

1.1 A bill for an act

1.2 relating to taxation; property and local government; modifying provisions related

1.3 to property taxes; taxpayer empowerment; aids, credits, and refunds; in perpetuity

1.4 payments on land purchases; tax increment financing; local option sales taxes;

1.5 public finance; and miscellaneous tax provisions; modifying property tax

1.6 exemptions, classifications, and refunds; allowing a reverse referendum for property

1.7 tax levies under certain circumstances; establishing school building bond

1.8 agricultural tax credit; modifying state general levy; modifying certain local

1.9 government aids; authorizing certain tax increment financing authority; prohibiting

1.10 municipalities from taxing paper or plastic bags; modifying county levy authority;

1.11 authorizing certain local taxes; restricting rail project expenditures; modifying

1.12 provisions related to taconite; repealing political contribution refund; making

1.13 technical and conforming changes; requiring a report; amending Minnesota Statutes

1.14 2016, sections 40A.18, subdivision 2; 97A.056, subdivisions 1a, 3, by adding

1.15 subdivisions; 116P.02, subdivision 1, by adding subdivisions; 116P.08, subdivisions

1.16 1, 4; 123B.63, subdivision 3; 126C.17, subdivision 9; 127A.45, subdivisions 10,

1.17 13; 205.10, subdivision 1; 205A.05, subdivision 1; 216B.36; 216B.46; 237.19;

1.18 270A.03, subdivision 7; 272.02, subdivisions 23, 86, by adding a subdivision;

1.19 272.0213; 272.029, subdivision 2; 272.162; 273.124, subdivisions 3a, 14, 21;

1.20 273.125, subdivision 8; 273.13, subdivisions 22, 23, 25, 34; 273.1392; 273.1393;

1.21 275.025, subdivisions 1, 2, 4, by adding a subdivision; 275.065, subdivision 3;

1.22 275.066; 275.07, subdivisions 1, 2; 275.08, subdivision 1b; 275.60; 276.017,

1.23 subdivision 3; 276.04, subdivisions 1, 2; 279.01, subdivisions 1, 2, 3; 279.37, by

1.24 adding a subdivision; 281.17; 281.173, subdivision 2; 281.174, subdivision 3;

1.25 282.01, subdivisions 4, 6, by adding a subdivision; 282.016; 282.018, subdivision

1.26 1; 282.02; 282.241, subdivision 1; 282.322; 287.08; 289A.50, subdivision 1;

1.27 290.01, subdivision 6; 290A.03, subdivisions 11, 13; 298.225, subdivision 1;

1.28 298.28, subdivision 3; 366.095, subdivision 1; 383B.117, subdivision 2; 410.32;

1.29 412.221, subdivision 2; 412.301; 426.19, subdivision 2; 447.045, subdivisions 2,

1.30 3, 4, 6, 7; 452.11; 455.24; 455.29; 459.06, subdivision 1; 462.353, subdivision 4;

1.31 469.053, subdivision 5; 469.101, subdivision 1; 469.107, subdivision 2; 469.169,

1.32 by adding a subdivision; 469.174, subdivision 12; 469.175, subdivision 3; 469.176,

1.33 subdivision 4c; 469.1761, by adding a subdivision; 469.1763, subdivisions 1, 2,

1.34 3; 469.178, subdivision 7; 469.190, subdivisions 1, 5; 471.57, subdivision 3;

1.35 471.571, subdivision 3; 471.572, subdivisions 2, 4; 473.39, by adding subdivisions;

1.36 473H.09; 473H.17, subdivision 1a; 475.59; 475.60, subdivision 2; 477A.011,

1.37 subdivisions 34, 45; 477A.013, subdivisions 8, 9; 477A.10; 477A.11, by adding

1.38 subdivisions; 504B.285, subdivision 1; 504B.365, subdivision 3; Laws 1980,

1.39 chapter 511, sections 1, subdivision 2, as amended; 2, as amended; Laws 1991,

chapter 291, article 8, section 27, subdivisions 3, as amended, 4, as amended, 5; Laws 1996, chapter 471, article 2, section 29, subdivisions 1, as amended, 4, as amended; article 3, section 51; Laws 1999, chapter 243, article 4, sections 17, subdivisions 3, 5, by adding a subdivision; 18, subdivision 1, as amended; Laws 2005, First Special Session chapter 3, article 5, section 38, subdivisions 2, as amended, 4, as amended; Laws 2008, chapter 154, article 9, section 21, subdivision 2; Laws 2008, chapter 366, article 7, section 20; Laws 2009, chapter 88, article 5, section 17, as amended; Laws 2014, chapter 308, article 6, sections 8, subdivision 1; 9; proposing coding for new law in Minnesota Statutes, chapters 11A; 16A; 16B; 103C; 116P; 117; 222; 273; 274; 275; 281; 416; 459; 471; 473; 477A; repealing Minnesota Statutes 2016, sections 10A.322, subdivision 4; 13.4967, subdivision 2; 205.10, subdivision 3; 270C.9901; 281.22; 290.06, subdivision 23; 477A.085; 477A.20; Minnesota Rules, part 4503.1400, subpart 4.

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

## ARTICLE 1

### PROPERTY TAX

Section 1. Minnesota Statutes 2016, section 40A.18, subdivision 2, is amended to read:

Subd. 2. **Allowed commercial and industrial operations.** (a) Commercial and industrial operations are not allowed on land within an agricultural preserve except:

(1) small on-farm commercial or industrial operations normally associated with and important to farming in the agricultural preserve area;

(2) storage use of existing farm buildings that does not disrupt the integrity of the agricultural preserve; ~~and~~

(3) small commercial use of existing farm buildings for trades not disruptive to the integrity of the agricultural preserve such as a carpentry shop, small scale mechanics shop, and similar activities that a farm operator might conduct; and

(4) wireless communication installments and related equipment and structure capable of providing technology potentially beneficial to farming activities.

(b) For purposes of paragraph (a), clauses (2) and (3), "existing" in clauses (2) and (3) means existing on August 1, 1989.

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

#### Sec. 2. **[103C.333] COUNTY LEVY AUTHORITY.**

Notwithstanding any other law to the contrary, a county levying a tax under section 103C.331 shall not include any taxes levied under those authorities in the levy certified under section 275.07, subdivision 1, paragraph (a). A county levying under section 103C.331

shall separately certify that amount, and the auditor shall extend that levy as a special taxing district levy under sections 275.066 and 275.07, subdivision 1, paragraph (b).

**EFFECTIVE DATE.** This section is effective for certifications made in 2017 and thereafter.

Sec. 3. Minnesota Statutes 2016, section 272.02, subdivision 23, is amended to read:

Subd. 23. **Secondary liquid agricultural chemical containment facilities.** Secondary containment tanks, cache basins, and ~~that portion of the structure needed for the containment facility used to confine agricultural chemicals as defined in section 18D.01, subdivision 3, as required by the commissioner of agriculture under chapter 18B or 18C,~~ berms used by a reseller to contain agricultural chemical spills from primary storage containers and prevent runoff or leaching of liquid agricultural chemicals as defined in section 18D.01, subdivision 3, are exempt. For purposes of this subdivision, "reseller" means a person licensed by the commissioner of agriculture under section 18B.316 or 18C.415.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2016 provided that nothing in this section shall cause property that was classified as exempt property for taxes payable in 2016 to lose its exempt status for taxes payable in that year.

Sec. 4. Minnesota Statutes 2016, section 272.02, subdivision 86, is amended to read:

Subd. 86. **Apprenticeship training facilities.** All or a portion of a building used exclusively for a state-approved apprenticeship program through the Department of Labor and Industry is exempt if:

(1) it is owned by a nonprofit organization or a nonprofit trust, and operated by a nonprofit organization or a nonprofit trust;

(2) the program participants receive no compensation; and

(3) it is located:

(i) in the Minneapolis and St. Paul standard metropolitan statistical area as determined by the 2000 federal census;

(ii) in a city outside the Minneapolis and St. Paul standard metropolitan statistical area that has a population of 7,400 or greater according to the most recent federal census; or

(iii) in a township that has a population greater than ~~2,000~~ 1,400 but less than 3,000 determined by the 2000 federal census and the building was previously used by a school and was exempt for taxes payable in 2010.

Use of the property for advanced skills training of incumbent workers does not disqualify the property for the exemption under this subdivision. This exemption includes up to five acres of the land on which the building is located and associated parking areas on that land, except that if the building meets the requirements of clause (3), item (iii), then the exemption includes up to ten acres of land on which the building is located and associated parking areas on that land. If a parking area associated with the facility is used for the purposes of the facility and for other purposes, a portion of the parking area shall be exempt in proportion to the square footage of the facility used for purposes of apprenticeship training.

Sec. 5. Minnesota Statutes 2016, section 272.02, is amended by adding a subdivision to read:

**Subd. 100. Electric generation facility; personal property.** (a) Notwithstanding subdivision 9, clause (a), attached machinery and other personal property that is part of an electric generation facility with more than 35 megawatts and less than 40 megawatts of installed capacity and that meets the requirements of this subdivision is exempt from taxation and payments in lieu of taxation. The facility must:

(1) be designed to utilize natural gas as a primary fuel;

(2) be owned and operated by a municipal power agency as defined in section 453.52, subdivision 8;

(3) be located within 800 feet of an existing natural gas pipeline;

(4) satisfy a resource deficiency identified in an approved integrated resource plan filed under section 216B.2422;

(5) be located outside the metropolitan area as defined under section 473.121, subdivision 2; and

(6) have received, by resolution, the approval of the governing bodies of the city and county in which it is located for the exemption of personal property provided by this subdivision.

(b) Construction of the facility must have been commenced after January 1, 2015, and before January 1, 2017. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

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

Sec. 6. Minnesota Statutes 2016, section 272.0213, is amended to read:

**272.0213 LEASED SEASONAL-RECREATIONAL LAND.**

(a) ~~A county board may elect, by resolution, to~~ Qualified lands, as defined in this section,  
are exempt from taxation, including the tax under section 273.19, ~~qualified lands.~~ "Qualified  
lands" for purposes of this section means property land that:

(1) is owned by a county, city, town, or the state; and

(2) is rented by the entity for noncommercial seasonal-recreational ~~or~~ noncommercial  
seasonal-recreational residential use; ~~and,~~ or class 1c commercial seasonal-recreational  
residential use.

~~(3) was rented for the purposes specified in clause (2) and was exempt from taxation  
for property taxes payable in 2008.~~

(b) Lands owned by the federal government and rented for noncommercial  
seasonal-recreational ~~or~~ noncommercial seasonal-recreational residential, or class 1c  
commercial seasonal-recreational residential use are exempt from taxation, including the  
tax under section 273.19.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

Sec. 7. Minnesota Statutes 2016, section 272.029, subdivision 2, is amended to read:

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

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

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

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

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

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

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

(2) constructed within the same calendar year as the wind energy conversion system;

and

(3) under common ownership.

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

(c) In making a determination under paragraph (b), the commissioner of commerce may determine that two wind energy conversion systems are under common ownership when the underlying ownership structure contains ~~similar~~ the same persons or entities, even if the ownership shares differ between the two systems. Wind energy conversion systems are not under common ownership solely because the same person or entity provided equity financing for the systems. Wind energy conversion systems that were determined by the commissioner of commerce to be eligible for a renewable energy production incentive under section 216C.41 are not under common ownership unless a change in the qualifying owner was made to an owner of another wind energy conversion system subsequent to the determination by the commissioner of commerce.

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

Sec. 8. Minnesota Statutes 2016, section 272.162, is amended to read:

**272.162 RESTRICTIONS ON TRANSFERS OF SPECIFIC PARTS.**

Subdivision 1. **Conditions restricting transfer.** When a deed or other instrument conveying a parcel of land is presented to the county auditor for transfer or division under sections 272.12, 272.16, and 272.161, the auditor shall not transfer or divide the land or its net tax capacity in the official records and shall not certify the instrument as provided in section 272.12, if:

(a) The land conveyed is less than a whole parcel of land as charged in the tax lists;

(b) The part conveyed appears within the area of application of municipal or county subdivision regulations adopted and filed under section 394.35 or section 462.36, subdivision 1; and

(c) The part conveyed is part of or constitutes a subdivision as defined in section 462.352, subdivision 12.

Subd. 2. **Conditions allowing transfer.** (a) Notwithstanding the provisions of subdivision 1, the county auditor may transfer or divide the land and its net tax capacity and may certify the instrument if the instrument contains a certification by the clerk of the municipality or designated county planning official:

~~(a)~~ (1) that the municipality's or county's subdivision regulations do not apply;

~~(b)~~ (2) that the subdivision has been approved by the governing body of the municipality or county; or

~~(c)~~ (3) that the restrictions on the division of taxes and filing and recording have been waived by resolution of the governing body of the municipality or county in the particular case because compliance would create an unnecessary hardship and failure to comply would not interfere with the purpose of the regulations.

(b) If any of the conditions for certification by the municipality or county as provided in this subdivision exist and the municipality or county does not certify that they exist within 24 hours after the instrument of conveyance has been presented to the clerk of the municipality or designated county planning official, the provisions of subdivision 1 do not apply.

(c) If an unexecuted instrument is presented to the municipality or county and any of the conditions for certification by the municipality or county as provided in this subdivision exist, the unexecuted instrument must be certified by the clerk of the municipality or the designated county planning official.

Subd. 3. **Applicability of restrictions.** (a) This section does not apply to the exceptions set forth in section 272.12.

(b) This section applies only to land within municipalities or counties which choose to be governed by its provisions. A municipality or county may choose to have this section apply to the property within its boundaries by filing a certified copy of a resolution of its governing body making that choice with the auditor and recorder of the county in which it is located.

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

Sec. 9. Minnesota Statutes 2016, section 273.124, subdivision 3a, is amended to read:

Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home park is owned by a corporation or association organized under chapter 308A or 308B, and each person who owns a share or shares in the corporation or association is entitled to occupy a lot within the park, the corporation or association may claim homestead treatment for the park. Each lot must be designated by legal description or number, and each lot is limited to not more than one-half acre of land.

(b) The manufactured home park shall be entitled to homestead treatment if all of the following criteria are met:

(1) the occupant or the cooperative corporation or association is paying the ad valorem property taxes and any special assessments levied against the land and structure either directly, or indirectly through dues to the corporation or association; and

(2) the corporation or association organized under chapter 308A or 308B is wholly owned by persons having a right to occupy a lot owned by the corporation or association.

(c) A charitable corporation, organized under the laws of Minnesota with no outstanding stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status, qualifies for homestead treatment with respect to a manufactured home park if its members hold residential participation warrants entitling them to occupy a lot in the manufactured home park.

(d) "Homestead treatment" under this subdivision means the classification rate provided for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause (5), item (ii)-, and the homestead market value exclusion under section 273.13, subdivision 35, does not apply ~~and the property taxes assessed against the park shall not be included in the determination of taxes payable for rent paid under section 290A.03.~~

**EFFECTIVE DATE.** This section is effective beginning with claims for taxes payable in 2018.

Sec. 10. Minnesota Statutes 2016, section 273.124, subdivision 14, is amended to read:

Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife



9.1 Service, or (iii) land administered by the Department of Natural Resources on which in lieu  
9.2 taxes are paid under sections 477A.11 to 477A.14;

9.3 (2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20  
9.4 acres;

9.5 (3) the noncontiguous land is located not farther than four townships or cities, or a  
9.6 combination of townships or cities from the homestead; and

9.7 (4) the agricultural use value of the noncontiguous land and farm buildings is equal to  
9.8 at least 50 percent of the market value of the house, garage, and one acre of land.

9.9 Homesteads initially classified as class 2a under the provisions of this paragraph shall  
9.10 remain classified as class 2a, irrespective of subsequent changes in the use of adjoining  
9.11 properties, as long as the homestead remains under the same ownership, the owner owns a  
9.12 noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use  
9.13 value qualifies under clause (4). Homestead classification under this paragraph is limited  
9.14 to property that qualified under this paragraph for the 1998 assessment.

9.15 (b)(i) Agricultural property shall be classified as the owner's homestead, to the same  
9.16 extent as other agricultural homestead property, if all of the following criteria are met:

9.17 (1) the agricultural property consists of at least 40 acres including undivided government  
9.18 lots and correctional 40's;

9.19 (2) the owner, the owner's spouse, or a grandchild, child, sibling, or parent of the owner  
9.20 or of the owner's spouse, is actively farming the agricultural property, either on the person's  
9.21 own behalf as an individual or on behalf of a partnership operating a family farm, family  
9.22 farm corporation, joint family farm venture, or limited liability company of which the person  
9.23 is a partner, shareholder, or member;

9.24 (3) both the owner of the agricultural property and the person who is actively farming  
9.25 the agricultural property under clause (2), are Minnesota residents;

9.26 (4) neither the owner nor the spouse of the owner claims another agricultural homestead  
9.27 in Minnesota; and

9.28 (5) neither the owner nor the person actively farming the agricultural property lives  
9.29 farther than four townships or cities, or a combination of four townships or cities, from the  
9.30 agricultural property, except that if the owner or the owner's spouse is required to live in  
9.31 employer-provided housing, the owner or owner's spouse, whichever is actively farming  
9.32 the agricultural property, may live more than four townships or cities, or combination of  
9.33 four townships or cities from the agricultural property.

10.1 The relationship under this paragraph may be either by blood or marriage.

10.2 (ii) ~~Agricultural property held by a trustee under a trust is eligible for agricultural~~  
10.3 ~~homestead classification under this paragraph if the qualifications in clause (i) are met,~~  
10.4 ~~except that "owner" means the grantor of the trust.~~

10.5 (iii) Property containing the residence of an owner who owns qualified property under  
10.6 clause (i) shall be classified as part of the owner's agricultural homestead, if that property  
10.7 is also used for noncommercial storage or drying of agricultural crops.

10.8 (iv) (iii) As used in this paragraph, "agricultural property" means class 2a property and  
10.9 any class 2b property that is contiguous to and under the same ownership as the class 2a  
10.10 property.

10.11 (c) Noncontiguous land shall be included as part of a homestead under section 273.13,  
10.12 subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached  
10.13 land is located in the same township or city, or not farther than four townships or cities or  
10.14 combination thereof from the homestead. Any taxpayer of these noncontiguous lands must  
10.15 notify the county assessor that the noncontiguous land is part of the taxpayer's homestead,  
10.16 and, if the homestead is located in another county, the taxpayer must also notify the assessor  
10.17 of the other county.

10.18 (d) Agricultural land used for purposes of a homestead and actively farmed by a person  
10.19 holding a vested remainder interest in it must be classified as a homestead under section  
10.20 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other  
10.21 dwellings on the land used for purposes of a homestead by persons holding vested remainder  
10.22 interests who are actively engaged in farming the property, and up to one acre of the land  
10.23 surrounding each homestead and reasonably necessary for the use of the dwelling as a home,  
10.24 must also be assessed class 2a.

10.25 (e) Agricultural land and buildings that were class 2a homestead property under section  
10.26 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as  
10.27 agricultural homesteads for subsequent assessments if:

10.28 (1) the property owner abandoned the homestead dwelling located on the agricultural  
10.29 homestead as a result of the April 1997 floods;

10.30 (2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or  
10.31 Wilkin;

11.1 (3) the agricultural land and buildings remain under the same ownership for the current  
11.2 assessment year as existed for the 1997 assessment year and continue to be used for  
11.3 agricultural purposes;

11.4 (4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles  
11.5 of one of the parcels of agricultural land that is owned by the taxpayer; and

11.6 (5) the owner notifies the county assessor that the relocation was due to the 1997 floods,  
11.7 and the owner furnishes the assessor any information deemed necessary by the assessor in  
11.8 verifying the change in dwelling. Further notifications to the assessor are not required if the  
11.9 property continues to meet all the requirements in this paragraph and any dwellings on the  
11.10 agricultural land remain uninhabited.

11.11 (f) Agricultural land and buildings that were class 2a homestead property under section  
11.12 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified  
11.13 agricultural homesteads for subsequent assessments if:

11.14 (1) the property owner abandoned the homestead dwelling located on the agricultural  
11.15 homestead as a result of damage caused by a March 29, 1998, tornado;

11.16 (2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur,  
11.17 Nicollet, Nobles, or Rice;

11.18 (3) the agricultural land and buildings remain under the same ownership for the current  
11.19 assessment year as existed for the 1998 assessment year;

11.20 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of  
11.21 one of the parcels of agricultural land that is owned by the taxpayer; and

11.22 (5) the owner notifies the county assessor that the relocation was due to a March 29,  
11.23 1998, tornado, and the owner furnishes the assessor any information deemed necessary by  
11.24 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the  
11.25 owner must notify the assessor by December 1, 1998. Further notifications to the assessor  
11.26 are not required if the property continues to meet all the requirements in this paragraph and  
11.27 any dwellings on the agricultural land remain uninhabited.

11.28 (g) Agricultural property of a family farm corporation, joint family farm venture, family  
11.29 farm limited liability company, or partnership operating a family farm as described under  
11.30 subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead  
11.31 property, if all of the following criteria are met:

11.32 (1) the property consists of at least 40 acres including undivided government lots and  
11.33 correctional 40's;

12.1 (2) a shareholder, member, or partner of that entity is actively farming the agricultural  
12.2 property;

12.3 (3) that shareholder, member, or partner who is actively farming the agricultural property  
12.4 is a Minnesota resident;

12.5 (4) neither that shareholder, member, or partner, nor the spouse of that shareholder,  
12.6 member, or partner claims another agricultural homestead in Minnesota; and

12.7 (5) that shareholder, member, or partner does not live farther than four townships or  
12.8 cities, or a combination of four townships or cities, from the agricultural property.

12.9 Homestead treatment applies under this paragraph for property leased to a family farm  
12.10 corporation, joint farm venture, limited liability company, or partnership operating a family  
12.11 farm if legal title to the property is in the name of an individual who is a member, shareholder,  
12.12 or partner in the entity.

12.13 (h) To be eligible for the special agricultural homestead under this subdivision, an initial  
12.14 full application must be submitted to the county assessor where the property is located.  
12.15 Owners and the persons who are actively farming the property shall be required to complete  
12.16 only a one-page abbreviated version of the application in each subsequent year provided  
12.17 that none of the following items have changed since the initial application:

12.18 (1) the day-to-day operation, administration, and financial risks remain the same;

12.19 (2) the owners and the persons actively farming the property continue to live within the  
12.20 four townships or city criteria and are Minnesota residents;

12.21 (3) the same operator of the agricultural property is listed with the Farm Service Agency;

12.22 (4) a Schedule F or equivalent income tax form was filed for the most recent year;

12.23 (5) the property's acreage is unchanged; and

12.24 (6) none of the property's acres have been enrolled in a federal or state farm program  
12.25 since the initial application.

12.26 The owners and any persons who are actively farming the property must include the  
12.27 appropriate Social Security numbers, and sign and date the application. If any of the specified  
12.28 information has changed since the full application was filed, the owner must notify the  
12.29 assessor, and must complete a new application to determine if the property continues to  
12.30 qualify for the special agricultural homestead. The commissioner of revenue shall prepare  
12.31 a standard reapplication form for use by the assessors.

13.1 (i) Agricultural land and buildings that were class 2a homestead property under section  
13.2 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified  
13.3 agricultural homesteads for subsequent assessments if:

13.4 (1) the property owner abandoned the homestead dwelling located on the agricultural  
13.5 homestead as a result of damage caused by the August 2007 floods;

13.6 (2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele,  
13.7 Wabasha, or Winona;

13.8 (3) the agricultural land and buildings remain under the same ownership for the current  
13.9 assessment year as existed for the 2007 assessment year;

13.10 (4) the dwelling occupied by the owner is located in this state and is within 50 miles of  
13.11 one of the parcels of agricultural land that is owned by the taxpayer; and

13.12 (5) the owner notifies the county assessor that the relocation was due to the August 2007  
13.13 floods, and the owner furnishes the assessor any information deemed necessary by the  
13.14 assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the  
13.15 owner must notify the assessor by December 1, 2008. Further notifications to the assessor  
13.16 are not required if the property continues to meet all the requirements in this paragraph and  
13.17 any dwellings on the agricultural land remain uninhabited.

13.18 (j) Agricultural land and buildings that were class 2a homestead property under section  
13.19 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as  
13.20 agricultural homesteads for subsequent assessments if:

13.21 (1) the property owner abandoned the homestead dwelling located on the agricultural  
13.22 homestead as a result of the March 2009 floods;

13.23 (2) the property is located in the county of Marshall;

13.24 (3) the agricultural land and buildings remain under the same ownership for the current  
13.25 assessment year as existed for the 2008 assessment year and continue to be used for  
13.26 agricultural purposes;

13.27 (4) the dwelling occupied by the owner is located in Minnesota and is within 50 miles  
13.28 of one of the parcels of agricultural land that is owned by the taxpayer; and

13.29 (5) the owner notifies the county assessor that the relocation was due to the 2009 floods,  
13.30 and the owner furnishes the assessor any information deemed necessary by the assessor in  
13.31 verifying the change in dwelling. Further notifications to the assessor are not required if the

14.1 property continues to meet all the requirements in this paragraph and any dwellings on the  
14.2 agricultural land remain uninhabited.

14.3 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable in  
14.4 2018.

14.5 Sec. 11. Minnesota Statutes 2016, section 273.124, subdivision 21, is amended to read:

14.6 Subd. 21. **Trust property; homestead.** Real or personal property, including agricultural  
14.7 property, held by a trustee under a trust is eligible for classification as homestead property  
14.8 if the property satisfies the requirements of paragraph (a), (b), (c), ~~or (d)~~, or (e).

14.9 (a) The grantor or surviving spouse of the grantor of the trust occupies and uses the  
14.10 property as a homestead.

14.11 (b) A relative or surviving relative of the grantor who meets the requirements of  
14.12 subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph  
14.13 (d), in the case of agricultural property, occupies and uses the property as a homestead.

14.14 (c) A family farm corporation, joint farm venture, limited liability company, or partnership  
14.15 operating a family farm in which the grantor or the grantor's surviving spouse is a  
14.16 shareholder, member, or partner rents the property; and, either (1) a shareholder, member,  
14.17 or partner of the corporation, joint farm venture, limited liability company, or partnership  
14.18 occupies and uses the property as a homestead; or (2) the property is at least 40 acres,  
14.19 including undivided government lots and correctional 40's, and a shareholder, member, or  
14.20 partner of the tenant-entity is actively farming the property on behalf of the corporation,  
14.21 joint farm venture, limited liability company, or partnership.

14.22 (d) A person who has received homestead classification for property taxes payable in  
14.23 2000 on the basis of an unqualified legal right under the terms of the trust agreement to  
14.24 occupy the property as that person's homestead and who continues to use the property as a  
14.25 homestead; or, a person who received the homestead classification for taxes payable in 2005  
14.26 under paragraph (c) who does not qualify under paragraph (c) for taxes payable in 2006 or  
14.27 thereafter but who continues to qualify under paragraph (c) as it existed for taxes payable  
14.28 in 2005.

14.29 (e) The qualifications under subdivision 14, paragraph (b), clause (i), are met. For  
14.30 purposes of this paragraph, "owner" means the grantor of the trust or the surviving spouse  
14.31 of the grantor.

14.32 (f) For purposes of this subdivision, the following terms have the meanings given them:

15.1 (1) "agricultural property" means the house, garage, other farm buildings and structures,  
15.2 and agricultural land;

15.3 (2) "agricultural land" has the meaning given in section 273.13, subdivision 23, except  
15.4 that the phrases "owned by same person" or "under the same ownership" as used in that  
15.5 subdivision mean and include contiguous tax parcels owned by:

15.6 (i) an individual and a trust of which the individual, the individual's spouse, or the  
15.7 individual's deceased spouse is the grantor; or

15.8 (ii) different trusts of which the grantors of each trust are any combination of an  
15.9 individual, the individual's spouse, or the individual's deceased spouse; and

15.10 ~~For purposes of this subdivision,~~ (3) "grantor" is defined as means the person creating  
15.11 or establishing a testamentary, inter Vivos, revocable or irrevocable trust by written  
15.12 instrument or through the exercise of a power of appointment.

15.13 (g) Noncontiguous land is included as part of a homestead under this subdivision, only  
15.14 if the homestead is classified as class 2a, as defined in section 273.13, subdivision 23, and  
15.15 the detached land is located in the same township or city, or not farther than four townships  
15.16 or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous  
15.17 lands must notify the county assessor that the noncontiguous land is part of the taxpayer's  
15.18 homestead, and, if the homestead is located in another county, the taxpayer must also notify  
15.19 the assessor of the other county.

15.20 **EFFECTIVE DATE.** This section is effective beginning for property taxes payable in  
15.21 2018.

15.22 Sec. 12. Minnesota Statutes 2016, section 273.125, subdivision 8, is amended to read:

15.23 Subd. 8. **Manufactured homes; sectional structures.** (a) In this section, "manufactured  
15.24 home" means a structure transportable in one or more sections, which is built on a permanent  
15.25 chassis, and designed to be used as a dwelling with or without a permanent foundation when  
15.26 connected to the required utilities, and contains the plumbing, heating, air conditioning, and  
15.27 electrical systems in it. Manufactured home includes any accessory structure that is an  
15.28 addition or supplement to the manufactured home and, when installed, becomes a part of  
15.29 the manufactured home.

15.30 (b) Except as provided in paragraph (c), a manufactured home that meets each of the  
15.31 following criteria must be valued and assessed as an improvement to real property, the  
15.32 appropriate real property classification applies, and the valuation is subject to review and  
15.33 the taxes payable in the manner provided for real property:

16.1 (1) the owner of the unit holds title to the land on which it is situated;

16.2 (2) the unit is affixed to the land by a permanent foundation or is installed at its location  
16.3 in accordance with the Manufactured Home Building Code in sections 327.31 to 327.34,  
16.4 and rules adopted under those sections, or is affixed to the land like other real property in  
16.5 the taxing district; and

16.6 (3) the unit is connected to public utilities, has a well and septic tank system, or is serviced  
16.7 by water and sewer facilities comparable to other real property in the taxing district.

16.8 (c) A manufactured home that meets each of the following criteria must be assessed at  
16.9 the rate provided by the appropriate real property classification but must be treated as  
16.10 personal property, and the valuation is subject to review and the taxes payable in the manner  
16.11 provided in this section:

16.12 (1) the owner of the unit is a lessee of the land under the terms of a lease, or the unit is  
16.13 located in a manufactured home park but is not the homestead of the park owner;

16.14 (2) the unit is affixed to the land by a permanent foundation or is installed at its location  
16.15 in accordance with the Manufactured Home Building Code contained in sections 327.31 to  
16.16 327.34, and the rules adopted under those sections, or is affixed to the land like other real  
16.17 property in the taxing district; and

16.18 (3) the unit is connected to public utilities, has a well and septic tank system, or is serviced  
16.19 by water and sewer facilities comparable to other real property in the taxing district.

16.20 (d) Sectional structures must be valued and assessed as an improvement to real property  
16.21 if the owner of the structure holds title to the land on which it is located or is a qualifying  
16.22 lessee of the land under section 273.19. In this paragraph "sectional structure" means a  
16.23 building or structural unit that has been in whole or substantial part manufactured or  
16.24 constructed at an off-site location to be wholly or partially assembled on site alone or with  
16.25 other units and attached to a permanent foundation.

16.26 (e) The commissioner of revenue may adopt rules under the Administrative Procedure  
16.27 Act to establish additional criteria for the classification of manufactured homes and sectional  
16.28 structures under this subdivision.

16.29 (f) A storage shed, deck, or similar improvement constructed on property that is leased  
16.30 or rented as a site for a manufactured home, sectional structure, park trailer, or travel trailer  
16.31 is taxable as provided in this section. In the case of property that is leased or rented as a site  
16.32 for a travel trailer, a storage shed, deck, or similar improvement on the site that is considered  
16.33 personal property under this paragraph is taxable only if its total estimated market value is



17.1 over ~~\$1,000~~ \$10,000. The property is taxable as personal property to the lessee of the site  
17.2 if it is not owned by the owner of the site. The property is taxable as real estate if it is owned  
17.3 by the owner of the site. As a condition of permitting the owner of the manufactured home,  
17.4 sectional structure, park trailer, or travel trailer to construct improvements on the leased or  
17.5 rented site, the owner of the site must obtain the permanent home address of the lessee or  
17.6 user of the site. The site owner must provide the name and address to the assessor upon  
17.7 request.

17.8 Sec. 13. Minnesota Statutes 2016, section 273.13, subdivision 22, is amended to read:

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

17.14 The first \$500,000 of market value of class 1a property has a net classification rate of  
17.15 one percent of its market value; and the market value of class 1a property that exceeds  
17.16 \$500,000 has a classification rate of 1.25 percent of its market value.

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

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

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

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

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

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

18.1 Permanently and totally disabled for the purpose of this subdivision means a condition  
18.2 which is permanent in nature and totally incapacitates the person from working at an  
18.3 occupation which brings the person an income. The first \$50,000 market value of class 1b  
18.4 property has a net classification rate of .45 percent of its market value. The remaining market  
18.5 value of class 1b property has a classification rate using the rates for class 1a or class 2a  
18.6 property, whichever is appropriate, of similar market value.

18.7 (c) Class 1c property is commercial use real and personal property that abuts public  
18.8 water as defined in section 103G.005, subdivision 15, or abuts a state trail administered by  
18.9 the Department of Natural Resources, and is devoted to temporary and seasonal residential  
18.10 occupancy for recreational purposes but not devoted to commercial purposes for more than  
18.11 250 days in the year preceding the year of assessment, and that includes a portion used as  
18.12 a homestead by the owner, which includes a dwelling occupied as a homestead by a  
18.13 shareholder of a corporation that owns the resort, a partner in a partnership that owns the  
18.14 resort, or a member of a limited liability company that owns the resort ~~even if,~~ whether the  
18.15 title to the homestead is held by the corporation, partnership, or limited liability company,  
18.16 or by a shareholder of a corporation who owns the resort, a partner in a partnership who  
18.17 owns the resort, or a member of a limited liability company who owns the resort. For  
18.18 purposes of this paragraph, property is devoted to a commercial purpose on a specific day  
18.19 if any portion of the property, excluding the portion used exclusively as a homestead, is  
18.20 used for residential occupancy and a fee is charged for residential occupancy. Class 1c  
18.21 property must contain three or more rental units. A "rental unit" is defined as a cabin,  
18.22 condominium, townhouse, sleeping room, or individual camping site equipped with water  
18.23 and electrical hookups for recreational vehicles. Class 1c property must provide recreational  
18.24 activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill  
18.25 or cross-country ski equipment; provide marina services, launch services, or guide services;  
18.26 or sell bait and fishing tackle. Any unit in which the right to use the property is transferred  
18.27 to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies  
18.28 for class 1c even though it may remain available for rent. A camping pad offered for rent  
18.29 by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of  
18.30 the rental agreement, as long as the use of the camping pad does not exceed 250 days. If  
18.31 the same owner owns two separate parcels that are located in the same township, and one  
18.32 of those properties is classified as a class 1c property and the other would be eligible to be  
18.33 classified as a class 1c property if it was used as the homestead of the owner, both properties  
18.34 will be assessed as a single class 1c property; for purposes of this sentence, properties are  
18.35 deemed to be owned by the same owner if each of them is owned by a limited liability  
18.36 company, and both limited liability companies have the same membership. The portion of

the property used as a homestead is class 1a property under paragraph (a). The remainder of the property is classified as follows: the first \$600,000 of market value is tier I, the next \$1,700,000 of market value is tier II, and any remaining market value is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes in which all or a portion of the property was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated as class 1c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located must be designated as class 3a commercial. The owner of property desiring designation as class 1c property must provide guest registers or other records demonstrating that the units for which class 1c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

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

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

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

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

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

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

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

Sec. 14. Minnesota Statutes 2016, section 273.13, subdivision 23, is amended to read:

Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class 2a land under the same ownership. The market value of the house and garage and immediately surrounding one acre of land has the same classification rates as class 1a or 1b property under subdivision 22. The value of the remaining land including improvements up to the first tier valuation limit of agricultural homestead property has a classification rate of 0.5 percent of market value. The remaining property over the first tier has a classification rate of one percent of market value. For purposes of this subdivision, the "first tier valuation limit of agricultural homestead property" and "first tier" means the limit certified under section 273.11, subdivision 23.

(b) Class 2a agricultural land consists of parcels of property, or portions thereof, that are agricultural land and buildings. Class 2a property has a classification rate of one percent of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a property must also include any property that would otherwise be classified as 2b, but is interspersed with class 2a property, including but not limited to sloughs, wooded wind shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement, and other similar land that is impractical for the assessor to value separately from the rest of the property or that is unlikely to be able to be sold separately from the rest of the property.

An assessor may classify the part of a parcel described in this subdivision that is used for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

(c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that are unplatted real estate, rural in character and not used for agricultural purposes, including land used for growing trees for timber, lumber, and wood and wood products, that is not improved with a structure. The presence of a minor, ancillary nonresidential structure as defined by the commissioner of revenue does not disqualify the property from classification under this paragraph. Any parcel of 20 acres or more improved with a structure that is not a minor, ancillary nonresidential structure must be split-classified, and ten acres must be assigned to the split parcel containing the structure. Class 2b property has a classification rate of one percent of market value unless it is part of an agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

(d) Class 2c managed forest land consists of no less than 20 and no more than 1,920 acres statewide per taxpayer that is being managed under a forest management plan that meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource

21.1 management incentive program. It has a classification rate of .65 percent, provided that the  
21.2 owner of the property must apply to the assessor in order for the property to initially qualify  
21.3 for the reduced rate and provide the information required by the assessor to verify that the  
21.4 property qualifies for the reduced rate. If the assessor receives the application and information  
21.5 before May 1 in an assessment year, the property qualifies beginning with that assessment  
21.6 year. If the assessor receives the application and information after April 30 in an assessment  
21.7 year, the property may not qualify until the next assessment year. The commissioner of  
21.8 natural resources must concur that the land is qualified. The commissioner of natural  
21.9 resources shall annually provide county assessors verification information on a timely basis.  
21.10 The presence of a minor, ancillary nonresidential structure as defined by the commissioner  
21.11 of revenue does not disqualify the property from classification under this paragraph.

21.12 (e) Agricultural land as used in this section means:

21.13 (1) contiguous acreage of ten acres or more, used during the preceding year for  
21.14 agricultural purposes; or

21.15 (2) contiguous acreage used during the preceding year for an intensive livestock or  
21.16 poultry confinement operation, provided that land used only for pasturing or grazing does  
21.17 not qualify under this clause.

21.18 "Agricultural purposes" as used in this section means the raising, cultivation, drying, or  
21.19 storage of agricultural products for sale, or the storage of machinery or equipment used in  
21.20 support of agricultural production by the same farm entity. For a property to be classified  
21.21 as agricultural based only on the drying or storage of agricultural products, the products  
21.22 being dried or stored must have been produced by the same farm entity as the entity operating  
21.23 the drying or storage facility. "Agricultural purposes" also includes enrollment in the Reinvest  
21.24 in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation  
21.25 Reserve Program as contained in Public Law 99-198 or a similar local, state, or federal  
21.26 conservation program if the property was classified as agricultural (i) under this subdivision  
21.27 for taxes payable in 2003 because of its enrollment in a qualifying program and the land  
21.28 remains enrolled or (ii) in the year prior to its enrollment. For purposes of this section, a  
21.29 local conservation program means a program administered by a town, statutory or home  
21.30 rule charter city, or county, including a watershed district, water management organization,  
21.31 or soil and water conservation district, in which landowners voluntarily enroll land and  
21.32 receive incentive payments in exchange for use or other restrictions placed on the land.  
21.33 Agricultural classification shall not be based upon the market value of any residential  
21.34 structures on the parcel or contiguous parcels under the same ownership.

