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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 3458

03/21/2016 Authored by Erickson and Lueck

The bill was read for the first time and referred to the Committee on Mining and Outdoor Recreation Policy

1.1 A bill for an act  
1.2 relating to outdoor recreation; economic development; establishing a Lake Mille  
1.3 Lacs area economic relief program; authorizing special property tax abatement  
1.4 aid; appropriating money.

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

1.6 Section 1. **LAKE MILLE LACS AREA ECONOMIC RELIEF PROGRAM.**

1.7 Subdivision 1. **Relief program established.** Mille Lacs County must develop and  
1.8 operate a Lake Mille Lacs area economic relief program to assist businesses adversely  
1.9 affected by a decline in walleye fishing on Lake Mille Lacs.

1.10 Subd. 2. **Available relief.** (a) The economic relief program established under this  
1.11 section may include:

1.12 (1) grants, including grants for broadband development within the purpose of  
1.13 Minnesota Statutes, section 116J.395, subdivision 2;

1.14 (2) interest-free or forgivable loans, if they do not exceed \$100,000 per business  
1.15 per year;

1.16 (3) tourism promotion; or

1.17 (4) reimbursements to counties granting abatements to taxpayers under section 2.

1.18 (b) For the economic relief program established under this section, Mille Lacs  
1.19 County may establish grant and loan application requirements, duration and terms, and  
1.20 repayment requirements, and may establish application requirements for abatement  
1.21 reimbursements. Mille Lacs County may coordinate reimbursements with Aitkin County  
1.22 and Crow Wing County.

1.23 Subd. 3. **Qualification requirements.** To qualify for assistance under this section, a  
1.24 business must:

2.1 (1) be located within Aitkin, Crow Wing, or Mille Lacs County;  
 2.2 (2) document a reduction in gross receipts in any two-year period since 2010; and  
 2.3 (3) be a business in one of the following industries, as defined within the North  
 2.4 American Industry Classification System: lodging, restaurants, bars, amusement and  
 2.5 recreation, food and beverages retail, sporting goods, miscellaneous retail, general retail,  
 2.6 museums, historical sites, health and personal care, gas station, general merchandise,  
 2.7 business and professional membership, movies, or nonstore retailer, as determined by  
 2.8 Mille Lacs County in consultation with the commissioner of employment and economic  
 2.9 development.

2.10 Subd. 4. **Annual audit.** The commissioner of employment and economic  
 2.11 development must annually audit Mille Lacs County's compliance with the provisions  
 2.12 of this section, and Mille Lacs County must comply with all requests made by the  
 2.13 commissioner under this subdivision.

2.14 Subd. 5. **Expiration of program.** This section expires for grants, loans, tourism  
 2.15 promotion activities, and abatement reimbursements applied for after June 30, 2019.

2.16 **EFFECTIVE DATE.** This section is effective July 1, 2016, and thereafter.

2.17 **Sec. 2. LAKE MILLE LACS AREA PROPERTY TAX ABATEMENT.**

2.18 Subdivision 1. **Abatements authorized.** Notwithstanding Minnesota Statutes,  
 2.19 section 375.192, the county boards of Aitkin, Crow Wing, and Mille Lacs Counties may  
 2.20 grant an abatement of net tax for taxes payable in 2016, 2017, and 2018, provided that:

2.21 (1) the property is classified as 1c, 3a, 4c(1), 4c(10), or 4c(11);

2.22 (2) in the taxes payable year for which abatement of taxes is sought, prior to July 1  
 2.23 or a date established by Mille Lacs County in consultation with the county in which  
 2.24 abatement is sought, the taxpayer submits a written application to:

2.25 (i) the county assessor in the county in which abatement is sought; and

2.26 (ii) Mille Lacs County, if required under section 1, subdivision 2, paragraph (b); and

2.27 (3) the taxpayer meets the criteria established in section 1, subdivision 3.

2.28 Subd. 2. **Limitations.** The abatement must not exceed the reduction in gross  
 2.29 receipts documented under section 1, subdivision 3, clause (2).

2.30 Subd. 3. **Appeals.** An appeal may not be taken to the Tax Court from any order  
 2.31 of the county board made pursuant to the exercise of the discretionary authority granted  
 2.32 in this section.

2.33 Subd. 4. **Refunds.** If an application for abatement is made under this section after  
 2.34 payment of all or a portion of the taxes being abated, the portion already paid shall be  
 2.35 refunded to the taxpayer by the county treasurer as soon as practical.

3.1 Subd. 5. **State general tax also abated.** If the county grants an abatement under  
3.2 subdivision 1, the tax attributable to the state general tax is also abated.

3.3 Subd. 6. **Certification of abatement; reimbursement to county; payment.** The  
3.4 county auditor must certify the abatements granted under this section to Mille Lacs  
3.5 County for reimbursement to each taxing jurisdiction in which the affected property is  
3.6 located. Mille Lacs County, in consultation with the commissioner of revenue, must  
3.7 make the payments to the taxing jurisdictions containing the property, other than school  
3.8 districts, at the time distributions are made under Minnesota Statutes, section 473H.10,  
3.9 subdivision 3. Reimbursements to school districts must be made as provided in Minnesota  
3.10 Statutes, section 273.1392.

3.11 Subd. 7. **Annual audit.** The commissioner of revenue must annually audit a  
3.12 county granting abatements under this section for compliance with the provisions of this  
3.13 section, and a county must comply with all requests made by the commissioner under  
3.14 this subdivision.

3.15 Subd. 8. **Expiration.** This section expires for taxes payable in 2019 and thereafter,  
3.16 except that the prohibition on appeals in subdivision 3 and the auditing provision in  
3.17 subdivision 7 remain in effect through 2020.

3.18 **EFFECTIVE DATE.** This section is effective July 1, 2016, and thereafter.

3.19 Sec. 3. **APPROPRIATION; LAKE MILLE LACS AREA ECONOMIC RELIEF**  
3.20 **PROGRAM.**

3.21 \$10,000,000 in fiscal year 2017, \$10,000,000 in fiscal year 2018, and \$10,000,000  
3.22 in fiscal year 2019 are appropriated from the general fund to the commissioner of  
3.23 employment and economic development for a grant to Mille Lacs County to develop and  
3.24 operate the Lake Mille Lacs area economic relief program established in section 1. This  
3.25 appropriation is not ongoing and the funding base for fiscal year 2020 is \$0.