducted
 43.2 by the Department of Revenue pursuant to section 270.12, subdivision 2, clause (6), is
 43.3 outside the range accepted by the State Board of Equalization. The commissioner must not
 43.4 equalize the value of the operating structures if the sales ratio determined pursuant to this
 43.5 subdivision is within the range accepted by the State Board of Equalization.

43.6 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2017.

43.7 Sec. 26. Minnesota Statutes 2016, section 274.01, subdivision 1, is amended to read:

43.8 Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town board
 43.9 of a town, or the council or other governing body of a city, is the local board of appeal and
 43.10 equalization except (1) in cities whose charters provide for a board of equalization or (2)
 43.11 in any city or town that has transferred its local board of review power and duties to the
 43.12 county board as provided in subdivision 3. The county assessor shall fix a day and time
 43.13 when ~~the board~~ or the local board of equalization shall meet in the assessment districts of
 43.14 the county. Notwithstanding any law or city charter to the contrary, a city board of
 43.15 equalization shall be referred to as a local board of appeal and equalization. On or before
 43.16 February 15 of each year the assessor shall give written notice of the time to the city or
 43.17 town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings must
 43.18 be held between April 1 and May 31 each year. The clerk shall give published and posted
 43.19 notice of the meeting at least ten days before the date of the meeting.

43.20 The board shall meet either at a central location within the county or at the office of the
 43.21 clerk to review the assessment and classification of property in the town or city. No changes
 43.22 in valuation or classification which are intended to correct errors in judgment by the county
 43.23 assessor may be made by the county assessor after the board has adjourned in those cities
 43.24 or towns that hold a local board of review; however, corrections of errors that are merely
 43.25 clerical in nature or changes that extend homestead treatment to property are permitted after
 43.26 adjournment until the tax extension date for that assessment year. The changes must be fully
 43.27 documented and maintained in the assessor's office and must be available for review by any
 43.28 person. A copy of the changes made during this period in those cities or towns that hold a
 43.29 local board of review must be sent to the county board no later than December 31 of the
 43.30 assessment year.

43.31 (b) The board shall determine whether the taxable property in the town or city has been
 43.32 properly placed on the list and properly valued by the assessor. If real or personal property
 43.33 has been omitted, the board shall place it on the list with its market value, and correct the
 43.34 assessment so that each tract or lot of real property, and each article, parcel, or class of

44.1 personal property, is entered on the assessment list at its market value. No assessment of
44.2 the property of any person may be raised unless the person has been duly notified of the
44.3 intent of the board to do so. On application of any person feeling aggrieved, the board shall
44.4 review the assessment or classification, or both, and correct it as appears just. The board
44.5 may not make an individual market value adjustment or classification change that would
44.6 benefit the property if the owner or other person having control over the property has refused
44.7 the assessor access to inspect the property and the interior of any buildings or structures as
44.8 provided in section 273.20. A board member shall not participate in any actions of the board
44.9 which result in market value adjustments or classification changes to property owned by
44.10 the board member, the spouse, parent, stepparent, child, stepchild, grandparent, grandchild,
44.11 brother, sister, uncle, aunt, nephew, or niece of a board member, or property in which a
44.12 board member has a financial interest. The relationship may be by blood or marriage.

44.13 (c) A local board may reduce assessments upon petition of the taxpayer but the total
44.14 reductions must not reduce the aggregate assessment made by the county assessor by more
44.15 than one percent. If the total reductions would lower the aggregate assessments made by
44.16 the county assessor by more than one percent, none of the adjustments may be made. The
44.17 assessor shall correct any clerical errors or double assessments discovered by the board
44.18 without regard to the one percent limitation.

44.19 (d) A local board does not have authority to grant an exemption or to order property
44.20 removed from the tax rolls.

44.21 (e) A majority of the members may act at the meeting, and adjourn from day to day until
44.22 they finish hearing the cases presented. The assessor shall attend and take part in the
44.23 proceedings, but must not vote. The county assessor, or an assistant delegated by the county
44.24 assessor shall attend the meetings. The board shall list separately all omitted property added
44.25 to the list by the board and all items of property increased or decreased, with the market
44.26 value of each item of property, added or changed by the board. The county assessor shall
44.27 enter all changes made by the board.

44.28 (f) Except as provided in subdivision 3, if a person fails to appear in person, by counsel,
44.29 or by written communication before the board after being duly notified of the board's intent
44.30 to raise the assessment of the property, or if a person feeling aggrieved by an assessment
44.31 or classification fails to apply for a review of the assessment or classification, the person
44.32 may not appear before the county board of appeal and equalization for a review. This
44.33 paragraph does not apply if an assessment was made after the local board meeting, as
44.34 provided in section 273.01, or if the person can establish not having received notice of
44.35 market value at least five days before the local board meeting.

45.1 (g) The local board must complete its work and adjourn within 20 days from the time
45.2 of convening stated in the notice of the clerk, unless a longer period is approved by the
45.3 commissioner of revenue. No action taken after that date is valid. All complaints about an
45.4 assessment or classification made after the meeting of the board must be heard and
45.5 determined by the county board of equalization. A nonresident may, at any time, before the
45.6 meeting of the board file written objections to an assessment or classification with the county
45.7 assessor. The objections must be presented to the board at its meeting by the county assessor
45.8 for its consideration.

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

45.10 Sec. 27. Minnesota Statutes 2016, section 274.13, subdivision 1, is amended to read:

45.11 Subdivision 1. **Members; meetings; rules for equalizing assessments.** The county
45.12 commissioners, or a majority of them, with the county auditor, or, if the auditor cannot be
45.13 present, the deputy county auditor, or, if there is no deputy, the court administrator of the
45.14 district court, shall form a board for the equalization of the assessment of the property of
45.15 the county, including the property of all cities whose charters provide for a board of
45.16 equalization. This board shall be referred to as the county board of appeal and equalization.
45.17 The board shall meet annually, on the date specified in section 274.14, at the office of the
45.18 auditor. Each member shall take an oath to fairly and impartially perform duties as a member.
45.19 Members shall not participate in any actions of the board which result in market value
45.20 adjustments or classification changes to property owned by the board member, the spouse,
45.21 parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt,
45.22 nephew, or niece of a board member, or property in which a board member has a financial
45.23 interest. The relationship may be by blood or marriage. The board shall examine and compare
45.24 the returns of the assessment of property of the towns or districts, and equalize them so that
45.25 each tract or lot of real property and each article or class of personal property is entered on
45.26 the assessment list at its market value, subject to the following rules:

45.27 (1) The board shall raise the valuation of each tract or lot of real property which in its
45.28 opinion is returned below its market value to the sum believed to be its market value. The
45.29 board must first give notice of intention to raise the valuation to the person in whose name
45.30 it is assessed, if the person is a resident of the county. The notice must fix a time and place
45.31 for a hearing.

45.32 (2) The board shall reduce the valuation of each tract or lot which in its opinion is returned
45.33 above its market value to the sum believed to be its market value.

46.1 (3) The board shall raise the valuation of each class of personal property which in its
46.2 opinion is returned below its market value to the sum believed to be its market value. It
46.3 shall raise the aggregate value of the personal property of individuals, firms, or corporations,
46.4 when it believes that the aggregate valuation, as returned, is less than the market value of
46.5 the taxable personal property possessed by the individuals, firms, or corporations, to the
46.6 sum it believes to be the market value. The board must first give notice to the persons of
46.7 intention to do so. The notice must set a time and place for a hearing.

46.8 (4) The board shall reduce the valuation of each class of personal property that is returned
46.9 above its market value to the sum it believes to be its market value. Upon complaint of a
46.10 party aggrieved, the board shall reduce the aggregate valuation of the individual's personal
46.11 property, or of any class of personal property for which the individual is assessed, which
46.12 in its opinion has been assessed at too large a sum, to the sum it believes was the market
46.13 value of the individual's personal property of that class.

46.14 (5) The board must not reduce the aggregate value of all the property of its county, as
46.15 submitted to the county board of equalization, with the additions made by the auditor under
46.16 this chapter, by more than one percent of its whole valuation. The board may raise the
46.17 aggregate valuation of real property, and of each class of personal property, of the county,
46.18 or of any town or district of the county, when it believes it is below the market value of the
46.19 property, or class of property, to the aggregate amount it believes to be its market value.

46.20 (6) The board shall change the classification of any property which in its opinion is not
46.21 properly classified.

46.22 (7) The board does not have the authority to grant an exemption or to order property
46.23 removed from the tax rolls.

46.24 (8) The board may not make an individual market value adjustment or classification
46.25 change that would benefit property if the owner or other person having control over the
46.26 property has refused the assessor access to inspect the property and the interior of any
46.27 buildings or structures as provided in section 273.20.

46.28 **EFFECTIVE DATE.** This section is effective for county board of appeal and
46.29 equalization meetings in 2018 and thereafter.

46.30 Sec. 28. Minnesota Statutes 2016, section 274.135, subdivision 3, is amended to read:

46.31 Subd. 3. **Proof of compliance; transfer of duties.** (a) Any county that conducts county
46.32 boards of appeal and equalization meetings must provide proof to the commissioner by
46.33 ~~December 1, 2009, and each year thereafter,~~ February 1 that it is in compliance with the

47.1 requirements of subdivision 2. ~~Beginning in 2009~~, This notice must also verify that there
47.2 was a quorum of voting members at each meeting of the board of appeal and equalization
47.3 in the ~~current~~ previous year. A county that does not comply with these requirements is
47.4 deemed to have transferred its board of appeal and equalization powers to the special board
47.5 of equalization appointed pursuant to section 274.13, subdivision 2, beginning with the
47.6 following year's assessment and continuing unless the powers are reinstated under paragraph
47.7 (c). A county that does not comply with the requirements of subdivision 2 and has not
47.8 appointed a special board of equalization shall appoint a special board of equalization before
47.9 the following year's assessment.

47.10 (b) The county shall notify the taxpayers when the board of appeal and equalization for
47.11 a county has been transferred to the special board of equalization under this subdivision
47.12 and, prior to the meeting time of the special board of equalization, the county shall make
47.13 available to those taxpayers a procedure for a review of the assessments, including, but not
47.14 limited to, open book meetings. This alternate review process must take place in April and
47.15 May.

47.16 (c) A county board whose powers are transferred to the special board of equalization
47.17 under this subdivision may be reinstated by resolution of the county board and upon proof
47.18 of compliance with the requirements of subdivision 2. The resolution and proofs must be
47.19 provided to the commissioner by ~~December~~ February 1 in order to be effective for the
47.20 ~~following~~ current year's assessment.

47.21 (d) If a person who was entitled to appeal to the county board of appeal and equalization
47.22 or to the county special board of equalization is not able to do so in a particular year because
47.23 the county board or special board did not meet the quorum and training requirements in this
47.24 section and section 274.13, or because the special board was not appointed, that person may
47.25 instead appeal to the commissioner of revenue, provided that the appeal is received by the
47.26 commissioner prior to August 1. The appeal is not subject to either chapter 14 or section
47.27 270C.92. The commissioner must issue an appropriate order to the county assessor in
47.28 response to each timely appeal, either upholding or changing the valuation or classification
47.29 of the property. Prior to October 1 of each year, the commissioner must charge and bill the
47.30 county where the property is located \$500 for each tax parcel covered by an order issued
47.31 under this paragraph in that year. Amounts received by the commissioner under this paragraph
47.32 must be deposited in the state's general fund. If payment of a billed amount is not received
47.33 by the commissioner before December 1 of the year when billed, the commissioner must
47.34 deduct that unpaid amount from any state aid the commissioner would otherwise pay to the
47.35 county under chapter 477A in the next year. Late payments may either be returned to the

48.1 county uncashed and undeposited or may be accepted. If a late payment is accepted, the
48.2 state aid paid to the county under chapter 477A must be adjusted within 12 months to
48.3 eliminate any reduction that occurred because the payment was late. Amounts needed to
48.4 make these adjustments are included in the appropriation under section 477A.03, subdivision
48.5 2.

48.6 **EFFECTIVE DATE.** This section is effective for county boards of appeal and
48.7 equalization meetings held in 2018 and thereafter.

48.8 Sec. 29. Minnesota Statutes 2016, section 275.065, subdivision 1, is amended to read:

48.9 Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary,
48.10 on or before September 30, each county and each home rule charter or statutory city shall
48.11 certify to the county auditor the proposed property tax levy for taxes payable in the following
48.12 year.

48.13 (b) Notwithstanding any law or charter to the contrary, on or before September 15, each
48.14 town and each special taxing district shall adopt and certify to the county auditor a proposed
48.15 property tax levy for taxes payable in the following year. For towns, the final certified levy
48.16 shall also be considered the proposed levy.

48.17 (c) On or before September 30, each school district that has not mutually agreed with
48.18 its home county to extend this date shall certify to the county auditor the proposed property
48.19 tax levy for taxes payable in the following year. Each school district that has agreed with
48.20 its home county to delay the certification of its proposed property tax levy must certify its
48.21 proposed property tax levy for the following year no later than October 7. The school district
48.22 shall certify the proposed levy as:

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

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

48.28 (d) If the board of estimate and taxation or any similar board that establishes maximum
48.29 tax levies for taxing jurisdictions within a first class city certifies the maximum property
48.30 tax levies for funds under its jurisdiction by charter to the county auditor by the date specified
48.31 in paragraph (a), the city shall be deemed to have certified its levies for those taxing
48.32 jurisdictions.