"Contiguous acreage," for purposes of this paragraph, means all of, or a contiguous portion of, a tax parcel as described in section 272.193, or all of, or a contiguous portion of, a set of contiguous tax parcels under that section that are owned by the same person.

(f) Agricultural land under this section also includes:

(1) contiguous acreage that is less than ten acres in size and exclusively used in the preceding year for raising or cultivating agricultural products; or

(2) contiguous acreage that contains a residence and is less than 11 acres in size, if the contiguous acreage exclusive of the house, garage, and surrounding one acre of land was used in the preceding year for one or more of the following three uses:

(i) for an intensive grain drying or storage operation, or for intensive machinery or equipment storage activities used to support agricultural activities on other parcels of property operated by the same farming entity;

(ii) as a nursery, provided that only those acres used intensively to produce nursery stock are considered agricultural land; or

(iii) for intensive market farming; for purposes of this paragraph, "market farming" means the cultivation of one or more fruits or vegetables or production of animal or other agricultural products for sale to local markets by the farmer or an organization with which the farmer is affiliated.

"Contiguous acreage," for purposes of this paragraph, means all of a tax parcel as described in section 272.193, or all of a set of contiguous tax parcels under that section that are owned by the same person.

(g) Land shall be classified as agricultural even if all or a portion of the agricultural use of that property is the leasing to, or use by another person for agricultural purposes.

Classification under this subdivision is not determinative for qualifying under section 273.111.

(h) The property classification under this section supersedes, for property tax purposes only, any locally administered agricultural policies or land use restrictions that define minimum or maximum farm acreage.

(i) The term "agricultural products" as used in this subdivision includes production for sale of:

23.1 (1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing  
23.2 animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees,  
23.3 and apiary products by the owner;

23.4 (2) fish bred for sale and consumption if the fish breeding occurs on land zoned for  
23.5 agricultural use;

23.6 (3) the commercial boarding of horses, which may include related horse training and  
23.7 riding instruction, if the boarding is done on property that is also used for raising pasture  
23.8 to graze horses or raising or cultivating other agricultural products as defined in clause (1);

23.9 (4) property which is owned and operated by nonprofit organizations used for equestrian  
23.10 activities, excluding racing;

23.11 (5) game birds and waterfowl bred and raised (i) on a game farm licensed under section  
23.12 97A.105, provided that the annual licensing report to the Department of Natural Resources,  
23.13 which must be submitted annually by March 30 to the assessor, indicates that at least 500  
23.14 birds were raised or used for breeding stock on the property during the preceding year and  
23.15 that the owner provides a copy of the owner's most recent schedule F; or (ii) for use on a  
23.16 shooting preserve licensed under section 97A.115;

23.17 (6) insects primarily bred to be used as food for animals;

23.18 (7) trees, grown for sale as a crop, including short rotation woody crops, and not sold  
23.19 for timber, lumber, wood, or wood products; and

23.20 (8) maple syrup taken from trees grown by a person licensed by the Minnesota  
23.21 Department of Agriculture under chapter 28A as a food processor.

23.22 (j) If a parcel used for agricultural purposes is also used for commercial or industrial  
23.23 purposes, including but not limited to:

23.24 (1) wholesale and retail sales;

23.25 (2) processing of raw agricultural products or other goods;

23.26 (3) warehousing or storage of processed goods; and

23.27 (4) office facilities for the support of the activities enumerated in clauses (1), (2), and  
23.28 (3),

23.29 the assessor shall classify the part of the parcel used for agricultural purposes as class 1b,  
23.30 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use.

23.31 The grading, sorting, and packaging of raw agricultural products for first sale is considered  
23.32 an agricultural purpose. A greenhouse or other building where horticultural or nursery

products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

(k) The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

(l) Class 2d airport landing area consists of a landing area or public access area of a privately owned public use airport. It has a classification rate of one percent of market value. To qualify for classification under this paragraph, a privately owned public use airport must be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing area" means that part of a privately owned public use airport properly cleared, regularly maintained, and made available to the public for use by aircraft and includes runways, taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing area also includes land underlying both the primary surface and the approach surfaces that comply with all of the following:

(i) the land is properly cleared and regularly maintained for the primary purposes of the landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

(ii) the land is part of the airport property; and

(iii) the land is not used for commercial or residential purposes.

The land contained in a landing area under this paragraph must be described and certified by the commissioner of transportation. The certification is effective until it is modified, or until the airport or landing area no longer meets the requirements of this paragraph. For purposes of this paragraph, "public access area" means property used as an aircraft parking ramp, apron, or storage hangar, or an arrival and departure building in connection with the airport.

(m) Class 2e consists of land with a commercial aggregate deposit that is not actively being mined and is not otherwise classified as class 2a or 2b, provided that the land is not located in a county that has elected to opt-out of the aggregate preservation program as provided in section 273.1115, subdivision 6. It has a classification rate of one percent of market value. To qualify for classification under this paragraph, the property must be at



25.1 least ten contiguous acres in size and the owner of the property must record with the county  
25.2 recorder of the county in which the property is located an affidavit containing:

25.3 (1) a legal description of the property;

25.4 (2) a disclosure that the property contains a commercial aggregate deposit that is not  
25.5 actively being mined but is present on the entire parcel enrolled;

25.6 (3) documentation that the conditional use under the county or local zoning ordinance  
25.7 of this property is for mining; and

25.8 (4) documentation that a permit has been issued by the local unit of government or the  
25.9 mining activity is allowed under local ordinance. The disclosure must include a statement  
25.10 from a registered professional geologist, engineer, or soil scientist delineating the deposit  
25.11 and certifying that it is a commercial aggregate deposit.

25.12 For purposes of this section and section 273.1115, "commercial aggregate deposit"  
25.13 means a deposit that will yield crushed stone or sand and gravel that is suitable for use as  
25.14 a construction aggregate; and "actively mined" means the removal of top soil and overburden  
25.15 in preparation for excavation or excavation of a commercial deposit.

25.16 (n) When any portion of the property under this subdivision or subdivision 22 begins to  
25.17 be actively mined, the owner must file a supplemental affidavit within 60 days from the  
25.18 day any aggregate is removed stating the number of acres of the property that is actively  
25.19 being mined. The acres actively being mined must be (1) valued and classified under  
25.20 subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate  
25.21 resource preservation property tax program under section 273.1115, if the land was enrolled  
25.22 in that program. Copies of the original affidavit and all supplemental affidavits must be  
25.23 filed with the county assessor, the local zoning administrator, and the Department of Natural  
25.24 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each  
25.25 time a subsequent portion of the property is actively mined, provided that the minimum  
25.26 acreage change is five acres, even if the actual mining activity constitutes less than five  
25.27 acres.

25.28 (o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are not  
25.29 rules and are exempt from the rulemaking provisions of chapter 14, and the provisions in  
25.30 section 14.386 concerning exempt rules do not apply.

25.31 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2018.

26.1 Sec. 15. Minnesota Statutes 2016, section 273.13, subdivision 25, is amended to read:

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

26.9 (b) Class 4b includes:

26.10 (1) residential real estate containing less than four units that does not qualify as class  
26.11 4bb, other than seasonal residential recreational property;

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

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

26.15 (4) unimproved property that is classified residential as determined under subdivision  
26.16 33.

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

26.18 (c) Class 4bb includes:

26.19 (1) nonhomestead residential real estate containing one unit, other than seasonal  
26.20 residential recreational property, and a single family dwelling, garage,;

26.21 (2) single-family dwellings including garages and the surrounding one acre of property  
26.22 on a nonhomestead farm farms classified under subdivision 23, paragraph (b); and

26.23 (3) condominium-type storage units having individual legal descriptions that are not  
26.24 used for commercial purposes.

26.25 Class 4bb property has the same classification rates as class 1a property under subdivision  
26.26 22.

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

26.30 (d) Class 4c property includes:

27.1 (1) except as provided in subdivision 22, paragraph (c), real and personal property  
27.2 devoted to commercial temporary and seasonal residential occupancy for recreation purposes,  
27.3 for not more than 250 days in the year preceding the year of assessment. For purposes of  
27.4 this clause, property is devoted to a commercial purpose on a specific day if any portion of  
27.5 the property is used for residential occupancy, and a fee is charged for residential occupancy.  
27.6 Class 4c property under this clause must contain three or more rental units. A "rental unit"  
27.7 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site  
27.8 equipped with water and electrical hookups for recreational vehicles. A camping pad offered  
27.9 for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c  
27.10 under this clause regardless of the term of the rental agreement, as long as the use of the  
27.11 camping pad does not exceed 250 days. In order for a property to be classified under this  
27.12 clause, either (i) the business located on the property must provide recreational activities,  
27.13 at least 40 percent of the annual gross lodging receipts related to the property must be from  
27.14 business conducted during 90 consecutive days, and either (A) at least 60 percent of all paid  
27.15 bookings by lodging guests during the year must be for periods of at least two consecutive  
27.16 nights; or (B) at least 20 percent of the annual gross receipts must be from charges for  
27.17 providing recreational activities, or (ii) the business must contain 20 or fewer rental units,  
27.18 and must be located in a township or a city with a population of 2,500 or less located outside  
27.19 the metropolitan area, as defined under section 473.121, subdivision 2, that contains a portion  
27.20 of a state trail administered by the Department of Natural Resources. For purposes of item  
27.21 (i)(A), a paid booking of five or more nights shall be counted as two bookings. Class 4c  
27.22 property also includes commercial use real property used exclusively for recreational  
27.23 purposes in conjunction with other class 4c property classified under this clause and devoted  
27.24 to temporary and seasonal residential occupancy for recreational purposes, up to a total of  
27.25 two acres, provided the property is not devoted to commercial recreational use for more  
27.26 than 250 days in the year preceding the year of assessment and is located within two miles  
27.27 of the class 4c property with which it is used. In order for a property to qualify for  
27.28 classification under this clause, the owner must submit a declaration to the assessor  
27.29 designating the cabins or units occupied for 250 days or less in the year preceding the year  
27.30 of assessment by January 15 of the assessment year. Those cabins or units and a proportionate  
27.31 share of the land on which they are located must be designated class 4c under this clause  
27.32 as otherwise provided. The remainder of the cabins or units and a proportionate share of  
27.33 the land on which they are located will be designated as class 3a. The owner of property  
27.34 desiring designation as class 4c property under this clause must provide guest registers or  
27.35 other records demonstrating that the units for which class 4c designation is sought were not  
27.36 occupied for more than 250 days in the year preceding the assessment if so requested. The

28.1 portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center  
28.2 or meeting room, and (5) other nonresidential facility operated on a commercial basis not  
28.3 directly related to temporary and seasonal residential occupancy for recreation purposes  
28.4 does not qualify for class 4c. For the purposes of this paragraph, "recreational activities"  
28.5 means renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country  
28.6 ski equipment; providing marina services, launch services, or guide services; or selling bait  
28.7 and fishing tackle;

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

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

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

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

28.16 (3) real property up to a maximum of three acres of land owned and used by a nonprofit  
28.17 community service oriented organization and not used for residential purposes on either a  
28.18 temporary or permanent basis, provided that:

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

28.21 (ii) the organization makes annual charitable contributions and donations at least equal  
28.22 to the property's previous year's property taxes and the property is allowed to be used for  
28.23 public and community meetings or events for no charge, as appropriate to the size of the  
28.24 facility.

28.25 For purposes of this clause:

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

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

28.30 (C) a "nonprofit community service oriented organization" means any corporation,  
28.31 society, association, foundation, or institution organized and operated exclusively for  
28.32 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from

29.1 federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal  
29.2 Revenue Code; and

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

29.9 Any portion of the property not qualifying under either item (i) or (ii) is class 3a. The  
29.10 use of the property for social events open exclusively to members and their guests for periods  
29.11 of less than 24 hours, when an admission is not charged nor any revenues are received by  
29.12 the organization shall not be considered a revenue-producing activity.

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

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

29.23 (5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding  
29.24 manufactured home parks described in section 273.124, subdivision 3a, and (ii) manufactured  
29.25 home parks as defined in section 327.14, subdivision 3, that are described in section 273.124,  
29.26 subdivision 3a;

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

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

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

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

30.3 If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be  
30.4 filed by the new owner with the assessor of the county where the property is located within  
30.5 60 days of the sale;

30.6 (8) a privately owned noncommercial aircraft storage hangar not exempt under section  
30.7 272.01, subdivision 2, and the land on which it is located, provided that:

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

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

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

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

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

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

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

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

30.25 (10) real property up to a maximum of three acres and operated as a restaurant as defined  
30.26 under section 157.15, subdivision 12, provided it: (i) is located on a lake as defined under  
30.27 section 103G.005, subdivision 15, paragraph (a), clause (3); and (ii) is either devoted to  
30.28 commercial purposes for not more than 250 consecutive days, or receives at least 60 percent  
30.29 of its annual gross receipts from business conducted during four consecutive months. Gross  
30.30 receipts from the sale of alcoholic beverages must be included in determining the property's  
30.31 qualification under item (ii). The property's primary business must be as a restaurant and  
30.32 not as a bar. Gross receipts from gift shop sales located on the premises must be excluded.

31.1 Owners of real property desiring 4c classification under this clause must submit an annual  
31.2 declaration to the assessor by February 1 of the current assessment year, based on the  
31.3 property's relevant information for the preceding assessment year;

31.4 (11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as  
31.5 a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public  
31.6 and devoted to recreational use for marina services. The marina owner must annually provide  
31.7 evidence to the assessor that it provides services, including lake or river access to the public  
31.8 by means of an access ramp or other facility that is either located on the property of the  
31.9 marina or at a publicly owned site that abuts the property of the marina. No more than 800  
31.10 feet of lakeshore may be included in this classification. Buildings used in conjunction with  
31.11 a marina for marina services, including but not limited to buildings used to provide food  
31.12 and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified  
31.13 as class 3a property; and

31.14 (12) real and personal property devoted to noncommercial temporary and seasonal  
31.15 residential occupancy for recreation purposes.

31.16 Class 4c property has a classification rate of 1.5 percent of market value, except that (i)  
31.17 each parcel of noncommercial seasonal residential recreational property under clause (12)  
31.18 has the same classification rates as class 4bb property, (ii) manufactured home parks assessed  
31.19 under clause (5), item (i), have the same classification rate as class 4b property, and the  
31.20 market value of manufactured home parks assessed under clause (5), item (ii), has a  
31.21 classification rate of 0.75 percent if more than 50 percent of the lots in the park are occupied  
31.22 by shareholders in the cooperative corporation or association and a classification rate of  
31.23 one percent if 50 percent or less of the lots are so occupied, (iii) commercial-use seasonal  
31.24 residential recreational property and marina recreational land as described in clause (11),  
31.25 has a classification rate of one percent for the first \$500,000 of market value, and 1.25  
31.26 percent for the remaining market value, (iv) the market value of property described in clause  
31.27 (4) has a classification rate of one percent, (v) the market value of property described in  
31.28 clauses (2), (6), and (10) has a classification rate of 1.25 percent, ~~and~~ (vi) that portion of  
31.29 the market value of property in clause (9) qualifying for class 4c property has a classification  
31.30 rate of 1.25 percent, and (vii) property qualifying for classification under clause (3) that is  
31.31 owned or operated by a congressionally chartered veterans organization has a classification  
31.32 rate of one percent. The commissioner of veterans affairs must provide a list of  
31.33 congressionally chartered veterans organizations to the commissioner of revenue by June  
31.34 30, 2017, and by January 1, 2018, and each year thereafter.

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

(f) The first tier of market value of class 4d property has a classification rate of 0.75 percent. The remaining value of class 4d property has a classification rate of 0.25 percent. For the purposes of this paragraph, the "first tier of market value of class 4d property" means the market value of each housing unit up to the first tier limit. For the purposes of this paragraph, all class 4d property value must be assigned to individual housing units. The first tier limit is \$100,000 for assessment year 2014. For subsequent years, the limit is adjusted each year by the average statewide change in estimated market value of property classified as class 4a and 4d under this section for the previous assessment year, excluding valuation change due to new construction, rounded to the nearest \$1,000, provided, however, that the limit may never be less than \$100,000. Beginning with assessment year 2015, the commissioner of revenue must certify the limit for each assessment year by November 1 of the previous year.

**EFFECTIVE DATE.** This section is effective beginning with taxes assessed in 2017 and payable in 2018.

Sec. 16. Minnesota Statutes 2016, section 273.13, subdivision 34, is amended to read:

Subd. 34. **Homestead of disabled veteran or family caregiver.** (a) All or a portion of the market value of property owned by a veteran and serving as the veteran's homestead under this section is excluded in determining the property's taxable market value if the veteran has a service-connected disability of 70 percent or more as certified by the United States Department of Veterans Affairs. To qualify for exclusion under this subdivision, the veteran must have been honorably discharged from the United States armed forces, as indicated by United States Government Form DD214 or other official military discharge papers.

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



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

33.3 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause  
33.4 (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds  
33.5 the legal or beneficial title to the homestead and permanently resides there, the exclusion  
33.6 shall carry over to the benefit of the veteran's spouse for the current taxes payable year and  
33.7 for eight additional taxes payable years or until such time as the spouse remarries, or sells,  
33.8 transfers, or otherwise disposes of the property, whichever comes first. Qualification under  
33.9 this paragraph requires an ~~annual~~ application under paragraph (h), and a spouse must notify  
33.10 the assessor if there is a change in the spouse's marital status, ownership of the property, or  
33.11 use of the property as a permanent residence.

33.12 (d) If the spouse of a member of any branch or unit of the United States armed forces  
33.13 who dies due to a service-connected cause while serving honorably in active service, as  
33.14 indicated on United States Government Form DD1300 or DD2064, holds the legal or  
33.15 beneficial title to a homestead and permanently resides there, the spouse is entitled to the  
33.16 benefit described in paragraph (b), clause (2), for eight taxes payable years, or until such  
33.17 time as the spouse remarries or sells, transfers, or otherwise disposes of the property,  
33.18 whichever comes first.

33.19 (e) If a veteran meets the disability criteria of paragraph (a) but does not own property  
33.20 classified as homestead in the state of Minnesota, then the homestead of the veteran's primary  
33.21 family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify  
33.22 for under paragraph (b).

33.23 (f) In the case of an agricultural homestead, only the portion of the property consisting  
33.24 of the house and garage and immediately surrounding one acre of land qualifies for the  
33.25 valuation exclusion under this subdivision.

33.26 (g) A property qualifying for a valuation exclusion under this subdivision is not eligible  
33.27 for the market value exclusion under subdivision 35, or classification under subdivision 22,  
33.28 paragraph (b).

33.29 (h) To qualify for a valuation exclusion under this subdivision a property owner must  
33.30 apply to the assessor by July 1 ~~of each assessment year, except that an annual reapplication~~  
33.31 ~~is not required once a property has been accepted for a valuation exclusion under paragraph~~  
33.32 ~~(a) and qualifies for the benefit described in paragraph (b), clause (2), and the property~~  
33.33 ~~continues to qualify until there is a change in ownership~~ of the first assessment year for  
33.34 which the exclusion is sought. For an application received after July 1 ~~of any calendar year,~~

34.1 the exclusion shall become effective for the following assessment year. Except as provided  
34.2 in paragraph (c), the owner of a property that has been accepted for a valuation exclusion  
34.3 must notify the assessor if there is a change in ownership of the property or in the use of  
34.4 the property as a homestead.

34.5 (i) A first-time application by a qualifying spouse for the market value exclusion under  
34.6 paragraph (d) must be made any time within two years of the death of the service member.

34.7 (j) For purposes of this subdivision:

34.8 (1) "active service" has the meaning given in section 190.05;

34.9 (2) "own" means that the person's name is present as an owner on the property deed;

34.10 (3) "primary family caregiver" means a person who is approved by the secretary of the  
34.11 United States Department of Veterans Affairs for assistance as the primary provider of  
34.12 personal care services for an eligible veteran under the Program of Comprehensive Assistance  
34.13 for Family Caregivers, codified as United States Code, title 38, section 1720G; and

34.14 (4) "veteran" has the meaning given the term in section 197.447.

34.15 (k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion  
34.16 under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit  
34.17 under paragraph (b), clause (2), for eight taxes payable years or until the spouse remarries  
34.18 or sells, transfers, or otherwise disposes of the property if:

34.19 (1) the spouse files a first-time application within two years of the death of the service  
34.20 member or by June 1, 2019, whichever is later;

34.21 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the  
34.22 homestead and permanently resides there;

34.23 (3) the veteran met the honorable discharge requirements of paragraph (a); and

34.24 (4) the United States Department of Veterans Affairs certifies that:

34.25 (i) the veteran met the total (100 percent) and permanent disability requirement under  
34.26 paragraph (b), clause (2); or

34.27 (ii) the spouse has been awarded dependency and indemnity compensation.

34.28 (l) The purpose of this provision of law providing a level of homestead property tax  
34.29 relief for gravely disabled veterans, their primary family caregivers, and their surviving  
34.30 spouses is to help ease the burdens of war for those among our state's citizens who bear  
34.31 those burdens most heavily.

(m) By July 1, the county veterans service officer must certify the disability rating of each veteran receiving the benefit under paragraph (b) to the assessor.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

Sec. 17. **[274.132] PROPERTY OVERVALUED.**

**Subdivision 1. Valuation appeals.** Notwithstanding any other law to the contrary, when the value of a property is reduced by a local, special, or county board of appeal and equalization, the state board of equalization, an order from the Minnesota Tax Court, or an abatement to correct an error in valuation, a property owner may appeal the valuation of the property for the taxes payable year immediately preceding the year for which the value is reduced, provided that the valuation of the property for the immediately preceding taxes payable year was not previously appealed. An appeal under this subdivision may only be taken to the Minnesota Tax Court.

**Subd. 2. Credit for overpayment of tax.** (a) The county auditor shall credit any refund determined by the Minnesota Tax Court under subdivision 1 against the succeeding year's tax payable on the property according to the following schedule:

(1) if the refund is less than 25 percent of the total tax payable on the property for the current year, it shall be credited to the tax payable on the property in the succeeding taxes payable year; or

(2) if the refund is 25 percent or more of the total tax payable on the property for the current year, beginning in the succeeding taxes payable year, it shall be credited to the tax payable on the property at a rate of 25 percent of the property taxes due per year until credited in full.

(b) The credit under this subdivision shall reduce the tax payable to each jurisdiction in proportion to the total tax payable on the property.

**EFFECTIVE DATE.** This section is effective for appeals, orders, and abatements in 2018 and thereafter.

Sec. 18. Minnesota Statutes 2016, section 275.025, subdivision 1, is amended to read:

**Subdivision 1. Levy amount.** The state general levy is levied against commercial-industrial property and seasonal residential recreational property, as defined in this section. The state general levy ~~base amount is \$592,000,000~~ for commercial-industrial property is \$713,050,000 for taxes payable in 2002 2018 and thereafter. ~~For taxes payable in subsequent years, the levy base amount is increased each year by multiplying the levy~~

base amount for the prior year by the sum of one plus the rate of increase, if any, in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysts of the United States Department of Commerce for the 12-month period ending March 31 of the year prior to the year the taxes are payable. The state general levy for seasonal-recreational property is \$43,130,000 for taxes payable in 2018 and thereafter. The tax under this section is not treated as a local tax rate under section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

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

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

(2) an erroneous calculation by the commissioner; and

(3) an increase or decrease in taxable value for commercial-industrial or seasonal residential recreational property reported on the abstracts of tax lists submitted under section 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89 for the same year.

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

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

Sec. 19. Minnesota Statutes 2016, section 275.025, subdivision 2, is amended to read:

Subd. 2. **Commercial-industrial tax capacity.** For the purposes of this section, "commercial-industrial tax capacity" means the tax capacity of all taxable property classified as class 3 or class 5(1) under section 273.13, ~~except for~~ excluding:

(1) the tax capacity attributable to the first \$200,000 of market value of each parcel of commercial-industrial property as defined under section 273.13, subdivision 24, clauses (1) and (2);

(2) electric generation attached machinery under class 3; and

(3) property described in section 473.625.

County commercial-industrial tax capacity amounts are not adjusted for the captured net tax capacity of a tax increment financing district under section 469.177, subdivision 2, the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425, or fiscal disparities contribution and distribution net tax capacities under chapter 276A or 473F. For purposes of this subdivision, the procedures for determining eligibility for tier 1 under section 273.13, subdivision 24, clauses (1) and (2), shall apply in determining the portion of a property eligible to be considered within the first \$200,000 of market value.

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

Sec. 20. Minnesota Statutes 2016, section 275.025, subdivision 4, is amended to read:

Subd. 4. **Apportionment and levy of state general tax.** ~~Ninety-five percent of~~ The state general tax must be levied by applying a uniform rate to all commercial-industrial tax capacity and ~~five percent of the state general tax must be levied by applying~~ a uniform rate to all seasonal residential recreational tax capacity. On or before October 1 each year, the commissioner of revenue shall certify the preliminary state general levy rates to each county auditor that must be used to prepare the notices of proposed property taxes for taxes payable in the following year. By January 1 of each year, the commissioner shall certify the final state general levy ~~rate~~ rates to each county auditor that shall be used in spreading taxes.

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

Sec. 21. Minnesota Statutes 2016, section 275.025, is amended by adding a subdivision to read:

Subd. 5. **Underserved municipalities distribution.** (a) Any municipality that:

(1) lies wholly or partially within the metropolitan area as defined under section 473.121, subdivision 2, but outside the transit taxing district as defined under section 473.446, subdivision 2; and

(2) has a net fiscal disparities contribution equal to or greater than eight percent of its total taxable net tax capacity,

is eligible for a distribution from the proceeds of the state general levy imposed on taxpayers within the municipality.

(b) The distribution is equal to (1) the municipality's net tax capacity tax rate, times (2) the municipality's net fiscal disparities contribution in excess of eight percent of its total

38.1 taxable net tax capacity; provided, however, that the distribution may not exceed the tax  
38.2 under this section imposed on taxpayers within the municipality.

38.3 (c) The distribution under this subdivision must be paid to the qualifying municipality  
38.4 at the same time taxes are settled under sections 276.09 to 276.111.

38.5 (d) For purposes of this subdivision, the following terms have the meanings given.

38.6 (1) "Municipality" means a home rule or statutory city, or a town, except that in the case  
38.7 of a city that lies only partially within the metropolitan area, municipality means the portion  
38.8 of the city lying within the metropolitan area.

38.9 (2) "Net fiscal disparities contribution" means a municipality's fiscal disparities  
38.10 contribution tax capacity minus its distribution net tax capacity.

38.11 (3) "Total taxable net tax capacity" means the total net tax capacity of all properties in  
38.12 the municipality under section 273.13 minus (i) the net fiscal disparities contribution, and  
38.13 (ii) the municipality's tax increment captured net tax capacity.

38.14 **EFFECTIVE DATE.** This section is effective for taxes payable in 2018 and thereafter.

38.15 Sec. 22. Minnesota Statutes 2016, section 275.066, is amended to read:

38.16 **275.066 SPECIAL TAXING DISTRICTS; DEFINITION.**

38.17 For the purposes of property taxation and property tax state aids, the term "special taxing  
38.18 districts" includes the following entities:

38.19 (1) watershed districts under chapter 103D;

38.20 (2) sanitary districts under sections 442A.01 to 442A.29;

38.21 (3) regional sanitary sewer districts under sections 115.61 to 115.67;

38.22 (4) regional public library districts under section 134.201;

38.23 (5) park districts under chapter 398;

38.24 (6) regional railroad authorities under chapter 398A;

38.25 (7) hospital districts under sections 447.31 to 447.38;

38.26 (8) St. Cloud Metropolitan Transit Commission under sections 458A.01 to 458A.15;

38.27 (9) Duluth Transit Authority under sections 458A.21 to 458A.37;

38.28 (10) regional development commissions under sections 462.381 to 462.398;

38.29 (11) housing and redevelopment authorities under sections 469.001 to 469.047;

- 39.1 (12) port authorities under sections 469.048 to 469.068;
- 39.2 (13) economic development authorities under sections 469.090 to 469.1081;
- 39.3 (14) Metropolitan Council under sections 473.123 to 473.549;
- 39.4 (15) Metropolitan Airports Commission under sections 473.601 to 473.679;
- 39.5 (16) Metropolitan Mosquito Control Commission under sections 473.701 to 473.716;
- 39.6 (17) Morrison County Rural Development Financing Authority under Laws 1982, chapter  
39.7 437, section 1;
- 39.8 (18) Croft Historical Park District under Laws 1984, chapter 502, article 13, section 6;
- 39.9 (19) East Lake County Medical Clinic District under Laws 1989, chapter 211, sections  
39.10 1 to 6;
- 39.11 (20) Floodwood Area Ambulance District under Laws 1993, chapter 375, article 5,  
39.12 section 39;
- 39.13 (21) Middle Mississippi River Watershed Management Organization under sections  
39.14 103B.211 and 103B.241;
- 39.15 (22) emergency medical services special taxing districts under section 144F.01;
- 39.16 (23) a county levying under the authority of section 103B.241, 103B.245, ~~or~~ 103B.251,  
39.17 or 103C.331;
- 39.18 (24) Southern St. Louis County Special Taxing District; Chris Jensen Nursing Home  
39.19 under Laws 2003, First Special Session chapter 21, article 4, section 12;
- 39.20 (25) an airport authority created under section 360.0426; and
- 39.21 (26) any other political subdivision of the state of Minnesota, excluding counties, school  
39.22 districts, cities, and towns, that has the power to adopt and certify a property tax levy to the  
39.23 county auditor, as determined by the commissioner of revenue.

39.24 Sec. 23. Minnesota Statutes 2016, section 276.017, subdivision 3, is amended to read:

39.25 Subd. 3. ~~United States Postal Service postmark~~ **Proof of timely payment.** The  
39.26 ~~postmark or registration mark~~ of the United States Postal Service qualifies as proof of timely  
39.27 mailing for this section. ~~If the payment is sent by United States registered mail, the date of~~  
39.28 ~~registration is the postmark date. If the payment is sent by United States certified mail, the~~  
39.29 ~~date of the United States Postal Service postmark on the receipt given to the person presenting~~  
39.30 ~~the payment for delivery is the date of mailing.~~ Mailing, or the time of mailing, may also

be established by a delivery service's records or other available evidence ~~except that~~. The postmark of a private postage meter or internet stamp may not be used as proof of a timely mailing made under this section.

Sec. 24. Minnesota Statutes 2016, section 279.01, subdivision 1, is amended to read:

Subdivision 1. **Due dates; penalties.** ~~Except as provided in subdivisions 3 to 5, on May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, a penalty accrues and thereafter is charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer. The~~ (a) When the taxes against any tract or lot exceed \$100, one-half of the amount of tax due must be paid prior to May 16, and the remaining one-half must be paid prior to the following October 16. If either tax amount is unpaid as of its due date, a penalty is imposed at a rate of two percent on homestead property until May 31 and four percent on nonhomestead property. If complete payment has not been made by the first day of the month following either due date, an additional penalty of two percent on June 1. The penalty on nonhomestead property is at a rate of four percent until May 31 homestead property and eight four percent on June 1. This penalty does not accrue until June 1 of each year, or 21 days after the postmark date on the envelope containing the property tax statements, whichever is later, on commercial use real property used for seasonal residential recreational purposes and classified as class 1c or 4c, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. In order for the first half of the tax due on class 3a property to be paid after May 15 and before June 1, or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, without penalty, the owner of the property must attach an affidavit to the payment attesting to compliance with the income provision of this subdivision nonhomestead property is imposed. Thereafter, for both homestead and nonhomestead property, on the first day of each subsequent month beginning July 1, up to and including October 1 following through December, an additional penalty of one percent for each month accrues and is charged on all such unpaid taxes provided that if the due date was extended beyond May 15 as the result of any delay in mailing property tax statements no additional penalty shall accrue if the tax is paid by the extended due date. If the tax is not paid by the extended due date, then all penalties that would have accrued if the due date had been May 15 shall be charged. When the taxes against any tract or lot exceed \$100, one-half thereof may be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later; and, if so paid, no penalty attaches; the remaining one-half may be paid at any time



~~prior to October 16 following, without penalty; but, if not so paid, then a penalty of two percent accrues thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the first day of November an additional penalty of four percent accrues and on the first day of December following, an additional penalty of two percent accrues and is charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the first day of November and December following, an additional penalty of four percent for each month accrues and is charged on all such unpaid taxes. If one-half of such taxes are not paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no penalty attaches to the remaining one-half until October 16 following the penalty must not exceed eight percent in the case of homestead property, or 12 percent in the case of nonhomestead property.~~

(b) If the property tax statement was not postmarked prior to April 25, the first half payment due date in paragraph (a) shall be 21 days from the postmark date of the property tax statement, and all penalties referenced in paragraph (a) shall be determined with regard to the later due date.

(c) In the case of a tract or lot with taxes of \$100 or less, the due date and penalties as specified in paragraph (a) or (b) for the first half payment shall apply to the entire amount of the tax due.

(d) For commercial use real property used for seasonal residential recreational purposes and classified as class 1c or 4c, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August, the first half payment is due prior to June 1. For a class 3a property to qualify for the later due date, the owner of the property must attach an affidavit to the payment attesting to compliance with the income requirements of this paragraph.

(e) This section applies to payment of personal property taxes assessed against improvements to leased property, except as provided by section 277.01, subdivision 3.

(f) A county may provide by resolution that in the case of a property owner that has multiple tracts or parcels with aggregate taxes exceeding \$100, payments may be made in installments as provided in this subdivision.

(g) The county treasurer may accept payments of more or less than the exact amount of a tax installment due. Payments must be applied first to the oldest installment that is due

but which has not been fully paid. If the accepted payment is less than the amount due, payments must be applied first to the penalty accrued for the year or the installment being paid. Acceptance of partial payment of tax does not constitute a waiver of the minimum payment required as a condition for filing an appeal under section 278.03 or any other law, nor does it affect the order of payment of delinquent taxes under section 280.39.

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

Sec. 25. Minnesota Statutes 2016, section 279.01, subdivision 2, is amended to read:

Subd. 2. **Abatement of penalty.** (a) The county board may, with the concurrence of the county treasurer, delegate to the county treasurer the power to abate the penalty provided for late payment of taxes in the current year. Notwithstanding section 270C.86, if any county board so elects, the county treasurer may abate the penalty on finding that the imposition of the penalty would be unjust and unreasonable.

(b) The county treasurer shall abate the penalty provided for late payment of taxes in the current year if the property tax payment is delivered by mail to the county treasurer and the envelope containing the payment is postmarked by the United States Postal Service within one business day of the due date prescribed under this section, but only if the property owner requesting the abatement has not previously received an abatement of penalty for late payment of tax under this paragraph.

**EFFECTIVE DATE.** This section is effective for property taxes payable in 2018 and thereafter.

Sec. 26. Minnesota Statutes 2016, section 279.01, subdivision 3, is amended to read:

Subd. 3. **Agricultural property.** ~~(a) In the case of class 1b agricultural homestead, class 2a agricultural homestead property, and class 2a agricultural nonhomestead property, and class 2b rural vacant land, no penalties shall attach to the second one-half property tax payment as provided in this section if paid by November 15. Thereafter for class 1b agricultural homestead and class 2a homestead property, on November 16 following, a penalty of six percent shall accrue and be charged on all such unpaid taxes and on December 1 following, an additional two percent shall be charged on all such unpaid taxes. Thereafter for class 2a agricultural nonhomestead property, on November 16 following, a penalty of eight percent shall accrue and be charged on all such unpaid taxes and on December 1 following, an additional four percent shall be charged on all such unpaid taxes, penalties shall attach as provided in subdivision 1.~~

If the owner of class 1b agricultural homestead or class 2a agricultural property receives a consolidated property tax statement that shows only an aggregate of the taxes and special assessments due on that property and on other property not classified as class 1b agricultural homestead or class 2a agricultural property, the aggregate tax and special assessments shown due on the property by the consolidated statement will be due on November 15.

~~(b) Notwithstanding paragraph (a), for taxes payable in 2010 and 2011, for any class 2b property that was subject to a second-half due date of November 15 for taxes payable in 2009, the county shall not impose, or if imposed, shall abate penalty amounts in excess of those that would apply as if the second-half due date were November 15.~~

**EFFECTIVE DATE.** (a) Except as provided in paragraph (b), this section is effective beginning with taxes payable in 2018.

(b) For property in the northern forest region, the provisions in this section applicable to class 2b rural vacant land are effective beginning with taxes payable in 2019.

Sec. 27. Minnesota Statutes 2016, section 279.37, is amended by adding a subdivision to read:

**Subd. 1b. Conditions.** The county auditor may offer on a voluntary basis financial literacy counseling as part of entering into a confession of judgment. The county auditor may fund the financial literacy counseling using the fee in subdivision 8. The counseling shall not be at taxpayer expense.

Sec. 28. Minnesota Statutes 2016, section 281.17, is amended to read:

**281.17 PERIOD FOR OF REDEMPTION.**

(a) Except for properties described in paragraphs (b) and (c), or properties for which the period of redemption has been limited under sections 281.173 and 281.174, the following periods for period of redemption apply.

~~The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota.~~

~~The period of redemption for homesteaded lands as defined in section 273.13, subdivision 22, located in a targeted neighborhood as defined in Laws 1987, chapter 386, article 6, section 4, and sold to the state at a tax judgment sale is three years from the date of sale.~~

(b) The period of redemption for all lands located in a targeted neighborhood community as defined in Laws 1987, chapter 386, article 6, section 4 section 469.201, subdivision 10,

44.1 except homesteaded lands as defined in section 273.13, subdivision 22, is one year from  
44.2 the date of sale.

44.3 (c) The period of redemption for all real property constituting a mixed municipal solid  
44.4 waste disposal facility that is a qualified facility under section 115B.39, subdivision 1, is  
44.5 one year from the date of the sale to the state of Minnesota.

44.6 (d) In determining the period of redemption, the county must use the property's  
44.7 classification and homestead classification for the assessment year on which the tax judgment  
44.8 is based. Any change in the property's classification or homestead classification after the  
44.9 assessment year on which the tax judgment is based does not affect the period of redemption.

44.10 Sec. 29. Minnesota Statutes 2016, section 281.173, subdivision 2, is amended to read:

44.11 Subd. 2. **Summons and complaint.** Any city, county, housing and redevelopment  
44.12 authority, port authority, or economic development authority, in which the premises are  
44.13 located may commence an action in district court to reduce the period otherwise allowed  
44.14 for redemption under this chapter. The action must be commenced by the filing of a  
44.15 complaint, naming as defendants the record fee owners or the owner's personal representative,  
44.16 or the owner's heirs as determined by a court of competent jurisdiction, contract for deed  
44.17 purchasers, mortgagees, assigns of any of the above, the taxpayers as shown on the records  
44.18 of the county auditor, the Internal Revenue Service of the United States and the Revenue  
44.19 Department of the state of Minnesota if tax liens against the owners or contract for deed  
44.20 purchasers have been recorded or filed; and any other person the plaintiff determines should  
44.21 be made a party. The action shall be filed in district court for the county in which the premises  
44.22 are located. The complaint must identify the premises by legal description. The complaint  
44.23 must allege (1) that the premises are abandoned, (2) that the tax judgment sale pursuant to  
44.24 section 280.01 has been made, and (3) notice of expiration of the time for redemption has  
44.25 not been given.