49.1 (e) For purposes of this section, "special taxing district" means a special taxing district
 49.2 as defined in section 275.066. Intermediate school districts that levy a tax under chapter
 49.3 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and
 49.4 Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special
 49.5 taxing districts for purposes of this section.

49.6 (f) At the meeting at which a taxing authority, other than a town, adopts its proposed
 49.7 tax levy under this subdivision, the taxing authority shall announce the time and place of
 49.8 ~~its~~ any subsequent regularly scheduled meetings at which the budget and levy will be
 49.9 discussed and at which the public will be allowed to speak. The time and place of those
 49.10 meetings must be included in the proceedings or summary of proceedings published in the
 49.11 official newspaper of the taxing authority under section 123B.09, 375.12, or 412.191.

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

49.13 Sec. 30. Minnesota Statutes 2016, section 275.62, subdivision 2, is amended to read:

49.14 Subd. 2. **Local governments required to report.** For purposes of this section, "local
 49.15 governmental unit" means a county, home rule charter or statutory city with a population
 49.16 greater than 2,500, ~~a town with a population greater than 5,000, or a home rule charter or~~
 49.17 ~~statutory city or town that receives a distribution from the taconite municipal aid account~~
 49.18 ~~in the levy year.~~

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

49.20 Sec. 31. Minnesota Statutes 2016, section 278.01, subdivision 1, is amended to read:

49.21 Subdivision 1. **Determination of validity.** (a) Any person having personal property, or
 49.22 any estate, right, title, or interest in or lien upon any parcel of land, who claims that such
 49.23 property has been partially, unfairly, or unequally assessed in comparison with other property
 49.24 in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class,
 49.25 the portion of the county excluding the first class city, or that the parcel has been assessed
 49.26 at a valuation greater than its real or actual value, or that the tax levied against the same is
 49.27 illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so
 49.28 levied, may have the validity of the claim, defense, or objection determined by the district
 49.29 court of the county in which the tax is levied or by the Tax Court by serving one copy of a
 49.30 petition for such determination upon the county auditor, one copy on the county attorney,
 49.31 one copy on the county treasurer, and three copies on the county assessor. The county
 49.32 assessor shall immediately forward one copy of the petition to the appropriate governmental
 49.33 authority in a home rule charter or statutory city or town in which the property is located if

50.1 that city or town employs its own certified assessor. A copy of the petition shall also be
 50.2 forwarded by the assessor to the school board of the school district in which the property
 50.3 is located.

50.4 (b) In counties where the office of county treasurer has been combined with the office
 50.5 of county auditor, the county may elect to require the petitioner to serve the number of
 50.6 copies as determined by the county. The county assessor shall immediately forward one
 50.7 copy of the petition to the appropriate governmental authority in a home rule charter or
 50.8 statutory city or town in which the property is located if that city or town employs its own
 50.9 certified assessor. A list of petitioned properties, including the name of the petitioner, the
 50.10 identification number of the property, and the estimated market value, shall be sent on or
 50.11 before the first day of July by the county auditor/treasurer to the school board of the school
 50.12 district in which the property is located.

50.13 (c) For all counties, the petitioner must file the copies with proof of service, in the office
 50.14 of the court administrator of the district court on or before April 30 of the year in which the
 50.15 tax becomes payable. A petition for determination under this section may be transferred by
 50.16 the district court to the Tax Court. An appeal may also be taken to the Tax Court under
 50.17 chapter 271 at any time following receipt of the valuation notice that county assessors or
 50.18 city assessors having the powers of a county assessor are required by section 273.121 to
 50.19 send to persons whose property is to be included on the assessment roll that year, but prior
 50.20 to May 1 of the year in which the taxes are payable.

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

50.22 Sec. 32. Minnesota Statutes 2016, section 282.01, subdivision 1a, is amended to read:

50.23 Subd. 1a. **Conveyance to public entities.** (a) Upon written request from a state agency
 50.24 or a governmental subdivision of the state, a parcel of unsold tax-forfeited land must be
 50.25 withheld from sale or lease to others for a maximum of six months. The request must be
 50.26 submitted to the county auditor. Upon receipt, the county auditor must withhold the parcel
 50.27 from sale or lease to any other party for six months, and must confirm the starting date of
 50.28 the six-month withholding period to the requesting agency or subdivision. If the request is
 50.29 from a governmental subdivision of the state, the governmental subdivision must pay the
 50.30 maintenance costs incurred by the county during the period the parcel is withheld. The
 50.31 county board may approve a sale or conveyance to the requesting party during the
 50.32 withholding period. A conveyance of the property to the requesting party terminates the
 50.33 withholding period.

51.1 A governmental subdivision of the state must not make, and a county auditor must not
 51.2 act upon, a second request to withhold a parcel from sale or lease within 18 months of a
 51.3 previous request for that parcel. A county may reject a request made under this paragraph
 51.4 if the request is made more than 30 days after the county has given notice to the requesting
 51.5 state agency or governmental subdivision of the state that the county intends to sell or
 51.6 otherwise dispose of the property.

51.7 (b) Nonconservation tax-forfeited lands may be sold by the county board, for their market
 51.8 value as determined by the county board, to an organized or incorporated governmental
 51.9 subdivision of the state for any public purpose for which the subdivision is authorized to
 51.10 acquire property. When the term "market value" is used in this section, it means an estimate
 51.11 of the full and actual market value of the parcel as determined by the county board, but in
 51.12 making this determination, the board and the persons employed by or under contract with
 51.13 the board in order to perform, conduct, or assist in the determination, are exempt from the
 51.14 licensure requirements of chapter 82B.

51.15 (c) Nonconservation tax-forfeited lands may be ~~released from the trust in favor of the~~
 51.16 ~~taxing districts on application to~~ sold by the county board by, for their market value as
 51.17 determined by the county board, to a state agency for an authorized use at not less than their
 51.18 ~~market value as determined by the county board~~ any public purpose for which the agency
 51.19 is authorized to acquire property.

51.20 (d) Nonconservation tax-forfeited lands may be sold by the county board to an organized
 51.21 or incorporated governmental subdivision of the state or state agency for less than their
 51.22 market value if:

51.23 (1) the county board determines that a sale at a reduced price is in the public interest
 51.24 because a reduced price is necessary to provide an incentive to correct the blighted conditions
 51.25 that make the lands undesirable in the open market, or the reduced price will lead to the
 51.26 development of affordable housing; and

51.27 (2) the governmental subdivision or state agency has documented its specific plans for
 51.28 correcting the blighted conditions or developing affordable housing, and the specific law
 51.29 or laws that empower it to acquire real property in furtherance of the plans.

51.30 If the sale under this paragraph is to a governmental subdivision of the state, the
 51.31 commissioner of revenue must convey the property on behalf of the state by quitclaim deed.
 51.32 If the sale under this paragraph is to a state agency, the property is released from the trust
 51.33 in favor of the taxing districts and the commissioner of revenue must issue a conveyance

52.1 ~~document that releases the property from the trust in favor of the taxing districts~~ convey the
 52.2 property on behalf of the state by quitclaim deed to the agency.

52.3 (e) Nonconservation tax-forfeited land held in trust in favor of the taxing districts may
 52.4 be conveyed by the commissioner of revenue in the name of the state to a governmental
 52.5 subdivision for an authorized public use, if an application is submitted to the commissioner
 52.6 which includes a statement of facts as to the use to be made of the tract and the favorable
 52.7 recommendation of the county board. For the purposes of this paragraph, "authorized public
 52.8 use" means a use that allows an indefinite segment of the public to physically use and enjoy
 52.9 the property in numbers appropriate to its size and use, or is for a public service facility.
 52.10 Authorized public uses as defined in this paragraph are limited to:

52.11 (1) a road, or right-of-way for a road;

52.12 (2) a park that is both available to, and accessible by, the public that contains
 52.13 improvements such as campgrounds, playgrounds, athletic fields, trails, or shelters;

52.14 (3) trails for walking, bicycling, snowmobiling, or other recreational purposes, along
 52.15 with a reasonable amount of surrounding land maintained in its natural state;

52.16 (4) transit facilities for buses, light rail transit, commuter rail or passenger rail, including
 52.17 transit ways, park-and-ride lots, transit stations, maintenance and garage facilities, and other
 52.18 facilities related to a public transit system;

52.19 (5) public beaches or boat launches;

52.20 (6) public parking;

52.21 (7) civic recreation or conference facilities; and

52.22 (8) public service facilities such as fire halls, police stations, lift stations, water towers,
 52.23 sanitation facilities, water treatment facilities, and administrative offices.

52.24 No monetary compensation or consideration is required for the conveyance, except as
 52.25 provided in subdivision 1g, but the conveyance is subject to the conditions provided in law,
 52.26 including, but not limited to, the reversion provisions of subdivisions 1c and 1d.

52.27 (f) The commissioner of revenue shall convey a parcel of nonconservation tax-forfeited
 52.28 land to a local governmental subdivision of the state by quitclaim deed on behalf of the state
 52.29 upon the favorable recommendation of the county board if the governmental subdivision
 52.30 has certified to the board that prior to forfeiture the subdivision was entitled to the parcel
 52.31 under a written development agreement or instrument, but the conveyance failed to occur

53.1 prior to forfeiture. No compensation or consideration is required for, and no conditions
53.2 attach to, the conveyance.

53.3 (g) The commissioner of revenue shall convey a parcel of nonconservation tax-forfeited
53.4 land to the association of a common interest community by quitclaim deed upon the favorable
53.5 recommendation of the county board if the association certifies to the board that prior to
53.6 forfeiture the association was entitled to the parcel under a written agreement, but the
53.7 conveyance failed to occur prior to forfeiture. No compensation or consideration is required
53.8 for, and no conditions attach to, the conveyance.

53.9 (h) Conservation tax-forfeited land may be sold to a governmental subdivision of the
53.10 state for less than its market value for either: (1) creation or preservation of wetlands; (2)
53.11 drainage or storage of storm water under a storm water management plan; or (3) preservation,
53.12 or restoration and preservation, of the land in its natural state. The deed must contain a
53.13 restrictive covenant limiting the use of the land to one of these purposes for 30 years or
53.14 until the property is reconveyed back to the state in trust. At any time, the governmental
53.15 subdivision may reconvey the property to the state in trust for the taxing districts. The deed
53.16 of reconveyance is subject to approval by the commissioner of revenue. No part of a purchase
53.17 price determined under this paragraph shall be refunded upon a reconveyance, but the
53.18 amount paid for a conveyance under this paragraph may be taken into account by the county
53.19 board when setting the terms of a future sale of the same property to the same governmental
53.20 subdivision under paragraph (b) or (d). If the lands are unplatted and located outside of an
53.21 incorporated municipality and the commissioner of natural resources determines there is a
53.22 mineral use potential, the sale is subject to the approval of the commissioner of natural
53.23 resources.

53.24 (i) A park and recreation board in a city of the first class is a governmental subdivision
53.25 for the purposes of this section.

53.26 (j) Tax-forfeited land held in trust in favor of the taxing districts may be conveyed by
53.27 the commissioner of revenue in the name of the state to a governmental subdivision for a
53.28 school forest under section 89.41. An application that includes a statement of facts as to the
53.29 use to be made of the tract and the favorable recommendation of the county board and the
53.30 commissioner of natural resources must be submitted to the commissioner of revenue. No
53.31 monetary compensation or consideration is required for the conveyance, but the conveyance
53.32 is subject to the conditional use and reversion provisions of subdivisions 1c and 1d, paragraph
53.33 (e). At any time, the governmental subdivision may reconvey the property back to the state
53.34 in trust for the taxing districts. The deed of reconveyance is subject to approval by the
53.35 commissioner of revenue.

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

54.2 Sec. 33. Minnesota Statutes 2016, section 282.01, subdivision 1d, is amended to read:

54.3 Subd. 1d. **Reverter for failure to use; conveyance to state.** (a) After three years from
54.4 the date of any conveyance of tax-forfeited land to a governmental subdivision for an
54.5 authorized public use as provided in this section, regardless of when the deed for the
54.6 authorized public use was executed, if the governmental subdivision has failed to put the
54.7 land to that use, or abandons that use, the governing body of the subdivision must: (1) with
54.8 the approval of the county board, purchase the property for an authorized public purpose
54.9 at the present market value as determined by the county board, or (2) authorize the proper
54.10 officers to convey the land, or the part of the land not required for an authorized public use,
54.11 to the state of Minnesota in trust for the taxing districts. If the governing body purchases
54.12 the property under clause (1), the commissioner of revenue shall, upon proper application
54.13 submitted by the county auditor and upon the reconveyance of the land subject to the
54.14 conditional use deed to the state, convey the property on behalf of the state by quitclaim
54.15 deed to the subdivision free of a use restriction and the possibility of reversion or
54.16 defeasement. If the governing body decides to reconvey the property to the state under this
54.17 clause, the officers shall execute a deed of conveyance immediately. The conveyance is
54.18 subject to the approval of the commissioner and its form must be approved by the attorney
54.19 general. For 15 years from the date of the conveyance, there is no failure to put the land to
54.20 the authorized public use and no abandonment of that use if a formal plan of the governmental
54.21 subdivision, including, but not limited to, a comprehensive plan or land use plan, shows an
54.22 intended future use of the land for the authorized public use.

54.23 (b) Property held by a governmental subdivision of the state under a conditional use
54.24 deed executed under this section by the commissioner of revenue on or after January 1,
54.25 2007, may be acquired by that governmental subdivision after 15 years from the date of the
54.26 conveyance if the commissioner determines upon written application from the subdivision
54.27 that the subdivision has in fact put the property to the authorized public use for which it
54.28 was conveyed, and the subdivision has made a finding that it has no current plans to change
54.29 the use of the lands. Prior to conveying the property, the commissioner shall inquire whether
54.30 the county board where the land is located objects to a conveyance of the property to the
54.31 subdivision without conditions and without further act by or obligation of the subdivision.
54.32 If the county does not object within 60 days, and the commissioner makes a favorable
54.33 determination, the commissioner shall issue a quitclaim deed on behalf of the state
54.34 unconditionally conveying the property to the governmental subdivision. For purposes of
54.35 this paragraph, demonstration of an intended future use for the authorized public use in a

55.1 formal plan of the governmental subdivision does not constitute use for that authorized
55.2 public use.

55.3 (c) Property held by a governmental subdivision of the state under a conditional use
55.4 deed executed under this section by the commissioner of revenue before January 1, 2007,
55.5 is released from the use restriction and possibility of reversion on January 1, 2022, if the
55.6 county board records a resolution describing the land and citing this paragraph. The county
55.7 board may authorize the county treasurer to deduct the amount of the recording fees from
55.8 future settlements of property taxes to the subdivision.

55.9 (d) Except for tax-forfeited land conveyed to establish a school forest under section
55.10 89.41, property conveyed under a conditional use deed executed under this section by the
55.11 commissioner of revenue, regardless of when the deed for the authorized public use was
55.12 executed, is released from the use restriction and reverter, and any use restriction or reverter
55.13 for which no declaration of reversion has been recorded with the county recorder or registrar
55.14 of titles, as appropriate, is nullified on the later of: (1) January 1, 2015; (2) 30 years from
55.15 the date the deed was acknowledged; or (3) final resolution of an appeal to district court
55.16 under subdivision 1e, if a lis pendens related to the appeal is recorded in the office of the
55.17 county recorder or registrar of titles, as appropriate, prior to January 1, 2015.

55.18 (e) Notwithstanding paragraphs (a) to (d), tax-forfeited land conveyed to establish a
55.19 school forest under section 89.41 is subject to a perpetual conditional use deed and reverter.
55.20 The property reverts to the state in trust for the taxing districts by operation of law if the
55.21 commissioner of natural resources determines and reports to the commissioner of revenue
55.22 under section 89.41, subdivision 3, that the governmental subdivision has failed to use the
55.23 land for school forest purposes for three consecutive years. The commissioner of revenue
55.24 shall record a declaration of reversion for land that has reverted under this paragraph.

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

55.26 Sec. 34. Minnesota Statutes 2016, section 477A.013, is amended by adding a subdivision
55.27 to read:

55.28 **Subd. 14. Communication by electronic mail.** Prior to receiving aid pursuant to this
55.29 section, a city must register an official electronic mail address with the commissioner, which
55.30 the commissioner may use as an exclusive means to communicate with the city.

55.31 **EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

56.1 Sec. 35. Minnesota Statutes 2016, section 477A.19, is amended by adding a subdivision
56.2 to read:

56.3 Subd. 3a. **Certification.** On or before June 1 of each year, the commissioner of natural
56.4 resources shall certify to the commissioner of revenue the number of watercraft launches
56.5 and the number of watercraft trailer parking spaces in each county.

56.6 **EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

56.7 Sec. 36. Minnesota Statutes 2016, section 477A.19, is amended by adding a subdivision
56.8 to read:

56.9 Subd. 3b. **Certification.** On or before June 1 of each year, the commissioner of natural
56.10 resources shall certify to the commissioner of revenue the counties that complied with the
56.11 requirements of subdivision 3 the prior year and are eligible to receive aid under this section.

56.12 **EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

56.13 Sec. 37. Minnesota Statutes 2016, section 559.202, subdivision 2, is amended to read:

56.14 Subd. 2. **Exception.** This section does not apply to sales made under chapter 282 or if
56.15 the purchaser is represented throughout the transaction by either:

56.16 (1) a person licensed to practice law in this state; or

56.17 (2) a person licensed as a real estate broker or salesperson under chapter 82, provided
56.18 that the representation does not create a dual agency, as that term is defined in section 82.55,
56.19 subdivision 6.

56.20 **EFFECTIVE DATE.** This section is effective for sales of tax-forfeited land occurring
56.21 the day following final enactment and thereafter.

56.22 Sec. 38. Laws 2014, chapter 308, article 9, section 94, is amended to read:

56.23 **Sec. 94. REPEALER.**

56.24 (a) Minnesota Statutes 2012, sections 273.1398, subdivision 4b; 290.01, subdivision
56.25 19e; 290.0674, subdivision 3; 290.191, subdivision 4; and 290.33, and Minnesota Rules,
56.26 part 8007.0200, are repealed.

56.27 (b) Minnesota Statutes 2012, sections 16D.02, subdivisions 5 and 8; 16D.11, subdivision
56.28 2; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 43, 48, 51, 53, 67, 72, and
56.29 82; ~~272.027, subdivision 2~~; 272.031; 273.015, subdivision 1; 273.03, subdivision 3; 273.075;
56.30 273.13, subdivision 21a; 273.1383; 273.1386; 273.80; 275.77; 279.32; 281.173, subdivision

57.1 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20, subdivision 4; 287.27,
 57.2 subdivision 2; 290.01, subdivisions 4b and 20e; 295.52, subdivision 7; 297A.666; 297A.71,
 57.3 subdivisions 4, 5, 7, 9, 10, 17, 18, 20, 32, and 41; 297F.08, subdivision 11; 297H.10,
 57.4 subdivision 2; 469.174, subdivision 10c; 469.175, subdivision 2b; 469.176, subdivision 1i;
 57.5 469.177, subdivision 10; 477A.0124, subdivisions 1 and 6; and 505.173, Minnesota Statutes
 57.6 2013 Supplement, section 273.1103, Laws 1993, chapter 375, article 9, section 47, and
 57.7 Minnesota Rules, parts 8002.0200, subpart 8; 8100.0800; and 8130.7500, subpart 7, are
 57.8 repealed.

57.9 (c) Minnesota Statutes 2012, section 469.1764, is repealed.

57.10 (d) Minnesota Statutes 2012, sections 289A.56, subdivision 7; 297A.68, subdivision 38;
 57.11 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338; 469.339;
 57.12 469.340, subdivisions 1, 2, 3, and 5; and 469.341, and Minnesota Statutes 2013 Supplement,
 57.13 section 469.340, subdivision 4, are repealed.

57.14 (e) Minnesota Statutes 2012, section 290.06, subdivisions 30 and 31, are repealed.

57.15 **EFFECTIVE DATE.** This section is effective retroactively from May 20, 2014, and
 57.16 pursuant to Minnesota Statutes, section 645.36, Minnesota Statutes, section 272.027,
 57.17 subdivision 2, is revived and reenacted as of that date.

57.18 Sec. 39. **REPEALER.**

57.19 (a) Minnesota Statutes 2016, section 281.22, is repealed.

57.20 (b) Minnesota Rules, part 8100.0700, is repealed.

57.21 **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment.

57.22 Paragraph (b) is effective for assessment year 2017 and thereafter.

57.23 **ARTICLE 6**

57.24 **DEPARTMENT POLICY AND TECHNICAL PROVISIONS; MISCELLANEOUS**

57.25 Section 1. Minnesota Statutes 2016, section 270.82, subdivision 1, is amended to read:

57.26 Subdivision 1. **Annual report required.** Every railroad company doing business in
 57.27 Minnesota shall annually file with the commissioner on or before March 31 a report under
 57.28 oath setting forth the information prescribed by the commissioner to enable the commissioner
 57.29 to make the valuation and equalization required by sections 270.80 to 270.87. The
 57.30 commissioner shall prescribe the content, format, and manner of the report pursuant to
 57.31 section 270C.30, except that a "law administered by the commissioner" includes the property

58.1 tax laws. If a report is made by electronic means, the taxpayer's signature is defined pursuant
 58.2 to section 270C.304, except that a "law administered by the commissioner" includes the
 58.3 property tax laws.

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

58.5 Sec. 2. Minnesota Statutes 2016, section 270A.03, subdivision 5, is amended to read:

58.6 Subd. 5. **Debt.** (a) "Debt" means a legal obligation of a natural person to pay a fixed and
 58.7 certain amount of money, which equals or exceeds \$25 and which is due and payable to a
 58.8 claimant agency. The term includes criminal fines imposed under section 609.10 or 609.125,
 58.9 fines imposed for petty misdemeanors as defined in section 609.02, subdivision 4a, and
 58.10 restitution. A debt may arise under a contractual or statutory obligation, a court order, or
 58.11 other legal obligation, but need not have been reduced to judgment.

58.12 A debt includes any legal obligation of a current recipient of assistance which is based
 58.13 on overpayment of an assistance grant where that payment is based on a client waiver or
 58.14 an administrative or judicial finding of an intentional program violation; or where the debt
 58.15 is owed to a program wherein the debtor is not a client at the time notification is provided
 58.16 to initiate recovery under this chapter and the debtor is not a current recipient of food support,
 58.17 transitional child care, or transitional medical assistance.

58.18 (b) A debt does not include any legal obligation to pay a claimant agency for medical
 58.19 care, including hospitalization if the income of the debtor at the time when the medical care
 58.20 was rendered does not exceed the following amount:

58.21 (1) for an unmarried debtor, an income of ~~\$8,800~~ \$12,560 or less;

58.22 (2) for a debtor with one dependent, an income of ~~\$11,270~~ \$16,080 or less;

58.23 (3) for a debtor with two dependents, an income of ~~\$13,330~~ \$19,020 or less;

58.24 (4) for a debtor with three dependents, an income of ~~\$15,120~~ \$21,580 or less;

58.25 (5) for a debtor with four dependents, an income of ~~\$15,950~~ \$22,760 or less; and

58.26 (6) for a debtor with five or more dependents, an income of ~~\$16,630~~ \$23,730 or less.

58.27 For purposes of this paragraph, "debtor" means the individual whose income, together
 58.28 with the income of the individual's spouse, other than a separated spouse, brings the
 58.29 individual within the income provisions of this paragraph. For purposes of this paragraph,
 58.30 a spouse, other than a separated spouse, shall be considered a dependent.

59.1 (c) The commissioner shall adjust the income amounts in paragraph (b) by the percentage
59.2 determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except
59.3 that in section 1(f)(3)(B) the word "~~1999~~ 2014" shall be substituted for the word "1992."
59.4 For ~~2001~~ 2016, the commissioner shall then determine the percent change from the 12
59.5 months ending on August 31, ~~1999~~ 2014, to the 12 months ending on August 31, ~~2000~~ 2015,
59.6 and in each subsequent year, from the 12 months ending on August 31, ~~1999~~ 2014, to the
59.7 12 months ending on August 31 of the year preceding the taxable year. The determination
59.8 of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall
59.9 not be subject to the Administrative Procedure Act contained in chapter 14. The income
59.10 amount as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5,
59.11 the amount is rounded up to the nearest \$10 amount.

59.12 (d) Debt also includes an agreement to pay a MinnesotaCare premium, regardless of the
59.13 dollar amount of the premium authorized under section 256L.15, subdivision 1a.

59.14 **EFFECTIVE DATE.** The section is effective retroactively for debts incurred after
59.15 December 31, 2014.

59.16 Sec. 3. Minnesota Statutes 2016, section 270B.14, subdivision 1, is amended to read:

59.17 Subdivision 1. **Disclosure to commissioner of human services.** (a) On the request of
59.18 the commissioner of human services, the commissioner shall disclose return information
59.19 regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the
59.20 extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

59.21 (b) Data that may be disclosed are limited to data relating to the identity, whereabouts,
59.22 employment, income, and property of a person owing or alleged to be owing an obligation
59.23 of child support.

59.24 (c) The commissioner of human services may request data only for the purposes of
59.25 carrying out the child support enforcement program and to assist in the location of parents
59.26 who have, or appear to have, deserted their children. Data received may be used only as set
59.27 forth in section 256.978.

59.28 (d) The commissioner shall provide the records and information necessary to administer
59.29 the supplemental housing allowance to the commissioner of human services.

59.30 (e) At the request of the commissioner of human services, the commissioner of revenue
59.31 shall electronically match the Social Security numbers and names of participants in the
59.32 telephone assistance plan operated under sections 237.69 to 237.71, with those of property

60.1 tax refund filers, and determine whether each participant's household income is within the
60.2 eligibility standards for the telephone assistance plan.

60.3 (f) The commissioner may provide records and information collected under sections
60.4 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid
60.5 Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law
60.6 102-234. Upon the written agreement by the United States Department of Health and Human
60.7 Services to maintain the confidentiality of the data, the commissioner may provide records
60.8 and information collected under sections 295.50 to 295.59 to the Centers for Medicare and
60.9 Medicaid Services section of the United States Department of Health and Human Services
60.10 for purposes of meeting federal reporting requirements.

60.11 (g) The commissioner may provide records and information to the commissioner of
60.12 human services as necessary to administer the early refund of refundable tax credits.

60.13 (h) The commissioner may disclose information to the commissioner of human services
60.14 as necessary to verify income for income verification for eligibility and premium payment
60.15 under the MinnesotaCare program, under section 256L.05, subdivision 2, as well as the
60.16 medical assistance program under chapter 256B.

60.17 (i) The commissioner may disclose information to the commissioner of human services
60.18 necessary to verify whether applicants or recipients for the Minnesota family investment
60.19 program, general assistance, food support, Minnesota supplemental aid program, and child
60.20 care assistance have claimed refundable tax credits under chapter 290 and the property tax
60.21 refund under chapter 290A, and the amounts of the credits.