44.26 The complaint must request an order reducing the redemption period to five weeks.  
44.27 When the complaint has been filed, the court shall issue a summons commanding the person  
44.28 or persons named in the complaint to appear before the court on a day and at a place stated  
44.29 in the summons. The appearance date shall be not less than 15 nor more than 25 days from  
44.30 the date of the issuing of the summons. A copy of the filed complaint must be attached to  
44.31 the summons.

Sec. 30. Minnesota Statutes 2016, section 281.174, subdivision 3, is amended to read:

Subd. 3. **Summons and complaint.** Any city, county, housing and redevelopment authority, port authority, or economic development authority in which the property is located may commence an action in district court to reduce the period otherwise allowed for redemption under this chapter from the date of the requested order. The action must be commenced by the filing of a complaint, naming as defendants the record fee owners or the owner's personal representative, or the owner's heirs as determined by a court of competent jurisdiction, contract for deed purchasers, mortgagees, assigns of any of the above, the taxpayers as shown on the records of the county auditor, the Internal Revenue Service of the United States and the revenue department of the state of Minnesota if tax liens against the owners or contract for deed purchasers have been recorded or filed, and any other person the plaintiff determines should be made a party. The action shall be filed in district court for the county in which the property is located. The complaint must identify the property by legal description. The complaint must allege (1) that the property is vacant, (2) that the tax judgment sale under section 280.01 has been made, and (3) notice of expiration of the time for redemption has not been given.

The complaint must request an order reducing the redemption period to five weeks. When the complaint has been filed, the court shall issue a summons commanding the person or persons named in the complaint to appear before the court on a day and at a place stated in the summons. The appearance date shall be not less than 15 nor more than 25 days from the date of the issuing of the summons, except that, when the United States of America is a party, the date shall be set in accordance with applicable federal law. A copy of the filed complaint must be attached to the summons.

Sec. 31. **[281.231] MAINTENANCE; EXPENDITURE OF PUBLIC FUNDS.**

If the county auditor provides notice as required by section 281.23, the state, agency, political subdivision, or other entity that becomes the fee owner or manager of a property as a result of forfeiture due to nonpayment of real property taxes is not required to expend public funds to maintain any servitude, agreement, easement, or other encumbrance affecting the property. The fee owner or manager of a property may, at its discretion, spend public funds necessary for the maintenance, security, or management of the property.

Sec. 32. **[281.70] LIMITED RIGHT OF ENTRY.**

Subdivision 1. **Limited right of entry.** If premises described in a real estate tax judgment sale are vacant or unoccupied, the county auditor or a person acting on behalf of the county

auditor may, but is not obligated to, enter the premises to protect the premises from waste or trespass until the county auditor is notified that the premises are occupied. An affidavit of the sheriff, the county auditor, or a person acting on behalf of the county auditor describing the premises and stating that the premises are vacant and unoccupied is prima facie evidence of the facts stated in the affidavit. If the affidavit contains a legal description of the premises, the affidavit may be recorded in the office of the county recorder or the registrar of titles in the county where the premises are located.

Subd. 2. **Authorized actions.** (a) The county auditor may take one or more of the following actions to protect the premises from waste or trespass:

(1) install or change locks on doors and windows;

(2) board windows; and

(3) other actions to prevent or minimize damage to the premises from the elements, vandalism, trespass, or other illegal activities.

(b) If the county auditor installs or changes locks on premises under paragraph (a), the county auditor must promptly deliver a key to the premises to the taxpayer or any person lawfully claiming through the taxpayer upon request.

Subd. 3. **Costs.** Costs incurred by the county auditor in protecting the premises from waste or trespass under this section may be added to the delinquent taxes due. The costs may bear interest to the extent provided, and interest may be added to the delinquent taxes due.

Subd. 4. **Scope.** The actions authorized under this section are in addition to, and do not limit or replace, any other rights or remedies available to the county auditor under Minnesota law.

Sec. 33. Minnesota Statutes 2016, section 282.01, subdivision 4, is amended to read:

**Subd. 4. ~~Sale;~~ ~~method;~~ ~~requirements;~~ ~~effects.~~** (a) The sale authorized under subdivision 3 must be conducted by the county auditor at the county seat of the county in which the parcels lie, except that in St. Louis and Koochiching Counties, the sale may be conducted in any county facility within the county. The sale must not be for less than the appraised value except as provided in subdivision 7a. The parcels must be sold for cash only, unless the county board of the county has adopted a resolution providing for their sale on terms, in which event the resolution controls with respect to the sale. When the sale is made on terms other than for cash only (1) a payment of at least ten percent of the purchase price must be made at the time of purchase, and the balance must be paid in no more than

ten equal annual installments, or (2) the payments must be made in accordance with county board policy, but in no event may the board require more than 12 installments annually, and the contract term must not be for more than ten years. Standing timber or timber products must not be removed from these lands until an amount equal to the appraised value of all standing timber or timber products on the lands at the time of purchase has been paid by the purchaser. If a parcel of land bearing standing timber or timber products is sold at public auction for more than the appraised value, the amount bid in excess of the appraised value must be allocated between the land and the timber in proportion to their respective appraised values. In that case, standing timber or timber products must not be removed from the land until the amount of the excess bid allocated to timber or timber products has been paid in addition to the appraised value of the land. The purchaser is entitled to immediate possession, subject to the provisions of any existing valid lease made in behalf of the state.

(b) For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price is subject to interest at the rate determined pursuant to section 549.09. The unpaid balance of the purchase price for sales occurring after December 31, 1990, is subject to interest at the rate determined in section 279.03, subdivision 1a. The interest rate is subject to change each year on the unpaid balance in the manner provided for rate changes in section 549.09 or 279.03, subdivision 1a, whichever, is applicable. Interest on the unpaid contract balance on sales occurring before July 1, 1982, is payable at the rate applicable to the sale at the time that the sale occurred.

(c) Notwithstanding subdivision 7, a county board may by resolution provide for the listing and sale of individual parcels by other means, including through a real estate broker. However, if the buyer under this paragraph could have repurchased a parcel of property under section 282.012 or 282.241, that buyer may not purchase that same parcel of property at the sale under this subdivision for a purchase price less than the sum of all taxes, assessments, penalties, interest, and costs due at the time of forfeiture computed under section 282.251, and any special assessments for improvements certified as of the date of sale. This subdivision shall be liberally construed to encourage the sale and utilization of tax-forfeited land in order to eliminate nuisances and dangerous conditions and to increase compliance with land use ordinances.

Sec. 34. Minnesota Statutes 2016, section 282.01, subdivision 6, is amended to read:

**Subd. 6. Duties of commissioner after sale.** (a) When any sale has been made by the county auditor under sections 282.01 to 282.13, the auditor shall immediately certify to the commissioner of revenue such information relating to such sale, on such forms as the

commissioner of revenue may prescribe as will enable the commissioner of revenue to prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale is on terms; and not later than October 31 of each year the county auditor shall submit to the commissioner of revenue a statement of all instances wherein any payment of principal, interest, or current taxes on lands held under certificate, due or to be paid during the preceding calendar years, are still outstanding at the time such certificate is made. When such statement shows that a purchaser or the purchaser's assignee is in default, the commissioner of revenue may instruct the county board of the county in which the land is located to cancel said certificate of sale in the manner provided by subdivision 5, provided that upon recommendation of the county board, and where the circumstances are such that the commissioner of revenue after investigation is satisfied that the purchaser has made every effort reasonable to make payment of both the annual installment and said taxes, and that there has been no willful neglect on the part of the purchaser in meeting these obligations, then the commissioner of revenue may extend the time for the payment for such period as the commissioner may deem warranted, not to exceed one year. On payment in full of the purchase price, appropriate conveyance in fee, in such form as may be prescribed by the attorney general, shall be issued by the commissioner of revenue, which conveyance must be recorded by the county and shall have the force and effect of a patent from the state subject to easements and restrictions of record at the date of the tax judgment sale, including, but without limitation, permits for telephone and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension.

(b) The commissioner of revenue shall issue an appropriate conveyance in fee upon the receipt of a loan commitment or approval from the county auditor. For purposes of this paragraph, "loan commitment" or "loan approval" means a written commitment or approval to make a mortgage loan from a lender approved to make mortgage loans in Minnesota. The conveyance shall be issued to the county auditor where the land is located. Upon receipt of the conveyance, the county auditor shall hold the conveyance until such time as the conveyance is requested from a title company licensed to do business in Minnesota. If a request for the conveyance is not made within 45 days of the date the conveyance is issued by the commissioner of revenue, the county auditor shall return the conveyance to the commissioner. The title company making the request for the conveyance shall certify to the county auditor that the conveyance is necessary to close the purchase of the subject property within five days of the request. If the conveyance is delivered to the title company and the closing does not occur within five days of the request, the title company shall immediately return the conveyance to the county auditor, and upon receipt, the county auditor shall return



49.1 the deed to the commissioner of revenue. The commissioner of revenue shall destroy all  
49.2 deeds returned by the county auditor pursuant to this subdivision.

49.3 Sec. 35. Minnesota Statutes 2016, section 282.01, is amended by adding a subdivision to  
49.4 read:

49.5 Subd. 13. **Online auction.** A county board, or a county auditor if the auditor has been  
49.6 delegated such authority under section 282.135, may sell tax-forfeited lands through an  
49.7 online auction. When an online auction is used to sell tax-forfeited lands, the county auditor  
49.8 shall post a physical notice of the online auction and shall publish a notice of the online  
49.9 auction on its Web site not less than ten days before the online auction begins, in addition  
49.10 to any other notice required.

49.11 **EFFECTIVE DATE.** This section is effective for sales of tax-forfeited property that  
49.12 occur on or after August 1, 2017.

49.13 Sec. 36. Minnesota Statutes 2016, section 282.016, is amended to read:

49.14 **282.016 PROHIBITED PURCHASERS.**

49.15 (a) A county auditor, county treasurer, county attorney, court administrator of the district  
49.16 court, county assessor, supervisor of assessments, deputy or clerk or an employee of such  
49.17 officer, a commissioner for tax-forfeited lands or an assistant to such commissioner, must  
49.18 not become a purchaser, either personally or as an agent or attorney for another person, of  
49.19 the properties offered for sale under the provisions of this chapter in the county for which  
49.20 the person performs duties. ~~A person prohibited from purchasing property under this section~~  
49.21 ~~must not directly or indirectly have another person purchase it on behalf of the prohibited~~  
49.22 ~~purchaser for the prohibited purchaser's benefit or gain.~~

49.23 (b) Notwithstanding paragraph (a), such officer, deputy, clerk, or employee or  
49.24 commissioner for tax-forfeited lands or assistant to such commissioner may (1) purchase  
49.25 lands owned by that official at the time the state became the absolute owner thereof or (2)  
49.26 bid upon and purchase forfeited property offered for sale under the alternate sale procedure  
49.27 described in section 282.01, subdivision 7a.

49.28 (c) In addition to the persons identified in paragraph (a), a county auditor may prohibit  
49.29 other persons and entities from becoming a purchaser, either personally or as an agent or  
49.30 attorney for another person or entity, of the properties offered for sale under this chapter in  
49.31 the following circumstances: (1) the person or entity owns another property within the  
49.32 county for which there are delinquent taxes owing; (2) the person or entity has held a rental

50.1 license in the county and the license has been revoked within the last five years; (3) the  
50.2 person or entity has been the vendee of a contract for purchase of a property offered for sale  
50.3 under this chapter, which contract has been canceled within the last five years; or (4) the  
50.4 person or entity owns another property within the county for which there is an unresolved  
50.5 housing code violation, including an unpaid charge or fine.

50.6 (d) A person prohibited from purchasing property under this section must not directly  
50.7 or indirectly have another person purchase it on behalf of the prohibited purchaser for the  
50.8 prohibited purchaser's benefit or gain.

50.9 Sec. 37. Minnesota Statutes 2016, section 282.018, subdivision 1, is amended to read:

50.10 Subdivision 1. **Land on or adjacent to public waters.** (a) All land which is the property  
50.11 of the state as a result of forfeiture to the state for nonpayment of taxes, regardless of whether  
50.12 the land is held in trust for taxing districts, and which borders on or is adjacent to meandered  
50.13 lakes and other public waters and watercourses, and the live timber growing or being thereon,  
50.14 is hereby withdrawn from sale except as hereinafter provided. The authority having  
50.15 jurisdiction over the timber on any such lands may sell the timber as otherwise provided by  
50.16 law for cutting and removal under such conditions as the authority may prescribe in  
50.17 accordance with approved, sustained yield forestry practices. The authority having jurisdiction  
50.18 over the timber shall reserve such timber and impose such conditions as the authority deems  
50.19 necessary for the protection of watersheds, wildlife habitat, shorelines, and scenic features.  
50.20 Within the area in Cook, Lake, and St. Louis counties described in the Act of Congress  
50.21 approved July 10, 1930 (46 Stat. 1020), the timber on tax-forfeited lands shall be subject  
50.22 to like restrictions as are now imposed by that act on federal lands.

50.23 (b) Of all tax-forfeited land bordering on or adjacent to meandered lakes and other public  
50.24 waters and watercourses and so withdrawn from sale, a strip two rods in width, the ordinary  
50.25 high-water mark being the waterside boundary thereof, and the land side boundary thereof  
50.26 being a line drawn parallel to the ordinary high-water mark and two rods distant landward  
50.27 therefrom, hereby is reserved for public travel thereon, and whatever the conformation of  
50.28 the shore line or conditions require, the authority having jurisdiction over such lands shall  
50.29 reserve a wider strip for such purposes.

50.30 (c) Any tract or parcel of land which has 150 feet or less of waterfront may be sold by  
50.31 the authority having jurisdiction over the land, in the manner otherwise provided by law  
50.32 for the sale of such lands, if the authority determines that it is in the public interest to do  
50.33 so. If the authority having jurisdiction over the land is not the commissioner of natural

51.1 resources, the land may not be offered for sale without the prior approval of the commissioner  
51.2 of natural resources.

51.3 (d) Where the authority having jurisdiction over lands withdrawn from sale under this  
51.4 section is not the commissioner of natural resources, the authority may submit proposals  
51.5 for disposition of the lands to the commissioner. The commissioner of natural resources  
51.6 shall evaluate the lands and their public benefits and make recommendations on the proposed  
51.7 dispositions to the committees of the legislature with jurisdiction over natural resources.  
51.8 The commissioner shall include any recommendations of the commissioner for disposition  
51.9 of lands withdrawn from sale under this section over which the commissioner has jurisdiction.  
51.10 The commissioner's recommendations may include a public sale, sale to a private party,  
51.11 acquisition by the Department of Natural Resources for public purposes, or a cooperative  
51.12 management agreement with, or transfer to, another unit of government.

51.13 (e) Notwithstanding this subdivision, a county may sell property governed by this section  
51.14 upon written authorization from the commissioner of natural resources. Prior to the sale or  
51.15 conveyance of lands under this subdivision, the county board must give notice of its intent  
51.16 to meet for that purpose as provided in section 282.01, subdivision 1.

51.17 Sec. 38. Minnesota Statutes 2016, section 282.02, is amended to read:

51.18 **282.02 LIST OF LANDS FOR SALE; NOTICE; ONLINE AUCTIONS**  
51.19 **PERMITTED.**

51.20 (a) Immediately after classification and appraisal of the land, and after approval by the  
51.21 commissioner of natural resources when required pursuant to section 282.01, subdivision  
51.22 3, the county board shall provide and file with the county auditor a list of parcels of land to  
51.23 be offered for sale. This list shall contain a description of the parcels of land and the appraised  
51.24 value thereof. The auditor shall publish a notice of the intended public sale of such parcels  
51.25 of land and a copy of the resolution of the county board fixing the terms of the sale, if other  
51.26 than for cash only, by publication once a week for two weeks in the official newspaper of  
51.27 the county, the last publication to be not less than ten days previous to the commencement  
51.28 of the sale.

51.29 (b) The notice shall include the parcel's description and appraised value. The notice shall  
51.30 also indicate the amount of any special assessments which may be the subject of a  
51.31 reassessment or new assessment or which may result in the imposition of a fee or charge  
51.32 pursuant to sections 429.071, subdivision 4, 435.23, and 444.076. The county auditor shall  
51.33 also mail notice to the owners of land adjoining the parcel to be sold. For purposes of this  
51.34 section, "owner" means the taxpayer as listed in the records of the county auditor.

(c) If the county board of ~~St. Louis or Koochiing Counties~~ determines that the sale shall take place in a county facility other than the courthouse, the notice shall specify the facility and its location. If the county board determines that the sale shall take place as an online auction under section 282.01, subdivision 13, the notice shall specify the auction Web site and the date of the auction.

**EFFECTIVE DATE.** This section is effective for sales of tax-forfeited property that occur on or after August 1, 2017.

Sec. 39. Minnesota Statutes 2016, section 282.241, subdivision 1, is amended to read:

Subdivision 1. **Repurchase requirements.** The owner at the time of forfeiture, or the owner's heirs, devisees, or representatives, or any person to whom the right to pay taxes was given by statute, mortgage, or other agreement, may repurchase any parcel of land claimed by the state to be forfeited to the state for taxes unless before the time repurchase is made the parcel is sold under installment payments, or otherwise, by the state as provided by law, or is under mineral prospecting permit or lease, or proceedings have been commenced by the state or any of its political subdivisions or by the United States to condemn the parcel of land. The parcel of land may be repurchased for the sum of all delinquent taxes and assessments computed under section 282.251, together with penalties, interest, and costs, that accrued or would have accrued if the parcel of land had not forfeited to the state. Except for property which was homesteaded on the date of forfeiture, repurchase is permitted during ~~one year~~ six months only from the date of forfeiture, and in any case only after the adoption of a resolution by the board of county commissioners determining that by repurchase undue hardship or injustice resulting from the forfeiture will be corrected, or that permitting the repurchase will promote the use of the lands that will best serve the public interest. If the county board has good cause to believe that a repurchase installment payment plan for a particular parcel is unnecessary and not in the public interest, the county board may require as a condition of repurchase that the entire repurchase price be paid at the time of repurchase. A repurchase is subject to any easement, lease, or other encumbrance granted by the state before the repurchase, and if the land is located within a restricted area established by any county under Laws 1939, chapter 340, the repurchase must not be permitted unless the resolution approving the repurchase is adopted by the unanimous vote of the board of county commissioners.

The person seeking to repurchase under this section shall pay all maintenance costs incurred by the county auditor during the time the property was tax-forfeited.

**EFFECTIVE DATE.** This section is effective January 1, 2018.

53.1 Sec. 40. Minnesota Statutes 2016, section 282.322, is amended to read:

53.2 **282.322 FORFEITED LANDS LIST.**

53.3 The county board of any county may file a list of forfeited lands with the county auditor,  
53.4 if the board is of the opinion that such lands may be acquired by the state or any municipal  
53.5 subdivision ~~thereof~~ of the state for public purposes. Upon the filing of ~~such~~ the list of  
53.6 forfeited lands, the county auditor shall withhold said lands from repurchase. If no proceeding  
53.7 ~~shall be~~ is started to acquire such lands by the state or some municipal subdivision ~~thereof~~  
53.8 of the state within one year after the filing of ~~such~~ the list of forfeited lands, the county  
53.9 board shall withdraw ~~said~~ the list and thereafter, if the property was classified as  
53.10 nonhomestead at the time of forfeiture, the owner shall have ~~one year~~ not more than six  
53.11 months in which to repurchase.

53.12 **EFFECTIVE DATE.** This section is effective January 1, 2018.

53.13 Sec. 41. Minnesota Statutes 2016, section 290A.03, subdivision 13, is amended to read:

53.14 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax  
53.15 exclusive of special assessments, penalties, and interest payable on a claimant's homestead  
53.16 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,  
53.17 and any other state paid property tax credits in any calendar year, and after any refund  
53.18 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the  
53.19 year that the property tax is payable. In the case of a claimant who makes ground lease  
53.20 payments, "property taxes payable" includes the amount of the payments directly attributable  
53.21 to the property taxes assessed against the parcel on which the house is located. No  
53.22 apportionment or reduction of the "property taxes payable" shall be required for the use of  
53.23 a portion of the claimant's homestead for a business purpose if the claimant does not deduct  
53.24 any business depreciation expenses for the use of a portion of the homestead in the  
53.25 determination of federal adjusted gross income. For homesteads which are manufactured  
53.26 homes as defined in section 273.125, subdivision 8, ~~and for homesteads which are~~ including  
53.27 manufactured homes located in a manufactured home community owned by a cooperative  
53.28 organized under chapter 308A or 308B, and park trailers taxed as manufactured homes  
53.29 under section 168.012, subdivision 9, "property taxes payable" shall also include 17 percent  
53.30 of the gross rent paid in the preceding year for the site on which the homestead is located.  
53.31 When a homestead is owned by two or more persons as joint tenants or tenants in common,  
53.32 such tenants shall determine between them which tenant may claim the property taxes  
53.33 payable on the homestead. If they are unable to agree, the matter shall be referred to the

54.1 commissioner of revenue whose decision shall be final. Property taxes are considered payable  
54.2 in the year prescribed by law for payment of the taxes.

54.3 In the case of a claim relating to "property taxes payable," the claimant must have owned  
54.4 and occupied the homestead on January 2 of the year in which the tax is payable and (i) the  
54.5 property must have been classified as homestead property pursuant to section 273.124, on  
54.6 or before December 15 of the assessment year to which the "property taxes payable" relate;  
54.7 or (ii) the claimant must provide documentation from the local assessor that application for  
54.8 homestead classification has been made on or before December 15 of the year in which the  
54.9 "property taxes payable" were payable and that the assessor has approved the application.

54.10 **EFFECTIVE DATE.** This section is effective beginning with claims for taxes payable  
54.11 in 2018.

54.12 Sec. 42. Minnesota Statutes 2016, section 473H.09, is amended to read:

54.13 **473H.09 EARLY TERMINATION.**

54.14 **Subdivision 1. Public emergency.** Termination of an agricultural preserve earlier than  
54.15 a date derived through application of section 473H.08 may be permitted ~~only~~ in the event  
54.16 of a public emergency upon petition from the owner or authority to the governor. The  
54.17 determination of a public emergency shall be by the governor through executive order  
54.18 pursuant to sections 4.035 and 12.01 to 12.46. The executive order shall identify the preserve,  
54.19 the reasons requiring the action and the date of termination.

54.20 **Subd. 2. Death of owner.** (a) Within 365 days of the death of an owner, an owner's  
54.21 spouse, or other qualifying person, the surviving owner may elect to terminate the agricultural  
54.22 preserve and the covenant allowing the land to be enrolled as an agricultural preserve by  
54.23 notifying the authority on a form provided by the commissioner of agriculture. Termination  
54.24 of a covenant under this subdivision must be executed and acknowledged in the manner  
54.25 required by law to execute and acknowledge a deed.

54.26 (b) For purposes of this subdivision, the following definitions apply:

54.27 (1) "qualifying person" includes a partner, shareholder, trustee for a trust that the decedent  
54.28 was the settlor or a beneficiary of, or member of an entity permitted to own agricultural  
54.29 land and engage in farming under section 500.24 that owned the agricultural preserve; and

54.30 (2) "surviving owner" includes the executor of the estate of the decedent, trustee for a  
54.31 trust that the decedent was the settlor or a beneficiary of, or an entity permitted to own farm  
54.32 land under section 500.24 of which the decedent was a partner, shareholder, or member.

55.1 (c) When an agricultural preserve is terminated under this subdivision, the property is  
55.2 subject to additional taxes in an amount equal to 50 percent of the taxes actually levied  
55.3 against the property for the current taxes payable year. The additional taxes are extended  
55.4 against the property on the tax list for taxes payable in the current year. The additional taxes  
55.5 must be distributed among the jurisdictions levying taxes on the property in proportion to  
55.6 the current year's taxes.

55.7 **EFFECTIVE DATE.** This section is effective July 1, 2017.

55.8 Sec. 43. Minnesota Statutes 2016, section 473H.17, subdivision 1a, is amended to read:

55.9 Subd. 1a. **Allowed commercial and industrial operations.** (a) Commercial and industrial  
55.10 operations are not allowed on land within an agricultural preserve except:

55.11 (1) small on-farm commercial or industrial operations normally associated with and  
55.12 important to farming in the agricultural preserve area;

55.13 (2) storage use of existing farm buildings that does not disrupt the integrity of the  
55.14 agricultural preserve; ~~and~~

55.15 (3) small commercial use of existing farm buildings for trades not disruptive to the  
55.16 integrity of the agricultural preserve such as a carpentry shop, small scale mechanics shop,  
55.17 and similar activities that a farm operator might conduct; and

55.18 (4) wireless communication installments and related equipment and structure capable  
55.19 of providing technology potentially beneficial to farming activities.

55.20 (b) For purposes of paragraph (a), clauses (2) and (3), "existing" in paragraph (a), clauses  
55.21 (2) and (3), means existing on August 1, 1987.

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

55.23 Sec. 44. Minnesota Statutes 2016, section 504B.285, subdivision 1, is amended to read:

55.24 Subdivision 1. **Grounds.** (a) The person entitled to the premises may recover possession  
55.25 by eviction when:

55.26 (1) any person holds over real property:

55.27 (i) after a sale of the property on an execution or judgment; ~~or~~

55.28 (ii) after the expiration of the time for redemption on foreclosure of a mortgage, or after  
55.29 termination of contract to convey the property; or

55.30 (iii) after the expiration of the time for redemption on a real estate tax judgment sale;

(2) any person holds over real property after termination of the time for which it is demised or leased to that person or to the persons under whom that person holds possession, contrary to the conditions or covenants of the lease or agreement under which that person holds, or after any rent becomes due according to the terms of such lease or agreement; or

(3) any tenant at will holds over after the termination of the tenancy by notice to quit.

(b) A landlord may not commence an eviction action against a tenant or authorized occupant solely on the basis that the tenant or authorized occupant has been the victim of any of the acts listed in section 504B.206, subdivision 1, paragraph (a). Nothing in this paragraph should be construed to prohibit an eviction action based on a breach of the lease.

Sec. 45. Minnesota Statutes 2016, section 504B.365, subdivision 3, is amended to read:

Subd. 3. **Removal and storage of property.** (a) If the defendant's personal property is to be stored in a place other than the premises, the officer shall remove all personal property of the defendant at the expense of the plaintiff.

(b) The defendant must make immediate payment for all expenses of removing personal property from the premises. If the defendant fails or refuses to do so, the plaintiff has a lien on all the personal property for the reasonable costs and expenses incurred in removing, caring for, storing, and transporting it to a suitable storage place.

(c) The plaintiff may enforce the lien by detaining the personal property until paid. If no payment has been made for 60 days after the execution of the order to vacate, the plaintiff may dispose of the property or hold a public sale as provided in sections 514.18 to 514.22.

(d) If the defendant's personal property is to be stored on the premises, the officer shall enter the premises, breaking in if necessary, and the plaintiff may remove the defendant's personal property. Section 504B.271 applies to personal property removed under this paragraph. The plaintiff must prepare an inventory and mail a copy of the inventory to the defendant's last known address or, if the defendant has provided a different address, to the address provided. The inventory must be prepared, signed, and dated in the presence of the officer and must include the following:

(1) a list of the items of personal property and a description of their condition;

(2) the date, the signature of the plaintiff or the plaintiff's agent, and the name and telephone number of a person authorized to release the personal property; and

(3) the name and badge number of the officer.

(e) The officer must retain a copy of the inventory.



(f) The plaintiff is responsible for the proper removal, storage, and care of the defendant's personal property and is liable for damages for loss of or injury to it caused by the plaintiff's failure to exercise the same care that a reasonably careful person would exercise under similar circumstances.

(g) The plaintiff shall notify the defendant of the date and approximate time the officer is scheduled to remove the defendant, family, and personal property from the premises. The notice must be sent by first class mail. In addition, the plaintiff must make a good faith effort to notify the defendant by telephone. The notice must be mailed as soon as the information regarding the date and approximate time the officer is scheduled to enforce the order is known to the plaintiff, except that the scheduling of the officer to enforce the order need not be delayed because of the notice requirement. The notice must inform the defendant that the defendant and the defendant's personal property will be removed from the premises if the defendant has not vacated the premises by the time specified in the notice.

Sec. 46. Laws 1996, chapter 471, article 3, section 51, is amended to read:

**Sec. 51. RECREATION LEVY FOR SAWYER BY CARLTON COUNTY.**

Subdivision 1. **Levy authorized.** Notwithstanding other law to the contrary, the Carlton county board of commissioners may levy in and for the unorganized township of Sawyer an amount up to \$1,500 annually for recreational purposes, ~~beginning with taxes payable in 1997 and ending with taxes payable in 2006.~~

~~Subd. 2. **Effective date.** This section is effective June 1, 1996, without local approval.~~

**EFFECTIVE DATE.** This section applies to taxes payable in 2018 and thereafter, and is effective the day after the Carlton County Board of Commissioners and its chief clerical officer timely complete their compliance with section 645.021, subdivisions 2 and 3.

**Sec. 47. LEGISLATIVE PROPERTY TAX REFORM WORKING GROUP.**

Subdivision 1. **Membership.** (a) The Legislative Property Tax Reform Working Group is created and consists of the following members:

(1) two representatives appointed by the chair of the tax committee of the house of representatives;

(2) two representatives appointed by the minority leader of the tax committee of the house of representatives;

(3) two senators appointed by the chair of the senate tax committee; and

58.1 (4) two senators appointed by the minority leader of the senate tax committee.

58.2 (b) Any vacancy shall be filled by appointment of the appointing authority for the vacating  
58.3 member.

58.4 (c) Members shall be appointed by July 1, 2017.

58.5 Subd. 2. **Duties.** The working group must perform the duties described in section 48.

58.6 Subd. 3. **First meeting; chair.** The first appointee of the chair of the house of  
58.7 representatives tax committee must convene the initial meeting of the working group by  
58.8 July 21, 2017. The members of the working group must elect a chair and vice-chair from  
58.9 the members of the working group at the first meeting.

58.10 Subd. 4. **Staff.** Legislative staff of the house of representatives and senate shall provide  
58.11 administrative and research support. The working group may request the assistance of staff  
58.12 from the Department of Revenue and Department of Education as necessary to facilitate its  
58.13 work.

58.14 Subd. 5. **Report.** The working group must submit a report by February 15, 2018, to the  
58.15 chairs and ranking minority members of the committees in the senate and house of  
58.16 representatives with primary jurisdiction over taxes, presenting two or more alternatives  
58.17 for reform of Minnesota's property tax system.

58.18 Subd. 6. **Sunset.** The working group shall sunset the day following the submission of  
58.19 the report under subdivision 5.

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

58.21 Sec. 48. **PROPOSALS FOR REFORM OF MINNESOTA'S PROPERTY TAX**  
58.22 **SYSTEM.**

58.23 The Legislative Property Tax Reform Working Group must develop proposals to  
58.24 restructure Minnesota's property tax system for legislative consideration. The proposals  
58.25 must provide for a system that reduces the complexity and cost of Minnesota's property tax  
58.26 system to increase transparency and understanding for taxpayers and assessors while  
58.27 minimizing the number of properties that experience severe tax changes. The proposals  
58.28 must include, but are not limited to, a reduction in the number of classifications and tiers  
58.29 in the current property tax system. The proposals may include a transition period of up to  
58.30 five years before the final system elements are fully operational. At least one proposal must  
58.31 be developed where the highest estimated net state cost does not exceed \$250,000,000 in  
58.32 the first year that the proposal is fully phased in. At least one proposal must be developed

59.1 where the highest estimated net state cost does not exceed \$500,000,000 in the first year  
59.2 that the proposal is fully phased in. Each proposal should estimate the administrative cost  
59.3 savings to county governments and to the state government.

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

59.5 Sec. 49. **REPEALER.**

59.6 Minnesota Statutes 2016, sections 270C.9901; and 281.22, are repealed.

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

## 59.8 **ARTICLE 2**

### 59.9 **TAXPAYER EMPOWERMENT**

59.10 Section 1. Minnesota Statutes 2016, section 123B.63, subdivision 3, is amended to read:

59.11 Subd. 3. **Capital project levy referendum.** (a) A district may levy the local tax rate  
59.12 approved by a majority of the electors voting on the question to provide funds for an approved  
59.13 project. The election must take place no more than five years before the estimated date of  
59.14 commencement of the project. The referendum ~~must~~ may be ~~held on a date set~~ called by  
59.15 the board and, except as provided in paragraph (g), must be held on the first Tuesday after  
59.16 the first Monday in November in either an even-numbered or odd-numbered year. A district  
59.17 must meet the requirements of section 123B.71 for projects funded under this section. If a  
59.18 review and comment is required under section 123B.71, subdivision 8, a referendum for a  
59.19 project not receiving a positive review and comment by the commissioner must be approved  
59.20 by at least 60 percent of the voters at the election.

59.21 (b) ~~The A referendum may be called by the school board and~~ under this subdivision may  
59.22 be held:

59.23 (1) separately, before an election for the issuance of obligations for the project under  
59.24 chapter 475; or

59.25 (2) in conjunction with an election for the issuance of obligations for the project under  
59.26 chapter 475; or

59.27 (3) notwithstanding section 475.59, as a conjunctive question authorizing both the capital  
59.28 project levy and the issuance of obligations for the project under chapter 475. Any obligations  
59.29 authorized for a project may be issued within five years of the date of the election.

59.30 (c) The ballot must provide a general description of the proposed project, state the  
59.31 estimated total cost of the project, state whether the project has received a positive or negative

60.1 review and comment from the commissioner, state the maximum amount of the capital  
60.2 project levy as a percentage of net tax capacity, state the amount that will be raised by that  
60.3 local tax rate in the first year it is to be levied, and state the maximum number of years that  
60.4 the levy authorization will apply.

60.5 The ballot must contain a textual portion with the information required in this section  
60.6 and a question stating substantially the following:

60.7 "Shall the capital project levy proposed by the board of ..... School District No. ....  
60.8 be approved?"

60.9 If approved, the amount provided by the approved local tax rate applied to the net tax  
60.10 capacity for the year preceding the year the levy is certified may be certified for the number  
60.11 of years, not to exceed ten, approved.

60.12 (d) If the district proposes a new capital project to begin at the time the existing capital  
60.13 project expires and at the same maximum tax rate, the general description on the ballot may  
60.14 state that the capital project levy is being renewed and that the tax rate is not being increased  
60.15 from the previous year's rate. An election to renew authority under this paragraph may be  
60.16 called at any time that is otherwise authorized by this subdivision. The ballot notice required  
60.17 under section 275.60 may be modified to read:

60.18 "BY VOTING YES ON THIS BALLOT QUESTION, YOU ARE VOTING TO RENEW  
60.19 AN EXISTING CAPITAL PROJECTS REFERENDUM THAT IS SCHEDULED TO  
60.20 EXPIRE."

60.21 (e) In the event a conjunctive question proposes to authorize both the capital project  
60.22 levy and the issuance of obligations for the project, appropriate language authorizing the  
60.23 issuance of obligations must also be included in the question.

60.24 (f) The district must notify the commissioner of the results of the referendum.

60.25 (g) Notwithstanding paragraph (a), a referendum to levy the amount needed to finance  
60.26 a district's response to a disaster or emergency may be held on a date set by the board.  
60.27 "Disaster" means a situation that creates an actual or imminent serious threat to the health  
60.28 and safety of persons, or a situation that has resulted or is likely to result in catastrophic  
60.29 loss to property or the environment. "Emergency" means an unforeseen combination of  
60.30 circumstances that calls for immediate action to prevent a disaster, identified in the  
60.31 referendum, from developing or occurring.

60.32 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any  
60.33 referendum authorized on or after that date.

61.1 Sec. 2. Minnesota Statutes 2016, section 126C.17, subdivision 9, is amended to read:

61.2 Subd. 9. **Referendum revenue.** (a) The revenue authorized by section 126C.10,  
61.3 subdivision 1, may be increased in the amount approved by the voters of the district at a  
61.4 referendum called for the purpose. The referendum may be called by the board. The  
61.5 referendum must be conducted one or two calendar years before the increased levy authority,  
61.6 if approved, first becomes payable. Only one election to approve an increase may be held  
61.7 in a calendar year. Unless the referendum is conducted by mail under subdivision 11,  
61.8 paragraph (a), the referendum must be held on the first Tuesday after the first Monday in  
61.9 November. The ballot must state the maximum amount of the increased revenue per adjusted  
61.10 pupil unit. The ballot may state a schedule, determined by the board, of increased revenue  
61.11 per adjusted pupil unit that differs from year to year over the number of years for which the  
61.12 increased revenue is authorized or may state that the amount shall increase annually by the  
61.13 rate of inflation. The ballot must state the cumulative amount per pupil of any local optional  
61.14 revenue, board-approved referendum authority, and previous voter-approved referendum  
61.15 authority, if any, that the board expects to certify for the next school year. For this purpose,  
61.16 the rate of inflation shall be the annual inflationary increase calculated under subdivision  
61.17 2, paragraph (b). The ballot may state that existing referendum levy authority is expiring.  
61.18 In this case, the ballot may also compare the proposed levy authority to the existing expiring  
61.19 levy authority, and express the proposed increase as the amount, if any, over the expiring  
61.20 referendum levy authority. The ballot must designate the specific number of years, not to  
61.21 exceed ten, for which the referendum authorization applies. The ballot, including a ballot  
61.22 on the question to revoke or reduce the increased revenue amount under paragraph (c), must  
61.23 abbreviate the term "per adjusted pupil unit" as "per pupil." The notice required under section  
61.24 275.60 may be modified to read, in cases of renewing existing levies at the same amount  
61.25 per pupil as in the previous year:

61.26 "BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING TO  
61.27 EXTEND AN EXISTING PROPERTY TAX REFERENDUM THAT IS SCHEDULED  
61.28 TO EXPIRE."

61.29 The ballot may contain a textual portion with the information required in this subdivision  
61.30 and a question stating substantially the following:

61.31 "Shall the increase in the revenue proposed by (petition to) the board of ....., School  
61.32 District No. ..., be approved?"

61.33 If approved, an amount equal to the approved revenue per adjusted pupil unit times the  
61.34 adjusted pupil units for the school year beginning in the year after the levy is certified shall

62.1 be authorized for certification for the number of years approved, if applicable, or until  
62.2 revoked or reduced by the voters of the district at a subsequent referendum.

62.3 (b) The board must prepare and deliver by first class mail at least 15 days but no more  
62.4 than 30 days before the day of the referendum to each taxpayer a notice of the referendum  
62.5 and the proposed revenue increase. The board need not mail more than one notice to any  
62.6 taxpayer. For the purpose of giving mailed notice under this subdivision, owners must be  
62.7 those shown to be owners on the records of the county auditor or, in any county where tax  
62.8 statements are mailed by the county treasurer, on the records of the county treasurer. Every  
62.9 property owner whose name does not appear on the records of the county auditor or the  
62.10 county treasurer is deemed to have waived this mailed notice unless the owner has requested  
62.11 in writing that the county auditor or county treasurer, as the case may be, include the name  
62.12 on the records for this purpose. The notice must project the anticipated amount of tax increase  
62.13 in annual dollars for typical residential homesteads, agricultural homesteads, apartments,  
62.14 and commercial-industrial property within the school district.

62.15 The notice must state the cumulative and individual amounts per pupil of any local  
62.16 optional revenue, board-approved referendum authority, and voter-approved referendum  
62.17 authority, if any, that the board expects to certify for the next school year.