60.22 (j) The commissioner may disclose information to the commissioner of human services
60.23 necessary to verify income for purposes of calculating parental contribution amounts under
60.24 section 252.27, subdivision 2a.

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

60.26 Sec. 4. Minnesota Statutes 2016, section 270C.30, is amended to read:

60.27 **270C.30 RETURNS AND OTHER DOCUMENTS; FORMAT; FURNISHING.**

60.28 Except as otherwise provided by law, the commissioner shall prescribe the content ~~and,~~
60.29 format, and manner of all returns and other forms required to be filed under a law
60.30 administered by the commissioner, and may furnish them subject to charge on application.

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

61.1 Sec. 5. Minnesota Statutes 2016, section 270C.33, subdivision 5, is amended to read:

61.2 Subd. 5. **Prohibition against collection during appeal period of an order.** No collection
 61.3 action can be taken on an order of assessment, or any other order imposing a liability,
 61.4 including the filing of liens under section 270C.63, and no late payment penalties may be
 61.5 imposed when a return has been filed for the tax type and period upon which the order is
 61.6 based, during the appeal period of an order. The appeal period of an order ends: (1) 60 days
 61.7 after the ~~order has been mailed to the taxpayer~~ notice date designated by the commissioner
 61.8 on the order; (2) if an administrative appeal is filed under section 270C.35, 60 days after
 61.9 the notice date designated by the commissioner on the written determination of the
 61.10 administrative appeal; (3) if an appeal to Tax Court is filed under chapter 271, when the
 61.11 decision of the Tax Court is made; or (4) if an appeal to Tax Court is filed and the appeal
 61.12 is based upon a constitutional challenge to the tax, 60 days after final determination of the
 61.13 appeal. This subdivision does not apply to a jeopardy assessment under section 270C.36,
 61.14 or a jeopardy collection under section 270C.36.

61.15 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,
 61.16 2017.

61.17 Sec. 6. Minnesota Statutes 2016, section 270C.33, subdivision 8, is amended to read:

61.18 Subd. 8. **Sufficiency of notice.** An assessment of tax made by the commissioner, sent
 61.19 postage prepaid by United States mail to the taxpayer at the taxpayer's last known address,
 61.20 or sent by electronic mail to the taxpayer's last known electronic mailing address as provided
 61.21 for in section 325L.08, is sufficient even if the taxpayer is deceased or is under a legal
 61.22 disability, or, in the case of a corporation, has terminated its existence, unless the
 61.23 commissioner has been provided with a new address by a party authorized to receive notices
 61.24 of assessment. Notice of an assessment is sufficient if it is sent on or before the notice date
 61.25 designated by the commissioner on the assessment.

61.26 **EFFECTIVE DATE.** This section is effective for assessments dated after December
 61.27 31, 2017.

61.28 Sec. 7. Minnesota Statutes 2016, section 270C.34, subdivision 2, is amended to read:

61.29 Subd. 2. **Procedure.** (a) A request for abatement of penalty under subdivision 1 or
 61.30 section 289A.60, subdivision 4, or a request for abatement of interest or additional tax
 61.31 charge, must be filed with the commissioner within 60 days of the notice date of the notice
 61.32 ~~was mailed to the taxpayer's last known address, stating that a penalty has been imposed or~~
 61.33 additional tax charge. For purposes of this section, "notice date" means the notice date

62.1 designated by the commissioner on the order or other notice that a penalty or additional tax
 62.2 charge has been imposed.

62.3 (b) If the commissioner issues an order denying a request for abatement of penalty,
 62.4 interest, or additional tax charge, the taxpayer may file an administrative appeal as provided
 62.5 in section 270C.35 or appeal to Tax Court as provided in section 271.06.

62.6 (c) If the commissioner does not issue an order on the abatement request within 60 days
 62.7 from the date the request is received, the taxpayer may appeal to Tax Court as provided in
 62.8 section 271.06.

62.9 **EFFECTIVE DATE.** This section is effective for orders and notices dated after
 62.10 December 31, 2017.

62.11 Sec. 8. Minnesota Statutes 2016, section 270C.35, subdivision 3, is amended to read:

62.12 Subd. 3. **Notice date.** For purposes of this section, ~~the term~~ "notice date" means the
 62.13 notice date of designated by the commissioner on the order adjusting the tax or order denying
 62.14 a request for abatement, or, in the case of a denied refund, the notice date of designated by
 62.15 the commissioner on the notice of denial.

62.16 **EFFECTIVE DATE.** This section is effective for orders and notices dated after
 62.17 December 31, 2017.

62.18 Sec. 9. Minnesota Statutes 2016, section 270C.35, is amended by adding a subdivision to
 62.19 read:

62.20 Subd. 11. **Dismissal of administrative appeal.** If a taxpayer files an administrative
 62.21 appeal for an order of the commissioner and also files an appeal to the Tax Court for that
 62.22 same order of the commissioner, the administrative appeal is dismissed and the commissioner
 62.23 is no longer required to make a determination of appeal under subdivision 6.

62.24 **EFFECTIVE DATE.** This section is effective for all administrative appeals filed after
 62.25 June 30, 2017.

62.26 Sec. 10. Minnesota Statutes 2016, section 270C.38, subdivision 1, is amended to read:

62.27 Subdivision 1. **Sufficient notice.** (a) If no method of notification of a written
 62.28 determination or action of the commissioner is otherwise specifically provided for by law,
 62.29 notice of the determination or action sent postage prepaid by United States mail to the
 62.30 taxpayer or other person affected by the determination or action at the taxpayer's or person's
 62.31 last known address, is sufficient. If the taxpayer or person being notified is deceased or is

63.1 under a legal disability, or, in the case of a corporation being notified that has terminated
 63.2 its existence, notice to the last known address of the taxpayer, person, or corporation is
 63.3 sufficient, unless the department has been provided with a new address by a party authorized
 63.4 to receive notices from the commissioner.

63.5 (b) If a taxpayer or other person agrees to accept notification by electronic means, notice
 63.6 of a determination or action of the commissioner sent by electronic mail to the taxpayer's
 63.7 or person's last known electronic mailing address as provided for in section 325L.08 is
 63.8 sufficient.

63.9 (c) Notice of a determination or action of the commissioner is sufficient if it is sent on
 63.10 or before the notice date designated by the commissioner on the notice.

63.11 **EFFECTIVE DATE.** This section is effective for notices dated after December 31,
 63.12 2017.

63.13 Sec. 11. Minnesota Statutes 2016, section 270C.445, is amended by adding a subdivision
 63.14 to read:

63.15 Subd. 9. **Enforcement; limitations.** (a) Notwithstanding any other law, the imposition
 63.16 of a penalty or any other action against a tax return preparer authorized by subdivision 6
 63.17 with respect to a return may be taken by the commissioner within the period provided by
 63.18 section 289A.38 to assess tax on that return.

63.19 (b) Imposition of a penalty or other action against a tax return preparer authorized by
 63.20 subdivision 6 other than with respect to a return must be taken by the commissioner within
 63.21 five years of the violation of statute.

63.22 **EFFECTIVE DATE.** This section is effective for tax preparation services provided
 63.23 after the day following final enactment.

63.24 Sec. 12. Minnesota Statutes 2016, section 270C.446, subdivision 5, is amended to read:

63.25 Subd. 5. **Removal from list.** The commissioner shall remove the name of a tax preparer
 63.26 from the list of tax preparers published under this section:

63.27 (1) when the commissioner determines that the name was included on the list in error;

63.28 (2) within ~~90 days~~ three years after the preparer has demonstrated to the commissioner
 63.29 that the preparer fully paid all fines or penalties imposed, served any suspension, satisfied
 63.30 any sentence imposed, successfully completed any probationary period imposed, and

64.1 successfully completed any remedial actions required by the commissioner, the State Board
64.2 of Accountancy, or the Lawyers Board of Professional Responsibility; or

64.3 (3) when the commissioner has been notified that the tax preparer is deceased.

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

64.5 Sec. 13. Minnesota Statutes 2016, section 270C.72, subdivision 4, is amended to read:

64.6 Subd. 4. **Licensing authority; duties.** All licensing authorities must require the applicant
64.7 to provide the applicant's Social Security number or individual taxpayer identification
64.8 number and Minnesota business identification number, as applicable, on all license
64.9 applications. Upon request of the commissioner, the licensing authority must provide the
64.10 commissioner with a list of all applicants, including the name, address, business name and
64.11 address, and Social Security number; or individual taxpayer identification number and
64.12 business identification number, as applicable, of each applicant. The commissioner may
64.13 request from a licensing authority a list of the applicants no more than once each calendar
64.14 year.

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

64.16 Sec. 14. Minnesota Statutes 2016, section 271.06, subdivision 2, is amended to read:

64.17 Subd. 2. **Time; notice; intervention.** Except as otherwise provided by law, within 60
64.18 days after the notice of the making and filing date of an order of the commissioner of revenue,
64.19 the appellant, or the appellant's attorney, shall serve a notice of appeal upon the commissioner
64.20 and file the original, with proof of such service, with the Tax Court administrator or with
64.21 the court administrator of district court acting as court administrator of the Tax Court;
64.22 provided, that the Tax Court, for cause shown, may by written order extend the time for
64.23 appealing for an additional period not exceeding 30 days. For purposes of this section,
64.24 "notice date" means the notice date designated by the commissioner on the order. The notice
64.25 of appeal shall be in the form prescribed by the Tax Court. Within five days after receipt,
64.26 the commissioner shall transmit a copy of the notice of appeal to the attorney general. The
64.27 attorney general shall represent the commissioner, if requested, upon all such appeals except
64.28 in cases where the attorney general has appealed in behalf of the state, or in other cases
64.29 where the attorney general deems it against the interests of the state to represent the
64.30 commissioner, in which event the attorney general may intervene or be substituted as an
64.31 appellant in behalf of the state at any stage of the proceedings.

65.1 Upon a final determination of any other matter over which the court is granted jurisdiction
65.2 under section 271.01, subdivision 5, the taxpayer or the taxpayer's attorney shall file a
65.3 petition or notice of appeal as provided by law with the court administrator of district court,
65.4 acting in the capacity of court administrator of the Tax Court, with proof of service of the
65.5 petition or notice of appeal as required by law and within the time required by law. As used
65.6 in this subdivision, "final determination" includes a notice of assessment and equalization
65.7 for the year in question received from the local assessor, an order of the local board of
65.8 equalization, or an order of a county board of equalization.

65.9 The Tax Court shall prescribe a filing system so that the notice of appeal or petition filed
65.10 with the district court administrator acting as court administrator of the Tax Court is
65.11 forwarded to the Tax Court administrator. In the case of an appeal or a petition concerning
65.12 property valuation for which the assessor, a local board of equalization, a county board of
65.13 equalization or the commissioner of revenue has issued an order, the officer issuing the
65.14 order shall be notified of the filing of the appeal. The notice of appeal or petition shall be
65.15 in the form prescribed by the Tax Court.

65.16 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,
65.17 2017.

65.18 Sec. 15. Minnesota Statutes 2016, section 271.06, subdivision 7, is amended to read:

65.19 Subd. 7. **Rules.** Except as provided in section 278.05, subdivision 6, the Rules of
65.20 Evidence and Civil Procedure for the district court of Minnesota shall govern the procedures
65.21 in the Tax Court, where practicable. The Rules of Civil Procedure do not apply to alter the
65.22 60-day period of time to file a notice of appeal provided in subdivision 2. The Tax Court
65.23 may adopt rules under chapter 14.

65.24 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,
65.25 2017.

65.26 Sec. 16. Minnesota Statutes 2016, section 272.02, subdivision 10, is amended to read:

65.27 Subd. 10. **Personal property used for pollution control.** Personal property used
65.28 primarily for the abatement and control of air, water, or land pollution is exempt to the
65.29 extent that it is so used, and real property is exempt if it is used primarily for abatement and
65.30 control of air, water, or land pollution as part of an agricultural operation, as a part of a
65.31 centralized treatment and recovery facility operating under a permit issued by the Minnesota
65.32 Pollution Control Agency pursuant to chapters 115 and 116 and Minnesota Rules, parts
65.33 7001.0500 to 7001.0730, and 7045.0020 to 7045.1030, as a wastewater treatment facility

66.1 and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges,
66.2 or inorganic materials from hazardous industrial wastes, or as part of an electric generation
66.3 system. For purposes of this subdivision, personal property includes ponderous machinery
66.4 and equipment used in a business or production activity that at common law is considered
66.5 real property.

66.6 Any taxpayer requesting exemption of all or a portion of any real property or any
66.7 equipment or device, or part thereof, operated primarily for the control or abatement of air,
66.8 water, or land pollution shall file an application with the commissioner of revenue. The
66.9 commissioner shall develop an electronic means to notify interested parties when electric
66.10 power generation facilities have filed an application. The commissioner shall prescribe the
66.11 content, format, and manner of the application pursuant to section 270C.30, except that a
66.12 "law administered by the commissioner" includes the property tax laws, and if an application
66.13 is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304,
66.14 except that a "law administered by the commissioner" includes the property tax laws. The
66.15 Minnesota Pollution Control Agency shall upon request of the commissioner furnish
66.16 information and advice to the commissioner.

66.17 The information and advice furnished by the Minnesota Pollution Control Agency must
66.18 include statements as to whether the equipment, device, or real property meets a standard,
66.19 rule, criteria, guideline, policy, or order of the Minnesota Pollution Control Agency, and
66.20 whether the equipment, device, or real property is installed or operated in accordance with
66.21 it. On determining that property qualifies for exemption, the commissioner shall issue an
66.22 order exempting the property from taxation. The commissioner shall develop an electronic
66.23 means to notify interested parties when the commissioner has issued an order exempting
66.24 property from taxation under this subdivision. The equipment, device, or real property shall
66.25 continue to be exempt from taxation as long as the order issued by the commissioner remains
66.26 in effect.

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

66.28 Sec. 17. Minnesota Statutes 2016, section 272.0211, subdivision 1, is amended to read:

66.29 Subdivision 1. **Efficiency determination and certification.** An owner or operator of a
66.30 new or existing electric power generation facility, excluding wind energy conversion systems,
66.31 may apply to the commissioner of revenue for a market value exclusion on the property as
66.32 provided for in this section. This exclusion shall apply only to the market value of the
66.33 equipment of the facility, and shall not apply to the structures and the land upon which the
66.34 facility is located. The commissioner of revenue shall prescribe the ~~forms~~ content, format,

67.1 manner, and procedures for this application pursuant to section 270C.30, except that a "law
 67.2 administered by the commissioner" includes the property tax laws. If an application is made
 67.3 by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except
 67.4 that a "law administered by the commissioner" includes the property tax laws. Upon receiving
 67.5 the application, the commissioner of revenue shall: (1) request the commissioner of commerce
 67.6 to make a determination of the efficiency of the applicant's electric power generation facility;
 67.7 and (2) shall develop an electronic means to notify interested parties when electric power
 67.8 generation facilities have filed an application. The commissioner of commerce shall calculate
 67.9 efficiency as the ratio of useful energy outputs to energy inputs, expressed as a percentage,
 67.10 based on the performance of the facility's equipment during normal full load operation. The
 67.11 commissioner must include in this formula the energy used in any on-site preparation of
 67.12 materials necessary to convert the materials into the fuel used to generate electricity, such
 67.13 as a process to gasify petroleum coke. The commissioner shall use the Higher Heating Value
 67.14 (HHV) for all substances in the commissioner's efficiency calculations, except for wood
 67.15 for fuel in a biomass-eligible project under section 216B.2424; for these instances, the
 67.16 commissioner shall adjust the heating value to allow for energy consumed for evaporation
 67.17 of the moisture in the wood. The applicant shall provide the commissioner of commerce
 67.18 with whatever information the commissioner deems necessary to make the determination.
 67.19 Within 30 days of the receipt of the necessary information, the commissioner of commerce
 67.20 shall certify the findings of the efficiency determination to the commissioner of revenue
 67.21 and to the applicant. The commissioner of commerce shall determine the efficiency of the
 67.22 facility and certify the findings of that determination to the commissioner of revenue every
 67.23 two years thereafter from the date of the original certification.

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

67.25 Sec. 18. Minnesota Statutes 2016, section 272.025, subdivision 1, is amended to read:

67.26 Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned by
 67.27 the state of Minnesota or any political subdivision thereof, and property exempt from taxation
 67.28 under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at the times
 67.29 provided in subdivision 3, a taxpayer claiming an exemption from taxation on property
 67.30 described in section 272.02, subdivisions 2 to 33, must file a statement of exemption with
 67.31 the assessor of the assessment district in which the property is located.

67.32 (b) A taxpayer claiming an exemption from taxation on property described in section
 67.33 272.02, subdivision 10, must file a statement of exemption with the commissioner of revenue,
 67.34 on or before February 15 of each year for which the taxpayer claims an exemption.

68.1 (c) In case of sickness, absence or other disability or for good cause, the assessor or the
 68.2 commissioner may extend the time for filing the statement of exemption for a period not to
 68.3 exceed 60 days.

68.4 (d) The commissioner of revenue shall prescribe the ~~form and contents~~ content, format,
 68.5 and manner of the statement of exemption pursuant to section 270C.30, except that a "law
 68.6 administered by the commissioner" includes the property tax laws.

68.7 (e) If a statement is made by electronic means, the taxpayer's signature is defined pursuant
 68.8 to section 270C.304, except that a "law administered by the commissioner" includes the
 68.9 property tax laws.

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

68.11 Sec. 19. Minnesota Statutes 2016, section 272.029, subdivision 4, is amended to read:

68.12 Subd. 4. **Reports.** (a) An owner of a wind energy conversion system subject to tax under
 68.13 subdivision 3 shall file a report with the commissioner of revenue annually on or before
 68.14 ~~February 1~~ January 15 detailing the amount of electricity in kilowatt-hours that was produced
 68.15 by the wind energy conversion system for the previous calendar year. The commissioner
 68.16 shall prescribe the ~~form~~ content, format, and manner of the report pursuant to section
 68.17 270C.30, except that a "law administered by the commissioner" includes the property tax
 68.18 laws. The report must contain the information required by the commissioner to determine
 68.19 the tax due to each county under this section for the current year. If an owner of a wind
 68.20 energy conversion system subject to taxation under this section fails to file the report by
 68.21 the due date, the commissioner of revenue shall determine the tax based upon the nameplate
 68.22 capacity of the system multiplied by a capacity factor of 60 percent.

68.23 (b) If a report is made by electronic means, the taxpayer's signature is defined pursuant
 68.24 to section 270C.304, except that a "law administered by the commissioner" includes the
 68.25 property tax laws.

68.26 ~~(b)~~ (c) On or before February 28, the commissioner of revenue shall notify the owner
 68.27 of the wind energy conversion systems of the tax due to each county for the current year
 68.28 and shall certify to the county auditor of each county in which the systems are located the
 68.29 tax due from each owner for the current year.

68.30 **EFFECTIVE DATE.** This section is effective the day following final enactment, except
 68.31 that the amendment in paragraph (a) moving the date to file the report is effective for reports
 68.32 filed in 2018 and thereafter.

69.1 Sec. 20. Minnesota Statutes 2016, section 272.0295, subdivision 4, is amended to read:

69.2 Subd. 4. **Reports.** An owner of a solar energy generating system subject to tax under
 69.3 this section shall file a report with the commissioner of revenue annually on or before
 69.4 January 15 detailing the amount of electricity in megawatt-hours that was produced by the
 69.5 system in the previous calendar year. The commissioner shall prescribe the ~~form~~content,
 69.6 format, and manner of the report pursuant to section 270C.30. The report must contain the
 69.7 information required by the commissioner to determine the tax due to each county under
 69.8 this section for the current year. If an owner of a solar energy generating system subject to
 69.9 taxation under this section fails to file the report by the due date, the commissioner of
 69.10 revenue shall determine the tax based upon the nameplate capacity of the system multiplied
 69.11 by a capacity factor of 30 percent.

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

69.13 Sec. 21. Minnesota Statutes 2016, section 272.115, subdivision 2, is amended to read:

69.14 Subd. 2. **Form; information required.** The certificate of value shall require such facts
 69.15 and information as may be determined by the commissioner to be reasonably necessary in
 69.16 the administration of the state education aid formulas. The ~~form~~commissioner shall prescribe
 69.17 the content, format, and manner of the certificate of value ~~shall be prescribed by the~~
 69.18 ~~Department of Revenue which shall provide an adequate supply of forms to each county~~
 69.19 ~~auditor pursuant to section 270C.30, except that a "law administered by the commissioner"~~
 69.20 includes the property tax laws.

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

69.22 Sec. 22. Minnesota Statutes 2016, section 273.124, subdivision 13, is amended to read:

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

69.26 (b) ~~The format and contents of a uniform homestead application shall be prescribed by~~
 69.27 ~~the commissioner of revenue.~~ The commissioner shall prescribe the content, format, and
 69.28 manner of the homestead application required to be filed under this chapter pursuant to
 69.29 section 270C.30. The application must clearly inform the taxpayer that this application must
 69.30 be signed by all owners who occupy the property or by the qualifying relative and returned
 69.31 to the county assessor in order for the property to receive homestead treatment.

70.1 (c) Every property owner applying for homestead classification must furnish to the
70.2 county assessor the Social Security number of each occupant who is listed as an owner of
70.3 the property on the deed of record, the name and address of each owner who does not occupy
70.4 the property, and the name and Social Security number of each owner's spouse who occupies
70.5 the property. The application must be signed by each owner who occupies the property and
70.6 by each owner's spouse who occupies the property, or, in the case of property that qualifies
70.7 as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

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

70.12 Owners or spouses occupying residences owned by their spouses and previously occupied
70.13 with the other spouse, either of whom fail to include the other spouse's name and Social
70.14 Security number on the homestead application or provide the affidavits or other proof
70.15 requested, will be deemed to have elected to receive only partial homestead treatment of
70.16 their residence. The remainder of the residence will be classified as nonhomestead residential.
70.17 When an owner or spouse's name and Social Security number appear on homestead
70.18 applications for two separate residences and only one application is signed, the owner or
70.19 spouse will be deemed to have elected to homestead the residence for which the application
70.20 was signed.

70.21 (d) If residential real estate is occupied and used for purposes of a homestead by a relative
70.22 of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for
70.23 the property to receive homestead status, a homestead application must be filed with the
70.24 assessor. The Social Security number of each relative and spouse of a relative occupying
70.25 the property shall be required on the homestead application filed under this subdivision. If
70.26 a different relative of the owner subsequently occupies the property, the owner of the property
70.27 must notify the assessor within 30 days of the change in occupancy. The Social Security
70.28 number of a relative or relative's spouse occupying the property is private data on individuals
70.29 as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of
70.30 revenue, or, for the purposes of proceeding under the Revenue Recapture Act to recover
70.31 personal property taxes owing, to the county treasurer.

70.32 (e) The homestead application shall also notify the property owners that if the property
70.33 is granted homestead status for any assessment year, that same property shall remain
70.34 classified as homestead until the property is sold or transferred to another person, or the
70.35 owners, the spouse of the owner, or the relatives no longer use the property as their

71.1 homestead. Upon the sale or transfer of the homestead property, a certificate of value must
 71.2 be timely filed with the county auditor as provided under section 272.115. Failure to notify
 71.3 the assessor within 30 days that the property has been sold, transferred, or that the owner,
 71.4 the spouse of the owner, or the relative is no longer occupying the property as a homestead,
 71.5 shall result in the penalty provided under this subdivision and the property will lose its
 71.6 current homestead status.

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

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

71.12 Sec. 23. Minnesota Statutes 2016, section 273.371, is amended to read:

71.13 **273.371 REPORTS OF UTILITY COMPANIES.**

71.14 Subdivision 1. **Report required.** Every electric light, power, gas, water, express, stage,
 71.15 ~~and~~ transportation ~~company~~, and pipeline company doing business in Minnesota shall
 71.16 annually file with the commissioner on or before March 31 a report under oath setting forth
 71.17 the information prescribed by the commissioner to enable the commissioner to make
 71.18 valuations, recommended valuations, and equalization required under sections 273.33,
 71.19 273.35, 273.36, 273.37, and 273.3711. The commissioner shall prescribe the content, format,
 71.20 and manner of the report pursuant to section 270C.30, except that a "law administered by
 71.21 the commissioner" includes the property tax laws. If all the required information is not
 71.22 available on March 31, the company or pipeline shall file the information that is available
 71.23 on or before March 31, and the balance of the information as soon as it becomes available.
 71.24 If a report is made by electronic means, the taxpayer's signature is defined pursuant to section
 71.25 270C.304, except that a "law administered by the commissioner" includes the property tax
 71.26 laws.

71.27 Subd. 2. **Extension.** The commissioner for good cause may extend the time for filing
 71.28 the report required by subdivision 1. The extension ~~may~~ must not exceed 15 days.

71.29 Subd. 3. **Reports filed by the commissioner.** If a company fails to file a report required
 71.30 by subdivision 1, the commissioner may, from information in the commissioner's possession
 71.31 or obtainable by the commissioner, make and file a report for the company or make the
 71.32 valuations, recommended valuations, and equalizations required under sections 273.33,
 71.33 273.35 to 273.37, and 273.3711.

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

72.2 Sec. 24. Minnesota Statutes 2016, section 287.2205, is amended to read:

72.3 **287.2205 TAX-FORFEITED LAND.**

72.4 Before a state deed for tax-forfeited land may be issued, the deed tax must be paid by
72.5 the purchaser of tax-forfeited land whether the purchase is the result of a public auction or
72.6 private sale or a repurchase of tax-forfeited land. State agencies and local units of government
72.7 that acquire tax-forfeited land by purchase or any other means are subject to this section.

72.8 The deed tax is \$1.65 for a conveyance of tax-forfeited lands to a governmental subdivision
72.9 for an authorized public use under section 282.01, subdivision 1a, for a school forest under
72.10 section 282.01, subdivision 1a, or for redevelopment purposes under section 282.01,
72.11 subdivision 1b.

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

72.13 Sec. 25. Minnesota Statutes 2016, section 289A.08, is amended by adding a subdivision
72.14 to read:

72.15 Subd. 17. **Format.** The commissioner shall prescribe the content, format, and manner
72.16 of the returns and other documents pursuant to section 270C.30. This does not authorize
72.17 the commissioner to require individual income taxpayers to file individual income tax returns
72.18 electronically.

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

72.20 Sec. 26. Minnesota Statutes 2016, section 289A.09, subdivision 1, is amended to read:

72.21 Subdivision 1. **Returns.** (a) An employer who is required to deduct and withhold tax
72.22 under section 290.92, subdivision 2a or 3, and a person required to deduct and withhold tax
72.23 under section 290.923, subdivision 2, must file a return with the commissioner for each
72.24 quarterly period unless otherwise prescribed by the commissioner.