62.18 The notice for a referendum may state that an existing referendum levy is expiring and  
62.19 project the anticipated amount of increase over the existing referendum levy in the first  
62.20 year, if any, in annual dollars for typical residential homesteads, agricultural homesteads,  
62.21 apartments, and commercial-industrial property within the district.

62.22 The notice must include the following statement: "Passage of this referendum will result  
62.23 in an increase in your property taxes." However, in cases of renewing existing levies, the  
62.24 notice may include the following statement: "Passage of this referendum extends an existing  
62.25 operating referendum at the same amount per pupil as in the previous year."

62.26 (c) A referendum on the question of revoking or reducing the increased revenue amount  
62.27 authorized pursuant to paragraph (a) may be called by the board. A referendum to revoke  
62.28 or reduce the revenue amount must state the amount per adjusted pupil unit by which the  
62.29 authority is to be reduced. Revenue authority approved by the voters of the district pursuant  
62.30 to paragraph (a) must be available to the school district at least once before it is subject to  
62.31 a referendum on its revocation or reduction for subsequent years. Only one revocation or  
62.32 reduction referendum may be held to revoke or reduce referendum revenue for any specific  
62.33 year and for years thereafter.

(d) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(e) At least 15 days before the day of the referendum, the district must submit a copy of the notice required under paragraph (b) to the commissioner and to the county auditor of each county in which the district is located. Within 15 days after the results of the referendum have been certified by the board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district must notify the commissioner of the results of the referendum.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any referendum authorized on or after that date.

Sec. 3. Minnesota Statutes 2016, section 205.10, subdivision 1, is amended to read:

Subdivision 1. **Questions.** Special elections may be held in a city or town on a question on which the voters are authorized by law or charter to pass judgment. A special election on a question may only be held by a city on the first Tuesday after the first Monday in November in either an even-numbered or odd-numbered year. A special election on a question held by a town may be held on the same day as the annual town meeting or on the first Tuesday after the first Monday in November in either an even-numbered or odd-numbered year. A special election may be ordered by the governing body of the municipality on its own motion or, on a question that has not been submitted to the voters in an election within the previous six months, upon a petition signed by a number of voters equal to 20 percent of the votes cast at the last municipal general election. A question is carried only with the majority in its favor required by law or charter. The election officials for a special election shall be the same as for the most recent municipal general election unless changed according to law. Otherwise special elections shall be conducted and the returns made in the manner provided for the municipal general election.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any referendum authorized on or after that date.

Sec. 4. Minnesota Statutes 2016, section 205A.05, subdivision 1, is amended to read:

Subdivision 1. **Questions.** ~~(a)~~ Special elections must be held for a school district on a question on which the voters are authorized by law to pass judgment. The special election on a question may only be held on the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year. The school board may on its own motion call a special election to vote on any matter requiring approval of the voters of a district.

Upon petition filed with the school board of 50 or more voters of the school district or five percent of the number of voters voting at the preceding school district general election, whichever is greater, the school board shall by resolution call a special election to vote on any matter requiring approval of the voters of a district. A question is carried only with the majority in its favor required by law. The election officials for a special election are the same as for the most recent school district general election unless changed according to law. Otherwise, special elections must be conducted and the returns made in the manner provided for the school district general election.

~~(b) A special election may not be held:~~

~~(1) during the 56 days before and the 56 days after a regularly scheduled primary or general election conducted wholly or partially within the school district;~~

~~(2) on the date of a regularly scheduled town election or annual meeting in March conducted wholly or partially within the school district; or~~

~~(3) during the 30 days before or the 30 days after a regularly scheduled town election in March conducted wholly or partially within the school district.~~

~~(c) Notwithstanding any other law to the contrary, the time period in which a special election must be conducted under any other law may be extended by the school board to conform with the requirements of this subdivision.~~

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any referendum authorized on or after that date.

Sec. 5. Minnesota Statutes 2016, section 216B.46, is amended to read:

**216B.46 MUNICIPAL ACQUISITION PROCEDURES; NOTICE; ELECTION.**

Any municipality which desires to acquire the property of a public utility as authorized under the provisions of section 216B.45 may determine to do so by resolution of the governing body of the municipality taken after a public hearing of which at least 30 days' published notice shall be given as determined by the governing body. The determination shall become effective when ratified by a majority of the qualified electors voting on the question at a special election to be held for that purpose, ~~not less than 60 nor more than 120 days after the resolution of the governing body of the municipality~~ on the first Tuesday after the first Monday in November in either an even-numbered or odd-numbered year.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any referendum authorized on or after that date.



Sec. 6. Minnesota Statutes 2016, section 237.19, is amended to read:

**237.19 MUNICIPAL TELECOMMUNICATIONS SERVICES.**

Any municipality shall have the right to own and operate a telephone exchange within its own borders, subject to the provisions of this chapter. It may construct such plant, or purchase an existing plant by agreement with the owner, or where it cannot agree with the owner on price, it may acquire an existing plant by condemnation, as hereinafter provided, but in no case shall a municipality construct or purchase such a plant or proceed to acquire an existing plant by condemnation until such action by it is authorized by a majority of the electors voting upon the proposition at ~~a general~~ an election ~~or a special election called for that purpose~~ held on the first Tuesday after the first Monday in November in either an even-numbered or odd-numbered year, and if the proposal is to construct a new exchange where an exchange already exists, it shall not be authorized to do so unless 65 percent of those voting thereon vote in favor of the undertaking. A municipality that owns and operates a telephone exchange may enter into a joint venture as a partner or shareholder with a telecommunications organization to provide telecommunications services within its service area.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any referendum authorized on or after that date.

Sec. 7. Minnesota Statutes 2016, section 275.065, subdivision 3, is amended to read:

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

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

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority proposes to collect for taxes payable the following year. In the case of a town, or in the case of the state general tax, the final tax amount will be its proposed tax. The notice must clearly state for each city that has a population over 500, county, school district, regional library authority established under section 134.201, and metropolitan taxing districts as defined in paragraph (i), the time and place of a meeting for each taxing authority in which the budget and levy will be discussed and public input allowed, prior to the final

budget and levy determination. The taxing authorities must provide the county auditor with the information to be included in the notice on or before the time it certifies its proposed levy under subdivision 1. The public must be allowed to speak at that meeting, which must occur after November 24 and must not be held before 6:00 p.m. It must provide a telephone number for the taxing authority that taxpayers may call if they have questions related to the notice and an address where comments will be received by mail, except that no notice required under this section shall be interpreted as requiring the printing of a personal telephone number or address as the contact information for a taxing authority. If a taxing authority does not maintain public offices where telephone calls can be received by the authority, the authority may inform the county of the lack of a public telephone number and the county shall not list a telephone number for that taxing authority.

(d) The notice must state for each parcel:

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

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

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

(ii) the proposed tax amount.

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

In the case of a town or the state general tax, the final tax shall also be its proposed tax unless the town changes its levy at a special town meeting under section 365.52. If a school district has certified under section 126C.17, subdivision 9, that a referendum will be held in the school district at the November general election, the county auditor must note next to the school district's proposed amount that a referendum is pending and that, if approved by the voters, the tax amount may be higher than shown on the notice. In the case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately

67.1 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for  
67.2 the St. Paul Library Agency must be listed separately from the remaining amount of the  
67.3 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be  
67.4 listed separately from the remaining amount of the county's levy. In the case of a parcel  
67.5 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F  
67.6 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax  
67.7 capacity subject to the areawide tax must each be stated separately and not included in the  
67.8 sum of the special taxing districts; ~~and~~

67.9 (3) the increase or decrease between the total taxes payable in the current year and the  
67.10 total proposed taxes, expressed as a percentage; and

67.11 (4) a statement at the top of the notice stating the following: if a county's or city's  
67.12 proposed levy for next year is greater than its actual levy for the current year, the voters  
67.13 may have the right to petition for a referendum on next year's levy certification, according  
67.14 to Minnesota Statutes, section 275.80, provided that the final levy that the local government  
67.15 certifies in December of this year is also greater than its levy for the current year.

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

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

67.21 (1) special assessments;

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

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

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

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

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

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

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead, and satisfactory documentation is provided to the county assessor by the applicable deadline, and the property qualifies for the homestead classification in that assessment year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

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

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

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

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

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

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

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

(3) Metropolitan Mosquito Control Commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy.

(j) The governing body of a county, city, or school district may, with the consent of the county board, include supplemental information with the statement of proposed property taxes about the impact of state aid increases or decreases on property tax increases or decreases and on the level of services provided in the affected jurisdiction. This supplemental information may include information for the following year, the current year, and for as

many consecutive preceding years as deemed appropriate by the governing body of the county, city, or school district. It may include only information regarding:

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

(2) population growth and decline;

(3) state or federal government action; and

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

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

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

Sec. 8. Minnesota Statutes 2016, section 275.07, subdivision 1, is amended to read:

Subdivision 1. **Certification of levy.** (a) Except as provided under paragraph (b), the taxes voted by cities, counties, school districts, and special districts shall be certified by the proper authorities to the county auditor on or before five working days after December 20 in each year. A town must certify the levy adopted by the town board to the county auditor by September 15 each year. If the town board modifies the levy at a special town meeting after September 15, the town board must recertify its levy to the county auditor on or before five working days after December 20. If a city or county levy is subject to a referendum under section 275.80 and the referendum was approved by the voters, the maximum levy certified under this section is the proposed levy certified under section 275.065. If the referendum was not approved, the maximum amount of levy that a city or county may approve under this section is the maximum alternative levy allowed in section 275.80, subdivision 2. The city or county may choose to certify a levy less than the allowed maximum amount. If a city, town, county, school district, or special district fails to certify its levy by that date, its levy shall be the amount levied by it for the preceding year.

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

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

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

Sec. 9. Minnesota Statutes 2016, section 275.60, is amended to read:

**275.60 LEVY OR BOND REFERENDUM; BALLOT NOTICE.**

(a) Notwithstanding any general or special law or any charter provisions, but subject to section 126C.17, subdivision 9, any question submitted to the voters by any local governmental subdivision at ~~a general or special~~ an election after ~~June 8, 1995~~ June 30, 2017, authorizing a property tax levy or tax rate increase, including the issuance of debt obligations payable in whole or in part from property taxes, must include on the ballot the following notice in boldface type:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE."

(b) For purposes of this section and section 275.61, "local governmental subdivision" includes counties, home rule and statutory cities, towns, school districts, and all special taxing districts. This statement is in addition to any general or special laws or any charter provisions that govern the contents of a ballot question and, in the case of a question on the issuance of debt obligations, may be supplemented by a description of revenues pledged to payment of the obligations that are intended as the primary source of payment.

(c) An election under this section must be held on the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year. This paragraph does not apply to an election on levying a tax or issuing debt obligations to finance the local government's response to a disaster or emergency. An election for these purposes may be held on a date set by the governing body. "Disaster" means a situation that creates an actual or imminent serious threat to the health and safety of persons, or a situation that has resulted or is likely to result in catastrophic loss to property or the environment. "Emergency" means an unforeseen combination of circumstances that calls for immediate action to prevent a disaster, identified in the referendum, from developing or occurring.

71.1 ~~(e)~~ (d) This section does not apply to a school district bond election if the debt service  
71.2 payments are to be made entirely from transfers of revenue from the capital fund to the debt  
71.3 service fund.

71.4 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any  
71.5 referendum authorized on or after that date.

71.6 Sec. 10. **[275.80] LEVY INCREASE; REVERSE REFERENDUM AUTHORIZED.**

71.7 **Subdivision 1. Citation.** This section shall be known as the "Property Tax Payers'  
71.8 Empowerment Act."

71.9 **Subd. 2. Definitions.** (a) For purposes of this section, the following terms have the  
71.10 meanings given.

71.11 (b) "General levy" means the total levy certified under section 275.07 by the local  
71.12 governmental unit, excluding any levy that was approved by the voters at a general or special  
71.13 election.

71.14 (c) "Local governmental unit" means a county or a statutory or home rule charter city  
71.15 with a population of 500 or greater.

71.16 (d) "Maximum alternative levy" for taxes levied in a current year by a local governmental  
71.17 unit means the sum of (1) its nondebt levy certified two years previous to the current year,  
71.18 and (2) the amount of its proposed levy for the current year levied for the purposes listed  
71.19 in section 275.70, subdivision 5, clauses (1) to (5).

71.20 (e) "Nondebt levy" means the total levy certified under section 275.07 by the local  
71.21 governmental unit, minus any amount levied for the purposes listed in section 275.70,  
71.22 subdivision 5, clauses (1) to (5).

71.23 **Subd. 3. Levy increase; reverse referendum authority.** If the certified general levy  
71.24 exceeds the general levy in the previous year, the voters may petition for a referendum on  
71.25 the levy to be certified for the following year. The county auditor must publish information  
71.26 on the right to petition for a referendum as provided in section 276.04, subdivisions 1 and  
71.27 2. If by June 30, a petition signed by the voters equal in number to ten percent of the votes  
71.28 cast in the last general election requesting a vote on the levy is filed with the county auditor,  
71.29 a question on the levy to be certified for the current year must be placed on the ballot at  
71.30 either the general election or at a special election held on the first Tuesday after the first  
71.31 Monday in November of the current calendar year.

Subd. 4. **Prohibition against new debt before the election.** Notwithstanding any other provision of law, ordinance, or local charter provision, a county or city must not issue any new debt or obligation from the time the petition for referendum is filed with the county auditor under subdivision 3 until the day after the referendum required under this section is held, except as allowed in this subdivision. Refunding bonds and bonds that have already received voter approval are exempt from the prohibition in this subdivision. For purposes of this subdivision, "obligation" has the meaning given in section 475.51, subdivision 3.

Subd. 5. **Ballot question; consequence of vote.** (a) The question submitted to the voters as required under subdivision 3 shall take the following form:

"The governing body of ..... has imposed the following property tax levy in the last two years and is proposing the following maximum levy increase for the coming year:

<u>(previous payable year)</u>	<u>(current payable year)</u>	<u>(coming payable year)</u>
<u>Total levy</u>	<u>Total levy</u>	<u>Maximum proposed levy</u>
<u>\$.....</u>	<u>\$.....</u>	<u>\$.....</u>

Shall the governing body of ..... be allowed to impose the maximum proposed levy listed above?

Yes .....

No .....

If the majority of votes cast are "no," its maximum allowed property tax levy for the coming year will be reduced to its maximum alternative levy of ....."

(b) If a city is subject to this provision, it will provide the county auditor with information on its proposed levy by September 30 necessary to calculate the maximum alternative levy under subdivision 2.

(c) If the majority of votes cast on this question are in the affirmative, the levy certified by the local governmental unit under section 275.07 must be less than or equal to its proposed levy under section 275.065. If the question does not receive sufficient affirmative votes, the levy amount that the local governmental unit certifies under section 275.07 in the current year must be less than or equal to its maximum alternative levy as defined in subdivision 2.

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



73.1 Sec. 11. Minnesota Statutes 2016, section 276.04, subdivision 1, is amended to read:

73.2 Subdivision 1. **Auditor to publish rates.** On receiving the tax lists from the county  
73.3 auditor, the county treasurer shall, if directed by the county board, give three weeks' published  
73.4 notice in a newspaper specifying the rates of taxation for all general purposes and the  
73.5 amounts raised for each specific purpose. If a city or county is subject to a petition of the  
73.6 voters due to a general levy increase as provided in section 275.80, the published notice  
73.7 must also include the general levy for the current year and the previous year for that city or  
73.8 county along with the following statement:

73.9 "Because the governing body of ..... increased its nonvoter-approved levy in the current  
73.10 year, the voters in that jurisdiction have the right to petition for a referendum under Minnesota  
73.11 Statutes, section 275.80, on that jurisdiction's levy amount. To invoke the referendum, a  
73.12 petition signed by voters equal to ten percent of the votes cast in the last general election  
73.13 must be filed with the county auditor by June 30 of the current year."

73.14 **EFFECTIVE DATE.** This section is effective for taxes payable in 2018 and thereafter.

73.15 Sec. 12. Minnesota Statutes 2016, section 276.04, subdivision 2, is amended to read:

73.16 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of  
73.17 the tax statements. The commissioner of revenue shall prescribe the form of the property  
73.18 tax statement and its contents. The tax statement must not state or imply that property tax  
73.19 credits are paid by the state of Minnesota. The statement must contain a tabulated statement  
73.20 of the dollar amount due to each taxing authority and the amount of the state tax from the  
73.21 parcel of real property for which a particular tax statement is prepared. The dollar amounts  
73.22 attributable to the county, the state tax, the voter approved school tax, the other local school  
73.23 tax, the township or municipality, and the total of the metropolitan special taxing districts  
73.24 as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The  
73.25 amounts due all other special taxing districts, if any, may be aggregated except that any  
73.26 levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin,  
73.27 Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly  
73.28 under the appropriate county's levy. If the county levy under this paragraph includes an  
73.29 amount for a lake improvement district as defined under sections 103B.501 to 103B.581,  
73.30 the amount attributable for that purpose must be separately stated from the remaining county  
73.31 levy amount. In the case of Ramsey County, if the county levy under this paragraph includes  
73.32 an amount for public library service under section 134.07, the amount attributable for that  
73.33 purpose may be separated from the remaining county levy amount. The amount of the tax  
73.34 on homesteads qualifying under the senior citizens' property tax deferral program under

chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount. The amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement.

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

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

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

(2) the property's homestead market value exclusion under section 273.13, subdivision 35;

(3) the property's taxable market value under section 272.03, subdivision 15;

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

(5) for homestead agricultural properties, the credit under section 273.1384;

(6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and

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

(d) If a city or county is subject to a petition of the voters due to a general levy increase as provided in section 275.80, the tax statement must also include the general levy for the current year and the previous year for that city or county along with the following statement:

"Because the governing body of ..... increased its nonvoter-approved levy in the current year, the voters in that jurisdiction have the right to petition for a referendum on that jurisdiction's levy amount under Minnesota Statutes, section 275.80. To invoke the referendum, a petition signed by voters equal to ten percent of the votes cast in the last

75.1 general election on this issue must be filed with the county auditor by June 30 of the current  
75.2 year."

75.3 ~~(d)~~ (e) If the county uses envelopes for mailing property tax statements and if the county  
75.4 agrees, a taxing district may include a notice with the property tax statement notifying  
75.5 taxpayers when the taxing district will begin its budget deliberations for the current year,  
75.6 and encouraging taxpayers to attend the hearings. If the county allows notices to be included  
75.7 in the envelope containing the property tax statement, and if more than one taxing district  
75.8 relative to a given property decides to include a notice with the tax statement, the county  
75.9 treasurer or auditor must coordinate the process and may combine the information on a  
75.10 single announcement.

75.11 **EFFECTIVE DATE.** This section is effective for taxes payable in 2018 and thereafter.

75.12 Sec. 13. Minnesota Statutes 2016, section 412.221, subdivision 2, is amended to read:

75.13 Subd. 2. **Contracts.** The council shall have power to make such contracts as may be  
75.14 deemed necessary or desirable to make effective any power possessed by the council. The  
75.15 city may purchase personal property through a conditional sales contract and real property  
75.16 through a contract for deed under which contracts the seller is confined to the remedy of  
75.17 recovery of the property in case of nonpayment of all or part of the purchase price, which  
75.18 shall be payable over a period of not to exceed five years. When the contract price of property  
75.19 to be purchased by contract for deed or conditional sales contract exceeds 0.24177 percent  
75.20 of the estimated market value of the city, the city may not enter into such a contract for at  
75.21 least ten days after publication in the official newspaper of a council resolution determining  
75.22 to purchase property by such a contract; and, if before the end of that time a petition asking  
75.23 for an election on the proposition signed by voters equal to ten percent of the number of  
75.24 voters at the last regular city election is filed with the clerk, the city may not enter into such  
75.25 a contract until the proposition has been approved by a majority of the votes cast on the  
75.26 question at ~~a regular or special~~ an election held on the first Tuesday after the first Monday  
75.27 in November of either an even-numbered or odd-numbered year.

75.28 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any  
75.29 referendum authorized on or after that date.

75.30 Sec. 14. Minnesota Statutes 2016, section 412.301, is amended to read:

75.31 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

76.1 (a) The council may issue certificates of indebtedness or capital notes subject to the city  
76.2 debt limits to purchase capital equipment.

76.3 (b) For purposes of this section, "capital equipment" means:

76.4 (1) public safety equipment, ambulance and other medical equipment, road construction  
76.5 and maintenance equipment, and other capital equipment; and

76.6 (2) computer hardware and software, whether bundled with machinery or equipment or  
76.7 unbundled, together with application development services and training related to the use  
76.8 of the computer hardware or software.

76.9 (c) The equipment or software must have an expected useful life at least as long as the  
76.10 terms of the certificates or notes.

76.11 (d) Such certificates or notes shall be payable in not more than ten years and shall be  
76.12 issued on such terms and in such manner as the council may determine.

76.13 (e) If the amount of the certificates or notes to be issued to finance any such purchase  
76.14 exceeds 0.25 percent of the estimated market value of taxable property in the city, they shall  
76.15 not be issued for at least ten days after publication in the official newspaper of a council  
76.16 resolution determining to issue them; and if before the end of that time, a petition asking  
76.17 for an election on the proposition signed by voters equal to ten percent of the number of  
76.18 voters at the last regular municipal election is filed with the clerk, such certificates or notes  
76.19 shall not be issued until the proposition of their issuance has been approved by a majority  
76.20 of the votes cast on the question at ~~a regular or special~~ an election held on the first Tuesday  
76.21 after the first Monday in November of either an even-numbered or odd-numbered year.

76.22 (f) A tax levy shall be made for the payment of the principal and interest on such  
76.23 certificates or notes, in accordance with section 475.61, as in the case of bonds.

76.24 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any  
76.25 referendum authorized on or after that date.

76.26 Sec. 15. Minnesota Statutes 2016, section 426.19, subdivision 2, is amended to read:

76.27 Subd. 2. **Referendum in certain cases.** Before the pledge of any such revenues to the  
76.28 payment of any such bonds, warrants or certificates of indebtedness, except bonds, warrants  
76.29 or certificates of indebtedness to construct, reconstruct, enlarge or equip a municipal liquor  
76.30 store shall be made, the governing body shall submit to the voters of the city the question  
76.31 of whether such revenues shall be so pledged and such pledge shall not be binding on the  
76.32 city until it shall have been approved by a majority of the voters voting on the question at

77.1 ~~either a general~~ an election or special election called for that purpose held on the first Tuesday  
77.2 after the first Monday in November of either an even-numbered or odd-numbered year. No  
77.3 election shall be required for pledge of such revenues for payment of bonds, warrants or  
77.4 certificates of indebtedness to construct, reconstruct, enlarge or equip a municipal liquor  
77.5 store.

77.6 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any  
77.7 referendum authorized on or after that date.

77.8 Sec. 16. Minnesota Statutes 2016, section 447.045, subdivision 2, is amended to read:

77.9 Subd. 2. **Statutory city; on-sale and off-sale store.** If the voters of a statutory city  
77.10 operating an on-sale and off-sale municipal liquor store, at a ~~general or special~~ an election  
77.11 held on the first Tuesday after the first Monday in November of either an even-numbered  
77.12 or odd-numbered year, vote in favor of contributing from its liquor dispensary fund toward  
77.13 the construction of a community hospital, the city council may appropriate not more than  
77.14 \$60,000 from the fund to any incorporated nonprofit hospital association to build a  
77.15 community hospital in the statutory city. The hospital must be governed by a board including  
77.16 two or more members of the statutory city council and be open to all residents of the statutory  
77.17 city on equal terms. This appropriation must not exceed one-half the total cost of construction  
77.18 of the hospital. The council must not appropriate the money unless the average net earnings  
77.19 of the on-sale and off-sale municipal liquor store have been at least \$10,000 for the last five  
77.20 completed fiscal years before the date of the appropriation.

77.21 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any  
77.22 referendum authorized on or after that date.

77.23 Sec. 17. Minnesota Statutes 2016, section 447.045, subdivision 3, is amended to read:

77.24 Subd. 3. **Statutory city; off-sale or on- and off-sale store.** (a) If a statutory city operates  
77.25 an off-sale, or an on- and off-sale municipal liquor store it may provide for a vote at a ~~general~~  
77.26 ~~or special~~ an election held on the first Tuesday after the first Monday in November of either  
77.27 an even-numbered or odd-numbered year on the question of contributing from the city liquor  
77.28 dispensary fund to build, maintain, and operate a community hospital. If the vote is in favor,  
77.29 the city council may appropriate money from the fund to an incorporated hospital association  
77.30 for a period of four years. The appropriation must be from the net profits or proceeds of the  
77.31 municipal liquor store. It must not exceed \$4,000 a year for hospital construction and  
77.32 maintenance or \$1,000 a year for operation. The hospital must be open to all residents of  
77.33 the community on equal terms.

(b) The council must not appropriate the money unless the average net earnings of the off-sale, or on- and off-sale municipal liquor store have been at least \$8,000 for the last two completed years before the date of the appropriation.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any referendum authorized on or after that date.

Sec. 18. Minnesota Statutes 2016, section 447.045, subdivision 4, is amended to read:

Subd. 4. **Fourth class city operating store.** If a city of the fourth class operates a municipal liquor store, it may provide for a vote at ~~a general or special~~ an election held on the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year on the question of contributing from the profit in the city liquor dispensary fund to build, equip, and maintain a community hospital within the city limits. If the vote is in favor, the city council may appropriate not more than \$200,000 from profits in the fund for the purpose. The hospital must be open to all residents of the city on equal terms.

The city may issue certificates of indebtedness in anticipation of and payable only from profits from the operation of municipal liquor stores.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any referendum authorized on or after that date.

Sec. 19. Minnesota Statutes 2016, section 447.045, subdivision 6, is amended to read:

Subd. 6. **Statutory city; fourth class.** If a fourth class statutory city operates a municipal liquor store, it may provide for a vote at ~~a general or special~~ an election held on the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year on the question of contributing from the city liquor dispensary fund not more than \$15,000 a year for five years to build and maintain a community hospital. If the vote is in favor the council may appropriate the money from the fund to an incorporated community hospital association in the city.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any referendum authorized on or after that date.

Sec. 20. Minnesota Statutes 2016, section 447.045, subdivision 7, is amended to read:

Subd. 7. **Statutory city; any store.** If a statutory city operates a municipal liquor store, it may provide for a vote at ~~a general or special~~ an election held on the first Tuesday after

the first Monday in November of either an even-numbered or odd-numbered year on the  
question of contributing from the statutory city liquor dispensary fund toward the acquisition,  
construction, improvement, maintenance, and operation of a community hospital. If the  
vote is in favor, the council may appropriate money from time to time out of the net profits  
or proceeds of the municipal liquor store to an incorporated nonprofit hospital association  
in the statutory city. The hospital association must be governed by a board of directors  
elected by donors of \$50 or more, who each have one vote. The hospital must be open to  
all residents of the community on equal terms.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any  
referendum authorized on or after that date.

Sec. 21. Minnesota Statutes 2016, section 452.11, is amended to read:

**452.11 SUBMISSION TO VOTERS.**

No city of the first class shall acquire or construct any public utility under the terms of  
sections 452.08 to 452.13 unless the proposition to acquire or construct same has first been  
submitted to the qualified electors of the city at a ~~general~~ city election ~~or at a special election~~  
~~called for that purpose,~~ held on the first Tuesday after the first Monday in November of  
either an even-numbered or odd-numbered year and has been approved by a majority vote  
of all electors voting upon the proposition.

The question of issuing public utility certificates as provided in section 452.09 may, at  
the option of the council, be submitted at the same election as the question of the acquisition  
or construction of the public utility.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any  
referendum authorized on or after that date.

Sec. 22. Minnesota Statutes 2016, section 455.24, is amended to read:

**455.24 SUBMISSION TO VOTERS.**

Before incurring any expense under the powers conferred by section 455.23, the approval  
of the voters of the city shall first be had at a ~~general or special~~ an election held ~~therein on~~  
the first Tuesday after the first Monday in November of either an even-numbered or  
odd-numbered year. If a majority of the voters of the city participating at the election shall  
vote in favor of the construction of the system of poles, wires and cables herein authorized  
to be made, the council shall proceed with the construction.

80.1 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any  
80.2 referendum authorized on or after that date.

80.3 Sec. 23. Minnesota Statutes 2016, section 455.29, is amended to read:

80.4 **455.29 MUNICIPALITIES MAY EXTEND ELECTRIC SERVICE.**

80.5 Except as otherwise restricted by chapter 216B, the governing body, or the commission  
80.6 or board charged with the operation of the public utilities, if one exists therein, of any  
80.7 municipality in the state owning and operating an electric light and power plant for the  
80.8 purpose of the manufacture and sale of electrical power or for the purchase and redistribution  
80.9 of electrical power, may, upon a two-thirds vote of the governing body, or the commission  
80.10 or board, in addition to all other powers now possessed by such municipality, sell electricity  
80.11 to customers, singly or collectively, outside of such municipality, within the state but not  
80.12 to exceed a distance of 30 miles from the corporate limits of the municipality. Before any  
80.13 municipality shall have the power to extend its lines and sell electricity outside of the  
80.14 municipality as provided by sections 455.29 and 455.30, the governing body shall first  
80.15 submit to the voters of the municipality, at a ~~general or special~~ an election held on the first  
80.16 Tuesday after the first Monday in November of either an even-numbered or odd-numbered  
80.17 year, the general principle of going outside the municipality and fixing the maximum amount  
80.18 of contemplated expenditures reasonably expected to be made for any and all extensions  
80.19 then or thereafter contemplated. Three weeks' published notice shall be given of such election  
80.20 as required by law, and if a majority of those voting upon the proposition favors the same,  
80.21 then the municipality shall thereafter be considered as having chosen to enter the general  
80.22 business of extending its electric light and power facilities beyond the corporate limits of  
80.23 the municipality. It shall not be necessary to submit to a vote of the people the question of  
80.24 any specific enlargement, extension, or improvement of any outside lines; provided the  
80.25 voters of the municipality have generally elected to exercise the privileges afforded by  
80.26 sections 455.29 and 455.30, and, provided, that each and any specific extension, enlargement,  
80.27 or improvement project is within the limit of the maximum expenditure authorized at the  
80.28 election. In cities operating under a home rule charter, where a vote of the people is not  
80.29 now required in order to extend electric light and power lines, no election shall be required  
80.30 under the provisions of any act. At any election held to determine the attitude of the voters  
80.31 upon this principle, the question shall be simply stated upon the ballot provided therefor,  
80.32 and shall be substantially in the following form: "Shall the city of ..... undertake  
80.33 the general proposition of extending its electric light and power lines beyond the limits of  
80.34 the municipality, and limit the maximum expenditures for any and all future extensions to  
80.35 the sum of \$.....?" For this purpose every municipality is authorized and empowered



81.1 to extend the lines, wires, and fixtures of its plant to such customers and may issue certificates  
81.2 of indebtedness therefor in an amount not to exceed the actual cost of the extensions and  
81.3 for a term not to exceed the reasonable life of the extensions. These certificates of  
81.4 indebtedness shall in no case be made a charge against the municipality, but shall be payable  
81.5 and paid out of current revenues of the plant other than taxes.

81.6 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any  
81.7 referendum authorized on or after that date.

81.8 Sec. 24. Minnesota Statutes 2016, section 459.06, subdivision 1, is amended to read:

81.9 Subdivision 1. **Accept donations.** Any county, city, or town may by resolution of its  
81.10 governing body accept donations of land that the governing body deems to be better adapted  
81.11 for the production of timber and wood than for any other purpose, for a forest, and may  
81.12 manage it on forestry principles. The donor of not less than 100 acres of any such land shall  
81.13 be entitled to have the land perpetually bear the donor's name. The governing body of any  
81.14 city or town, when funds are available or have been levied therefor, may, when authorized  
81.15 by a majority vote by ballot of the voters voting at any ~~general or special~~ city election held  
81.16 on the first Tuesday after the first Monday in November of either an even-numbered or  
81.17 odd-numbered year or the annual town meeting where the question is properly submitted,  
81.18 purchase or obtain by condemnation proceedings, and preferably at the sources of streams,  
81.19 any tract of land for a forest which is better adapted for the production of timber and wood  
81.20 than for any other purpose, and which is conveniently located for the purpose, and manage  
81.21 it on forestry principles. The city or town may annually levy a tax on all taxable property  
81.22 within its boundaries to procure and maintain such forests.

81.23 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any  
81.24 referendum authorized on or after that date.

81.25 Sec. 25. Minnesota Statutes 2016, section 469.053, subdivision 5, is amended to read:

81.26 Subd. 5. **Reverse referendum.** A city may increase its levy for port authority purposes  
81.27 under subdivision 4 only as provided in this subdivision. Its city council must first pass a  
81.28 resolution stating the proposed amount of levy increase. The city must then publish the  
81.29 resolution together with a notice of public hearing on the resolution for two successive  
81.30 weeks in its official newspaper or, if none exists, in a newspaper of general circulation in  
81.31 the city. The hearing must be held two to four weeks after the first publication. After the  
81.32 hearing, the city council may decide to take no action or may adopt a resolution authorizing  
81.33 the proposed increase or a lesser increase. A resolution authorizing an increase must be

published in the city's official newspaper or, if none exists, in a newspaper of general circulation in the city. The resolution is not effective if a petition requesting a referendum on the resolution is filed with the city clerk within 30 days of publication of the resolution. The petition must be signed by voters equaling five percent of the votes cast in the city in the last general election. The resolution is effective if approved by a majority of those voting on the question. The commissioner of revenue shall prepare a suggested form of referendum question. The referendum must be held at ~~a special or general~~ an election ~~before October 1 of the year for which the levy increase is proposed~~ conducted on the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year. If approved by the voters, the levy increase may take effect no sooner than the next calendar year.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any referendum authorized on or after that date.

Sec. 26. Minnesota Statutes 2016, section 469.107, subdivision 2, is amended to read:

Subd. 2. **Reverse referendum.** A city may increase its levy for economic development authority purposes under subdivision 1 in the following way. Its city council must first pass a resolution stating the proposed amount of levy increase. The city must then publish the resolution together with a notice of public hearing on the resolution for two successive weeks in its official newspaper or if none exists in a newspaper of general circulation in the city. The hearing must be held two to four weeks after the first publication. After the hearing, the city council may decide to take no action or may adopt a resolution authorizing the proposed increase or a lesser increase. A resolution authorizing an increase must be published in the city's official newspaper or if none exists in a newspaper of general circulation in the city. The resolution is not effective if a petition requesting a referendum on the resolution is filed with the city clerk within 30 days of publication of the resolution. The petition must be signed by voters equaling five percent of the votes cast in the city in the last general election. The ~~election~~ referendum must be held at ~~a general or special~~ an election held on the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year. Notice of the election must be given in the manner required by law. The notice must state the purpose and amount of the levy.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any referendum authorized on or after that date.

83.1 Sec. 27. Minnesota Statutes 2016, section 469.190, subdivision 1, is amended to read:

83.2 Subdivision 1. **Authorization.** Notwithstanding section 477A.016 or any other law, a  
83.3 statutory or home rule charter city may by ordinance, and a town may by the affirmative  
83.4 vote of the electors at the annual town meeting, ~~or at a special town meeting,~~ impose a tax  
83.5 of up to three percent on the gross receipts from the furnishing for consideration of lodging  
83.6 at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing  
83.7 of it for a continuous period of 30 days or more. A statutory or home rule charter city may  
83.8 by ordinance impose the tax authorized under this subdivision on the camping site receipts  
83.9 of a municipal campground.

83.10 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any  
83.11 referendum authorized on or after that date.

83.12 Sec. 28. Minnesota Statutes 2016, section 469.190, subdivision 5, is amended to read:

83.13 Subd. 5. **Reverse referendum.** If the county board passes a resolution under subdivision  
83.14 4 to impose the tax, the resolution must be published for two successive weeks in a newspaper  
83.15 of general circulation within the unorganized territory, together with a notice fixing a date  
83.16 for a public hearing on the proposed tax.

83.17 The hearing must be held not less than two weeks nor more than four weeks after the  
83.18 first publication of the notice. After the public hearing, the county board may determine to  
83.19 take no further action, or may adopt a resolution authorizing the tax as originally proposed  
83.20 or approving a lesser rate of tax. The resolution must be published in a newspaper of general  
83.21 circulation within the unorganized territory. The voters of the unorganized territory may  
83.22 request a referendum on the proposed tax by filing a petition with the county auditor within  
83.23 30 days after the resolution is published. The petition must be signed by voters who reside  
83.24 in the unorganized territory. The number of signatures must equal at least five percent of  
83.25 the number of persons voting in the unorganized territory in the last general election. If such  
83.26 a petition is timely filed, the resolution is not effective until it has been submitted to the  
83.27 voters residing in the unorganized territory at ~~a general or special~~ an election held on the  
83.28 first Tuesday after the first Monday in November of either an even-numbered or  
83.29 odd-numbered year and a majority of votes cast on the question of approving the resolution  
83.30 are in the affirmative. The commissioner of revenue shall prepare a suggested form of  
83.31 question to be presented at the referendum.

83.32 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any  
83.33 referendum authorized on or after that date.

84.1 Sec. 29. Minnesota Statutes 2016, section 471.57, subdivision 3, is amended to read:

84.2 Subd. 3. **May use fund for other purposes upon vote.** The council of any municipality  
84.3 which has established a public works reserve fund by an ordinance designating the specific  
84.4 improvement or type of capital improvement for which the fund may be used may submit  
84.5 to the voters of the municipality at ~~any regular or special~~ an election held on the first Tuesday  
84.6 after the first Monday in November of either an even-numbered or odd-numbered year the  
84.7 question of using the fund for some other purpose. If a majority of the votes cast on the  
84.8 question are in favor of such diversion from the original purpose of the fund, it may be used  
84.9 for any purpose so approved by the voters.

84.10 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any  
84.11 referendum authorized on or after that date.

84.12 Sec. 30. Minnesota Statutes 2016, section 471.571, subdivision 3, is amended to read:

84.13 Subd. 3. **Expenditure from fund, limitation.** No expenditure for any one project in  
84.14 excess of 60 percent of one year's levy or \$25,000, whichever is greater, may be made from  
84.15 such permanent improvement or replacement fund in any year without first obtaining the  
84.16 approval of a majority of the voters voting at a ~~general or special~~ municipal election held  
84.17 on the first Tuesday after the first Monday in November of either an even-numbered or  
84.18 odd-numbered year at which the question of making such expenditure has been submitted.  
84.19 In submitting any proposal to the voters for approval, the amount proposed to be spent and  
84.20 the purpose thereof shall be stated in the proposal submitted. The proceeds of such levies  
84.21 may be pledged for the payment of any bonds issued pursuant to law for any purposes  
84.22 authorized hereby and annual payments upon such bonds or interest may be made without  
84.23 additional authorization.

84.24 **EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any  
84.25 referendum authorized on or after that date.

84.26 Sec. 31. Minnesota Statutes 2016, section 471.572, subdivision 2, is amended to read:

84.27 Subd. 2. **Tax levy.** The governing body of a city may establish, by a two-thirds vote of  
84.28 all its members, by ordinance or resolution a reserve fund and may annually levy a property  
84.29 tax for the support of the fund. The proceeds of taxes levied for its support must be paid  
84.30 into the reserve fund. Any other revenue from a source not required by law to be paid into  
84.31 another fund for purposes other than those provided for the use of the reserve fund may be  
84.32 paid into the fund. Before a tax is levied under this section, the city must publish in the  
84.33 official newspaper of the city an initial resolution authorizing the tax levy. If within ten

days after the publication a petition is filed with the city clerk requesting an election on the tax levy signed by a number of qualified voters greater than ten percent of the number who voted in the city at the last general election, the tax may not be levied until the levy has been approved by a majority of the votes cast on it at ~~a regular or special~~ an election held on the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any referendum authorized on or after that date.

Sec. 32. Minnesota Statutes 2016, section 471.572, subdivision 4, is amended to read:

Subd. 4. **Use of fund for a specific purpose.** If the city has established a reserve fund, it may submit to the voters at ~~a regular or special~~ an election held on the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year the question of whether use of the fund should be restricted to a specific improvement or type of capital improvement. If a majority of the votes cast on the question are in favor of the limitation on the use of the reserve fund, it may be used only for the purpose approved by the voters.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any referendum authorized on or after that date.

Sec. 33. Minnesota Statutes 2016, section 475.59, is amended to read:

**475.59 MANNER OF SUBMISSION; NOTICE.**

**Subdivision 1. Generally; notice.** When the governing body of a municipality resolves to issue bonds for any purpose requiring the approval of the electors, it shall provide for submission of the proposition of their issuance at a general or special election or town or school district meeting. Notice of such election or meeting shall be given in the manner required by law and shall state the maximum amount and the purpose of the proposed issue. In any school district, the school board or board of education may, according to its judgment and discretion, submit as a single ballot question or as two or more separate questions in the notice of election and ballots the proposition of their issuance for any one or more of the following, stated conjunctively or in the alternative: acquisition or enlargement of sites, acquisition, betterment, erection, furnishing, equipping of one or more new schoolhouses, remodeling, repairing, improving, adding to, betterment, furnishing, equipping of one or more existing schoolhouses. In any city, town, or county, the governing body may, according to its judgment and discretion, submit as a single ballot question or as two or more separate questions in the notice of election and ballots the proposition of their issuance, stated

conjunctively or in the alternative, for the acquisition, construction, or improvement of any facilities at one or more locations.

**Subd. 2. Election date.** An election to approve issuance of bonds under this section held by a municipality other than a town must be held on the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year. An election under this section held by a town may be held on the same day as the annual town meeting or on the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year.

**Subd. 3. Special laws.** If a referendum on the issuance of bonds or other debt obligations authorized in a special law is required, it must be held on a date as provided in subdivision 2, notwithstanding any provision in the special law authorizing the referendum to be held at any other time.

**Subd. 4. Exception for disaster or emergency.** Subdivisions 2 and 3, and any other law requiring an election to approve issuance of bonds or other debt obligations to be held on the first Tuesday after the first Monday in November of either an even-numbered or odd-numbered year, do not apply to issuance of bonds or other debt obligations to finance the municipality's response to an emergency or disaster. "Disaster" means a situation that creates an actual or imminent serious threat to the health and safety of persons, or a situation that has resulted or is likely to result in catastrophic loss to property or the environment. "Emergency" means an unforeseen combination of circumstances that calls for immediate action to prevent a disaster, identified in the referendum, from developing or occurring.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to any referendum authorized on or after that date.

**Sec. 34. REPEALER.**

Minnesota Statutes 2016, section 205.10, subdivision 3, is repealed.

**EFFECTIVE DATE.** This section is effective August 1, 2017.

**ARTICLE 3**

**AIDS, CREDITS, AND REFUNDS**

Section 1. Minnesota Statutes 2016, section 127A.45, subdivision 10, is amended to read:

**Subd. 10. Payments to school nonoperating funds.** Each fiscal year state general fund payments for a district nonoperating fund must be made at the current year aid payment percentage of the estimated entitlement during the fiscal year of the entitlement. This amount

shall be paid in ~~12~~ six equal monthly installments beginning in July. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement must be paid prior to October 31 of the following school year. The commissioner may make advance payments of debt service equalization aid and state-paid tax credits for a district's debt service fund earlier than would occur under the preceding schedule if the district submits evidence showing a serious cash flow problem in the fund. The commissioner may make earlier payments during the year and, if necessary, increase the percent of the entitlement paid to reduce the cash flow problem.

**EFFECTIVE DATE.** This section is effective beginning with fiscal year 2019.

Sec. 2. Minnesota Statutes 2016, section 127A.45, subdivision 13, is amended to read:

Subd. 13. **Aid payment percentage.** Except as provided in subdivisions 10, 11, 12, 12a, and 14, each fiscal year, all education aids and credits in this chapter and chapters 120A, 120B, 121A, 122A, 123A, 123B, 124D, 124E, 125A, 125B, 126C, 134, and section 273.1392, shall be paid at the current year aid payment percentage of the estimated entitlement during the fiscal year of the entitlement. For the purposes of this subdivision, a district's estimated entitlement for special education aid under section 125A.76 for fiscal year 2014 and later equals 97.4 percent of the district's entitlement for the current fiscal year. The final adjustment payment, according to subdivision 9, must be the amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement.

**EFFECTIVE DATE.** This section is effective beginning with fiscal year 2019.

Sec. 3. **[273.1387] SCHOOL BUILDING BOND AGRICULTURAL CREDIT.**

**Subdivision 1. Eligibility.** All class 2a, 2b, and 2c property under section 273.13, subdivision 23, other than property consisting of the house, garage, and immediately surrounding one acre of land of an agricultural homestead, is eligible to receive the credit under this section.

**Subd. 2. Credit amount.** For each qualifying property, the school building bond agricultural credit is equal to 50 percent of the property's eligible net tax capacity multiplied by the school debt tax rate determined under section 275.08, subdivision 1b.

**Subd. 3. Credit reimbursements.** The county auditor shall determine the tax reductions allowed under this section within the county for each taxes payable year and shall certify that amount to the commissioner of revenue as a part of the abstracts of tax lists submitted under section 275.29. Any prior year adjustments shall also be certified on the abstracts of

88.1 tax lists. The commissioner shall review the certifications for accuracy, and may make such  
88.2 changes as are deemed necessary, or return the certification to the county auditor for  
88.3 correction. The credit under this section must be used to reduce the school district net tax  
88.4 capacity-based property tax as provided in section 273.1393.

88.5 Subd. 4. **Payment.** The commissioner of revenue shall certify the total of the tax  
88.6 reductions granted under this section for each taxes payable year within each school district  
88.7 to the commissioner of education, who shall pay the reimbursement amounts to each school  
88.8 district as provided in section 273.1392.

88.9 Subd. 5. **Appropriation.** An amount sufficient to make the payments required by this  
88.10 section is annually appropriated from the general fund to the commissioner of education.

88.11 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

88.12 Sec. 4. Minnesota Statutes 2016, section 273.1392, is amended to read:

88.13 **273.1392 PAYMENT; SCHOOL DISTRICTS.**

88.14 The amounts of bovine tuberculosis credit reimbursements under section 273.113;  
88.15 conservation tax credits under section 273.119; disaster or emergency reimbursement under  
88.16 sections 273.1231 to 273.1235; ~~homestead and~~ agricultural credits under ~~section~~ sections  
88.17 273.1384 and 273.1387; aids and credits under section 273.1398; enterprise zone property  
88.18 credit payments under section 469.171; and metropolitan agricultural preserve reduction  
88.19 under section 473H.10 for school districts, shall be certified to the Department of Education  
88.20 by the Department of Revenue. The amounts so certified shall be paid according to section  
88.21 127A.45, subdivisions 9, 10, and 13.

88.22 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

88.23 Sec. 5. Minnesota Statutes 2016, section 273.1393, is amended to read:

88.24 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

88.25 Notwithstanding any other provisions to the contrary, "net" property taxes are determined  
88.26 by subtracting the credits in the order listed from the gross tax:

88.27 (1) disaster credit as provided in sections 273.1231 to 273.1235;

88.28 (2) powerline credit as provided in section 273.42;

88.29 (3) agricultural preserves credit as provided in section 473H.10;

88.30 (4) enterprise zone credit as provided in section 469.171;



- 89.1 (5) disparity reduction credit;
- 89.2 (6) conservation tax credit as provided in section 273.119;
- 89.3 (7) the school bond credit as provided in section 273.1387;
- 89.4 (8) agricultural credit as provided in section 273.1384;
- 89.5 ~~(8)~~ (9) taconite homestead credit as provided in section 273.135;
- 89.6 ~~(9)~~ (10) supplemental homestead credit as provided in section 273.1391; and
- 89.7 ~~(10)~~ (11) the bovine tuberculosis zone credit, as provided in section 273.113.
- 89.8 The combination of all property tax credits must not exceed the gross tax amount.

89.9 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

89.10 Sec. 6. Minnesota Statutes 2016, section 275.065, subdivision 3, is amended to read:

89.11 Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and  
 89.12 the county treasurer shall deliver after November 10 and on or before November 24 each  
 89.13 year, by first class mail to each taxpayer at the address listed on the county's current year's  
 89.14 assessment roll, a notice of proposed property taxes. Upon written request by the taxpayer,  
 89.15 the treasurer may send the notice in electronic form or by electronic mail instead of on paper  
 89.16 or by ordinary mail.

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

89.18 (c) The notice must inform taxpayers that it contains the amount of property taxes each  
 89.19 taxing authority proposes to collect for taxes payable the following year. In the case of a  
 89.20 town, or in the case of the state general tax, the final tax amount will be its proposed tax.  
 89.21 The notice must clearly state for each city that has a population over 500, county, school  
 89.22 district, regional library authority established under section 134.201, and metropolitan taxing  
 89.23 districts as defined in paragraph (i), the time and place of a meeting for each taxing authority  
 89.24 in which the budget and levy will be discussed and public input allowed, prior to the final  
 89.25 budget and levy determination. The taxing authorities must provide the county auditor with  
 89.26 the information to be included in the notice on or before the time it certifies its proposed  
 89.27 levy under subdivision 1. The public must be allowed to speak at that meeting, which must  
 89.28 occur after November 24 and must not be held before 6:00 p.m. It must provide a telephone  
 89.29 number for the taxing authority that taxpayers may call if they have questions related to the  
 89.30 notice and an address where comments will be received by mail, except that no notice  
 89.31 required under this section shall be interpreted as requiring the printing of a personal  
 89.32 telephone number or address as the contact information for a taxing authority. If a taxing

90.1 authority does not maintain public offices where telephone calls can be received by the  
90.2 authority, the authority may inform the county of the lack of a public telephone number and  
90.3 the county shall not list a telephone number for that taxing authority.

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

90.5 (1) the market value of the property as determined under section 273.11, and used for  
90.6 computing property taxes payable in the following year and for taxes payable in the current  
90.7 year as each appears in the records of the county assessor on November 1 of the current  
90.8 year; and, in the case of residential property, whether the property is classified as homestead  
90.9 or nonhomestead. The notice must clearly inform taxpayers of the years to which the market  
90.10 values apply and that the values are final values;

90.11 (2) the items listed below, shown separately by county, city or town, and state general  
90.12 tax, agricultural homestead credit under section 273.1384, school building bond agricultural  
90.13 credit under section 273.1387, voter approved school levy, other local school levy, and the  
90.14 sum of the special taxing districts, and as a total of all taxing authorities:

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

90.16 (ii) the proposed tax amount.

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

90.20 In the case of a town or the state general tax, the final tax shall also be its proposed tax  
90.21 unless the town changes its levy at a special town meeting under section 365.52. If a school  
90.22 district has certified under section 126C.17, subdivision 9, that a referendum will be held  
90.23 in the school district at the November general election, the county auditor must note next  
90.24 to the school district's proposed amount that a referendum is pending and that, if approved  
90.25 by the voters, the tax amount may be higher than shown on the notice. In the case of the  
90.26 city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately  
90.27 from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for  
90.28 the St. Paul Library Agency must be listed separately from the remaining amount of the  
90.29 city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be  
90.30 listed separately from the remaining amount of the county's levy. In the case of a parcel  
90.31 where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F  
90.32 applies, the proposed tax levy on the captured value or the proposed tax levy on the tax  
90.33 capacity subject to the areawide tax must each be stated separately and not included in the  
90.34 sum of the special taxing districts; and

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

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

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

91.8 (1) special assessments;

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

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

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

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

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

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

91.22 (g) If the notice the taxpayer receives under this section lists the property as  
91.23 nonhomestead, and satisfactory documentation is provided to the county assessor by the  
91.24 applicable deadline, and the property qualifies for the homestead classification in that  
91.25 assessment year, the assessor shall reclassify the property to homestead for taxes payable  
91.26 in the following year.

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

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

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

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

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

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

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

(3) Metropolitan Mosquito Control Commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy.

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

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

(2) population growth and decline;

(3) state or federal government action; and

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

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

**EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

93.1 Sec. 7. Minnesota Statutes 2016, section 275.07, subdivision 2, is amended to read:

93.2 Subd. 2. **School district in more than one county levies; special requirements.** (a) In  
93.3 school districts lying in more than one county, the clerk shall certify the tax levied to the  
93.4 auditor of the county in which the administrative offices of the school district are located.

93.5 (b) The district must identify the portion of the school district levy that is levied for debt  
93.6 service at the time the levy is certified under this section. For the purposes of this paragraph,  
93.7 "levied for debt service" means levies authorized under sections 123B.53, 123B.535, and  
93.8 123B.55, as adjusted by sections 126C.46 and 126C.48, net of any debt excess levy reductions  
93.9 under section 475.61, subdivision 4, excluding debt service amounts necessary for repayment  
93.10 of other postemployment benefits under section 475.52, subdivision 6.

93.11 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

93.12 Sec. 8. Minnesota Statutes 2016, section 275.08, subdivision 1b, is amended to read:

93.13 Subd. 1b. **Computation of tax rates.** (a) The amounts certified to be levied against net  
93.14 tax capacity under section 275.07 by an individual local government unit shall be divided  
93.15 by the total net tax capacity of all taxable properties within the local government unit's  
93.16 taxing jurisdiction. The resulting ratio, the local government's local tax rate, multiplied by  
93.17 each property's net tax capacity shall be each property's net tax capacity tax for that local  
93.18 government unit before reduction by any credits.

93.19 (b) The auditor must also determine the school debt tax rate for each school district equal  
93.20 to (1) the school debt service levy certified under section 275.07, subdivision 2, divided by  
93.21 (2) the total net tax capacity of all taxable property within the district.

93.22 (c) Any amount certified to the county auditor to be levied against market value shall  
93.23 be divided by the total referendum market value of all taxable properties within the taxing  
93.24 district. The resulting ratio, the taxing district's new referendum tax rate, multiplied by each  
93.25 property's referendum market value shall be each property's new referendum tax before  
93.26 reduction by any credits. For the purposes of this subdivision, "referendum market value"  
93.27 means the market value as defined in section 126C.01, subdivision 3.

93.28 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

93.29 Sec. 9. Minnesota Statutes 2016, section 276.04, subdivision 2, is amended to read:

93.30 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of  
93.31 the tax statements. The commissioner of revenue shall prescribe the form of the property  
93.32 tax statement and its contents. The tax statement must not state or imply that property tax

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

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

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

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

(2) the property's homestead market value exclusion under section 273.13, subdivision 35;

(3) the property's taxable market value under section 272.03, subdivision 15;

95.1 (4) the property's gross tax, before credits;

95.2 (5) for ~~homestead~~ agricultural properties, the ~~credit~~ credits under ~~section~~ sections  
95.3 273.1384 and 273.1387;

95.4 (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;  
95.5 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit  
95.6 received under section 273.135 must be separately stated and identified as "taconite tax  
95.7 relief"; and

95.8 (7) the net tax payable in the manner required in paragraph (a).

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

95.17 **EFFECTIVE DATE.** This section is effective beginning with taxes payable in 2018.

95.18 Sec. 10. Minnesota Statutes 2016, section 290A.03, subdivision 11, is amended to read:

95.19 Subd. 11. **Rent constituting property taxes.** (a) "Rent constituting property taxes"  
95.20 means ~~17 percent~~ a percentage of the gross rent actually paid in cash, or its equivalent, or  
95.21 the portion of rent paid in lieu of property taxes, in any calendar year by a claimant for the  
95.22 right of occupancy of the claimant's Minnesota homestead in the calendar year, and which  
95.23 rent constitutes the basis, in the succeeding calendar year of a claim for relief under this  
95.24 chapter by the claimant.

95.25 (b) The percentage in paragraph (a) is set by major geographic regions as follows:

95.26 (1) for the city of Minneapolis, 16.5 percent;

95.27 (2) for the city of St. Paul, 14 percent;

95.28 (3) for the counties of Anoka; Dakota; Hennepin, excluding the city of Minneapolis;  
95.29 and Ramsey, excluding the city of St. Paul, 15 percent; and

95.30 (4) for the remainder of the state, 14 percent.

**EFFECTIVE DATE.** This section is effective for refunds based on rent paid in 2017 and following years.

Sec. 11. Minnesota Statutes 2016, section 290A.03, subdivision 13, is amended to read:

Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year, and after any refund claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the year that the property tax is payable. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes as defined in section 273.125, subdivision 8, and for homesteads which are park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include ~~17 percent~~ a percentage of the gross rent paid in the preceding year for the site on which the homestead is located. The percentage equals the percentage set under subdivision 11 for the geographic region in which the homestead is located. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.124, on or before December 15 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before December 15 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

**EFFECTIVE DATE.** This section is effective for refunds based on rent paid in 2017 and following years.



97.1 Sec. 12. Minnesota Statutes 2016, section 469.169, is amended by adding a subdivision  
97.2 to read:

97.3 Subd. 20. **Additional border city allocations.** (a) In addition to the tax reductions  
97.4 authorized in subdivisions 12 to 19, the commissioner shall allocate \$3,000,000 for tax  
97.5 reductions to border city enterprise zones in cities located on the western border of the state.  
97.6 The commissioner shall allocate this amount among cities on a per capita basis. Allocations  
97.7 under this subdivision may be used for tax reductions under sections 469.171, 469.1732,  
97.8 and 469.1734, or for other offsets of taxes imposed on or remitted by businesses located in  
97.9 the enterprise zone, but only if the municipality determines that the granting of the tax  
97.10 reduction or offset is necessary to retain a business within or attract a business to the zone.  
97.11 (b) The allocations under this subdivision do not cancel or expire, but remain available  
97.12 until used by the city.

97.13 Sec. 13. Minnesota Statutes 2016, section 477A.011, subdivision 34, is amended to read:

97.14 Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater than  
97.15 10,000, "city revenue need" is 1.15 times the sum of (1) 4.59 times the pre-1940 housing  
97.16 percentage; plus (2) 0.622 times the percent of housing built between 1940 and 1970; plus  
97.17 (3) 169.415 times the jobs per capita; plus (4) the sparsity adjustment; plus (5) 307.664.

97.18 (b) For a city with a population equal to or greater than 2,500 and less than 10,000, "city  
97.19 revenue need" is 1.15 times the sum of (1) 572.62; plus (2) 5.026 times the pre-1940 housing  
97.20 percentage; minus (3) 53.768 times household size; plus (4) 14.022 times peak population  
97.21 decline; plus (5) the sparsity adjustment.

97.22 (c) For a city with a population less than 2,500, "city revenue need" is the sum of (1)  
97.23 410 plus; (2) 0.367 times the city's population over 100; plus (3) the sparsity adjustment.  
97.24 The city revenue need for a city under this paragraph shall not exceed 630 plus the city's  
97.25 sparsity adjustment.

97.26 (d) For a city with a population of at least 2,500 but less than 3,000, the "city revenue  
97.27 need" equals (1) the transition factor times the city's revenue need calculated in paragraph  
97.28 (b); plus (2) 630 times the difference between one and the transition factor. For a city with  
97.29 a population of at least 10,000 but less than 10,500, the "city revenue need" equals (1) the  
97.30 transition factor times the city's revenue need calculated in paragraph (a); plus (2) the city's  
97.31 revenue need calculated under the formula in paragraph (b) times the difference between  
97.32 one and the transition factor. For purposes of this paragraph "transition factor" is 0.2 percent

98.1 times the amount that the city's population exceeds the minimum threshold in either of the  
98.2 first two sentences.

98.3 (e) The city revenue need cannot be less than zero.

98.4 (f) For calendar year 2015 and subsequent years, the city revenue need for a city, as  
98.5 determined in paragraphs (a) to (e), is multiplied by the ratio of the annual implicit price  
98.6 deflator for government consumption expenditures and gross investment for state and local  
98.7 governments as prepared by the United States Department of Commerce, for the most  
98.8 recently available year to the 2013 implicit price deflator for state and local government  
98.9 purchases.

98.10 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018  
98.11 and thereafter.

98.12 Sec. 14. Minnesota Statutes 2016, section 477A.011, subdivision 45, is amended to read:

98.13 Subd. 45. **Sparsity adjustment.** For a city with a population of 10,000 or more, the  
98.14 sparsity adjustment is 100 for any city with an average population density less than 150 per  
98.15 square mile, according to the most recent federal census, ~~and~~ For a city with a population  
98.16 less than 10,000, the sparsity adjustment is 200 for any city with an average population  
98.17 density less than 30 per square mile, according to the most recent federal census. The sparsity  
98.18 adjustment is zero for all other cities.

98.19 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018  
98.20 and thereafter.

98.21 Sec. 15. Minnesota Statutes 2016, section 477A.013, subdivision 8, is amended to read:

98.22 Subd. 8. **City formula aid.** (a) For aids payable in ~~2015~~ 2018 and thereafter, the formula  
98.23 aid for a city is equal to ~~the sum of (1) its formula aid in the previous year and (2) the product~~  
98.24 ~~of (i) the difference between its unmet need and its formula certified aid in the previous~~  
98.25 ~~year before any aid adjustment under subdivision 13, and (ii) the aid gap percentage.~~

98.26 ~~(b) For aids payable in 2015 and thereafter, if a city's certified aid from the previous~~  
98.27 ~~year is greater than the sum of its unmet need plus its aid adjustment under subdivision 13,~~  
98.28 ~~its formula aid is adjusted to equal its unmet need.~~

98.29 ~~(e)~~ (b) No city may have a formula aid amount less than zero. The aid gap percentage  
98.30 must be the same for all cities subject to paragraph (a).

99.1 ~~(d)~~ (c) The applicable aid gap percentage must be calculated by the Department of  
99.2 Revenue so that the total of the aid under subdivision 9 equals the total amount available  
99.3 for aid under section 477A.03. The aid gap percentage must be the same for all cities subject  
99.4 to paragraph (a). Data used in calculating aids to cities under sections 477A.011 to 477A.013  
99.5 shall be the most recently available data as of January 1 in the year in which the aid is  
99.6 calculated.

99.7 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018  
99.8 and thereafter.

99.9 Sec. 16. Minnesota Statutes 2016, section 477A.013, subdivision 9, is amended to read:

99.10 Subd. 9. **City aid distribution.** (a) In calendar year ~~2014~~ 2018 and thereafter, ~~each city~~  
99.11 if a city's certified aid before any aid adjustment under subdivision 13 for the previous year  
99.12 is less than its current unmet need, the city shall receive an aid distribution equal to the sum  
99.13 of (1) its certified aid in the previous year before any aid adjustment under subdivision 13,  
99.14 (2) the city formula aid under subdivision 8, and ~~(2)~~ (3) its aid adjustment under subdivision  
99.15 13.

99.16 (b) For aids payable in ~~2015~~ 2018 and thereafter, if a city's certified aid before any aid  
99.17 adjustment under subdivision 13 for the previous year is equal to or greater than its current  
99.18 unmet need, the total aid for a city must not be less than is equal to the greater of (1) its  
99.19 unmet need plus any aid adjustment under subdivision 13, or (2) the amount it was certified  
99.20 to receive in the previous year minus the lesser of \$10 multiplied by its population, or five  
99.21 percent of its net levy in the year prior to the aid distribution. No city may have a total aid  
99.22 amount less than zero.

99.23 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018  
99.24 and thereafter.

99.25 Sec. 17. **[477A.0135] AID REDUCTIONS FOR PAYMENTS TO A WORLD FAIR**  
99.26 **OR EXPO.**

99.27 If a county, statutory or home rule charter city, or town makes a payment or contribution  
99.28 to Expo2023 or any similar organization with the mission of advocating, promoting, or  
99.29 running a world fair or expo in the state of Minnesota in any year, it must report that amount  
99.30 to the commissioner by January 15 of the year following the year in which the payment or  
99.31 contribution is made. The commissioner shall reduce the aid paid to a county, city, or town  
99.32 under section 477A.014 from the amount certified to the county under section 477A.0124;  
99.33 to the city under section 477A.013, subdivision 9; or to the town under section 477A.013,

100.1 subdivision 1, in the calendar year following the year in which the payment or contribution  
100.2 was made. The reduction is equal to the amount of the payment or contribution, but the aid  
100.3 paid to any county, city, or town may not be less than zero. Any savings in aid payments  
100.4 under this section shall stay in the general fund and shall not be redistributed to other  
100.5 counties, cities, or towns.

100.6 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year 2018  
100.7 and thereafter.

100.8 Sec. 18. **[477A.0175] AID REDUCTIONS FOR OPERATING AN UNAUTHORIZED**  
100.9 **DIVERSION PROGRAM.**

100.10 Subdivision 1. **Penalty for operating an unauthorized diversion program.**

100.11 Notwithstanding any other law to the contrary, a county or city that operated a pretrial  
100.12 diversion program that a court determines was not authorized under section 169.999 or  
100.13 another statute or law must have its aid under sections 477A.011 to 477A.03 reduced by  
100.14 the amount of fees paid by participants into the program for the years in which the program  
100.15 operated. A court shall report any order that enjoins a county or city from operating a pretrial  
100.16 diversion program to the commissioner as required under subdivision 2. The commissioner  
100.17 shall, with the assistance of the state auditor, determine the amount of fees collected under  
100.18 the diversion program and reduce the county program aid paid to a county or the local  
100.19 government aid paid to a city by this amount beginning with the first aid payment made  
100.20 after the reduction amount is determined. No aid payment may be less than zero but the  
100.21 amount of the reduction that cannot be made out of that payment shall be applied to future  
100.22 payments until the total amount has been deducted.

100.23 Subd. 2. **Court challenge to authority to operate a pretrial diversion program.** Any  
100.24 taxpayer may challenge a city or county operation of a pretrial diversion program by filing  
100.25 a declaratory judgment action or seeking other appropriate relief in the district court for the  
100.26 county where the city is located or in any other court of competent jurisdiction. If the court  
100.27 finds that the county or city has exceeded its authority under law in operating the pretrial  
100.28 diversion program, the court must transmit a copy of the court order to the commissioner  
100.29 of revenue.

100.30 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
100.31 applies beginning with the second aid payments under Minnesota Statutes, section 477A.015  
100.32 in calendar year 2017.

Sec. 19. **ONETIME ADJUSTMENT FOR CERTAIN CITIES; AIDS PAYABLE IN 2017.**

(a) The amount of aid payable in 2017 to a city shall be increased to equal the amount of aid it received under Minnesota Statutes, section 477A.013, subdivision 9, for aids payable in 2016 if the following conditions are met:

(1) its certified aid under Minnesota Statutes, section 477A.013, subdivision 9, for aids payable in 2017, is less than its certified aid for aids payable in 2016; and

(2) its certified aid under Minnesota Statutes, section 477A.013, subdivision 9, for aids payable in 2016, is less than its unmet need under Minnesota Statutes, section 477A.011, subdivision 34, for aids payable in 2017.

(b) Any adjustment under this section shall be treated as an aid correction under Minnesota Statutes, section 477A.014, subdivision 3. The amount computed under this section shall be used as an affected city's 2017 certified aid amount when calculating its formula aid under Minnesota Statutes, section 477A.013, subdivision 8, for aids payable in 2018.

**EFFECTIVE DATE.** This section is effective for aids payable in calendar years 2017 and 2018.

Sec. 20. **BASE YEAR FORMULA AID FOR NEWLY INCORPORATED CITY.**

For a city that incorporated on October 13, 2015, and first qualifies for aid under Minnesota Statutes, section 477A.013, subdivisions 8 and 9, in 2017, the city's certified aid for 2017, used in calculating aid payable in 2018, shall be deemed to equal the lesser of (1) 25 percent of its certified levy for taxes payable in 2016, or (2) 50 percent of its unmet need as defined in Minnesota Statutes, section 477A.011, subdivision 43.

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

Sec. 21. **2013 CITY AID PENALTY FORGIVENESS; CITY OF OSLO.**

Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the city of Oslo shall receive the portion of its aid payment for calendar year 2013 under Minnesota Statutes, section 477A.013, that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided that the state auditor certifies to the commissioner of revenue that it received audited financial statements from the city for calendar year 2012 by December 31, 2013. The commissioner of revenue shall make a payment of \$37,473.50 with the first payment

of aids under Minnesota Statutes, section 477A.015. \$37,473.50 is appropriated from the general fund to the commissioner of revenue in fiscal year 2018 to make this payment.

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

Sec. 22. **2014 AID PENALTY FORGIVENESS.**

(a) Notwithstanding Minnesota Statutes, section 477A.017, subdivision 3, the cities of Dundee, Jeffers, and Woodstock shall receive all of their calendar year 2014 aid payment that was withheld under Minnesota Statutes, section 477A.017, subdivision 3, provided that the state auditor certifies to the commissioner of revenue that the city complied with all reporting requirements under Minnesota Statutes, section 477A.017, subdivision 3, for calendar years 2013 and 2014 by June 1, 2015.

(b) The commissioner of revenue shall make payment to each city no later than July 20, 2017. Up to \$101,570 in fiscal year 2018 is appropriated from the general fund to the commissioner of revenue to make the payments under this section.

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

Sec. 23. **LAKE MILLE LACS AREA PROPERTY TAX ABATEMENT.**

Subdivision 1. **Abatements authorized.** (a) Notwithstanding Minnesota Statutes, section 375.192, the county boards of Aitkin, Crow Wing, and Mille Lacs Counties may grant an abatement of local property taxes for taxes payable in 2017, provided that:

(1) the property is classified as 1c, 3a (excluding utility real and personal property), 4c(1), 4c(10), or 4c(11);

(2) on or before December 31, 2017, the taxpayer submits a written application to the county auditor in the county in which abatement is sought; and

(3) the taxpayer meets qualification requirements established in subdivision 3.

Subd. 2. **Appeals.** An appeal may not be taken to the Tax Court from any order of the county board made pursuant to the exercise of the discretionary authority granted in this section.

Subd. 3. **Qualification requirements.** To qualify for abatements under this section, a taxpayer must:

(1) be located within one of the following municipalities surrounding Lake Mille Lacs:

103.1 (i) in Crow Wing County, the city of Garrison, township of Garrison, or township of  
103.2 Roosevelt;

103.3 (ii) in Aitkin County, the township of Hazelton, township of Wealthwood, township of  
103.4 Malmo, or township of Lakeside; or

103.5 (iii) in Mille Lacs County, the city of Isle, city of Wahkon, city of Onamia, township of  
103.6 East Side, township of Isle Harbor, township of South Harbor, or township of Kathio;

103.7 (2) document a reduction in gross receipts of five percent or greater between two  
103.8 successive calendar years beginning in 2010 or later; and

103.9 (3) be a business in one of the following industries, as defined within the North American  
103.10 Industry Classification System: accommodation, restaurants, bars, amusement and recreation,  
103.11 food and beverages retail, sporting goods, miscellaneous retail, general retail, museums,  
103.12 historical sites, health and personal care, gas station, general merchandise, business and  
103.13 professional membership, movies, or nonstore retailer, as determined by the county in  
103.14 consultation with the commissioner of employment and economic development.

103.15 Subd. 4. **State general levy in relief area.** The counties of Aitkin, Crow Wing, and  
103.16 Mille Lacs must refund the state general levy levied upon a property classified as 1c, 3a  
103.17 (excluding utility real and personal property), or 4c(1) that is located in the area described  
103.18 by subdivision 3, clause (1), for taxes payable in 2017.

103.19 Subd. 5. **Certification and transfer of funds.** (a) By February 1, 2018, a county granting  
103.20 a refund as required under subdivision 4 must certify the total amount of state general tax  
103.21 refunded to Mille Lacs County and the commissioner of revenue. By March 1, 2018, Mille  
103.22 Lacs County must transfer an amount equal to the amount certified under this paragraph to  
103.23 the county making the certification.

103.24 (b) By February 1, 2018, a county that has received an application for an abatement  
103.25 authorized under subdivision 1 must certify to Mille Lacs County the total amount of  
103.26 abatements for which applications have been received and approved. By March 1, 2018,  
103.27 Mille Lacs County must transfer an amount equal to the amount certified under this paragraph  
103.28 to the county making the certification. By April 30, 2018, the county must issue refunds of  
103.29 local property tax amounts to qualified taxpayers.

103.30 Subd. 6. **Commissioner of revenue; appropriation.** An amount sufficient to make the  
103.31 transfers required under subdivision 5 in fiscal year 2018 is appropriated from the general  
103.32 fund to the commissioner of revenue for transfer to Mille Lacs County. This is a onetime  
103.33 appropriation.

104.1 Subd. 7. **Report to legislature.** The commissioner of revenue must make a written report  
104.2 to the chairs and ranking minority members of the legislative committees with jurisdiction  
104.3 over taxes stating the amount of abatements and refunds given under this section by taxing  
104.4 jurisdictions by February 1, 2019. The counties must provide the commissioner with the  
104.5 information necessary to make the report.

104.6 Subd. 8. **Refund eligibility.** Only a taxpayer making all payments of property taxes for  
104.7 taxes payable in 2017 is eligible to receive a refund under subdivisions 4 and 5.

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

104.9 Sec. 24. **SUPPLEMENTAL PAYMENTS FOR OTHER NATURAL RESOURCES**  
104.10 **LAND.**

104.11 Subdivision 1. **Supplemental payments.** For aids payable in calendar years 2017 and  
104.12 2018 only, each county must receive a supplemental aid payment equal to 50 cents per acre  
104.13 for other natural resources land, as defined in Minnesota Statutes, section 477A.11,  
104.14 subdivision 4, located in the county. The payment shall be made at the same time as payments  
104.15 under Minnesota Statutes, section 477A.13, and the counties shall distribute this payment  
104.16 as if it was part of the aids subject to the general distribution for that year under Minnesota  
104.17 Statutes, section 477A.014, subdivision 1.

104.18 Subd. 2. **Appropriation.** The amount necessary to make the payments under subdivision  
104.19 1 in each year is appropriated from the general fund to the commissioner of revenue for  
104.20 fiscal years 2018 and 2019 only. The appropriations under this section are onetime and not  
104.21 added to the base budget.

104.22 **EFFECTIVE DATE.** This section is effective for aids payable in calendar years 2017  
104.23 and 2018 only.

104.24 Sec. 25. **2017 HOMESTEAD CREDIT REFUND.**

104.25 (a) By October 1, 2017, the commissioner of revenue shall adjust the schedule for the  
104.26 homestead credit refund allowed under Minnesota Statutes, section 290A.04, subdivision  
104.27 2, so as to increase the total amount of refunds based on taxes payable in 2018. The  
104.28 commissioner must adjust the schedule by proportionately decreasing the percent of tax  
104.29 above the income threshold paid by the claimant, or the "co-payment percentage," for each  
104.30 income bracket in the schedule so that the increase in refunds projected to be paid based on  
104.31 taxes payable in 2018 equals \$58,000,000.



(b) The amount necessary to pay the additional amounts required under this section is appropriated from the general fund to the commissioner of revenue in fiscal year 2019.

**EFFECTIVE DATE.** This section is effective for refunds based on taxes payable in 2018 only.

**Sec. 26. 2017 RENTER PROPERTY TAX REFUND.**

(a) By October 1, 2017, the commissioner of revenue shall adjust the schedule for the property tax refund for renters allowed under Minnesota Statutes, section 290A.04, subdivision 2a, so as to increase the total amount of refunds based on taxes payable in 2018. The commissioner must adjust the schedule by:

(1) first proportionately decreasing the percent of income, or the "threshold percentage," for each income bracket in the schedule so that the increase in refunds projected to be paid based on rent paid in 2017 equals \$21,000,000; and

(2) second proportionately decreasing the percent of tax above the income threshold paid by the claimant, or the "co-payment percentage," for each income bracket in the schedule so that the total increase in refunds projected to be paid based on rent paid in 2017 under this clause and clause (1) equals \$42,000,000.

(b) The amount necessary to pay the additional amounts required under this section is appropriated from the general fund to the commissioner of revenue in fiscal year 2019.

**EFFECTIVE DATE.** This section is effective for refunds based on rent paid in 2017 only.

**Sec. 27. REPEALER.**

Minnesota Statutes 2016, section 477A.085, is repealed.

**EFFECTIVE DATE.** This section is effective beginning with aids payable in 2018.

**ARTICLE 4**

**IN PERPETUITY PAYMENTS ON LAND PURCHASES**

**Section 1. [11A.237] ACCOUNT FOR COUNTY JOINT TRUST FUND PAYMENTS.**

Subdivision 1. **Establishment.** The State Board of Investment, when requested by a county as required under sections 97A.056, subdivision 1b, and 116P.045, subdivision 2, shall invest the funds deposited by the commissioner of revenue, acting as an agent on the board's behalf, under section 97A.056, subdivision 1b, or 116P.045, subdivision 2, in a

106.1 special account for that purpose in the combined investment funds established in section  
106.2 11A.14, subject to the policy and procedures of the State Board of Investment. Use of the  
106.3 funds is restricted to payments to the commissioner of revenue, acting as an agent on behalf  
106.4 of the counties, for distributions to counties under sections 97A.056, subdivision 1b, and  
106.5 116P.045, subdivision 2.

106.6 Subd. 2. **Account maintenance and investment.** The commissioner of revenue may  
106.7 deposit money into the account on behalf of the counties and may withdraw money from  
106.8 the account to make distributions to the counties under sections 97A.056, subdivision 1b,  
106.9 and 116P.045, subdivision 2, only. The commissioner of revenue shall make one payment  
106.10 under each section each year for all counties eligible for a payment in that year. The  
106.11 commissioner shall make one withdrawal annually at a time negotiated with the executive  
106.12 director of the State Board of Investment, but no later than November 15, to cover  
106.13 distributions to counties under section 477A.30, up to the limit allowed under that section.  
106.14 The transactions must be in the manner required by the executive director of the State Board  
106.15 of Investment. Investment earnings must be credited to the account.

106.16 **EFFECTIVE DATE.** This section is effective January 1, 2018.

106.17 Sec. 2. Minnesota Statutes 2016, section 97A.056, subdivision 1a, is amended to read:

106.18 Subd. 1a. **Definitions.** ~~For the purpose of~~ (a) The definitions in this subdivision apply  
106.19 to this section and appropriations from the outdoor heritage fund.

106.20 (b) "Land acquisition costs" means acquisition coordination costs, costs of engineering  
106.21 services, appraisal fees, attorney fees, taxes, assessments required at the time of purchase,  
106.22 onetime trust fund payments under subdivision 1b, and recording fees.

106.23 (c) "Land-related property taxes" means property taxes collected on behalf of local  
106.24 governments providing land-related services.

106.25 (d) "Local governments providing land-related services" means counties, townships,  
106.26 home rule charter and statutory cities, watershed districts under chapter 103D, sanitary  
106.27 districts under sections 442A.01 to 442A.29, and regional sanitary sewer districts under  
106.28 sections 115.61 to 115.67.

106.29 (e) "Recipient" means the entity responsible for deliverables financed by the outdoor  
106.30 heritage fund.

106.31 (f) "Total payment for the land" means the total price paid for the land including land  
106.32 acquisition costs, but excluding any in-kind services provided by nongovernmental entities  
106.33 at no cost to the state.