72.25 (b) A person or corporation required to make deposits under section 290.9201, subdivision
72.26 8, must file an entertainer withholding tax return with the commissioner.

72.27 (c) A person required to withhold an amount under section 290.9705, subdivision 1,
72.28 must file a return.

72.29 (d) A partnership required to deduct and withhold tax under section 290.92, subdivision
72.30 4b, must file a return.

73.1 (e) An S corporation required to deduct and withhold tax under section 290.92,
73.2 subdivision 4c, must also file a return.

73.3 (f) ~~Returns must be filed in the form and manner, and contain the information prescribed~~
73.4 ~~by the commissioner.~~ The commissioner shall prescribe the content, format, and manner
73.5 of the returns pursuant to section 270C.30. Every return for taxes withheld must be signed
73.6 by the employer, entertainment entity, contract payor, partnership, or S corporation, or a
73.7 designee.

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

73.9 Sec. 27. Minnesota Statutes 2016, section 289A.11, subdivision 1, is amended to read:

73.10 Subdivision 1. **Return required.** (a) Except as provided in section 289A.18, subdivision
73.11 4, for the month in which taxes imposed by chapter 297A are payable, or for which a return
73.12 is due, a return for the preceding reporting period must be filed with the commissioner ~~in~~
73.13 ~~the form and manner the commissioner prescribes.~~ The commissioner shall prescribe the
73.14 content, format, and manner of the returns pursuant to section 270C.30. A person making
73.15 sales at retail at two or more places of business may file a consolidated return subject to
73.16 rules prescribed by the commissioner. In computing the dollar amount of items on the return,
73.17 the amounts are rounded off to the nearest whole dollar, disregarding amounts less than 50
73.18 cents and increasing amounts of 50 cents to 99 cents to the next highest dollar.

73.19 (b) Notwithstanding this subdivision, a person who is not required to hold a sales tax
73.20 permit under chapter 297A and who makes annual purchases, for use in a trade or business,
73.21 of less than \$18,500, or a person who is not required to hold a sales tax permit and who
73.22 makes purchases for personal use, that are subject to the use tax imposed by section 297A.63,
73.23 may file an annual use tax return ~~on a form prescribed by the commissioner.~~ The
73.24 commissioner shall prescribe the content, format, and manner of the return pursuant to
73.25 section 270C.30. If a person who qualifies for an annual use tax reporting period is required
73.26 to obtain a sales tax permit or makes use tax purchases, for use in a trade or business, in
73.27 excess of \$18,500 during the calendar year, the reporting period must be considered ended
73.28 at the end of the month in which the permit is applied for or the purchase in excess of
73.29 \$18,500 is made and a return must be filed for the preceding reporting period.

73.30 (c) Notwithstanding ~~paragraph~~ paragraphs (a) and (b), a person prohibited by the person's
73.31 religious beliefs from using electronics shall be allowed to file by mail, without any additional
73.32 fees. The filer must notify the commissioner of revenue of the intent to file by mail on a
73.33 form prescribed by the commissioner. A return filed under this paragraph must be postmarked
73.34 no later than the day the return is due in order to be considered filed on a timely basis.

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

74.2 Sec. 28. Minnesota Statutes 2016, section 289A.18, subdivision 1, is amended to read:

74.3 Subdivision 1. **Individual income, fiduciary income, corporate franchise, and**
74.4 **entertainment taxes; partnership and S corporation returns; information returns;**
74.5 **mining company returns.** The returns required to be made under sections 289A.08 and
74.6 289A.12 must be filed at the following times:

74.7 (1) returns made on the basis of the calendar year must be filed on April 15 following
74.8 the close of the calendar year, except that returns of corporations and partnerships must be
74.9 filed on the due date for filing the federal income tax return;

74.10 (2) returns made on the basis of the fiscal year must be filed on the 15th day of the fourth
74.11 month following the close of the fiscal year, except that returns of corporations and
74.12 partnerships must be filed on the due date for filing the federal income tax return;

74.13 (3) returns for a fractional part of a year must be filed on the due date for filing the
74.14 federal income tax return;

74.15 (4) in the case of a final return of a decedent for a fractional part of a year, the return
74.16 must be filed on the 15th day of the fourth month following the close of the 12-month period
74.17 that began with the first day of that fractional part of a year;

74.18 (5) in the case of the return of a cooperative association, returns must be filed on or
74.19 before the 15th day of the ninth month following the close of the taxable year;

74.20 (6) if a corporation has been divested from a unitary group and files a return for a
74.21 fractional part of a year in which it was a member of a unitary business that files a combined
74.22 report under section 290.17, subdivision 4, the divested corporation's return must be filed
74.23 on the 15th day of the third month following the close of the common accounting period
74.24 that includes the fractional year;

74.25 (7) returns of entertainment entities must be filed on April 15 following the close of the
74.26 calendar year;

74.27 (8) returns required to be filed under section 289A.08, subdivision 4, must be filed on
74.28 the 15th day of the fifth month following the close of the taxable year;

74.29 (9) returns of mining companies must be filed on May 1 following the close of the
74.30 calendar year; and

75.1 (10) returns required to be filed with the commissioner under section 289A.12,
75.2 subdivision 2, 4 to 10, or 16 must be filed within 30 days after being demanded by the
75.3 commissioner.

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

75.5 Sec. 29. Minnesota Statutes 2016, section 289A.37, subdivision 2, is amended to read:

75.6 Subd. 2. **Erroneous refunds.** ~~An erroneous refund is considered an underpayment of~~
75.7 ~~tax on the date made. An assessment of a deficiency arising out of an erroneous refund may~~
75.8 ~~be made at any time within two years from the making of the refund. If part of the refund~~
75.9 ~~was induced by fraud or misrepresentation of a material fact, the assessment may be made~~
75.10 ~~at any time.~~ (a) Except as provided in paragraph (b), an erroneous refund occurs when the
75.11 commissioner issues a payment to a person that exceeds the amount the person is entitled
75.12 to receive under law. An erroneous refund is considered an underpayment of tax on the date
75.13 issued.

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

75.16 (1) any amount of a refund or credit paid pursuant to a claim for refund filed by a
75.17 taxpayer, including but not limited to refunds of claims made under section 290.06,
75.18 subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068;
75.19 290.0681; or 290.0692; or chapter 290A; or

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

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

75.26 (d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be
75.27 conducted under section 289A.38.

75.28 **EFFECTIVE DATE.** This section is effective the day following final enactment and
75.29 applies retroactively to all refunds issued on, before, or after that date, but does not apply
75.30 to the refunds at issue in Connexus Energy et al. v. Commissioner of Revenue, 868 N.W.2d
75.31 234 (Minn. 2015). Notwithstanding any law to the contrary, the changes in this section do
75.32 not invalidate any assessments made by the commissioner prior to this effective date.

76.1 Sec. 30. Minnesota Statutes 2016, section 289A.50, subdivision 7, is amended to read:

76.2 Subd. 7. **Remedies.** (a) If the taxpayer is notified by the commissioner that the refund
76.3 claim is denied in whole or in part, the taxpayer may:

76.4 (1) file an administrative appeal as provided in section 270C.35, or an appeal with the
76.5 Tax Court, within 60 days after ~~issuance~~ the notice date of the commissioner's notice of
76.6 denial; or

76.7 (2) file an action in the district court to recover the refund.

76.8 (b) An action in the district court on a denied claim for refund must be brought within
76.9 18 months of the notice date of the denial of the claim by the commissioner. For the purposes
76.10 of this section, "notice date" has the meaning given in section 270C.35, subdivision 3.

76.11 (c) No action in the district court or the Tax Court shall be brought within six months
76.12 of the filing of the refund claim unless the commissioner denies the claim within that period.

76.13 (d) If a taxpayer files a claim for refund and the commissioner has not issued a denial
76.14 of the claim, the taxpayer may bring an action in the district court or the Tax Court at any
76.15 time after the expiration of six months from the time the claim was filed.

76.16 (e) The commissioner and the taxpayer may agree to extend the period for bringing an
76.17 action in the district court.

76.18 (f) An action for refund of tax by the taxpayer must be brought in the district court of
76.19 the district in which lies the county of the taxpayer's residence or principal place of business.
76.20 In the case of an estate or trust, the action must be brought at the principal place of its
76.21 administration. Any action may be brought in the district court for Ramsey County.

76.22 **EFFECTIVE DATE.** This section is effective for claims for refund denied after
76.23 December 31, 2017.

76.24 Sec. 31. **[290B.11] FORMS.**

76.25 The commissioner shall prescribe the content, format, and manner of all forms and other
76.26 documents required to be filed under this chapter pursuant to section 270C.30.

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

76.28 Sec. 32. **[293.15] FORMS.**

76.29 The commissioner shall prescribe the content, format, and manner of all forms and other
76.30 documents required to be filed under this chapter pursuant to section 270C.30.

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

77.2 Sec. 33. Minnesota Statutes 2016, section 295.55, subdivision 6, is amended to read:

77.3 Subd. 6. **Form of returns.** ~~The estimated payments and annual return must contain the~~
77.4 ~~information and be in the form prescribed by the commissioner.~~ The commissioner shall
77.5 prescribe the content, format, and manner of the estimated payment forms and annual return
77.6 pursuant to section 270C.30.

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

77.8 Sec. 34. Minnesota Statutes 2016, section 296A.02, is amended by adding a subdivision
77.9 to read:

77.10 Subd. 5. **Forms.** The commissioner shall prescribe the content, format, and manner of
77.11 all forms and other documents required to be filed under this chapter pursuant to section
77.12 270C.30.

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

77.14 Sec. 35. Minnesota Statutes 2016, section 296A.22, subdivision 9, is amended to read:

77.15 Subd. 9. **Abatement of penalty.** (a) The commissioner may by written order abate any
77.16 penalty imposed under this section, if in the commissioner's opinion there is reasonable
77.17 cause to do so.

77.18 (b) A request for abatement of penalty must be filed with the commissioner within 60
77.19 days of the notice date of the notice stating that a penalty has been imposed was mailed to
77.20 ~~the taxpayer's last known address.~~ For purposes of this section, "notice date" means the
77.21 notice date designated by the commissioner on the order or other notice that a penalty has
77.22 been imposed.

77.23 (c) If the commissioner issues an order denying a request for abatement of penalty, the
77.24 taxpayer may file an administrative appeal as provided in section 270C.35 or appeal to Tax
77.25 Court as provided in section 271.06. If the commissioner does not issue an order on the
77.26 abatement request within 60 days from the date the request is received, the taxpayer may
77.27 appeal to Tax Court as provided in section 271.06.

77.28 **EFFECTIVE DATE.** This section is effective for orders and notices dated after
77.29 December 31, 2017.

78.1 Sec. 36. Minnesota Statutes 2016, section 296A.26, is amended to read:

78.2 **296A.26 JUDICIAL REVIEW; APPEAL TO TAX COURT.**

78.3 In lieu of an administrative appeal under section 270C.35, any person aggrieved by an
78.4 order of the commissioner fixing a tax, penalty, or interest under this chapter may, within
78.5 60 days from the notice date of the notice of the order, appeal to the Tax Court in the manner
78.6 provided under section 271.06. For purposes of this section, "notice date" means the notice
78.7 date designated by the commissioner on the order fixing a tax, penalty, or interest.

78.8 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,
78.9 2017.

78.10 Sec. 37. Minnesota Statutes 2016, section 297D.02, is amended to read:

78.11 **297D.02 ADMINISTRATION.**

78.12 The commissioner of revenue shall administer this chapter. The commissioner shall
78.13 prescribe the content, format, and manner of all forms and other documents required to be
78.14 filed under this chapter pursuant to section 270C.30. Payments required by this chapter
78.15 must be made to the commissioner on the form provided by the commissioner. Tax obligors
78.16 are not required to give their name, address, Social Security number, or other identifying
78.17 information on the form. The commissioner shall collect all taxes under this chapter.

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

78.19 Sec. 38. Minnesota Statutes 2016, section 297E.02, subdivision 3, is amended to read:

78.20 Subd. 3. **Collection; disposition.** (a) Taxes imposed by this section are due and payable
78.21 to the commissioner when the gambling tax return is required to be filed. Distributors must
78.22 file their monthly sales figures with the commissioner on a form prescribed by the
78.23 commissioner. Returns covering the taxes imposed under this section must be filed with
78.24 the commissioner on or before the 20th day of the month following the close of the previous
78.25 calendar month. ~~The commissioner may require that the returns be filed via magnetic media~~
78.26 ~~or electronic data transfer.~~ The commissioner shall prescribe the content, format, and manner
78.27 of returns or other documents pursuant to section 270C.30. The proceeds, along with the
78.28 revenue received from all license fees and other fees under sections 349.11 to 349.191,
78.29 349.211, and 349.213, must be paid to the commissioner of management and budget for
78.30 deposit in the general fund.

78.31 (b) The sales tax imposed by chapter 297A on the sale of pull-tabs and tipboards by the
78.32 distributor is imposed on the retail sales price. The retail sale of pull-tabs or tipboards by

79.1 the organization is exempt from taxes imposed by chapter 297A and is exempt from all
79.2 local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

79.3 (c) One-half of one percent of the revenue deposited in the general fund under paragraph
79.4 (a), is appropriated to the commissioner of human services for the compulsive gambling
79.5 treatment program established under section 245.98. One-half of one percent of the revenue
79.6 deposited in the general fund under paragraph (a), is appropriated to the commissioner of
79.7 human services for a grant to the state affiliate recognized by the National Council on
79.8 Problem Gambling to increase public awareness of problem gambling, education and training
79.9 for individuals and organizations providing effective treatment services to problem gamblers
79.10 and their families, and research relating to problem gambling. Money appropriated by this
79.11 paragraph must supplement and must not replace existing state funding for these programs.