107.1 **EFFECTIVE DATE.** This section is effective July 1, 2017.

107.2 Sec. 3. Minnesota Statutes 2016, section 97A.056, is amended by adding a subdivision to  
107.3 read:

107.4 Subd. 1b. **Outdoor heritage trust fund payment account; trust fund payments.** (a)  
107.5 An outdoor heritage trust fund account is created in the special revenue fund. The State  
107.6 Board of Investment must ensure the account is invested under section 11A.24. The  
107.7 commissioner of management and budget must credit to the account all money appropriated  
107.8 to the account and all money earned by the account. The principal of the account and any  
107.9 unexpended earnings must be invested and reinvested by the State Board of Investment.  
107.10 Nothing in this section limits the source of contributions to the account. Money in the  
107.11 account must be used only for the purposes of this subdivision.

107.12 (b) State land acquired in fee simple in whole or in part with money appropriated from  
107.13 the outdoor heritage fund is eligible for a onetime trust fund payment as provided under  
107.14 this subdivision. The percentage of the total acres acquired in any purchase that is eligible  
107.15 for a trust fund payment under this subdivision is equal to the percentage of the total payment  
107.16 for the land funded from outdoor heritage fund revenues. If the percentage of the total  
107.17 payment for the land from the outdoor heritage fund is ten percent or less, the parcel is  
107.18 ineligible for a payment under this subdivision; if the percentage is 90 percent or more, the  
107.19 entire parcel is eligible for the payment under this subdivision. The commissioner of natural  
107.20 resources must certify to the commissioner of revenue and the county in which land eligible  
107.21 for a payment under this section is purchased the total number of acres purchased, the total  
107.22 payment for the land, and the amount of outdoor heritage fund revenues used for the purchase.  
107.23 The trust fund payment is equal to 30 times the land-related property taxes assessed on the  
107.24 eligible portion of the land in the year prior to the year in which the land is acquired. If the  
107.25 land was acquired from a private party that was exempt from paying property taxes, the  
107.26 payments must be based on 30 times the property taxes assessed on comparable land in the  
107.27 year prior to the year in which the land is acquired. By September 1 each year, the county  
107.28 in which the land is acquired must provide the commissioner of revenue with information  
107.29 necessary in a form determined by the commissioner of revenue to make this determination  
107.30 for all lands acquired for the 12-month period ending on June 30 of that year. The  
107.31 commissioner of revenue must make a trust fund payment on behalf of each county on the  
107.32 same date as the first payment under section 273.1384, subdivision 4, each year for all land  
107.33 acquired in that county in the 12-month period ending on June 30 of that year to the State  
107.34 Board of Investment as required under this paragraph. The money so deposited is money  
107.35 paid to the counties and may only be withdrawn for the purposes allowed under section

108.1 477A.30. The commissioner of revenue must inform each county by October 15 each year  
108.2 of the amount deposited on the county's behalf with the State Board of Investment under  
108.3 this subdivision.

108.4 (c) The amount necessary to make the payments required under this subdivision is  
108.5 annually appropriated from the outdoor heritage trust fund payment account to the  
108.6 commissioner of revenue for deposit in the account for county joint trust fund payments in  
108.7 section 11A.237.

108.8 (d) To receive a trust fund payment under this subdivision, a county board must enter  
108.9 into an agreement with the State Board of Investment to allow the commissioner of revenue  
108.10 to make deposits and withdrawals on behalf of the county into and out of the county joint  
108.11 trust fund account under section 11A.237.

108.12 (e) The portion of land receiving a trust fund payment under this subdivision is not  
108.13 eligible for payments under sections 477A.11 to 477A.14, but is eligible for distribution of  
108.14 withdrawals from the county joint trust fund account under section 477A.30.

108.15 (f) If the land for which a payment under this subdivision is made is subsequently sold  
108.16 to another entity and is no longer available for the use for which it was purchased, the  
108.17 original amount of the payment for that land under paragraph (b) must be withdrawn by the  
108.18 commissioner of revenue from the account established under section 11A.237 and returned  
108.19 to the outdoor heritage fund. If only a portion of the land is sold and no longer available for  
108.20 the use for which it was purchased, the amount of the original trust fund payment returned  
108.21 is reduced proportionately based on the portion of the original purchase that is sold. The  
108.22 holder of the land must inform the commissioner of revenue and the county in which the  
108.23 land is sold of the sale and provide them with any information necessary to calculate the  
108.24 required withdrawal from the account. The withdrawal is made along with withdrawals  
108.25 under section 477A.30 in the calendar year after the year in which the land is sold.

108.26 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to land acquired  
108.27 with money appropriated on or after that date.

108.28 Sec. 4. Minnesota Statutes 2016, section 97A.056, subdivision 3, is amended to read:

108.29 Subd. 3. **Council recommendations.** (a) The council shall make recommendations to  
108.30 the legislature on appropriations of money from the outdoor heritage fund that are consistent  
108.31 with the Constitution and state law and that will achieve the outcomes of existing natural  
108.32 resource plans, including, but not limited to, the Minnesota Statewide Conservation and  
108.33 Preservation Plan, that directly relate to the restoration, protection, and enhancement of

109.1 wetlands, prairies, forests, and habitat for fish, game, and wildlife, and that prevent forest  
109.2 fragmentation, encourage forest consolidation, and expand restored native prairie. In making  
109.3 recommendations, the council shall consider a range of options that would best restore,  
109.4 protect, and enhance wetlands, prairies, forests, and habitat for fish, game, and wildlife.  
109.5 The council recommendations each year on appropriation of money from the outdoor heritage  
109.6 fund must include amounts adequate to make the required transfers to the outdoor heritage  
109.7 trust fund payment account according to subdivision 1b. The council's recommendations  
109.8 shall be submitted no later than January 15 each year. The council shall present its  
109.9 recommendations to the senate and house of representatives committees with jurisdiction  
109.10 over the environment and natural resources budget by February 15 in odd-numbered years,  
109.11 and within the first four weeks of the legislative session in even-numbered years. The  
109.12 council's budget recommendations to the legislature shall be separate from the Department  
109.13 of Natural Resource's budget recommendations.

109.14 (b) To encourage and support local conservation efforts, the council shall establish a  
109.15 conservation partners program. Local, regional, state, or national organizations may apply  
109.16 for matching grants for restoration, protection, and enhancement of wetlands, prairies,  
109.17 forests, and habitat for fish, game, and wildlife, prevention of forest fragmentation,  
109.18 encouragement of forest consolidation, and expansion of restored native prairie.

109.19 (c) The council may work with the Clean Water Council to identify projects that are  
109.20 consistent with both the purpose of the outdoor heritage fund and the purpose of the clean  
109.21 water fund.

109.22 (d) The council may make recommendations to the Legislative-Citizen Commission on  
109.23 Minnesota Resources on scientific research that will assist in restoring, protecting, and  
109.24 enhancing wetlands, prairies, forests, and habitat for fish, game, and wildlife, preventing  
109.25 forest fragmentation, encouraging forest consolidation, and expanding restored native prairie.

109.26 (e) Recommendations of the council, including approval of recommendations for the  
109.27 outdoor heritage fund, require an affirmative vote of at least nine members of the council.

109.28 (f) The council may work with the Clean Water Council, the Legislative-Citizen  
109.29 Commission on Minnesota Resources, the Board of Water and Soil Resources, soil and  
109.30 water conservation districts, and experts from Minnesota State Colleges and Universities  
109.31 and the University of Minnesota in developing the council's recommendations.

109.32 (g) The council shall develop and implement a process that ensures that citizens and  
109.33 potential recipients of funds are included throughout the process, including the development  
109.34 and finalization of the council's recommendations. The process must include a fair, equitable,

110.1 and thorough process for reviewing requests for funding and a clear and easily understood  
110.2 process for ranking projects.

110.3 (h) The council shall use the regions of the state based upon the ecological sections and  
110.4 subsections developed by the Department of Natural Resources and establish objectives for  
110.5 each region and subregion to achieve the purposes of the fund outlined in the state  
110.6 constitution.

110.7 (i) The council shall develop and submit to the Legislative Coordinating Commission  
110.8 plans for the first ten years of funding, and a framework for 25 years of funding, consistent  
110.9 with statutory and constitutional requirements. The council may use existing plans from  
110.10 other legislative, state, and federal sources, as applicable.

110.11 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to lands acquired  
110.12 with money appropriated on or after that date.

110.13 Sec. 5. Minnesota Statutes 2016, section 97A.056, is amended by adding a subdivision to  
110.14 read:

110.15 Subd. 15a. **State acquisition of land; restrictions.** The state may not use money from  
110.16 the outdoor heritage fund to acquire in fee simple in whole or in part any land subject to  
110.17 property taxes or any land owned by a nonprofit organization that was subject to property  
110.18 taxes before the land's acquisition by the nonprofit organization if (1) subdivision 1b is void,  
110.19 or (2) sufficient funds to cover the onetime trust fund payment required under subdivision  
110.20 1b have not been appropriated or are not available.

110.21 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to land acquired  
110.22 with money appropriated on or after that date.

110.23 Sec. 6. Minnesota Statutes 2016, section 116P.02, subdivision 1, is amended to read:

110.24 Subdivision 1. **Applicability.** The definitions in this section apply to this chapter, except  
110.25 that the definition in subdivision 6 does not apply to section 116P.045.

110.26 **EFFECTIVE DATE.** This section is effective July 1, 2017.

110.27 Sec. 7. Minnesota Statutes 2016, section 116P.02, is amended by adding a subdivision to  
110.28 read:

110.29 Subd. 4a. **Land acquisition costs.** "Land acquisition costs" means acquisition  
110.30 coordination costs, costs of engineering services, appraisal fees, attorney fees, taxes,

111.1 assessments required at the time of purchase, payments under section 116P.045, and recording  
111.2 fees.

111.3 **EFFECTIVE DATE.** This section is effective July 1, 2017.

111.4 Sec. 8. Minnesota Statutes 2016, section 116P.02, is amended by adding a subdivision to  
111.5 read:

111.6 Subd. 4b. **Land-related property taxes.** "Land-related property taxes" means property  
111.7 taxes collected on behalf of local governments providing land-related services.

111.8 **EFFECTIVE DATE.** This section is effective July 1, 2017.

111.9 Sec. 9. Minnesota Statutes 2016, section 116P.02, is amended by adding a subdivision to  
111.10 read:

111.11 Subd. 4c. **Local governments providing land-related services.** "Local governments  
111.12 providing land-related services" means counties, townships, home rule charter and statutory  
111.13 cities, watershed districts under chapter 103D, sanitary districts under sections 442A.01 to  
111.14 442A.29, and regional sanitary sewer districts under sections 115.61 to 115.67.

111.15 **EFFECTIVE DATE.** This section is effective July 1, 2017.

111.16 Sec. 10. Minnesota Statutes 2016, section 116P.02, is amended by adding a subdivision  
111.17 to read:

111.18 Subd. 4d. **Total payment for the land.** "Total payment for the land" means the total  
111.19 price paid for the land including land acquisition costs, but excluding any in-kind services  
111.20 provided by nongovernmental entities at no cost to the state.

111.21 **EFFECTIVE DATE.** This section is effective July 1, 2017.

111.22 Sec. 11. **[116P.045] ENVIRONMENT AND NATURAL RESOURCES TRUST FUND**  
111.23 **PAYMENT ACCOUNT.**

111.24 Subdivision 1. **Account created.** An environment and natural resources trust fund  
111.25 payment account is created in the special revenue fund. The State Board of Investment must  
111.26 ensure the account is invested under section 11A.24. The commissioner of management  
111.27 and budget must credit to the account all money appropriated to the account and all money  
111.28 earned by the account. The principal of the account and any unexpended earnings must be  
111.29 invested and reinvested by the State Board of Investment. Nothing in this section limits the

112.1 source of contributions to the account. Money in the account must be used only for the  
112.2 purposes of this section.

112.3 Subd. 2. **Trust fund payment; appropriation.** (a) State land acquired in fee simple in  
112.4 whole or in part with money appropriated from the environment and natural resources trust  
112.5 fund is eligible for a onetime trust fund payment as provided under this subdivision. The  
112.6 percentage of the total acres acquired in any purchase that is eligible for a trust fund payment  
112.7 under this section is equal to the percentage of the total payment for the land funded from  
112.8 environment and natural resources trust fund revenues. If the percentage of the total payment  
112.9 for the land from the environment and natural resources trust fund is ten percent or less, the  
112.10 parcel is ineligible for a payment under this section; if the percentage is 90 percent or more,  
112.11 the entire parcel is eligible for the payment under this section. The commissioner of natural  
112.12 resources must certify to the commissioner of revenue and the county in which land eligible  
112.13 for a payment under this section is purchased the total number of acres purchased, the total  
112.14 payment for the land, and the amount of environmental and natural resources trust fund  
112.15 revenues used for the purchase. The trust fund payment is equal to 30 times the land-related  
112.16 property taxes assessed on the eligible portion of the land in the year prior to the year in  
112.17 which the land is acquired. If the land was acquired from a private party that was exempt  
112.18 from paying property taxes, the payments must be based on 30 times the property taxes  
112.19 assessed on comparable land in the year prior to the year in which the land is acquired. By  
112.20 September 1 each year, the county in which the land is acquired must provide the  
112.21 commissioner of revenue with information necessary in a form determined by the  
112.22 commissioner of revenue to make this determination for all lands acquired for the 12-month  
112.23 period ending on June 30 of that year. The commissioner of revenue must make a trust fund  
112.24 payment on behalf of each county on the same date as the first payment under section  
112.25 273.1384, subdivision 4, each year for all land acquired in that county in the 12-month  
112.26 period ending on June 30 of that year to the State Board of Investment as required under  
112.27 this section. The money so deposited is money paid to the counties and may only be  
112.28 withdrawn for the purposes allowed under section 477A.30. The commissioner of revenue  
112.29 must inform each county by October 15 each year of the amount deposited on the county's  
112.30 behalf with the State Board of Investment under this subdivision.

112.31 (b) The amount necessary to make the payments required under this subdivision is  
112.32 annually appropriated from the environment and natural resources trust fund payment  
112.33 account to the commissioner of revenue for deposit in the account for county joint trust  
112.34 fund payments in section 11A.237.



(c) If the land for which a payment under this subdivision is made is subsequently sold to another entity and is no longer available for the use for which it was purchased, the original amount of the payment for that land under paragraph (a) must be withdrawn by the commissioner of revenue from the account established under section 11A.237 and returned to the environment and natural resources trust fund. If only a portion of the land is sold and no longer available for the use for which it was purchased, the amount of the original trust fund payment returned is reduced proportionately based on the portion of the original purchase that is sold. The holder of the land must inform the commissioner of revenue and the county in which the land is sold of the sale and provide them with any information necessary to calculate the required withdrawal from the account. The withdrawal is made along with withdrawals under section 477A.30 in the calendar year after the year in which the land is sold.

Subd. 3. **County requirements.** To receive a trust fund payment under this section, a county board must enter into an agreement with the State Board of Investment to allow the commissioner of revenue to make deposits and withdrawals on behalf of the county into and out of the county joint trust fund account under section 11A.237.

Subd. 4. **Ineligible for other payments.** Land receiving a trust fund payment under this section is not eligible for payments under sections 477A.11 to 477A.14, but is eligible for distribution of withdrawals from the county joint trust fund account under section 477A.30.

Subd. 5. **State acquisition of land; restrictions.** The state may not use money from the environment and natural resources trust fund to acquire in fee simple in whole or in part any land subject to property taxes or any land owned by a nonprofit organization that was subject to property taxes before the land's acquisition by the nonprofit organization if (1) subdivision 2 is void, or (2) sufficient funds to cover the onetime trust fund payment required under subdivision 2 have not been appropriated or are not available.

**EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to land acquired with money appropriated on or after that date.

Sec. 12. Minnesota Statutes 2016, section 116P.08, subdivision 1, is amended to read:

Subdivision 1. **Expenditures.** Money in the trust fund may be spent only for:

(1) the reinvest in Minnesota program as provided in section 84.95, subdivision 2;

(2) research that contributes to increasing the effectiveness of protecting or managing the state's environment or natural resources;

114.1 (3) collection and analysis of information that assists in developing the state's  
114.2 environmental and natural resources policies;

114.3 (4) enhancement of public education, awareness, and understanding necessary for the  
114.4 protection, conservation, restoration, and enhancement of air, land, water, forests, fish,  
114.5 wildlife, and other natural resources;

114.6 (5) capital projects for the preservation and protection of unique natural resources;

114.7 (6) activities that preserve or enhance fish, wildlife, land, air, water, and other natural  
114.8 resources that otherwise may be substantially impaired or destroyed in any area of the state;

114.9 (7) administrative and investment expenses incurred by the State Board of Investment  
114.10 in investing deposits to the trust fund; ~~and~~

114.11 (8) administrative expenses subject to the limits in section 116P.09; and

114.12 (9) payments to the environment and natural resources trust fund payment account as  
114.13 required in section 116P.045.

114.14 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to lands acquired  
114.15 with money appropriated on or after that date.

114.16 Sec. 13. Minnesota Statutes 2016, section 116P.08, subdivision 4, is amended to read:

114.17 Subd. 4. **Legislative recommendations.** (a) Funding may be provided only for those  
114.18 projects that meet the categories established in subdivision 1.

114.19 (b) The commission must recommend an annual or biennial legislative bill to make  
114.20 appropriations from the trust fund for the purposes provided in subdivision 1. The  
114.21 recommendations must be submitted to the governor for inclusion in the biennial budget  
114.22 and supplemental budget submitted to the legislature.

114.23 (c) The commission may recommend regional block grants for a portion of trust fund  
114.24 expenditures to partner with existing regional organizations that have strong citizen  
114.25 involvement, to address unique local needs and capacity, and to leverage all available funding  
114.26 sources for projects.

114.27 (d) The commission may recommend the establishment of an emerging issues account  
114.28 in its legislative bill for funding emerging issues, which come up unexpectedly, but which  
114.29 still adhere to the commission's strategic plan, to be approved by the governor after initiation  
114.30 and recommendation by the commission.

115.1 (e) The council must recommend an appropriation of money from the environment and  
115.2 natural resources trust fund adequate to make the required transfers to the environment and  
115.3 natural resources trust fund payment account according to section 116P.045.

115.4 (f) Money in the trust fund may not be spent except under an appropriation by law.

115.5 **EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to lands acquired  
115.6 with money appropriated on or after that date.

115.7 Sec. 14. Minnesota Statutes 2016, section 477A.10, is amended to read:

115.8 **477A.10 NATURAL RESOURCES LAND PAYMENTS IN LIEU; PURPOSE.**

115.9 The purposes of sections 477A.11 to 477A.14 are:

115.10 (1) to compensate local units of government for the loss of tax base from state ownership  
115.11 of land, except land acquired on or after July 1, 2017, receiving trust fund payments from  
115.12 the outdoor heritage trust fund payment account or the environment and natural resources  
115.13 trust fund payment account, and the need to provide services for state land;

115.14 (2) to address the disproportionate impact of state land ownership on local units of  
115.15 government with a large proportion of state land; and

115.16 (3) to address the need to manage state lands held in trust for the local taxing districts.

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

115.18 Sec. 15. Minnesota Statutes 2016, section 477A.11, is amended by adding a subdivision  
115.19 to read:

115.20 **Subd. 9. Environment and natural resources trust fund lands.** Notwithstanding any  
115.21 other provision of law to the contrary, parcels or portions of parcels of land purchased on  
115.22 or after July 1, 2017, and eligible for a trust fund payment under section 116P.045 are not  
115.23 included in the definitions of the lands described in subdivisions 3 to 7 and are excluded  
115.24 from payments under sections 477A.11 to 477A.14.

115.25 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2018.

115.26 Sec. 16. Minnesota Statutes 2016, section 477A.11, is amended by adding a subdivision  
115.27 to read:

115.28 **Subd. 10. Outdoor heritage lands.** Notwithstanding any other provision of law to the  
115.29 contrary, parcels or portions of parcels of land purchased on or after July 1, 2017, and  
115.30 eligible for a trust fund payment under section 97A.056, subdivision 1b, are not included

116.1 in the definitions of the lands described in subdivisions 3 to 7 and are excluded from  
116.2 payments under sections 477A.11 to 477A.14.

116.3 **EFFECTIVE DATE.** This section is effective beginning with aids payable in 2018.

116.4 Sec. 17. **[477A.30] ANNUAL COUNTY JOINT TRUST FUND WITHDRAWALS**  
116.5 **AND DISTRIBUTION FOR ENVIRONMENT AND NATURAL RESOURCES**  
116.6 **TRUST FUND LANDS AND OUTDOOR HERITAGE LANDS.**

116.7 Subdivision 1. **Commissioner of revenue; withdrawals and payments.** No later than  
116.8 November 15 each year, the commissioner of revenue shall make a withdrawal on behalf  
116.9 of all eligible counties from the county joint trust fund account established under section  
116.10 11A.237 equal to the lesser of (1) the total amount of necessary withdrawals certified by  
116.11 the counties under subdivision 2 for the year, or (2) 5-1/2 percent of the amount in that  
116.12 account as of September 1 of that year as determined by the executive director of the State  
116.13 Board of Investment. The commissioner shall distribute the certified withdrawal amounts  
116.14 to each county by November 31. If the amount of the withdrawal is less than the total  
116.15 certified withdrawal amounts under subdivision 2, the commissioner shall reduce the  
116.16 distribution to each county proportionately.

116.17 Subd. 2. **Certification of needed withdrawal; distribution of funds.** (a) Beginning in  
116.18 calendar year 2018, by September 1 each year, a county for whom a trust fund payment has  
116.19 been made on its behalf under section 97A.056, subdivision 1b, or 116P.045, subdivision  
116.20 2, shall calculate and certify to the commissioner of revenue the amount of trust fund  
116.21 withdrawals needed under this section. The amount of the withdrawal for each parcel of  
116.22 land for which a county received a trust fund payment under either provision is as follows:

116.23 (1) for the year in which a trust fund payment is made to a county for a parcel of land,  
116.24 the withdrawal for that parcel is equal to:

116.25 (i) the remaining taxes owed to the local governments providing land-related services  
116.26 for taxes spread that year for a parcel acquired between January 1 and June 30; or

116.27 (ii) the amount of taxes paid to the local governments providing land-related services  
116.28 on the parcel in the previous year if the parcel was acquired before January 1 of the current  
116.29 year. The county must distribute the amount by December 15 to all local governments  
116.30 providing land-related services based on the location of the parcel and the local governments'  
116.31 share of the total tax; and

116.32 (2) for all subsequent years, the withdrawal for a parcel is equal to the taxes that would  
116.33 be owed based on the appraised value of the land and the taxes assessed by local governments

providing land-related services on comparable, privately owned adjacent land. For purposes of this subdivision, "appraised value" is determined in the manner described in section 477A.12, subdivision 3. The county treasurer must allocate the withdrawn funds among the local governments providing land-related services on the same basis as if the funds were taxes on the land received in that year. The county treasurer must pay the allocation to all eligible local governments by December 15 of the year in which the withdrawal is made. The county's share of the payment must be deposited in the county general fund.

(b) If the distribution to a county under subdivision 1 is less than its total withdrawal amounts certified under this subdivision, all distributions under paragraph (a) are reduced proportionately.

(c) The local governments receiving a payment under this section must use the money to fund land-related services. For purposes of this paragraph, "land-related services" means services used to restore, enhance, and protect the land and its fish and wildlife habitat and provide any other public services benefiting the land and users of the land, including access and services to the public accessing and using the land and direct and indirect capital and operating costs for (1) roads, bridges, and trails; (2) public safety and emergency response services; (3) environmental, recreational, and resource development and management; and (4) similar costs.

(d) For purposes of this subdivision, "local governments providing land-related services" has the meaning given in section 116P.02, subdivision 4c.

**EFFECTIVE DATE.** This section is effective January 1, 2018, and applies to land acquired with money appropriated on or after July 1, 2017.

**Sec. 18. DELAYED REQUIREMENT FOR TRUST FUND PAYMENTS FOR APPROPRIATIONS MADE FOR FISCAL YEAR 2018.**

(a) Notwithstanding Minnesota Statutes, section 97A.056, subdivision 15a, the state may appropriate money for fiscal year 2018 from the outdoor heritage fund to purchase land without appropriating sufficient funds to cover the onetime trust fund payment required under Minnesota Statutes, section 97A.056, subdivision 1b. The amount necessary to make the payment required under Minnesota Statutes, section 97A.056, subdivision 1b, for all fiscal year 2018 appropriations for land purchases must be deposited in the outdoor heritage trust fund payment account by August 1, 2018, or the restriction on land acquisition under Minnesota Statutes, section 97A.056, subdivision 15a, applies to any land acquisition authorized with fiscal year 2018 funds that have not yet been acquired.

(b) Notwithstanding Minnesota Statutes, section 116P.045, subdivision 5, the state may appropriate money in fiscal year 2018 from the environment and natural resources trust fund to purchase land without appropriating sufficient funds to cover the onetime trust fund payment required under Minnesota Statutes, section 116P.045, subdivision 2. The amount necessary to make the payment required under Minnesota Statutes, section 116P.045, subdivision 2, for all fiscal year 2018 appropriations for land purchases must be deposited in the environment and natural resources trust fund payment account by August 1, 2018, or the restriction on land acquisition under Minnesota Statutes, section 116P.045, subdivision 5, applies to any land acquisition authorized with fiscal year 2018 funds that have not yet been acquired.

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

## ARTICLE 5

### TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 2016, section 469.174, subdivision 12, is amended to read:

Subd. 12. **Economic development district.** "Economic development district" means a type of tax increment financing district which consists of any project, or portions of a project, which the authority finds to be in the public interest because:

(1) it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality; ~~or~~

(2) it will result in increased employment in the state; ~~or~~

(3) it will result in preservation and enhancement of the tax base of the state; or

(4) it satisfies the requirements of a workforce housing project under section 469.176, subdivision 4c, paragraph (d).

**EFFECTIVE DATE.** This section is effective for districts for which the request for certification was made after June 30, 2017.

Sec. 2. Minnesota Statutes 2016, section 469.175, subdivision 3, is amended to read:

Subd. 3. **Municipality approval.** (a) A county auditor shall not certify the original net tax capacity of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the district is located. If an authority that proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the

119.1 district is proposed to be located and shall obtain the approval of its tax increment financing  
119.2 plan by the municipality before the authority may use tax increment financing. The  
119.3 municipality shall approve the tax increment financing plan only after a public hearing  
119.4 thereon after published notice in a newspaper of general circulation in the municipality at  
119.5 least once not less than ten days nor more than 30 days prior to the date of the hearing. The  
119.6 published notice must include a map of the area of the district from which increments may  
119.7 be collected and, if the project area includes additional area, a map of the project area in  
119.8 which the increments may be expended. The hearing may be held before or after the approval  
119.9 or creation of the project or it may be held in conjunction with a hearing to approve the  
119.10 project.

119.11 (b) Before or at the time of approval of the tax increment financing plan, the municipality  
119.12 shall make the following findings, and shall set forth in writing the reasons and supporting  
119.13 facts for each determination:

119.14 (1) that the proposed tax increment financing district is a redevelopment district, a  
119.15 renewal or renovation district, a housing district, a soils condition district, or an economic  
119.16 development district; if the proposed district is a redevelopment district or a renewal or  
119.17 renovation district, the reasons and supporting facts for the determination that the district  
119.18 meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) and (2), or  
119.19 subdivision 10a, must be documented in writing and retained and made available to the  
119.20 public by the authority until the district has been terminated;

119.21 (2) that, in the opinion of the municipality:

119.22 (i) the proposed development or redevelopment would not reasonably be expected to  
119.23 occur solely through private investment within the reasonably foreseeable future; and

119.24 (ii) the increased market value of the site that could reasonably be expected to occur  
119.25 without the use of tax increment financing would be less than the increase in the market  
119.26 value estimated to result from the proposed development after subtracting the present value  
119.27 of the projected tax increments for the maximum duration of the district permitted by the  
119.28 plan. The requirements of this item do not apply if the district is a housing district;

119.29 (3) that the tax increment financing plan conforms to the general plan for the development  
119.30 or redevelopment of the municipality as a whole;

119.31 (4) that the tax increment financing plan will afford maximum opportunity, consistent  
119.32 with the sound needs of the municipality as a whole, for the development or redevelopment  
119.33 of the project by private enterprise;

120.1 (5) that the municipality elects the method of tax increment computation set forth in  
120.2 section 469.177, subdivision 3, paragraph (b), if applicable.

120.3 (c) When the municipality and the authority are not the same, the municipality shall  
120.4 approve or disapprove the tax increment financing plan within 60 days of submission by  
120.5 the authority. When the municipality and the authority are not the same, the municipality  
120.6 may not amend or modify a tax increment financing plan except as proposed by the authority  
120.7 pursuant to subdivision 4. Once approved, the determination of the authority to undertake  
120.8 the project through the use of tax increment financing and the resolution of the governing  
120.9 body shall be conclusive of the findings therein and of the public need for the financing.

120.10 (d) For a district that is subject to the requirements of paragraph (b), clause (2), item  
120.11 (ii), the municipality's statement of reasons and supporting facts must include all of the  
120.12 following:

120.13 (1) an estimate of the amount by which the market value of the site will increase without  
120.14 the use of tax increment financing;

120.15 (2) an estimate of the increase in the market value that will result from the development  
120.16 or redevelopment to be assisted with tax increment financing; and

120.17 (3) the present value of the projected tax increments for the maximum duration of the  
120.18 district permitted by the tax increment financing plan.

120.19 (e) For purposes of this subdivision, "site" means the parcels on which the development  
120.20 or redevelopment to be assisted with tax increment financing will be located.

120.21 (f) Before or at the time of approval of the tax increment financing plan for a district to  
120.22 be used to fund a workforce housing project under section 469.176, subdivision 4c, paragraph

120.23 (d), the municipality shall make the following findings and set forth in writing the reasons  
120.24 and supporting facts for each determination:

120.25 (1) the city is located outside of the metropolitan area, as defined in section 473.121,  
120.26 subdivision 2;

120.27 (2) the average vacancy rate for rental housing located in the municipality and in any  
120.28 statutory or home rule charter city located within 15 miles or less of the boundaries of the  
120.29 municipality has been three percent or less for at least the immediately preceding two-year  
120.30 period;

120.31 (3) at least one business located in the municipality or within 15 miles of the municipality  
120.32 that employs a minimum of 20 full-time equivalent employees in aggregate has provided a



121.1 written statement to the municipality indicating that the lack of available rental housing has  
121.2 impeded the ability of the business to recruit and hire employees; and

121.3 (4) the municipality and the development authority intend to use increments from the  
121.4 district for the development of rental housing to serve employees of businesses located in  
121.5 the municipality or surrounding area.

121.6 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
121.7 certification was made after June 30, 2017.

121.8 Sec. 3. Minnesota Statutes 2016, section 469.176, subdivision 4c, is amended to read:

121.9 Subd. 4c. **Economic development districts.** (a) Revenue derived from tax increment  
121.10 from an economic development district may not be used to provide improvements, loans,  
121.11 subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting  
121.12 of buildings and ancillary facilities, if more than 15 percent of the buildings and facilities  
121.13 (determined on the basis of square footage) are used for a purpose other than:

121.14 (1) the manufacturing or production of tangible personal property, including processing  
121.15 resulting in the change in condition of the property;

121.16 (2) warehousing, storage, and distribution of tangible personal property, excluding retail  
121.17 sales;

121.18 (3) research and development related to the activities listed in clause (1) or (2);

121.19 (4) telemarketing if that activity is the exclusive use of the property;

121.20 (5) tourism facilities; ~~or~~

121.21 (6) space necessary for and related to the activities listed in clauses (1) to (5); or

121.22 (7) a workforce housing project that satisfies the requirements of paragraph (d).

121.23 (b) Notwithstanding the provisions of this subdivision, revenues derived from tax  
121.24 increment from an economic development district may be used to provide improvements,  
121.25 loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000  
121.26 square feet of any separately owned commercial facility located within the municipal  
121.27 jurisdiction of a small city, if the revenues derived from increments are spent only to assist  
121.28 the facility directly or for administrative expenses, the assistance is necessary to develop  
121.29 the facility, and all of the increments, except those for administrative expenses, are spent  
121.30 only for activities within the district.

122.1 (c) A city is a small city for purposes of this subdivision if the city was a small city in  
122.2 the year in which the request for certification was made and applies for the rest of the  
122.3 duration of the district, regardless of whether the city qualifies or ceases to qualify as a  
122.4 small city.

122.5 (d) A project qualifies as a workforce housing project under this subdivision if:

122.6 (1) increments from the district are used exclusively to assist in the acquisition of  
122.7 property; construction of improvements; and provision of loans or subsidies, grants, interest  
122.8 rate subsidies, public infrastructure, and related financing costs for rental housing  
122.9 developments in the municipality; and

122.10 (2) the governing body of the municipality made the findings for the project required  
122.11 by section 469.175, subdivision 3, paragraph (f).

122.12 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
122.13 certification was made after June 30, 2017.

122.14 Sec. 4. Minnesota Statutes 2016, section 469.1761, is amended by adding a subdivision  
122.15 to read:

122.16 **Subd. 5. Income limits; Minnesota Housing Finance Agency challenge program.**

122.17 For a project receiving a loan or grant from the Minnesota Housing Finance Agency challenge  
122.18 program under section 462A.33, the income limits under section 462A.33 are substituted  
122.19 for the applicable income limits for the project under subdivision 2 or 3.

122.20 **EFFECTIVE DATE.** This section is effective for districts for which the request for  
122.21 certification was made after June 30, 2017.

122.22 Sec. 5. Minnesota Statutes 2016, section 469.1763, subdivision 1, is amended to read:

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

122.25 (b) "Activities" means acquisition of property, clearing of land, site preparation, soils  
122.26 correction, removal of hazardous waste or pollution, installation of utilities, construction  
122.27 of public or private improvements, and other similar activities, but only to the extent that  
122.28 tax increment revenues may be spent for such purposes under other law.

122.29 (c) "Third party" means an entity other than (1) the person receiving the benefit of  
122.30 assistance financed with tax increments, or (2) the municipality or the development authority  
122.31 or other person substantially under the control of the municipality.

123.1 (d) "Revenues derived from tax increments paid by properties in the district" means only  
123.2 tax increment as defined in section 469.174, subdivision 25, clause (1), and does not include  
123.3 tax increment as defined in section 469.174, subdivision 25, clauses (2), ~~(3), and (4)~~ to (5).

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

123.5 Sec. 6. Minnesota Statutes 2016, section 469.1763, subdivision 2, is amended to read:

123.6 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district,  
123.7 an amount equal to at least 75 percent of the total revenue derived from tax increments paid  
123.8 by properties in the district must be expended on activities in the district or to pay bonds,  
123.9 to the extent that the proceeds of the bonds were used to finance activities in the district or  
123.10 to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other  
123.11 than redevelopment districts for which the request for certification was made after June 30,  
123.12 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not  
123.13 more than 25 percent of the total revenue derived from tax increments paid by properties  
123.14 in the district may be expended, through a development fund or otherwise, on activities  
123.15 outside of the district but within the defined geographic area of the project except to pay,  
123.16 or secure payment of, debt service on credit enhanced bonds. For districts, other than  
123.17 redevelopment districts for which the request for certification was made after June 30, 1995,  
123.18 the pooling percentage for purposes of the preceding sentence is 20 percent. The ~~revenue~~  
123.19 revenues derived from tax increments ~~for paid by properties in the district~~ that are expended  
123.20 on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before  
123.21 calculating the percentages that must be expended within and without the district.

123.22 (b) In the case of a housing district, a housing project, as defined in section 469.174,  
123.23 subdivision 11, is an activity in the district.

123.24 (c) All administrative expenses are for activities outside of the district, except that if the  
123.25 only expenses for activities outside of the district under this subdivision are for the purposes  
123.26 described in paragraph (d), administrative expenses will be considered as expenditures for  
123.27 activities in the district.

123.28 (d) The authority may elect, in the tax increment financing plan for the district, to increase  
123.29 by up to ten percentage points the permitted amount of expenditures for activities located  
123.30 outside the geographic area of the district under paragraph (a). As permitted by section  
123.31 469.176, subdivision 4k, the expenditures, including the permitted expenditures under  
123.32 paragraph (a), need not be made within the geographic area of the project. Expenditures  
123.33 that meet the requirements of this paragraph are legally permitted expenditures of the district,

124.1 notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase  
124.2 under this paragraph, the expenditures must:

124.3 (1) be used exclusively to assist housing that meets the requirement for a qualified  
124.4 low-income building, as that term is used in section 42 of the Internal Revenue Code; and

124.5 (2) not exceed the qualified basis of the housing, as defined under section 42(c) of the  
124.6 Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal  
124.7 Revenue Code; and

124.8 (3) be used to:

124.9 (i) acquire and prepare the site of the housing;

124.10 (ii) acquire, construct, or rehabilitate the housing; or

124.11 (iii) make public improvements directly related to the housing; or

124.12 (4) be used to develop housing:

124.13 (i) if the market value of the housing does not exceed the lesser of:

124.14 (A) 150 percent of the average market value of single-family homes in that municipality;

124.15 or

124.16 (B) \$200,000 for municipalities located in the metropolitan area, as defined in section  
124.17 473.121, or \$125,000 for all other municipalities; and

124.18 (ii) if the expenditures are used to pay the cost of site acquisition, relocation, demolition  
124.19 of existing structures, site preparation, and pollution abatement on one or more parcels, if  
124.20 the parcel contains a residence containing one to four family dwelling units that has been  
124.21 vacant for six or more months and is in foreclosure as defined in section 325N.10, subdivision  
124.22 7, but without regard to whether the residence is the owner's principal residence, and only  
124.23 after the redemption period has expired.

124.24 (e) The authority under paragraph (d), clause (4), expires on December 31, 2016.

124.25 Increments may continue to be expended under this authority after that date, if they are used  
124.26 to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if  
124.27 December 31, 2016, is considered to be the last date of the five-year period after certification  
124.28 under that provision.

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

125.1 Sec. 7. Minnesota Statutes 2016, section 469.1763, subdivision 3, is amended to read:

125.2 Subd. 3. **Five-year rule.** (a) Revenues derived from tax increments paid by properties  
125.3 in the district are considered to have been expended on an activity within the district under  
125.4 subdivision 2 only if one of the following occurs:

125.5 (1) before or within five years after certification of the district, the revenues are actually  
125.6 paid to a third party with respect to the activity;

125.7 (2) bonds, the proceeds of which must be used to finance the activity, are issued and  
125.8 sold to a third party before or within five years after certification, the revenues are spent to  
125.9 repay the bonds, and the proceeds of the bonds either are, on the date of issuance, reasonably  
125.10 expected to be spent before the end of the later of (i) the five-year period, or (ii) a reasonable  
125.11 temporary period within the meaning of the use of that term under section 148(c)(1) of the  
125.12 Internal Revenue Code, or are deposited in a reasonably required reserve or replacement  
125.13 fund;

125.14 (3) binding contracts with a third party are entered into for performance of the activity  
125.15 before or within five years after certification of the district and the revenues are spent under  
125.16 the contractual obligation;

125.17 (4) costs with respect to the activity are paid before or within five years after certification  
125.18 of the district and the revenues are spent to reimburse a party for payment of the costs,  
125.19 including interest on unreimbursed costs; or

125.20 (5) expenditures are made for housing purposes as permitted by subdivision 2, paragraphs  
125.21 (b) and (d), or for public infrastructure purposes within a zone as permitted by subdivision  
125.22 2, paragraph (e).