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

79.13 Sec. 39. Minnesota Statutes 2016, section 297E.04, subdivision 1, is amended to read:

79.14 Subdivision 1. **Reports of sales.** A manufacturer who sells gambling product for use or
79.15 resale in this state, or for receipt by a person or entity in this state, shall file with the
79.16 commissioner, on a form prescribed by the commissioner, a report of gambling product
79.17 sold to any person in the state, including the established governing body of an Indian tribe
79.18 recognized by the United States Department of the Interior. The report must be filed monthly
79.19 on or before the 20th day of the month succeeding the month in which the sale was made.
79.20 ~~The commissioner may require that the report be submitted via magnetic media or electronic~~
79.21 ~~data transfer.~~ The commissioner shall prescribe the content, format, and manner of returns
79.22 or other documents pursuant to section 270C.30. The commissioner may inspect the premises,
79.23 books, records, and inventory of a manufacturer without notice during the normal business
79.24 hours of the manufacturer. A person violating this section is guilty of a misdemeanor.

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

79.26 Sec. 40. Minnesota Statutes 2016, section 297E.05, subdivision 4, is amended to read:

79.27 Subd. 4. **Reports.** A distributor shall report monthly to the commissioner, on a form the
79.28 commissioner prescribes, its sales of each type of gambling product. This report must be
79.29 filed monthly on or before the 20th day of the month succeeding the month in which the
79.30 sale was made. ~~The commissioner may require that a distributor submit the monthly report~~
79.31 ~~and invoices required in this subdivision via magnetic media or electronic data transfer.~~
79.32 The commissioner shall prescribe the content, format, and manner of returns or other
79.33 documents pursuant to section 270C.30.

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

80.2 Sec. 41. Minnesota Statutes 2016, section 297E.06, subdivision 1, is amended to read:

80.3 Subdivision 1. **Reports.** An organization must file with the commissioner, on a form
80.4 prescribed by the commissioner, a report showing all gambling activity conducted by that
80.5 organization for each month. Gambling activity includes all gross receipts, prizes, all
80.6 gambling taxes owed or paid to the commissioner, all gambling expenses, and all lawful
80.7 purpose and board-approved expenditures. The report must be filed with the commissioner
80.8 on or before the 20th day of the month following the month in which the gambling activity
80.9 takes place. ~~The commissioner may require that the reports be filed via magnetic media or~~
80.10 ~~electronic data transfer.~~ The commissioner shall prescribe the content, format, and manner
80.11 of returns or other documents pursuant to section 270C.30.

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

80.13 Sec. 42. Minnesota Statutes 2016, section 297F.09, subdivision 1, is amended to read:

80.14 Subdivision 1. **Monthly return; cigarette distributor.** On or before the 18th day of
80.15 each calendar month, a distributor with a place of business in this state shall file a return
80.16 with the commissioner showing the quantity of cigarettes manufactured or brought in from
80.17 outside the state or purchased during the preceding calendar month and the quantity of
80.18 cigarettes sold or otherwise disposed of in this state and outside this state during that month.
80.19 A licensed distributor outside this state shall in like manner file a return showing the quantity
80.20 of cigarettes shipped or transported into this state during the preceding calendar month.
80.21 ~~Returns must be made in the form and manner prescribed by~~ The commissioner shall
80.22 prescribe the content, format, and manner of returns pursuant to section 270C.30, and the
80.23 returns must contain any other information required by the commissioner. The return must
80.24 be accompanied by a remittance for the full unpaid tax liability shown by it. For distributors
80.25 subject to the accelerated tax payment requirements in subdivision 10, the return for the
80.26 May liability is due two business days before June 30th of the year and the return for the
80.27 June liability is due on or before August 18th of the year.

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

80.29 Sec. 43. Minnesota Statutes 2016, section 297F.23, is amended to read:

80.30 **297F.23 JUDICIAL REVIEW.**

80.31 In lieu of an administrative appeal under section 270C.35, a person aggrieved by an
80.32 order of the commissioner fixing a tax, penalty, or interest under this chapter may, within

81.1 60 days from the notice date of the notice of the order, appeal to the Tax Court in the manner
 81.2 provided under section 271.06. For purposes of this section, "notice date" means the notice
 81.3 date designated by the commissioner on the order fixing a tax, penalty, or interest.

81.4 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,
 81.5 2017.

81.6 Sec. 44. Minnesota Statutes 2016, section 297G.09, subdivision 1, is amended to read:

81.7 Subdivision 1. **Monthly returns; manufacturers, wholesalers, brewers, or importers.**
 81.8 On or before the 18th day of each calendar month following the month in which a licensed
 81.9 manufacturer or wholesaler first sells wine and distilled spirits within the state, or a brewer
 81.10 or importer first sells or imports fermented malt beverages, or a wholesaler knowingly
 81.11 acquires title to or possession of untaxed fermented malt beverages, the licensed
 81.12 manufacturer, wholesaler, brewer, or importer liable for the excise tax must file a return
 81.13 with the commissioner, and in addition must keep records and render reports as required
 81.14 by the commissioner. ~~Returns must be made in a form and manner prescribed by the~~
 81.15 ~~commissioner, and~~ The commissioner shall prescribe the content, format, and manner of
 81.16 returns pursuant to section 270C.30. The returns must contain any other information required
 81.17 by the commissioner. Returns must be accompanied by a remittance for the full unpaid tax
 81.18 liability. Returns must be filed regardless of whether a tax is due.

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

81.20 Sec. 45. Minnesota Statutes 2016, section 297G.22, is amended to read:

81.21 **297G.22 JUDICIAL REVIEW.**

81.22 In lieu of an administrative appeal under this chapter, a person aggrieved by an order of
 81.23 the commissioner fixing a tax, penalty, or interest under this chapter may, within 60 days
 81.24 from ~~the date of the notice~~ date of the order, appeal to the Tax Court in the manner provided
 81.25 under section 271.06. For purposes of this section, "notice date" means the notice date
 81.26 designated by the commissioner on the order fixing a tax, penalty, or interest.

81.27 **EFFECTIVE DATE.** This section is effective for orders dated after December 31,
 81.28 2017.

82.1 Sec. 46. Minnesota Statutes 2016, section 297I.30, is amended by adding a subdivision
82.2 to read:

82.3 Subd. 11. **Format.** The commissioner shall prescribe the content, format, and manner
82.4 of returns or other documents pursuant to section 270C.30.

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

82.6 Sec. 47. Minnesota Statutes 2016, section 297I.60, subdivision 2, is amended to read:

82.7 Subd. 2. **Remedies.** (a) If the taxpayer is notified that the refund claim is denied in whole
82.8 or in part, the taxpayer may contest the denial by:

82.9 (1) filing an administrative appeal with the commissioner under section 270C.35;

82.10 (2) filing an appeal in Tax Court within 60 days of the notice date of the ~~notice of denial~~;
82.11 or

82.12 (3) filing an action in the district court to recover the refund.

82.13 (b) An action in the district court must be brought within 18 months following of the
82.14 notice date of the ~~notice of denial~~. For purposes of this section, "notice date" has the meaning
82.15 given in section 270C.35, subdivision 3. An action for refund of tax or surcharge must be
82.16 brought in the district court of the district in which lies the taxpayer's principal place of
82.17 business or in the District Court for Ramsey County. If a taxpayer files a claim for refund
82.18 and the commissioner has not issued a denial of the claim, the taxpayer may bring an action
82.19 in the district court or the Tax Court at any time after the expiration of six months from the
82.20 time the claim was filed.

82.21 **EFFECTIVE DATE.** This section is effective for claims for refund denied after
82.22 December 31, 2017.

82.23 Sec. 48. Minnesota Statutes 2016, section 469.319, subdivision 5, is amended to read:

82.24 Subd. 5. **Waiver authority.** (a) The commissioner may waive all or part of a repayment
82.25 required under subdivision 1, if the commissioner, in consultation with the commissioner
82.26 of employment and economic development and appropriate officials from the local
82.27 government units in which the qualified business is located, determines that requiring
82.28 repayment of the tax is not in the best interest of the state or the local government units and
82.29 the business ceased operating as a result of circumstances beyond its control including, but
82.30 not limited to:

82.31 (1) a natural disaster;

83.1 (2) unforeseen industry trends; or

83.2 (3) loss of a major supplier or customer.

83.3 (b)(1) The commissioner shall waive repayment required under subdivision 1a if the
83.4 commissioner has waived repayment by the operating business under subdivision 1, unless
83.5 the person that received benefits without having to operate a business in the zone was a
83.6 contributing factor in the qualified business becoming subject to repayment under subdivision
83.7 1;

83.8 (2) the commissioner shall waive the repayment required under subdivision 1a, even if
83.9 the repayment has not been waived for the operating business if:

83.10 (i) the person that received benefits without having to operate a business in the zone and
83.11 the business that operated in the zone are not related parties as defined in section 267(b) of
83.12 the Internal Revenue Code of 1986, as amended through December 31, 2007; and

83.13 (ii) actions of the person were not a contributing factor in the qualified business becoming
83.14 subject to repayment under subdivision 1.

83.15 (c) Requests for waiver must be made no later than 60 days after the earlier of the notice
83.16 date of an order issued under subdivision 4, paragraph (d), or the date of a tax statement
83.17 issued under subdivision 4, paragraph (c). For purposes of this section, "notice date" means
83.18 the notice date designated by the commissioner on the order.

83.19 **EFFECTIVE DATE.** This section is effective for orders of the commissioner of revenue
83.20 dated after December 31, 2017.

83.21 Sec. 49. Laws 2016, chapter 187, section 5, the effective date, is amended to read:

83.22 **EFFECTIVE DATE.** This section is effective for orders and notices dated after
83.23 ~~September 30, 2015~~ December 31, 2017.

83.24 **EFFECTIVE DATE.** This section is effective retroactively from September 30, 2015.

83.25 ARTICLE 7

83.26 SUSTAINABLE FOREST INCENTIVE ACT PROVISIONS

83.27 Section 1. Minnesota Statutes 2016, section 290C.03, is amended to read:

83.28 290C.03 ELIGIBILITY REQUIREMENTS.

83.29 (a) Land may be enrolled in the sustainable forest incentive program under this chapter
83.30 if all of the following conditions are met:

84.1 (1) the land consists of at least 20 contiguous acres and at least 50 percent of the land
84.2 must meet the definition of forest land in section 88.01, subdivision 7, during the enrollment;

84.3 (2) a forest management plan for the land must be (i) prepared by an approved plan
84.4 writer and implemented during the period in which the land is enrolled, and (ii) registered
84.5 with the Department of Natural Resources;

84.6 (3) timber harvesting and forest management guidelines must be used in conjunction
84.7 with any timber harvesting or forest management activities conducted on the land during
84.8 the period in which the land is enrolled;

84.9 (4) the land must be enrolled for a minimum of eight years;

84.10 (5) there are no delinquent property taxes on the land; ~~and~~

84.11 (6) claimants enrolling more than 1,920 acres in the sustainable forest incentive program
84.12 must allow year-round, nonmotorized access to fish and wildlife resources and motorized
84.13 access on established and maintained roads and trails, unless the road or trail is temporarily
84.14 closed for safety, natural resource, or road damage reasons on enrolled land except within
84.15 one-fourth mile of a permanent dwelling or during periods of high fire hazard as determined
84.16 by the commissioner of natural resources; and

84.17 (7) the land is not classified as 2c managed forest land.

84.18 (b) Claimants required to allow access under paragraph (a), clause (6), do not by that
84.19 action:

84.20 (1) extend any assurance that the land is safe for any purpose;

84.21 (2) confer upon the person the legal status of an invitee or licensee to whom a duty of
84.22 care is owed; or

84.23 (3) assume responsibility for or incur liability for any injury to the person or property
84.24 caused by an act or omission of the person.

84.25 (c) A minimum of three acres must be excluded from enrolled land when the land is
84.26 improved with a structure that is not a minor, ancillary, or nonresidential structure. If land
84.27 does not meet the definition of forest land in section 290C.02, subdivision 6, because the
84.28 land is (1) enrolled in the reinvest in Minnesota program, (2) enrolled in a state or federal
84.29 conservation reserve or easement program under sections 103F.501 to 103F.531, (3) subject
84.30 to the Minnesota agricultural property tax under section 273.111, or (4) subject to agricultural
84.31 land preservation controls or restrictions as defined in section 40A.02 or the Metropolitan

85.1 Agricultural Preserves Act under chapter 473H, the entire parcel that contains the land is
85.2 not eligible to be enrolled in the program.

85.3 **EFFECTIVE DATE.** The amendment to paragraph (a), clause (2), is effective for
85.4 certifications filed after July 1, 2018. The amendment adding paragraph (a), clause (7), is
85.5 effective for certifications and applications due in 2017 and thereafter. The amendment
85.6 adding paragraph (c) is effective the day following final enactment.

85.7 **Sec. 2. [290C.051] VERIFICATION OF FOREST MANAGEMENT PLAN.**

85.8 On request of the commissioner, the commissioner of natural resources must annually
85.9 provide verification that the claimant has a current forest management plan on file with the
85.10 Department of Natural Resources.

85.11 **EFFECTIVE DATE.** This section is effective for certifications filed after July 1, 2018.