125.23 (b) For purposes of this subdivision, bonds include subsequent refunding bonds if the  
125.24 original refunded bonds meet the requirements of paragraph (a), clause (2).

125.25 (c) For a redevelopment district or a renewal and renovation district certified after June  
125.26 30, 2003, and before April 20, 2009, the five-year periods described in paragraph (a) are  
125.27 extended to ten years after certification of the district. For a redevelopment district certified  
125.28 after April 20, 2009, and before June 30, 2012, the five-year periods described in paragraph  
125.29 (a) are extended to eight years after certification of the district. This extension is provided  
125.30 primarily to accommodate delays in development activities due to unanticipated economic  
125.31 circumstances.

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

126.1 Sec. 8. Minnesota Statutes 2016, section 469.178, subdivision 7, is amended to read:

126.2 Subd. 7. **Interfund loans.** (a) The authority or municipality may advance or loan money  
126.3 to finance expenditures under section 469.176, subdivision 4, from its general fund or any  
126.4 other fund under which it has legal authority to do so.

126.5 (b) Not later than 60 days after money is transferred, advanced, or spent, whichever is  
126.6 earliest, the loan or advance must be authorized, by resolution of the governing body or of  
126.7 the authority, whichever has jurisdiction over the fund from which the advance or loan is  
126.8 authorized, before money is transferred, advanced, or spent, whichever is earliest.

126.9 (c) The resolution may generally grant to the municipality or the authority the power to  
126.10 make interfund loans under one or more tax increment financing plans or for one or more  
126.11 districts. The resolution may be adopted before or after the adoption of the tax increment  
126.12 financing plan or the creation of the tax increment financing district from which the advance  
126.13 or loan is to be repaid.

126.14 (d) The terms and conditions for repayment of the loan must be provided in writing and  
126.15 The written terms and conditions may be in any form, but must include, at a minimum, the  
126.16 principal amount, the interest rate, and maximum term. Written terms may be modified or  
126.17 amended in writing by the municipality or the authority before the latest decertification of  
126.18 any tax increment financing district from which the interfund loan is to be repaid. The  
126.19 maximum rate of interest permitted to be charged is limited to the greater of the rates  
126.20 specified under section 270C.40 or 549.09 as of the date the loan or advance is authorized,  
126.21 unless the written agreement states that the maximum interest rate will fluctuate as the  
126.22 interest rates specified under section 270C.40 or 549.09 are from time to time adjusted.  
126.23 Loans or advances may be structured as draw-down or line-of-credit obligations of the  
126.24 lending fund.

126.25 (e) The authority shall report in the annual report submitted under section 469.175,  
126.26 subdivision 6:

126.27 (1) the amount of any interfund loan or advance made in a calendar year; and

126.28 (2) any amendment of an interfund loan or advance made in a calendar year.

126.29 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
126.30 applies to all districts, regardless of when the request for certification was made.

127.1 Sec. 9. Laws 2008, chapter 154, article 9, section 21, subdivision 2, is amended to read:

127.2 Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment  
127.3 financing plan for a district, the rules under this section apply to a redevelopment district,  
127.4 renewal and renovation district, economic development district, soil condition district, or  
127.5 a soil deficiency district established by the city or a development authority of the city in the  
127.6 project area.

127.7 (b) Prior to or upon the adoption of the first tax increment plan subject to the special  
127.8 rules under this subdivision, the city must find by resolution that parcels consisting of at  
127.9 least 80 percent of the acreage of the project area (excluding street and railroad right of  
127.10 way) are characterized by one or more of the following conditions:

127.11 (1) peat or other soils with geotechnical deficiencies that impair development of  
127.12 residential or commercial buildings or infrastructure;

127.13 (2) soils or terrain that requires substantial filling in order to permit the development of  
127.14 commercial or residential buildings or infrastructure;

127.15 (3) landfills, dumps, or similar deposits of municipal or private waste;

127.16 (4) quarries or similar resource extraction sites;

127.17 (5) floodway; and

127.18 (6) substandard buildings within the meaning of Minnesota Statutes, section 469.174,  
127.19 subdivision 10.

127.20 (c) For the purposes of paragraph (b), clauses (1) through (5), a parcel is deemed to be  
127.21 characterized by the relevant condition if at least 70 percent of the area of the parcel contains  
127.22 the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is deemed to  
127.23 be characterized by substandard buildings if the buildings occupy at least 30 percent of the  
127.24 area of the parcel.

127.25 (d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is  
127.26 extended to ten years for any district, and section 469.1763, subdivision 4, does not apply  
127.27 to any district.

127.28 (e) Notwithstanding anything to the contrary in section 469.1763, subdivision 2, paragraph  
127.29 (a), not more than 80 percent of the total revenue derived from tax increments paid by  
127.30 properties in any district (measured over the life of the district) may be expended on activities  
127.31 outside the district but within the project area.

127.32 (f) For a soil deficiency district:

128.1 (1) increments may be collected through 20 years after the receipt by the authority of  
128.2 the first increment from the district; and

128.3 (2) except as otherwise provided in this subdivision, increments may be used only to:

128.4 (i) acquire parcels on which the improvements described in item (ii) will occur;

128.5 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional  
128.6 cost of installing public improvements directly caused by the deficiencies; and

128.7 (iii) pay for the administrative expenses of the authority allocable to the district.

128.8 (g) Increments spent for any infrastructure costs, whether inside a district or outside a  
128.9 district but within the project area, are deemed to satisfy the requirements of paragraph (f)  
128.10 and Minnesota Statutes, section 469.176, subdivisions 4b, 4c, and 4j.

128.11 (h) Increments from any district may not be used to pay the costs of landfill closure or  
128.12 public infrastructure located on the following parcels within the plat known as Burnsville  
128.13 Amphitheater: Lot 1, Block 1; Lots 1 and 2, Block 2; and Outlots A, B, C and D.

128.14 (i) The four-year rule under Minnesota Statutes, section 469.176, subdivision 6, is  
128.15 extended to nine years.

128.16 (j) The city may specify in the tax increment financing plan for any district the first year  
128.17 in which it elects to receive increment, which may be up to eight years following approval  
128.18 of the district.

128.19 (k) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, paragraph (c),  
128.20 the city may waive any increment received in 2017 and, if so, it shall not be used in  
128.21 determining the duration limit for any district created under this section.

128.22 (l) The authority to approve tax increment financing plans to establish tax increment  
128.23 financing districts under this section expires on ~~December 31, 2018~~ March 20, 2023.

128.24 **EFFECTIVE DATE.** This section is effective upon approval by the governing body  
128.25 of the city of Burnsville and compliance with the requirements of Minnesota Statutes, section  
128.26 645.021.

128.27 Sec. 10. Laws 2009, chapter 88, article 5, section 17, as amended by Laws 2010, chapter  
128.28 382, section 84, is amended to read:

128.29 Sec. 17. **SEAWAY PORT AUTHORITY OF DULUTH; TAX INCREMENT**  
128.30 **FINANCING DISTRICT; SPECIAL RULES.**



129.1 (a) If the Seaway Port Authority of Duluth adopts a tax increment financing plan and  
129.2 the governing body of the city of Duluth approves the plan for the tax increment financing  
129.3 district consisting of one or more parcels identified as: 010-2730-00010; 010-2730-00020;  
129.4 010-2730-00040; 010-2730-00050; 010-2730-00070; 010-2730-00080; 010-2730-00090;  
129.5 010-2730-00100; 010-02730-00120; 010-02730-00130; 010-02730-00140; 010-2730-00160;  
129.6 010-2730-00180; 010-2730-00200; 010-2730-00300; 010-02730-00320; 010-2746-01250;  
129.7 010-2746-1330; 010-2746-01340; 010-2746-01350; 010-2746-1440; 010-2746-1380;  
129.8 010-2746-01490; 010-2746-01500; 010-2746-01510; 010-2746-01520; 010-2746-01530;  
129.9 010-2746-01540; 010-2746-01550; 010-2746-01560; 010-2746-01570; 010-2746-01580;  
129.10 010-2746-01590; 010-3300-4560; 010-3300-4565; 010-3300-04570; 010-3300-04580;  
129.11 010-3300-04640; 010-3300-04645; and 010-3300-04650, the five-year rule under Minnesota  
129.12 Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year  
129.13 period from the date of certification of the tax increment financing district, must be  
129.14 considered to be met if the activities are undertaken within five years after the date all  
129.15 qualifying parcels are delisted from the Federal Superfund list.

129.16 (b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, beginning  
129.17 in the sixth year following certification of the district requirement, will begin in the sixth  
129.18 year following the date all qualifying parcels are delisted from the Federal Superfund list.

129.19 (c) The action required under Minnesota Statutes, section 469.176, subdivision 6, are  
129.20 satisfied if the action is commenced within four years after the date all qualifying parcels  
129.21 are delisted from the Federal Superfund list and evidence of the action required is submitted  
129.22 to the county auditor by February 1 of the fifth year following the year in which all qualifying  
129.23 parcels are delisted from the Federal Superfund list.

129.24 (d) For purposes of this section, "qualifying parcels" means United States Steel parcels  
129.25 listed in paragraph (a) and shown by the Minnesota Pollution Control Agency as part of the  
129.26 USS St. Louis River-U.S. Steel Superfund Site (USEPA OU 02) that are included in the  
129.27 tax increment financing district.

129.28 (e) In addition to the reporting requirements of Minnesota Statutes, section 469.175,  
129.29 subdivision 5, the Seaway Port Authority of Duluth shall report the status of all parcels  
129.30 listed in paragraph (a) and shown as part of the USS St. Louis River-U.S. Steel Superfund  
129.31 Site (USEPA OU 02). The status report must show the parcel numbers, the listed or delisted  
129.32 status, and if delisted, the delisting date.

129.33 (f) Notwithstanding Minnesota Statutes, section 469.178, subdivision 7, or any other  
129.34 law to the contrary, the Seaway Port Authority of Duluth may establish an interfund loan

130.1 program before approval of the tax increment financing plan for or the establishment of the  
130.2 district authorized by this section. The authority may make loans under this program. The  
130.3 proceeds of the loans may be used for any permitted use of increments under this law or  
130.4 Minnesota Statutes, section 469.176, for the district and may be repaid with increments  
130.5 from the district established under this section. This paragraph applies to any action  
130.6 authorized by the Seaway Port Authority of Duluth on or after March 25, 2010.

130.7 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
130.8 city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
130.9 subdivision 3.

130.10 Sec. 11. Laws 2014, chapter 308, article 6, section 8, subdivision 1, is amended to read:

130.11 Subdivision 1. **Authority to create districts.** (a) The governing body of the city of  
130.12 Edina or its development authority may establish one or more tax increment financing  
130.13 housing districts in the Southeast Edina Redevelopment Project Area, as the boundaries  
130.14 exist on March 31, 2014.

130.15 (b) The authority to request certification of districts under this section expires on June  
130.16 30, ~~2017~~ 2020.

130.17 **EFFECTIVE DATE.** This section is effective on the day following final enactment  
130.18 without local approval under Minnesota Statutes, section 645.023, subdivision 1, paragraph  
130.19 (a).

130.20 Sec. 12. Laws 2014, chapter 308, article 6, section 9, is amended to read:

130.21 Sec. 9. **CITY OF MAPLE GROVE; TAX INCREMENT FINANCING DISTRICT.**

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

130.24 (b) "City" means the city of Maple Grove.

130.25 (c) "Project area" means all or a portion of the area in the city commencing at a point  
130.26 130 feet East and 120 feet North of the southwest corner of the Southeast Quarter of Section  
130.27 23, Township 119, Range 22, Hennepin County, said point being on the easterly right-of-way  
130.28 line of Hemlock Lane; thence northerly along said easterly right-of-way line of Hemlock  
130.29 Lane to a point on the west line of the east one-half of the Southeast Quarter of section 23,  
130.30 thence south along said west line a distance of 1,200 feet; thence easterly to the east line of  
130.31 Section 23, 1,030 feet North from the southeast corner thereof; thence South 74 degrees  
130.32 East 1,285 feet; thence East a distance of 1,000 feet; thence North 59 degrees West a distance

131.1 of 650 feet; thence northerly to a point on the northerly right-of-way line of 81st Avenue  
131.2 North, 650 feet westerly measured at right angles, from the east line of the Northwest Quarter  
131.3 of Section 24; thence North 13 degrees West a distance of 795 feet; thence West to the west  
131.4 line of the Southeast Quarter of the Northwest Quarter of Section 24; thence North 55  
131.5 degrees West to the south line of the Northwest Quarter of the Northwest Quarter of Section  
131.6 24; thence West along said south line to the east right-of-way line of Zachary Lane; thence  
131.7 North along the east right-of-way line of Zachary Lane to the southwest corner of Lot 1,  
131.8 Block 1, Metropolitan Industrial Park 5th Addition; thence East along the south line of said  
131.9 Lot 1 to the northeast corner of Outlot A, Metropolitan Industrial Park 5th Addition; thence  
131.10 South along the east line of said Outlot A and its southerly extension to the south right-of-way  
131.11 line of County State-Aid Highway (CSAH) 109; thence easterly along the south right-of-way  
131.12 line of CSAH 109 to the east line of the Northwest Quarter of the Northeast Quarter of  
131.13 Section 24; thence South along said east line to the north line of the South Half of the  
131.14 Northeast Quarter of Section 24; thence East along said north line to the westerly right-of-way  
131.15 line of Jefferson Highway North; thence southerly along the westerly right-of-way line of  
131.16 Jefferson Highway to the centerline of CSAH 130; thence continuing South along the west  
131.17 right-of-way line of Pilgrim Lane North to the westerly extension of the north line of Outlot  
131.18 A, Park North Fourth Addition; thence easterly along the north line of Outlot A, Park North  
131.19 Fourth Addition to the northeast corner of said Outlot A; thence southerly along the east  
131.20 line of said Outlot A to the southeast corner of said Outlot A; thence easterly along the south  
131.21 line of Lot 1, Block 1, Park North Fourth Addition to the westerly right-of-way line of State  
131.22 Highway 169; thence southerly, southwesterly, westerly, and northwesterly along the  
131.23 westerly right-of-way line of State Highway 169 and the northerly right-of-way line of  
131.24 Interstate 694 to its intersection with the southerly extension of the easterly right-of-way  
131.25 line of Zachary Lane North; thence northerly along the easterly right-of-way line of Zachary  
131.26 Lane North and its northerly extension to the north right-of-way line of CSAH 130; thence  
131.27 westerly, southerly, northerly, southwesterly, and northwesterly to the point of beginning  
131.28 and there terminating, provided that the project area includes the rights-of-way for all present  
131.29 and future highway interchanges abutting the area described in this paragraph, and may  
131.30 include any additional property necessary to cause the property included in the tax increment  
131.31 financing district to consist of complete parcels.

131.32 (d) "Soil deficiency district" means a type of tax increment financing district consisting  
131.33 of a portion of the project area in which the city finds by resolution that the following  
131.34 conditions exist:

(1) unusual terrain or soil deficiencies that occurred over 80 percent of the acreage in the district require substantial filling, grading, or other physical preparation for use; and

(2) the estimated cost of the physical preparation under clause (1), but excluding costs directly related to roads as defined in Minnesota Statutes, section 160.01, and local improvements as described in Minnesota Statutes, sections 429.021, subdivision 1, clauses (1) to (7), (11), and (12), and 430.01, exceeds the fair market value of the land before completion of the preparation.

Subd. 2. **Special rules.** (a) If the city elects, upon the adoption of the tax increment financing plan for a district, the rules under this section apply to a redevelopment district, renewal and renovation district, soil condition district, or soil deficiency district established by the city or a development authority of the city in the project area.

(b) Prior to or upon the adoption of the first tax increment plan subject to the special rules under this subdivision, the city must find by resolution that parcels consisting of at least 80 percent of the acreage of the project area, excluding street and railroad rights-of-way, are characterized by one or more of the following conditions:

(1) peat or other soils with geotechnical deficiencies that impair development of commercial buildings or infrastructure;

(2) soils or terrain that require substantial filling in order to permit the development of commercial buildings or infrastructure;

(3) landfills, dumps, or similar deposits of municipal or private waste;

(4) quarries or similar resource extraction sites;

(5) floodway; and

(6) substandard buildings, within the meaning of Minnesota Statutes, section 469.174, subdivision 10.

(c) For the purposes of paragraph (b), clauses (1) to (5), a parcel is characterized by the relevant condition if at least 70 percent of the area of the parcel contains the relevant condition. For the purposes of paragraph (b), clause (6), a parcel is characterized by substandard buildings if substandard buildings occupy at least 30 percent of the area of the parcel.

(d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, is extended to eight years for any district, and Minnesota Statutes, section 469.1763, subdivision 4, does not apply to any district.

133.1 (e) Notwithstanding any provision to the contrary in Minnesota Statutes, section 469.1763,  
133.2 subdivision 2, paragraph (a), not more than 40 percent of the total revenue derived from tax  
133.3 increments paid by properties in any district, measured over the life of the district, may be  
133.4 expended on activities outside the district but within the project area.

133.5 (f) For a soil deficiency district:

133.6 (1) increments may be collected through 20 years after the receipt by the authority of  
133.7 the first increment from the district;

133.8 (2) increments may be used only to:

133.9 (i) acquire parcels on which the improvements described in item (ii) will occur;

133.10 (ii) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional  
133.11 cost of installing public improvements directly caused by the deficiencies; and

133.12 (iii) pay for the administrative expenses of the authority allocable to the district; and

133.13 (3) any parcel acquired with increments from the district must be sold at no less than  
133.14 their fair market value.

133.15 (g) Increments spent for any infrastructure costs, whether inside a district or outside a  
133.16 district but within the project area, are deemed to satisfy the requirements of Minnesota  
133.17 Statutes, section 469.176, subdivision 4j.

133.18 (h) The authority to approve tax increment financing plans to establish tax increment  
133.19 financing districts under this section expires June 30, 2020.

133.20 (i) Notwithstanding the restrictions in paragraph (f), clause (2), the city may use  
133.21 increments from a soil deficiency district to acquire parcels and for other infrastructure costs  
133.22 either inside or outside of the district, but within the project area, if the acquisition or  
133.23 infrastructure is for a qualified development. For purposes of this paragraph, a development  
133.24 is a qualified development only if all of the following requirements are satisfied:

133.25 (1) the city finds, by resolution, that the land acquisition and infrastructure are undertaken  
133.26 primarily to serve the development;

133.27 (2) the city has a binding, written commitment and adequate financial assurances from  
133.28 the developer that the development will be constructed; and

133.29 (3) the development does not consist of retail trade or housing improvements.

134.1 **EFFECTIVE DATE.** This section is effective upon approval by the governing body  
134.2 of the city of Maple Grove and its compliance with the requirements of Minnesota Statutes,  
134.3 section 645.021.

134.4 Sec. 13. **CITY OF ANOKA; GREENS OF ANOKA TIF DISTRICT.**

134.5 For purposes of Minnesota Statutes, section 469.1763, subdivision 3, paragraph (c), the  
134.6 city of Anoka's Greens of Anoka redevelopment tax increment financing district is deemed  
134.7 to be certified on June 29, 2012, rather than its actual certification date of July 2, 2012, and  
134.8 the provisions of Minnesota Statutes, section 469.1763, subdivisions 3 and 4, apply as if  
134.9 the district were certified on that date.

134.10 **EFFECTIVE DATE.** This section is effective upon approval by the governing body  
134.11 of the city of Anoka and upon compliance by the city with Minnesota Statutes, section  
134.12 645.021, subdivisions 2 and 3.

134.13 Sec. 14. **CITY OF COON RAPIDS; TIF DISTRICT 6-1; PORT RIVERWALK.**

134.14 Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b,  
134.15 or any other law to the contrary, the city of Coon Rapids may collect tax increment from  
134.16 District 6-1 Port Riverwalk through December 31, 2038.

134.17 **EFFECTIVE DATE.** This section is effective upon compliance by the governing bodies  
134.18 of the city of Coon Rapids, Anoka County, and Independent School District No. 11 with  
134.19 the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021,  
134.20 subdivision 3.

134.21 Sec. 15. **CITY OF COTTAGE GROVE; TIF DISTRICT 1-12; GATEWAY NORTH.**

134.22 The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities  
134.23 must be undertaken within a five-year period from the date of certification of a tax increment  
134.24 financing district, is considered to be met for Tax Increment Financing District No. 1-12  
134.25 (Gateway North), administered by the Cottage Grove Economic Development Authority,  
134.26 if the activities are undertaken prior to January 1, 2017.

134.27 **EFFECTIVE DATE.** This section is effective upon compliance by the chief clerical  
134.28 officer of the governing body of the city of Cottage Grove with the requirements of Minnesota  
134.29 Statutes, section 645.021, subdivisions 2 and 3.

135.1     Sec. 16. **CITY OF EDINA; APPROVAL OF 2014 SPECIAL LAW.**

135.2         Notwithstanding the provisions of Minnesota Statutes, section 645.021, subdivision 3,  
135.3 the chief clerical officer of the city of Edina may file with the secretary of state certificate  
135.4 of approval of Laws 2014, chapter 308, article 6, section 8, by December 31, 2017, and, if  
135.5 the certificate is so filed and the requirements of Minnesota Statutes, section 645.021,  
135.6 subdivision 3, are otherwise complied with, the special law is deemed approved, and all  
135.7 actions taken by the city before the effective date of this section in reliance on Laws 2014,  
135.8 chapter 308, article 6, section 8, are deemed consistent with Laws 2014, chapter 308, article  
135.9 6, section 8, and this act.

135.10       **EFFECTIVE DATE.** This section is effective the day following final enactment without  
135.11 local approval as an amendment to the provisions of Laws 2014, chapter 308, article 6,  
135.12 section 8.

135.13     Sec. 17. **CITY OF MOORHEAD; TIF DISTRICT; FIRST AVENUE NORTH.**

135.14       For purposes of Minnesota Statutes, section 469.1763, subdivision 3, paragraph (c), the  
135.15 city of Moorhead's 1st Avenue North (Central Corridors) Redevelopment Tax Increment  
135.16 Financing District is deemed to be certified on June 29, 2012, rather than its actual  
135.17 certification date of July 12, 2012, and Minnesota Statutes, section 469.1763, subdivisions  
135.18 3 and 4, apply as if the district were certified on that date.

135.19       **EFFECTIVE DATE.** This section is effective upon approval by the governing body  
135.20 of the city of Moorhead and upon compliance by the city with Minnesota Statutes, section  
135.21 645.021, subdivisions 2 and 3.

135.22     Sec. 18. **CITY OF RICHFIELD; EXTENSION OF CEDAR AVENUE TIF**  
135.23 **DISTRICT.**

135.24       Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, or any other law  
135.25 to the contrary, the city of Richfield and the Housing and Redevelopment Authority in and  
135.26 for the city of Richfield may elect to extend the duration limit of the redevelopment tax  
135.27 increment financing district known as the Cedar Avenue Tax Increment Financing District  
135.28 established by Laws 2005, chapter 152, article 2, section 25, by ten years.

135.29       **EFFECTIVE DATE.** This section is effective upon compliance by the city of Richfield,  
135.30 Hennepin County, and Independent School District No. 280 with the requirements of  
135.31 Minnesota Statutes, sections 469.1782, subdivision 2; and 645.021, subdivisions 2 and 3.

136.1     Sec. 19. **CITY OF RICHFIELD; LYNDAL GARDENS TIF DISTRICT.**

136.2         The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that activities  
136.3 must be undertaken within a five-year period from the date of certification of a tax increment  
136.4 financing district, are considered to be met for the Lyndale Gardens Tax Increment Financing  
136.5 District established by the city of Richfield and the housing and redevelopment authority  
136.6 in and for the city of Richfield if the activities are undertaken within eight years from the  
136.7 date of certification.

136.8         **EFFECTIVE DATE.** This act is effective upon the city of Richfield's compliance with  
136.9 the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

136.10     Sec. 20. **CITY OF ROCHESTER; TIF DISTRICT 36; BIOSCIENCE PROJECT.**

136.11         Notwithstanding the provisions of Minnesota Statutes, sections 469.174 and 469.176,  
136.12 the city of Rochester may spend the proceeds from the sale or lease of any property purchased  
136.13 with tax increments derived from tax increment financing district number 36 (Bioscience  
136.14 Project) for the costs of operating, maintaining, and improving properties acquired with tax  
136.15 increments from district number 36, including funding and maintaining reserves for capital  
136.16 or operating expenses. Following the close of the third calendar year after decertification  
136.17 of that district, any remaining amounts of the proceeds are not subject to restrictions that  
136.18 apply to tax increments under Minnesota Statutes, sections 469.174 to 469.1794.

136.19         **EFFECTIVE DATE.** This section is effective the day following final enactment without  
136.20 local approval under Minnesota Statutes, section 645.023, subdivision 1, clause (a).

136.21     Sec. 21. **CITY OF SOUTH ST. PAUL; EXTENSION OF TIME TO ADOPT**  
136.22 **INTERFUND LOAN RESOLUTION FOR 4TH AVENUE VILLAGE TIF DISTRICT.**

136.23         Notwithstanding Minnesota Statutes, section 469.178, subdivision 7, the governing body  
136.24 of the South St. Paul Economic Development Authority, successor to the Housing and  
136.25 Redevelopment Authority in and for the city of South St. Paul, may retroactively approve  
136.26 a previously established interfund loan for the 4th Avenue Village Tax Increment District  
136.27 in the city of South St. Paul if the governing body adopts a resolution approving that loan  
136.28 by August 1, 2017, and if the requirements of Minnesota Statutes, section 469.178,  
136.29 subdivision 7, are otherwise complied with, the interfund loan authorization is deemed to  
136.30 satisfy Minnesota Statutes, section 469.178, subdivision 7.

136.31         **EFFECTIVE DATE.** This section is effective without local approval under Minnesota  
136.32 Statutes, section 645.023, subdivision 1, paragraph (a), on the day following final enactment.



137.1     Sec. 22. **CITY OF ST. LOUIS PARK; ELMWOOD VILLAGE TIF DISTRICT.**

137.2         For purposes of the Elmwood Village Tax Increment Financing District in the city of  
137.3 St. Louis Park, including during the duration extension authorized by Laws 2009, chapter  
137.4 88, article 5, section 19, the period under Minnesota Statutes, section 469.1763, subdivision  
137.5 3, is extended through December 31, 2019, and calendar year 2020 is the first year to which  
137.6 Minnesota Statutes, section 469.1763, subdivision 4, applies. In addition, the permitted  
137.7 percentage of increments that may be expended under Minnesota Statutes, section 469.1763,  
137.8 subdivision 2, on activities outside of the district is increased to 45 percent for the district.

137.9         **EFFECTIVE DATE.** This section is effective upon compliance by the governing body  
137.10 of the city of St. Louis Park with the requirements of Minnesota Statutes, section 645.021,  
137.11 subdivision 3.

137.12     Sec. 23. **CITY OF ST. PAUL; FORD SITE REDEVELOPMENT TIF DISTRICT.**

137.13         (a) For purposes of computing the duration limits under Minnesota Statutes, section  
137.14 469.176, subdivision 1b, the housing and redevelopment authority of the city of St. Paul  
137.15 may waive receipt of increment for the Ford Site Redevelopment Tax Increment Financing  
137.16 District. This authority is limited to the first four years of increment or increments derived  
137.17 from taxes payable in 2023, whichever occurs first.

137.18         (b) If the city elects to waive receipt of increment under paragraph (a), for purposes of  
137.19 applying any limits based on when the district was certified under Minnesota Statutes,  
137.20 section 469.176, subdivision 6, or 469.1763, the date of certification for the district is deemed  
137.21 to be January 2 of the property tax assessment year for which increment is first received  
137.22 under the waiver.

137.23         **EFFECTIVE DATE.** This section is effective July 1, 2017, without local approval  
137.24 under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

137.25     Sec. 24. **WASHINGTON COUNTY; NEWPORT REDROCK CROSSING PROJECT**  
137.26 **TIF DISTRICT; SPECIAL RULES.**

137.27         (a) If Washington County elects, upon the adoption of a tax increment financing plan  
137.28 for a district, the rules under this section apply to one or more tax increment financing  
137.29 districts established by the county or the community development agency of the county.  
137.30 The area within which the tax increment districts may be created is located in the city of  
137.31 Newport and is south of marked Interstate Highway 494, north of 15th Street extended to  
137.32 the Mississippi River, east of the Mississippi River, and west of marked Trunk Highway

138.1 61 and the adjacent rights-of-way and shall be referred to as the "Newport Red Rock Crossing  
138.2 Project Area" or "project area."

138.3 (b) The requirements for qualifying a redevelopment district under Minnesota Statutes,  
138.4 section 469.174, subdivision 10, do not apply to the parcels identified by parcel identification  
138.5 numbers: 2602822440051, 260282244050, 260282244049, 260282244048, 2602822440046,  
138.6 2602822440045, 260282244044, 2602822440043, 2602822440026, 2602822440025,  
138.7 260282244024, and 2602822440023, which are deemed substandard for the purpose of  
138.8 qualifying the district as a redevelopment district.

138.9 (c) Increments spent outside a district shall only be spent within the project area and on  
138.10 costs described in Minnesota Statutes, section 469.176, subdivision 4j.

138.11 (d) Notwithstanding anything to the contrary in Minnesota Statutes, section 469.1763,  
138.12 subdivision 2, paragraph (a), not more than 80 percent of the total revenue derived from tax  
138.13 increments paid by properties in any district, measured over the life of the district, may be  
138.14 expended on activities outside the district but within the project area. The five-year rule  
138.15 under Minnesota Statutes, section 469.1763, subdivision 3, applies as if the limit is nine  
138.16 years.

138.17 (e) The authority to approve a tax increment financing plan and to establish a tax  
138.18 increment financing district under this section expires December 31, 2027.

138.19 (f) The use of revenues for decertification in Minnesota Statutes, section 469.1763,  
138.20 subdivision 4, does not apply to the project area.

138.21 **EFFECTIVE DATE.** This section is effective and shall retroactively include the  
138.22 redemption district in the project area approved by Washington County on November  
138.23 8, 2016, upon approval by the governing body of the city of Newport and Washington  
138.24 County and upon compliance by the county with Minnesota Statutes, section 645.021,  
138.25 subdivision 3.

138.26 Sec. 25. **CITY OF WAYZATA; TIF DISTRICT 3; WIDSTEN.**

138.27 (a) The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that  
138.28 activities must be undertaken within a five-year period from the date of certification of a  
138.29 tax increment financing district, are considered to be met for Tax Increment Financing  
138.30 District 3 (Widsten) in the city of Wayzata if the revenues derived from tax increments from  
138.31 the district are expended for any project contemplated by the original tax increment financing  
138.32 plan for the district, including, without limitation, a municipal parking ramp within the  
138.33 district.

(b) The requirements of Minnesota Statutes, section 469.1763, subdivision 4, do not apply to the district if the revenues derived from tax increment from the district are expended for any project contemplated by the original tax increment financing plan for the district, including, without limitation, a municipal parking ramp within the district.

**EFFECTIVE DATE.** This section is effective upon compliance by the chief clerical officer of the governing body of the city of Wayzata with the requirements of Minnesota Statutes, section 645.021, subdivisions 2 and 3.

## ARTICLE 6

### LOCAL OPTION SALES AND USE TAXES

#### Section 1. **[471.9998] MERCHANT BAGS; PROHIBITION ON FEE OR TAX.**

Notwithstanding any other provision of law, no political subdivision may impose or require the imposition of any fee or tax, other than a local sales tax subject to section 297A.99, upon the use of paper, plastic, or reusable bags for packaging of any item or good purchased from a merchant, itinerant vendor, or peddler.

**EFFECTIVE DATE.** This section is effective May 31, 2017. Ordinances existing on the effective date of this section that would be prohibited under this section are invalid as of the effective date of this section.

Sec. 2. Laws 1980, chapter 511, section 1, subdivision 2, as amended by Laws 1991, chapter 291, article 8, section 22, Laws 1998, chapter 389, article 8, section 25, Laws 2003, First Special Session chapter 21, article 8, section 11, Laws 2008, chapter 154, article 5, section 2, and Laws 2014, chapter 308, article 3, section 21, is amended to read:

Subd. 2. (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one and three-quarter percent on sales transactions which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c). The imposition of this tax shall not be subject to voter referendum under either state law or city charter provisions. When the city council determines that the taxes imposed under this paragraph at a rate of three-quarters of one percent and other sources of revenue produce revenue sufficient to pay debt service on bonds in the principal amount of \$40,285,000 plus issuance and discount costs, issued for capital improvements at the Duluth Entertainment and Convention Center, which include a new arena, the rate of tax under this subdivision must be reduced by three-quarters of one percent.

(b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent on sales transactions which are described in Minnesota Statutes 2000, section 297A.01, subdivision 3, clause (c). This tax expires when the city council determines that the tax imposed under this paragraph, along with the tax imposed under section 22, paragraph (b), has produced revenues sufficient to pay the debt service on bonds in a principal amount of no more than \$18,000,000, plus issuance and discount costs, to finance capital improvements to public facilities to support tourism and recreational activities in that portion of the city west of ~~34th~~ 14th Avenue West and the area south of and including Skyline Parkway.

(c) The city of Duluth may sell and issue up to \$18,000,000 in general obligation bonds under Minnesota Statutes, chapter 475, plus an additional amount to pay for the costs of issuance and any premiums. The proceeds may be used to finance capital improvements to public facilities that support tourism and recreational activities in the portion of the city west of ~~34th~~ 14th Avenue West and the area south of and including Skyline Parkway, as described in paragraph (b). The issuance of the bonds is subject to the provisions of Minnesota Statutes, chapter 475, except no election shall be required unless required by the city charter. The bonds shall not be included in computing net debt. The revenues from the taxes that the city of Duluth may impose under paragraph (b) and under section 22, paragraph (b), may be pledged to pay principal of and interest on such bonds.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 3. Laws 1980, chapter 511, section 2, as amended by Laws 1998, chapter 389, article 8, section 26, Laws 2003, First Special Session chapter 21, article 8, section 12, and Laws 2014, chapter 308, article 3, section 22, is amended to read:

**Sec. 22. CITY OF DULUTH; TAX ON RECEIPTS BY HOTELS AND MOTELS.**

(a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, or ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional tax of one percent upon the gross receipts from the sale of lodging for periods of less than 30 days in hotels and motels located in the city. The tax shall be collected in the same manner as the tax set forth in the Duluth city charter, section 54(d), paragraph one. The imposition of this tax shall not be subject to voter referendum under either state law or city charter provisions.

(b) In addition to the tax in paragraph (a) and notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or city charter provision to the contrary, the city of Duluth may, by ordinance, impose an additional sales tax of up to one-half of one percent on the gross receipts from the sale of lodging for periods of less than 30 days in hotels and motels located in the city. This tax expires when the city council first determines that the tax imposed under this paragraph, along with the tax imposed under section 21, paragraph (b), has produced revenues sufficient to pay the debt service on bonds in a principal amount of no more than \$18,000,000, plus issuance and discount costs, to finance capital improvements to public facilities to support tourism and recreational activities in that portion of the city west of ~~34th~~ 14th Avenue West and the area south of and including Skyline Parkway.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Duluth and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 4. Laws 1991, chapter 291, article 8, section 27, subdivision 3, as amended by Laws 1998, chapter 389, article 8, section 28, Laws 2008, chapter 366, article 7, section 9, and Laws 2009, chapter 88, article 4, section 14, is amended to read:

Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by subdivisions 1 and 2 shall be used by the city to pay the cost of collecting the tax and to pay all or a portion of the expenses of constructing and improving facilities as part of an urban revitalization project in downtown Mankato known as Riverfront 2000. Authorized expenses include, but are not limited to, acquiring property and paying relocation expenses related to the development of Riverfront 2000 and related facilities, and securing or paying debt service on bonds or other obligations issued to finance the construction of Riverfront 2000 and related facilities. For purposes of this section, "Riverfront 2000 and related facilities" means a civic-convention center, an arena, a riverfront park, a technology center and related educational facilities, and all publicly owned real or personal property that the governing body of the city determines will be necessary to facilitate the use of these facilities, including but not limited to parking, skyways, pedestrian bridges, lighting, and landscaping. It also includes the performing arts theatre and the Southern Minnesota Women's Hockey Exposition Center, for use by Minnesota State University, Mankato.

(b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, and as approved by voters at the November 8, 2016, general election, the city may by ordinance also use revenues from taxes authorized under subdivisions 1 and 2, up to a maximum of \$47,000,000,

142.1 plus associated bond costs, to pay all or a portion of the expenses of the following capital  
142.2 projects:

142.3 (1) construction and improvements to regional recreational facilities including existing  
142.4 hockey and curling rinks, a baseball park, youth athletic fields and facilities, the municipal  
142.5 swimming pool including improvements to make the pool compliant with the Americans  
142.6 with Disabilities Act, and indoor regional athletic facilities;

142.7 (2) improvements to flood control and the levee system;

142.8 (3) water quality improvement projects in Blue Earth and Nicollet Counties;

142.9 (4) expansion of the regional transit building and related multimodal transit  
142.10 improvements;

142.11 (5) regional public safety and emergency communications improvements and equipment;  
142.12 and

142.13 (6) matching funds for improvements to publicly owned regional facilities including a  
142.14 historic museum, supportive housing, and a senior center.

142.15 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
142.16 city of Mankato and its chief clerical officer comply with Minnesota Statutes, section  
142.17 645.021, subdivisions 2 and 3.

142.18 Sec. 5. Laws 1991, chapter 291, article 8, section 27, subdivision 4, as amended by Laws  
142.19 2005, First Special Session chapter 3, article 5, section 25, and Laws 2008, chapter 366,  
142.20 article 7, section 10, is amended to read:

142.21 Subd. 4. **Expiration of taxing authority and expenditure limitation.** The authority  
142.22 granted by subdivisions 1 and 2 to the city to impose a sales tax and an excise tax shall  
142.23 expire ~~on~~ at the earlier of when revenues are sufficient to pay off the bonds, including  
142.24 interest and all other associated bond costs authorized under subdivision 5, or December  
142.25 31, ~~2022~~ 2038.

142.26 **EFFECTIVE DATE.** This section is effective the day following final enactment without  
142.27 local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

142.28 Sec. 6. Laws 1991, chapter 291, article 8, section 27, subdivision 5, is amended to read:

142.29 Subd. 5. **Bonds.** (a) The city of Mankato may issue general obligation bonds of the city  
142.30 in an amount not to exceed \$25,000,000 for Riverfront 2000 and related facilities, without  
142.31 election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or

a tax to pay them. The debt represented by bonds issued for Riverfront 2000 and related facilities shall not be included in computing any debt limitations applicable to the city of Mankato, and the levy of taxes required by section 475.61 to pay principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city.

(b) The city of Mankato may issue general obligation bonds of the city in an amount not to exceed \$47,000,000 for the projects listed under subdivision 3, paragraph (b), without election under Minnesota Statutes, chapter 475, on the question of issuance of the bonds or a tax to pay them. The debt represented by bonds under this paragraph shall not be included in computing any debt limitations applicable to the city of Mankato, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds, and shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city. The city may use tax revenue in excess of one year's principal interest reserve for intended annual bond payments to pay all or a portion of the cost of capital improvements authorized in subdivision 3.