85.12 **Sec. 3. REPEALER.**

85.13 Minnesota Statutes 2016, sections 290C.02, subdivisions 5 and 9; and 290C.06, are
85.14 repealed.

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

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Article locations in 17-0136

ARTICLE 1	LEGISLATIVE PURPOSE AND INTENT	Page.Ln 2.4
ARTICLE 2	DEPARTMENT SALES SUPPRESSION PROVISIONS	Page.Ln 2.14
ARTICLE 3	DEPARTMENT POLICY AND TECHNICAL PROVISIONS; INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES	Page.Ln 5.7
ARTICLE 4	DEPARTMENT POLICY AND TECHNICAL PROVISIONS; SPECIAL TAXES AND SALES AND USE TAXES	Page.Ln 20.27
ARTICLE 5	DEPARTMENT OF REVENUE TECHNICAL AND POLICY; PROPERTY TAX PROVISIONS	Page.Ln 30.1
ARTICLE 6	DEPARTMENT POLICY AND TECHNICAL PROVISIONS; MISCELLANEOUS	Page.Ln 57.23
ARTICLE 7	SUSTAINABLE FOREST INCENTIVE ACT PROVISIONS	Page.Ln 83.25

281.22 COUNTY AUDITOR TO GIVE NOTICE.

In case any parcel of land bid in for the state at any tax judgment sale heretofore held has not been sold or assigned to an actual purchaser by one year before the expiration of the stated period of redemption of such parcel, it shall be the duty of the county auditor thereupon forthwith to give notice of expiration of the time for redemption of such parcel, as herein provided. Such notice shall be given and all other things done with respect to all such parcels, as provided by section 281.23, except that the notice shall state that the time for redemption will expire one year after service of notice and the filing of proof thereof, instead of 60 days. Otherwise, all the provisions of section 281.23 shall apply to and govern the corresponding matters under this section.

The time for redemption of any parcel of land as to which notice of expiration has been given, as provided in this section, shall expire one year after the giving of such notice and the filing of proof thereof in the office of the county auditor, unless such parcel shall theretofore be assigned to an actual purchaser, as herein provided.

290C.02 DEFINITIONS.

Subd. 5. **Current use value.** "Current use value" means the statewide average annual income per acre, multiplied by 90 percent and divided by the capitalization rate determined under subdivision 9. The statewide net annual income shall be a weighted average based on the most recent data as of July 1 of the computation year on stumpage prices and annual tree growth rates and acreage by cover type provided by the Department of Natural Resources and the United States Department of Agriculture Forest Service North Central Research Station.

Subd. 9. **Capitalization rate.** By July 1 of each year, the commissioner shall determine a statewide capitalization rate for use under this chapter. The rate shall be the average annual effective interest rate for St. Paul on new loans under the Farm Credit Bank system calculated under section 2032A(e)(7)(A) of the Internal Revenue Code.

**290C.06 CALCULATION OF AVERAGE ESTIMATED MARKET VALUE;
MANAGED FOREST LAND.**

The commissioner shall annually calculate a statewide average estimated market value per acre for class 2c managed forest land under section 273.13, subdivision 23.

8092.1400 ANNUAL RETURNS.

Subpart 1. **General rule.** If an employer deducts and withholds an amount required by Minnesota Statutes, chapter 290, for a base year and the amount required is \$500 or less, the employer, for the qualifying year, may elect to file an annual return and make an annual payment of the amount required to be deducted and withheld in that calendar year and is thereafter relieved from filing quarterly returns and making quarterly payments. The annual return and payment are due on or before February 28 of the calendar year following the calendar year the amounts were deducted and withheld. The annual return will serve as the reconciliation required in Minnesota Statutes, section 289A.09, subdivision 2, paragraph (d), for those employers who have elected to file an annual return. The Department of Revenue, applying the criteria of this part, will annually determine which employers are eligible to file an annual return and notify those employers who qualify. Employers who have not filed all withholding tax returns required for the base year are not eligible to file an annual return. Only those employers so notified by the Department of Revenue are eligible to elect to file an annual return. At the time of notification, eligible employers may still elect to file returns and make deposits quarterly. Employers who make such election are required to make all returns and deposits required by Minnesota Statutes, chapter 289A, and will be subject to all applicable penalties.

Subp. 2. **Base year.** "Base year" means the most recent period of four consecutive quarters for which the Department of Revenue has compiled data on all employers withholding tax for that period. The first base year is the four-consecutive quarter period beginning January 1990 and ending December 1990.

Subp. 3. **Qualifying year.** "Qualifying year" means the calendar year for which the Department of Revenue notifies the employer that it is eligible to file an annual return. The first qualifying year is the 1992 calendar year.

Subp. 4. **Accelerated deposits.** If, at the end of any calendar month other than the last month of the calendar year, the aggregate amount of undeposited withholding tax withheld by an employer who has elected to file an annual return exceeds \$500, the employer must deposit the aggregate amount with the Department of Revenue within 30 days after the close of the calendar month.

Notwithstanding any other provision of this part, employers are subject to the eighth-monthly period deposit requirements of Minnesota Statutes, section 289A.20.

In the event an employer who has elected to file an annual return pursuant to this part permanently ceases to pay wages for which withholding of tax is required, the employer must file a final return and deposit any undeposited tax on or before the last day of the month following the month in which the discontinuance of such activity occurred.

Subp. 5. **Maximum withholding amount.** The commissioner of revenue shall annually recalculate the maximum withholding amount for annual filing, using the percentage calculated pursuant to Minnesota Statutes, section 290.06, subdivision 2d, paragraph (b). If the maximum withholding amount so calculated is more than \$100 above the maximum withholding amount for annual filing then in effect, the maximum withholding amount for annual filing must be increased by \$100. If the maximum withholding amount so calculated is less than \$100 above the maximum withholding amount then in effect, there shall be no change in the maximum withholding amount then in effect. When the maximum withholding amount is adjusted by the commissioner under this subpart, the maximum withholding amounts referred to in subparts 1 and 4 must be adjusted by the same amount by the commissioner.

8092.2000 CONTRACTS WITH STATE; WITHHOLDING; CERTIFICATION.

Minnesota Statutes, section 270C.66 provides that no department of the state of Minnesota nor any political or governmental subdivision thereof shall make final settlement with any contractor, under a contract requiring the employment of employees for wages by said contractor, until satisfactory showing is furnished to said department or governmental subdivision that the contractor in question has complied with the withholding provisions of Minnesota Statutes, section 290.92. The statute further provides that a certificate issued by the commissioner of revenue shall satisfy this requirement.

The provisions of the statute are prospective in their effect and apply only to contracts executed after April 7, 1961. To facilitate the obtaining of the certification provided for by Minnesota Statutes, section 270C.66 the commissioner has made available form IC134. This form is in two parts, the first section thereof is in the form of an affidavit to be executed by a prime contractor or subcontractor and the second portion thereof is the commissioner's certification. The

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affidavit portion of the form in any event requires that certain identifying information be set forth by the affiant such as the name of the contractor, the address, withholding identification number, the number of the contract or contracts involved and the name of the department of the state or governmental subdivision with whom the contractor has contracted. The affidavit itself is divided into two parts A and B and it is intended that part A will be executed by both a prime contractor or subcontractor with respect to the employees of such prime contractor or subcontractor.

Part B of said affidavit is to be executed only by a prime contractor who has utilized subcontractors in completing a contract with the state or governmental subdivision thereof. In such a case it is contemplated that each subcontractor will execute part A of the affidavit on form IC134 and obtain from the commissioner certification with respect to such subcontractor's own employees. This copy of form IC134 certified to with respect to the subcontractor's employees will be given to the prime contractor who should keep such affidavit and certification in the prime contractor's own files. When the prime contractor has received such an affidavit and certification from all of the subcontractors on the contract, the prime contractor will then be in a position to execute part B of the affidavit as well as part A and obtain a certification from the commissioner as to the prime contractor's own employees. This form IC134, when both parts A and B have been executed by the prime contractor and certified to by the commissioner, should then be delivered to the department or governmental subdivision in satisfaction of the requirements of Minnesota Statutes, section 270C.66.

The withholding section of the Department of Revenue will process these affidavits and any requests for form IC134 or inquiries relative to their use and application should be directed to this part.

8100.0700 EQUALIZATION.

Subpart 1. **In general.** After the apportionment of value referred to in part 8100.0600 has been made, the values of structures valued by the commissioner must be equalized to coincide with the assessment levels of commercial and industrial property within each respective county receiving a share of the apportioned utilities value. This equalization will be accomplished through the use of an assessment/sales ratio.

Subp. 2. **Assessment/sales ratio computation.** A comprehensive assessment/sales ratio study compiled annually by the sales ratio section of the Local Government Services Division of the Department of Revenue will be used in this computation. The portions of this study which will be used for purposes of this part are known as the "County Commercial and Industrial Sales Ratio."

This commercial and industrial (C & I) sales ratio is computed through an analysis of the certificates of real estate value filed by the buyers or sellers of commercial or industrial property within each county. The information contained on these certificates of real estate value is compiled pursuant to requests, standards, and methods set forth by the Minnesota Department of Revenue acting upon recommendations of the Minnesota Legislature. The most recent C & I study available will be used for purposes of this part.

The median C & I sales ratio from this County Commercial and Industrial Sales Ratio study will be used as a basis to estimate the current year C & I median ratio for each county.

The process used to estimate this current year median ratio will be as follows:

The State Board of Equalization abstract of market value will be examined. The current estimated market value of commercial and industrial property within each county will be taken from this abstract. The amount of the value of new commercial and industrial construction ("new" meaning since the last assessment period), as well as the value of commercial and industrial property which has changed classification (for example, commercial to tax exempt property) will also be taken from the abstract. The value of new construction will then be deducted from the estimated market value, resulting in a net estimated current year market value for commercial and industrial property within the county. The value of commercial and industrial property which has changed classification will be deducted from the previous years estimated market value to arrive at a net estimated previous year market value for commercial and industrial property within the county. The net current year value will be compared to the net previous year's estimated market value for commercial and industrial property within the county and the difference between the two values noted. This difference will be divided by the previous year's net estimated market value for commercial and industrial property to find the percentage of increase, or decrease, in assessment level for each year. This percent of change will be applied to the most recent C & I median ratio to estimate the current year's C & I median ratio. An example of this calculation for a typical county is shown below.

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1990 E.M.V. for Commercial and Industrial Property	\$12,000,000	
Less: New Construction	1,500,000	
1990 Net E.M.V. for C & I property		\$ 10,500,000
1989 E.M.V. for C & I property	\$10,250,000	
Less: Classification changes	250,000	
1989 Net E.M.V. for C & I property		10,000,000
Difference 1989 vs 1990 E.M.V.		500,000
Percent of change (500,000/10,000,000)		5%
1989 Median C & I ratio		88%
1990 Estimated Median C & I ratio (88% x 105%)		92.4%

This same calculation is performed for each Minnesota county. If there are five or fewer valid sales of commercial and industrial property within a county during the study period, these few sales are insufficient to form the basis for a meaningful C & I ratio. Therefore, the median assessment/sales ratio to be used for purposes of the example computation in this subpart will not be the median C & I ratio but will be the weighted median ratio of all property classes within the county for which a sales ratio is available. This weighted median ratio is computed in the same manner using the same procedures and standards as the C & I ratio. In addition, the example computation in this subpart will not be performed using the commercial and industrial estimated market value but will use the estimated market value for all property within the county. All other aspects of the calculations are identical except for this substitution.

Class of Property	Amount of Value	Percent of Value	Median Ratio	Weighted Median Ratio
Residential	\$ 20,000,000	20%	86%	17.00%
Agricultural	55,000,000	55%	95%	52.25%
Seasonal - Recreational	5,000,000	5%	90%	4.50%
Commercial Industrial	20,000,000	20%	85%	17.00%
Total	\$100,000,000	100%		90.75%

Subp. 3. **Application of the estimated current year median assessment/sales ratio.** After the estimated current year median ratio has been calculated under subpart 2, it is used to adjust the apportioned estimated market value of utility structures valued by the commissioner. The value of these structures is reduced by the difference between 95 percent and the median ratio as adjusted in subpart 2. This is done by subtracting the current year median ratio, as adjusted, from the 95 percent provided for in Minnesota Statutes, section 278.05, subdivision 4, to arrive at an equalization factor. The estimated market value of utility structures is multiplied by the equalization factor to arrive at the reduction amount. The reduction amount is subtracted from the estimated market value of the utility structures to arrive at the equalized market value of structures. In no instance will any adjustment be made if, after comparing the current year median sales ratio as adjusted to the assessment level of utility structures, the difference between the two is ten percent or less. An example of this adjustment is as follows:

	County A	County B
Estimated Level of Assessment for Utility Property*	100.00%	100.00%
95 percent provided for in Minnesota Statutes, section 278.05, subdivision 4	95.00%	95.00%
County Commercial/Industrial Sales Ratio	87.00%	93.00%

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Equalization Factor	8.00%	0.00%
Estimated Market Value of Structures	1,000,000	1,000,000
Reduction in Value	80,000	0
 	<hr/>	<hr/>
Equalized Market Value of Structures	920,000	1,000,000**
	<hr/> <hr/>	<hr/> <hr/>

*For purposes of this example, assume that utility property is assessed at 100 percent of market value.

**No adjustment is made because the Estimated Current Year Median Sales Ratio is within ten percent of the assessment level of utility property.

All utilities operating within a particular county will be equalized at the same percentage. No adjustment for equalization will be made to machinery or personal property.

These equalized estimated market values of utility structures valued by the commissioner will be forwarded to the county assessor denoting specific utility companies and taxing districts together with personal property and machinery values pursuant to Minnesota Statutes.