**EFFECTIVE DATE.** This section is effective the day following final enactment without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

Sec. 7. Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended by Laws 2006, chapter 259, article 3, section 3, and Laws 2011, First Special Session chapter 7, article 4, section 4, is amended to read:

Subdivision 1. **Sales tax authorized.** (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Hermantown may, by ordinance, impose an additional sales tax of up to one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city. The proceeds of the tax imposed under this section must be used to meet the costs of:

(1) extending a sewer interceptor line;

(2) construction of a booster pump station, reservoirs, and related improvements to the water system; and

(3) construction of a building containing a police and fire station and an administrative services facility.

(b) If the city imposed a sales tax of only one-half of one percent under paragraph (a), it may increase the tax to one percent to fund the purposes under paragraph (a) provided it is approved by the voters at a general election held before December 31, 2012.

(c) As approved by the voters at the November 8, 2016, general election, the proceeds under this section may also be used to meet the costs of debt service payments for construction of the Hermantown Wellness Center.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Hermantown and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 8. Laws 1996, chapter 471, article 2, section 29, subdivision 4, as amended by Laws 2006, chapter 259, article 3, section 4, is amended to read:

Subd. 4. **Termination.** The tax authorized under this section terminates ~~on March 31, 2026~~ at the earlier of (1) December 31, 2036, or (2) when the Hermantown City Council first determines that sufficient funds have been received from the tax to fund the costs, including bonds and associated bond costs for the uses specified in subdivision 1. Any funds remaining after completion of the improvements and retirement or redemption of the bonds may be placed in the general fund of the city.

**EFFECTIVE DATE.** This section is effective the day following final enactment without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1.

Sec. 9. Laws 1999, chapter 243, article 4, section 17, subdivision 3, is amended to read:

Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by subdivisions 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for construction and improvement of a civic and community center and recreational facilities to serve all ages, including seniors and youth. Authorized expenses include, but are not limited to, acquiring property, paying construction and operating expenses related to the development of an authorized facility, funding facilities replacement reserves, and paying debt service on bonds or other obligations issued to finance the construction or expansion of an authorized facility. The capital expenses for all projects authorized under this subdivision that may be paid with these taxes are limited to \$9,000,000, plus an amount equal to the costs related to issuance of the bonds and funding facilities replacement reserves.

(b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, and as approved by the voters at the November 8, 2016, general election, the city of New Ulm may by



145.1 ordinance also use revenues from taxes authorized under subdivisions 1 and 2, up to a  
145.2 maximum of \$14,800,000, plus associated bond costs, to pay all or a portion of the expenses  
145.3 of the following capital projects:

145.4 (1) constructing an indoor water park and making safety improvements to the existing  
145.5 recreational center pool;

145.6 (2) constructing an indoor playground, a wellness center, and a gymnastics facility;

145.7 (3) constructing a winter multipurpose dome;

145.8 (4) making improvements to Johnson Park Grandstand; and

145.9 (5) making improvements to the entrance road and parking at Hermann Heights Park.

145.10 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
145.11 city of New Ulm and its chief clerical officer comply with Minnesota Statutes, section  
145.12 645.021, subdivisions 2 and 3.

145.13 Sec. 10. Laws 1999, chapter 243, article 4, section 17, is amended by adding a subdivision  
145.14 to read:

145.15 Subd. 4a. **Bonding authority; additional use and extension of tax.** As approved by  
145.16 the voters at the November 8, 2016, general election, and in addition to the bonds issued  
145.17 under subdivision 4, the city of New Ulm may issue general obligation bonds of the city in  
145.18 an amount not to exceed \$14,800,000 for the projects listed in subdivision 3, paragraph (b).  
145.19 The debt represented by bonds under this subdivision shall not be included in computing  
145.20 any debt limitations applicable to the city of New Ulm, and the levy of taxes required by  
145.21 Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds, and shall  
145.22 not be subject to any levy limitation or be included in computing or applying any levy  
145.23 limitation applicable to the city.

145.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
145.25 city of New Ulm and its chief clerical officer comply with Minnesota Statutes, section  
145.26 645.021, subdivisions 2 and 3.

145.27 Sec. 11. Laws 1999, chapter 243, article 4, section 17, subdivision 5, is amended to read:

145.28 Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire  
145.29 when the city council determines that sufficient funds have been received from the taxes to  
145.30 finance the capital and administrative costs for the acquisition, construction, and improvement  
145.31 of facilities described in subdivision 3, including the additional use of revenues under

subdivision 3, paragraph (b), as approved by the voters at the November 8, 2016, general election, and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the facilities under ~~subdivision 4~~ subdivisions 4 and 4a. Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of New Ulm and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 12. Laws 1999, chapter 243, article 4, section 18, subdivision 1, as amended by Laws 2008, chapter 366, article 7, section 12, is amended to read:

Subdivision 1. **Sales and use tax.** (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, if approved by the city voters at the first municipal general election held after the date of final enactment of this act or at a special election held November 2, 1999, the city of Proctor may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 3. The provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

(b) Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the city of Proctor may impose by ordinance an additional sales and use tax of up to one-half of one percent if approved by the voters at the first general election held after the date of final enactment of this act. The revenues received from the additional tax must be used for the purposes specified in subdivision 3, paragraph (b).

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Proctor and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 13. Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 2, as amended by Laws 2006, chapter 259, article 3, section 6, is amended to read:

Subd. 2. **Use of revenues.** The proceeds of the tax imposed under this section shall be used to pay for ~~lake~~ water quality improvement projects as detailed in the Shell Rock River watershed plan and as directed by the Shell Rock River Watershed Board. Notwithstanding any provision of statute, other law, or city charter to the contrary, the city shall transfer all revenues from the tax imposed under subdivision 1, as soon as they are received, to the

147.1 Shell Rock River Watershed District. ~~The city is not required to review the intended uses~~  
147.2 ~~of the revenues by the watershed district, nor is the watershed district required to submit to~~  
147.3 ~~the city proposed budgets, statements, or invoices explaining the intended uses of the~~  
147.4 ~~revenues as a prerequisite for the transfer of the revenues.~~ The Shell Rock River Watershed  
147.5 District shall appear before the city of Albert Lea City Council on a biannual basis to present  
147.6 a report of its activities, expenditures, and intended uses of the city sales tax revenue.

147.7 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
147.8 city of Albert Lea and its chief clerical officer comply with Minnesota Statutes, section  
147.9 645.021, subdivisions 2 and 3.

147.10 Sec. 14. Laws 2005, First Special Session chapter 3, article 5, section 38, subdivision 4,  
147.11 as amended by Laws 2014, chapter 308, article 3, section 23, is amended to read:

147.12 Subd. 4. **Termination of taxes.** The taxes imposed under this section expire at the earlier  
147.13 of (1) ~~15~~ 30 years after the taxes are first imposed, or (2) when the city council first  
147.14 determines that the amount of revenues raised to pay for the projects under subdivision 2,  
147.15 shall meet or exceed the sum of ~~\$15,000,000~~ \$30,000,000. Any funds remaining after  
147.16 completion of the projects may be placed in the general fund of the city.

147.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
147.18 city of Albert Lea and its chief clerical officer comply with Minnesota Statutes, section  
147.19 645.021, subdivisions 2 and 3.

147.20 Sec. 15. Laws 2008, chapter 366, article 7, section 20, is amended to read:

147.21 Sec. 20. **CITY OF NORTH MANKATO; TAXES AUTHORIZED.**

147.22 Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes,  
147.23 section 477A.016, or any other provision of law, ordinance, or city charter, pursuant to the  
147.24 approval of the voters on November 7, 2006, the city of North Mankato may impose by  
147.25 ordinance a sales and use tax of one-half of one percent for the purposes specified in  
147.26 subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the imposition,  
147.27 administration, collection, and enforcement of the taxes authorized under this subdivision.

147.28 Subd. 2. **Use of revenues.** Revenues received from the tax authorized by subdivision 1  
147.29 must be used to pay all or part of the capital costs of the following projects:

147.30 (1) the local share of the Trunk Highway 14/County State-Aid Highway 41 interchange  
147.31 project;

148.1 (2) development of regional parks and hiking and biking trails, including construction  
148.2 of indoor regional athletic facilities;

148.3 (3) expansion of the North Mankato Taylor Library;

148.4 (4) riverfront redevelopment; and

148.5 (5) lake improvement projects.

148.6 The total amount of revenues from the tax in subdivision 1 that may be used to fund  
148.7 these projects is ~~\$6,000,000~~ \$15,000,000 plus any associated bond costs.

148.8 Subd. 2a. **Authorization to extend the tax.** Notwithstanding Minnesota Statutes, section  
148.9 297A.99, subdivision 3, the North Mankato city council may, by resolution, extend the tax  
148.10 authorized under subdivision 1 to cover an additional \$9,000,000 in bonds, plus associated  
148.11 bond costs, to fund the projects in subdivision 2 as approved by the voters at the November  
148.12 8, 2016, general election.

148.13 Subd. 3. **Bonds.** (a) The city of North Mankato, pursuant to the approval of the voters  
148.14 at the November 7, 2006 referendum authorizing the imposition of the taxes in this section,  
148.15 may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative  
148.16 expenses for the projects described in subdivision 2, in an amount that does not exceed  
148.17 \$6,000,000. A separate election to approve the bonds under Minnesota Statutes, section  
148.18 475.58, is not required.

148.19 (b) The city of North Mankato, pursuant to approval of the voters at the November 8,  
148.20 2016, referendum extending the tax fee to provide additional revenue to be spent for the  
148.21 projects in subdivision 2, may issue additional bonds under Minnesota Statutes, chapter  
148.22 475, to pay capital and administrative expenses for those projects in an amount that does  
148.23 not exceed \$9,000,000. A separate election to approve the bonds under Minnesota Statutes,  
148.24 section 475.58, is not required.

148.25 ~~(b)~~ (c) The debt represented by the bonds is not included in computing any debt limitation  
148.26 applicable to the city, and any levy of taxes under Minnesota Statutes, section 475.61, to  
148.27 pay principal and interest on the bonds is not subject to any levy limitation.

148.28 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires ~~when the~~  
148.29 ~~city council determines that the amount of revenues received from the taxes to pay for the~~  
148.30 ~~projects under subdivision 2 first equals or exceeds \$6,000,000 plus the additional amount~~  
148.31 ~~needed to pay the costs related to issuance of bonds under subdivision 3, including interest~~  
148.32 ~~on the bonds~~ at the earlier of December 31, 2038, or when revenues from the taxes first  
148.33 equal or exceed \$15,000,000 plus the additional amount needed to pay costs related to

issuance of bonds under subdivision 3, including interest. Any funds remaining after completion of the projects and retirement or redemption of the bonds shall be placed in a capital facilities and equipment replacement fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of North Mankato and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 16. **CITY OF EAST GRAND FORKS; TAXES AUTHORIZED.**

**Subdivision 1. Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city charter, and as approved by the voters at a special election on March 7, 2016, the city of East Grand Forks may impose, by ordinance, a sales and use tax of up to one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

**Subd. 2. Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of East Grand Forks to pay the costs of collecting and administering the tax and to finance the capital and administrative costs of improvement to the city public swimming pool. Authorized expenses include, but are not limited to, paying construction expenses related to the renovation and the development of these facilities and improvements, and securing and paying debt service on bonds issued under subdivision 3 or other obligations issued to finance improvement of the public swimming pool in the city of East Grand Forks

**Subd. 3. Bonding authority.** (a) The city of East Grand Forks may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$2,820,000, plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of East Grand Forks, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city of East Grand Forks, and any levy of taxes under Minnesota Statutes, section 475.61, to

pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the later of: (1) five years after the tax is first imposed; or (2) when the city council determines that \$2,820,000 has been received from the tax to pay for the cost of the projects authorized under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of East Grand Forks and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**Sec. 17. CITY OF FAIRMONT; LOCAL TAX AUTHORIZED.**

Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city charter, and as approved by the voters at the general election of November 8, 2016, the city of Fairmont may impose, by ordinance, a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized under subdivision 1 must be used by the city of Fairmont to pay the costs of collecting and administering the tax and to finance the capital and administrative costs of constructing and funding recreational amenities, trails, and a community center. The total that may be raised from the tax to pay for these projects is limited to \$15,000,000, plus the costs related to the issuance and paying debt service on bonds for these projects.

Subd. 3. **Bonding authority.** (a) The city of Fairmont may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$15,000,000, plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Fairmont, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city of Fairmont, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) 25 years after the tax is first imposed; or (2) when the city council determines that \$15,000,000, plus an amount sufficient to pay the costs related to issuing the bonds authorized under subdivision 3, including interest on the bonds, has been received from the tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Fairmont and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 18. **CITY OF FERGUS FALLS; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, section 477A.016, or any other law, ordinance, or city charter, and as approved by the voters at the November 8, 2016, general election, the city of Fergus Falls may impose, by ordinance, a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of sales and use tax revenues.** The revenues from the tax authorized under subdivision 1 must be used by the city of Fergus Falls to pay the costs of collecting and administering the tax and securing and paying debt service on bonds issued to finance all or part of the costs of the expansion and betterment of the Fergus Falls Public Library located at 205 East Hampden Avenue in the city of Fergus Falls.

Subd. 3. **Bonding authority.** (a) The city of Fergus Falls may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the project authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$9,800,000, plus an amount applied to the payment of costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the

152.1 city of Fergus Falls, including the tax authorized under subdivision 1. The issuance of bonds  
152.2 under this subdivision is not subject to Minnesota Statutes, section 275.60 and 275.61.

152.3 (b) The bonds are not included in computing any debt limitation applicable to the city,  
152.4 and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and  
152.5 interest on the bonds is not subject to any levy limitation. A separate election to approve  
152.6 the bonds under Minnesota Statutes, section 475.58, is not required.

152.7 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
152.8 earlier of: (1) 12 years after the tax is first imposed, or (2) when the city council determines  
152.9 that \$9,800,000 has been received from the tax to pay for the cost of the project authorized  
152.10 under subdivision 2, plus an amount sufficient to pay the costs related to the issuance of the  
152.11 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining  
152.12 after payment of all such costs and retirement or redemption of the bonds shall be placed  
152.13 in the general fund of the city. The tax imposed under subdivision 1 may expire at any  
152.14 earlier time if the city so determines by ordinance.

152.15 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
152.16 city of Fergus Falls and its chief clerical officer comply with Minnesota Statutes, section  
152.17 645.021, subdivisions 2 and 3.

152.18 Sec. 19. **CITY OF MOOSE LAKE; TAXES AUTHORIZED.**

152.19 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
152.20 section 297A.99, subdivision 1, or 477A.016, or any other law, ordinance, or city charter,  
152.21 as approved by the voters at the November 6, 2012, general election, the city of Moose Lake  
152.22 may impose, by ordinance, a sales and use tax of up to one-half of one percent for the  
152.23 purposes specified in subdivision 2. Except as otherwise provided in this section, the  
152.24 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
152.25 collection, and enforcement of the tax authorized under this subdivision.

152.26 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
152.27 under subdivision 1 must be used by the city of Moose Lake to pay the costs of collecting  
152.28 and administering the tax and to finance the costs of: (1) improvements to the city's park  
152.29 system; (2) street and related infrastructure improvements; and (3) municipal arena  
152.30 improvements. Authorized costs include construction and engineering costs and associated  
152.31 bond costs.

152.32 Subd. 3. **Bonding authority.** The city of Moose Lake may issue bonds under Minnesota  
152.33 Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in



153.1 subdivision 2. The aggregate principal amount of bonds issued under this subdivision may  
153.2 not exceed \$3,000,000, plus an amount to be applied to the payment of the costs of issuing  
153.3 the bonds. The bonds may be paid from or secured by any funds available to the city of  
153.4 Moose Lake, including the tax authorized under subdivision 1. The issuance of bonds under  
153.5 this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

153.6 The bonds are not included in computing any debt limitation applicable to the city of  
153.7 Moose Lake, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal  
153.8 and interest on the bonds is not subject to any levy limitation. A separate election to approve  
153.9 the bonds under Minnesota Statutes, section 475.58, is not required.

153.10 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
153.11 earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines  
153.12 that \$3,000,000 has been received from the tax to pay for the cost of the projects authorized  
153.13 under subdivision 2, plus an amount sufficient to pay the costs related to issuance of the  
153.14 bonds authorized under subdivision 3, including interest on the bonds. Any funds remaining  
153.15 after payment of all such costs and retirement or redemption of the bonds shall be placed  
153.16 in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier  
153.17 time if the city so determines by ordinance.

153.18 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
153.19 city of Moose Lake and its chief clerical officer comply with Minnesota Statutes, section  
153.20 645.021, subdivisions 2 and 3.

153.21 Sec. 20. **CITY OF NEW LONDON; TAX AUTHORIZED.**

153.22 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
153.23 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
153.24 charter, and as approved by the voters at the general election of November 8, 2016, the city  
153.25 of New London may impose, by ordinance, a sales and use tax of one-half of one percent  
153.26 for the purposes specified in subdivision 2. Except as otherwise provided in this section,  
153.27 the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
153.28 collection, and enforcement of the tax authorized under this subdivision.

153.29 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
153.30 under subdivision 1 must be used by the city of New London to pay the costs of collecting  
153.31 and administering the tax and to finance the capital and administrative costs of the following  
153.32 projects:

153.33 (1) construction and equipping of a new library and community room;

(2) construction of an ambulance bay at the fire hall; and

(3) improvements to the New London Senior Citizen Center.

The total that may be raised from the tax to pay for these projects is limited to \$872,000 plus the costs related to the issuance and paying debt service on bonds for these projects.

Subd. 3. **Bonding authority.** (a) The city of New London may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 2. The aggregate principal amount of bonds issued under this subdivision may not exceed \$872,000, plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of New London, including the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(b) The bonds are not included in computing any debt limitation applicable to the city of New London, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the earlier of: (1) 20 years after the tax is first imposed; or (2) when the city council determines that \$872,000, plus an amount sufficient to pay the costs related to issuing the bonds authorized under subdivision 3, including interest on the bonds, has been received from the tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of New London and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

**Sec. 21. CITY OF SLEEPY EYE; LODGING TAX.**

Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the city council for the city of Sleepy Eye may impose, by ordinance, a tax of up to two percent on the gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and the total tax imposed under that section and this

155.1 provision must not exceed five percent. Revenue from the tax imposed under this section  
155.2 may only be used for the same purposes as a tax imposed under Minnesota Statutes, section  
155.3 469.190.

155.4 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
155.5 city of Sleepy Eye and its chief clerical officer comply with Minnesota Statutes, section  
155.6 645.021, subdivisions 2 and 3.

155.7 Sec. 22. **CITY OF SPICER; TAX AUTHORIZED.**

155.8 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
155.9 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city  
155.10 charter, and as approved by the voters at the general election of November 8, 2016, the city  
155.11 of Spicer may impose, by ordinance, a sales and use tax of one-half of one percent for the  
155.12 purposes specified in subdivision 2. Except as otherwise provided in this section, the  
155.13 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
155.14 collection, and enforcement of the tax authorized under this subdivision.

155.15 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
155.16 under subdivision 1 must be used by the city of Spicer to pay the costs of collecting and  
155.17 administering the tax and to finance the capital and administrative costs of the following  
155.18 projects:

155.19 (1) pedestrian public safety improvements such as a pedestrian bridge or crosswalk  
155.20 signals at marked Trunk Highway 23;

155.21 (2) park and trail capital improvements including signage for bicycle share the road  
155.22 improvements and replacement of playground and related facilities; and

155.23 (3) capital improvements to regional community facilities such as the Dethelfs roof and  
155.24 window replacement and the Pioneerland branch library roof replacement.

155.25 Subd. 3. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
155.26 earlier of: (1) ten years after the tax is first imposed; or (2) December 31, 2027. All funds  
155.27 not used to pay collection and administration costs of the tax must be used for projects listed  
155.28 in subdivision 2. The tax imposed under subdivision 1 may expire at an earlier time if the  
155.29 city so determines by ordinance.

155.30 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
155.31 city of Spicer and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
155.32 subdivisions 2 and 3.

Sec. 23. **CITY OF WALKER; LOCAL TAXES AUTHORIZED.**

**Subdivision 1. Sales and use tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any ordinance, city charter, or other provision of law, pursuant to the approval of the voters at the general election on November 6, 2012, the city of Walker may impose by ordinance a sales and use tax of 1-1/2 percent for the purposes specified in subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the taxes authorized under this subdivision.

**Subd. 2. Use of revenues.** Revenues received from the tax authorized by subdivision 1 must be used to pay all or part of the capital and administrative costs of underground utility, street, curb, gutter, and sidewalk improvements in the city of Walker as outlined in the 2012 capital improvement plan of the engineer of the city of Walker.

**Subd. 3. Bonding authority.** The city of Walker, pursuant to the approval of the voters at the November 6, 2012, referendum authorizing the imposition of the taxes in this section, may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the projects described in subdivision 2, in an amount that does not exceed \$20,000,000. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

**Subd. 4. Termination of tax.** (a) The tax authorized under subdivision 1 terminates at the earlier of:

(1) 20 years after the date of initial imposition of the tax; or

(2) when the city council determines that sufficient funds have been raised from the tax to finance the capital and administrative costs of the improvements described in subdivision 2, plus the additional amount needed to pay the costs related to issuance of bonds under subdivision 3, including interest on the bonds.

(b) Any funds remaining after completion of the projects specified in subdivision 2 and retirement or redemption of bonds in subdivision 3 shall be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

**EFFECTIVE DATE.** This section is effective the day after the governing body of the city of Walker and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

157.1     Sec. 24. **CITY OF WINDOM; TAXES AUTHORIZED.**

157.2         Subdivision 1. Sales and use tax authorized. Notwithstanding Minnesota Statutes,  
157.3     section 477A.016, or any other provision of law, ordinance, or city charter, as approved by  
157.4     the voters at the general election held on November 8, 2016, the city of Windom may impose  
157.5     by ordinance a sales and use tax of up to one percent for the purposes specified in subdivision  
157.6     3. Except as provided in this section, the provisions of Minnesota Statutes, section 297A.99,  
157.7     govern the imposition, administration, collection, and enforcement of the tax authorized  
157.8     under this subdivision.

157.9         Subd. 2. Use of revenues. The proceeds of the tax imposed under this section must be  
157.10     used to pay for the cost of collecting the tax and to pay all or a portion of the expenses of  
157.11     constructing and improving a fire hall and a public safety facility, including any associated  
157.12     bond costs.

157.13         Subd. 3. Bonding authority. The city of Windom, pursuant to the approval of the voters  
157.14     at the referendum authorizing the imposition of tax in this section, may issue bonds under  
157.15     Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the project  
157.16     described in subdivision 2. A separate election to approve the bonds under Minnesota  
157.17     Statutes, section 475.58, is not required.

157.18         Subd. 4. Termination of tax. (a) The tax authorized under subdivision 1 terminates at  
157.19     the earlier of:

157.20         (1) 15 years after the date of initial imposition of the tax; or

157.21         (2) when \$3,500,000 has been collected.

157.22         (b) Any funds remaining after completion of the projects specified in subdivision 2 may  
157.23     be placed in the general fund of the city. The tax imposed under subdivision 1 may expire  
157.24     at an earlier time if the city so determines by ordinance.

157.25         EFFECTIVE DATE. This section is effective the day after the governing body of the  
157.26     city of Windom and its chief clerical officer comply with Minnesota Statutes, section  
157.27     645.021, subdivisions 2 and 3.

157.28     Sec. 25. **CLAY COUNTY; TAX AUTHORIZED.**

157.29         Subdivision 1. Sales and use tax authorization. Notwithstanding Minnesota Statutes,  
157.30     section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law or ordinance, and as  
157.31     approved by the voters at the November 8, 2016, general election, Clay County may impose,  
157.32     by ordinance, a sales and use tax of up to one-half of one percent for the purposes specified

158.1 in subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota  
158.2 Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement  
158.3 of the tax authorized under this subdivision.

158.4 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
158.5 under subdivision 1 must be used by Clay County to pay the costs of collecting and  
158.6 administering the tax and to finance the capital and administrative costs of constructing and  
158.7 equipping a new correctional facility, law enforcement center, and related parking facility.  
158.8 Authorized expenses include but are not limited to paying design, development, and  
158.9 construction costs related to these facilities and improvements, and securing and paying  
158.10 debt service on bonds issued under subdivision 3 or other obligations issued to finance the  
158.11 facilities listed in this subdivision.

158.12 Subd. 3. **Bonding authority.** Clay County may issue bonds under Minnesota Statutes,  
158.13 chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision  
158.14 2. The aggregate principal amount of bonds issued under this subdivision may not exceed  
158.15 \$52,000,000, plus an amount to be applied to the payment of the costs of issuing the bonds.  
158.16 The bonds may be paid from or secured by any funds available to Clay County, including  
158.17 the tax authorized under subdivision 1. The issuance of bonds under this subdivision is not  
158.18 subject to Minnesota Statutes, sections 275.60 and 275.61.

158.19 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
158.20 earlier of: (1) 20 years after the tax is first imposed; or (2) when the county board determines  
158.21 that \$52,000,000, plus an amount sufficient to pay the costs related to issuance of the bonds  
158.22 authorized under subdivision 3, including interest on the bonds, has been received from the  
158.23 tax to pay for the cost of the projects authorized under subdivision 2. Any funds remaining  
158.24 after payment of all such costs and retirement or redemption of the bonds shall be placed  
158.25 in the general fund of the county. The tax imposed under subdivision 1 may expire at an  
158.26 earlier time if the county so determines by ordinance.

158.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of Clay  
158.28 County and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
158.29 subdivisions 2 and 3.

158.30 Sec. 26. **GARRISON, KATHIO, WEST MILLE LACS LAKE SANITARY**  
158.31 **DISTRICT; TAXES AUTHORIZED.**

158.32 Subdivision 1. **Sales and use tax authorization.** Notwithstanding Minnesota Statutes,  
158.33 section 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, and as approved by  
158.34 the voters at the November 8, 2016, general election, the Garrison, Kathio, West Mille Lacs

159.1 Lake Sanitary District may impose, by majority vote of the governing body of the district,  
159.2 a sales and use tax of up to one percent for the purposes specified in subdivision 2. Except  
159.3 as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,  
159.4 govern the imposition, administration, collection, and enforcement of the tax authorized  
159.5 under this subdivision.

159.6 Subd. 2. **Use of sales and use tax revenues.** The revenues derived from the tax authorized  
159.7 under subdivision 1 must be used by the Garrison, Kathio, West Mille Lacs Lake Sanitary  
159.8 District to pay the costs of collecting and administering the tax and to repay general obligation  
159.9 revenue notes issued or other debt incurred for the construction of the wastewater collection  
159.10 system through the Minnesota Public Facilities Authority, general obligation disposal system  
159.11 bonds issued to finance the expense incurred in financing construction of sewer system  
159.12 improvements, and notes payable issued for costs associated with the sewer services  
159.13 agreement between the Garrison, Kathio, West Mille Lacs Lake Sanitary District and ML  
159.14 Wastewater Inc., and any other costs associated with system maintenance and improvements,  
159.15 including extension of the system to unserved customers as determined by the governing  
159.16 body of the district.

159.17 Subd. 3. **Bonds.** The Garrison, Kathio, West Mille Lacs Lake Sanitary District, pursuant  
159.18 to the approval of the voters at the November 8, 2016, referendum authorizing the imposition  
159.19 of the tax under this section, may issue general obligation disposal system bonds for financing  
159.20 construction of sewer system improvements without a separate election required under  
159.21 Minnesota Statutes, section 442.25 or 475.58. The amount of bonds that may be issued  
159.22 without a separate election is equal to \$10,000,000 minus the amount of the tax revenue  
159.23 under this section committed to repay other notes as allowed under subdivision 2.

159.24 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires at the  
159.25 earlier of: (1) 20 years after the tax is first imposed; or (2) when the governing body of the  
159.26 Garrison, Kathio, West Mille Lacs Lake Sanitary District determines that \$10,000,000 has  
159.27 been received from the tax to pay for the costs authorized under subdivision 2. Any funds  
159.28 remaining after payment of all such costs and retirement or redemption of the bonds shall  
159.29 be placed in the general fund of the district. The tax imposed under subdivision 1 may expire  
159.30 at an earlier time if the governing body of the district so determines.

159.31 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
159.32 Garrison, Kathio, West Mille Lacs Lake Sanitary District and its chief clerical officer comply  
159.33 with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

160.1 Sec. 27. **EFFECTIVE DATE; VALIDATION OF PRIOR ACT.**

160.2 Notwithstanding the time limits in Minnesota Statutes, section 645.021, the city of  
160.3 Proctor may approve Laws 2008, chapter 366, article 7, section 13, and Laws 2010, chapter  
160.4 389, article 5, sections 1 and 2, and file its approval with the secretary of state by January  
160.5 1, 2015. If approved under this paragraph, actions undertaken by the city pursuant to the  
160.6 approval of the voters on November 2, 2010, and otherwise in accordance with those laws  
160.7 are validated.

160.8 **EFFECTIVE DATE.** This section is effective the day after the governing body of the  
160.9 city of Proctor and its chief clerical officer comply with Minnesota Statutes, section 645.021,  
160.10 subdivisions 2 and 3.

160.11 **ARTICLE 7**

160.12 **PUBLIC FINANCE**

160.13 Section 1. Minnesota Statutes 2016, section 366.095, subdivision 1, is amended to read:

160.14 Subdivision 1. **Certificates of indebtedness.** The town board may issue certificates of  
160.15 indebtedness within the debt limits for a town purpose otherwise authorized by law. The  
160.16 certificates shall be payable in not more than ten years and be issued on the terms and in  
160.17 the manner as the board may determine, provided that notes issued for projects that eliminate  
160.18 R-22, as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more  
160.19 than 20 years. If the amount of the certificates to be issued exceeds 0.25 percent of the  
160.20 estimated market value of the town, they shall not be issued for at least ten days after  
160.21 publication in a newspaper of general circulation in the town of the board's resolution  
160.22 determining to issue them. If within that time, a petition asking for an election on the  
160.23 proposition signed by voters equal to ten percent of the number of voters at the last regular  
160.24 town election is filed with the clerk, the certificates shall not be issued until their issuance  
160.25 has been approved by a majority of the votes cast on the question at a regular or special  
160.26 election. A tax levy shall be made to pay the principal and interest on the certificates as in  
160.27 the case of bonds.

160.28 Sec. 2. Minnesota Statutes 2016, section 383B.117, subdivision 2, is amended to read:

160.29 Subd. 2. **Equipment acquisition; capital notes.** The board may, by resolution and  
160.30 without public referendum, issue capital notes within existing debt limits for the purpose  
160.31 of purchasing ambulance and other medical equipment, road construction or maintenance  
160.32 equipment, public safety equipment and other capital equipment having an expected useful  
160.33 life at least equal to the term of the notes issued. The notes shall be payable in not more



161.1 than ten years and shall be issued on terms and in a manner as the board determines, provided  
161.2 that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph  
161.3 (b), clause (2), must be payable in not more than 20 years. The total principal amount of  
161.4 the notes issued for any fiscal year shall not exceed one percent of the total annual budget  
161.5 for that year and shall be issued solely for the purchases authorized in this subdivision. A  
161.6 tax levy shall be made for the payment of the principal and interest on such notes as in the  
161.7 case of bonds. For purposes of this subdivision, "equipment" includes computer hardware  
161.8 and software, whether bundled with machinery or equipment or unbundled. For purposes  
161.9 of this subdivision, the term "medical equipment" includes computer hardware and software  
161.10 and other intellectual property for use in medical diagnosis, medical procedures, research,  
161.11 record keeping, billing, and other hospital applications, together with application development  
161.12 services and training related to the use of the computer hardware and software and other  
161.13 intellectual property, all without regard to their useful life. For purposes of determining the  
161.14 amount of capital notes which the county may issue in any year, the budget of the county  
161.15 and Hennepin Healthcare System, Inc. shall be combined and the notes issuable under this  
161.16 subdivision shall be in addition to obligations issuable under section 373.01, subdivision  
161.17 3.

161.18 Sec. 3. Minnesota Statutes 2016, section 410.32, is amended to read:

161.19 **410.32 CITIES MAY ISSUE CAPITAL NOTES FOR CAPITAL EQUIPMENT.**

161.20 (a) Notwithstanding any contrary provision of other law or charter, a home rule charter  
161.21 city may, by resolution and without public referendum, issue capital notes subject to the  
161.22 city debt limit to purchase capital equipment.

161.23 (b) For purposes of this section, "capital equipment" means:

161.24 (1) public safety equipment, ambulance and other medical equipment, road construction  
161.25 and maintenance equipment, and other capital equipment; and

161.26 (2) computer hardware and software, whether bundled with machinery or equipment or  
161.27 unbundled, together with application development services and training related to the use  
161.28 of the computer hardware and software.

161.29 (c) The equipment or software must have an expected useful life at least as long as the  
161.30 term of the notes.

161.31 (d) The notes shall be payable in not more than ten years and be issued on terms and in  
161.32 the manner the city determines, provided that notes issued for projects that eliminate R-22,  
161.33 as defined in section 240A.09, paragraph (b), clause (2), must be payable in not more than

162.1 20 years. The total principal amount of the capital notes issued in a fiscal year shall not  
162.2 exceed 0.03 percent of the estimated market value of taxable property in the city for that  
162.3 year.

162.4 (e) A tax levy shall be made for the payment of the principal and interest on the notes,  
162.5 in accordance with section 475.61, as in the case of bonds.

162.6 (f) Notes issued under this section shall require an affirmative vote of two-thirds of the  
162.7 governing body of the city.

162.8 (g) Notwithstanding a contrary provision of other law or charter, a home rule charter  
162.9 city may also issue capital notes subject to its debt limit in the manner and subject to the  
162.10 limitations applicable to statutory cities pursuant to section 412.301.

162.11 Sec. 4. Minnesota Statutes 2016, section 412.301, is amended to read:

162.12 **412.301 FINANCING PURCHASE OF CERTAIN EQUIPMENT.**

162.13 (a) The council may issue certificates of indebtedness or capital notes subject to the city  
162.14 debt limits to purchase capital equipment.

162.15 (b) For purposes of this section, "capital equipment" means:

162.16 (1) public safety equipment, ambulance and other medical equipment, road construction  
162.17 and maintenance equipment, and other capital equipment; and

162.18 (2) computer hardware and software, whether bundled with machinery or equipment or  
162.19 unbundled, together with application development services and training related to the use  
162.20 of the computer hardware or software.

162.21 (c) The equipment or software must have an expected useful life at least as long as the  
162.22 terms of the certificates or notes.

162.23 (d) Such certificates or notes shall be payable in not more than ten years and shall be  
162.24 issued on such terms and in such manner as the council may determine, provided, however,  
162.25 that notes issued for projects that eliminate R-22, as defined in section 240A.09, paragraph  
162.26 (b), clause (2), must be payable in not more than 20 years.

162.27 (e) If the amount of the certificates or notes to be issued to finance any such purchase  
162.28 exceeds 0.25 percent of the estimated market value of taxable property in the city, they shall  
162.29 not be issued for at least ten days after publication in the official newspaper of a council  
162.30 resolution determining to issue them; and if before the end of that time, a petition asking  
162.31 for an election on the proposition signed by voters equal to ten percent of the number of  
162.32 voters at the last regular municipal election is filed with the clerk, such certificates or notes

shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election.

(f) A tax levy shall be made for the payment of the principal and interest on such certificates or notes, in accordance with section 475.61, as in the case of bonds.

**Sec. 5. [416.17] VOTER APPROVAL REQUIRED; LEASES OF PUBLIC BUILDINGS.**

Subdivision 1. Reverse referendum; certain leases. (a) Before executing a qualified lease, a municipality must publish notice of its intention to execute the lease and the date and time of a hearing to obtain public comment on the matter. The notice must be published in the official newspaper of the municipality or in a newspaper of general circulation in the municipality and must include a statement of the amount of the obligations to be issued by the authority and the maximum amount of annual rent to be paid by the municipality under the qualified lease. The notice must be published at least 14, but not more than 28, days before the date of the hearing.

(b) A municipality may enter a lease subject to paragraph (a) only upon obtaining the approval of a majority of the voters voting on the question of issuing the obligations, if a petition requesting a vote on the issuance is signed by voters equal to ten percent of the votes cast in the municipality in the last state general election and is filed with the county auditor within 30 days after the public hearing.

Subd. 2. Definitions. (a) For purposes of this section, the following terms have the meanings given them.

(b) "Authority" includes any of the following governmental units, the boundaries of which include all or part of the geographic area of the municipality:

(1) a housing and redevelopment authority, as defined in section 469.002, subdivision 2;

(2) a port authority, as defined in section 469.048;

(3) an economic development authority, as established under section 469.091; or

(4) an entity established or exercising powers under a special law with powers similar to those of an entity described in clauses (1) to (3).

(c) "Municipality" means a statutory or home rule charter city, a county, or a town described in section 368.01, but does not include a city of the first class, however organized, as defined in section 410.01.

(d) "Qualified lease" means a lease for use of public land, all or part of a public building, or other public facilities consisting of real property for a term of three or more years as a lessee if the property to be leased to the municipality was acquired or improved with the proceeds of obligations, as defined in section 475.51, subdivision 3, issued by an authority.

Sec. 6. Minnesota Statutes 2016, section 469.101, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** An economic development authority may create and define the boundaries of economic development districts at any place or places within the city, except that the district boundaries must be contiguous, and may use the powers granted in sections 469.090 to 469.108 to carry out its purposes. First the authority must hold a public hearing on the matter. At least ten days before the hearing, the authority shall publish notice of the hearing in a ~~daily~~ newspaper of general circulation in the city. Also, the authority shall find that an economic development district is proper and desirable to establish and develop within the city.

Sec. 7. Minnesota Statutes 2016, section 473.39, is amended by adding a subdivision to read:

Subd. 1u. **Obligations.** In addition to other authority in this section, the council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$126,000,000 for capital expenditures as prescribed in the council's transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations. Of this authorization, after July 1, 2017, the council may issue certificates of indebtedness, bonds, or other obligations in an amount not exceeding \$82,100,000, and after July 1, 2018, the council may issue certificates of indebtedness, bonds, or other obligations in an additional amount not exceeding \$43,900,000.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 8. Minnesota Statutes 2016, section 473.39, is amended by adding a subdivision to read:

Subd. 6. **Limitation; light rail transit.** The council is prohibited from expending any proceeds from certificates of indebtedness, bonds, or other obligations under this section for project development, land acquisition, or construction to (1) establish a light rail transit line; or (2) expand a light rail transit line, including by extending a line or adding additional stops.

165.1 **EFFECTIVE DATE.** This section applies to the expenditures made after the day  
165.2 following final enactment, but does not apply to amounts expended under binding contracts  
165.3 entered into before March 25, 2017. This section applies in the counties of Anoka, Carver,  
165.4 Dakota, Hennepin, Ramsey, Scott, and Washington.

165.5 Sec. 9. Minnesota Statutes 2016, section 475.60, subdivision 2, is amended to read:

165.6 Subd. 2. **Requirements waived.** The requirements as to public sale shall not apply:

165.7 (1) to obligations issued under the provisions of a home rule charter or of a law  
165.8 specifically authorizing a different method of sale, or authorizing them to be issued in such  
165.9 manner or on such terms and conditions as the governing body may determine;

165.10 (2) to obligations sold by an issuer in an amount not exceeding the total sum of  
165.11 \$1,200,000 in any 12-month period;

165.12 (3) to obligations issued by a governing body other than a school board in anticipation  
165.13 of the collection of taxes or other revenues appropriated for expenditure in a single year, if  
165.14 sold in accordance with the most favorable of two or more proposals solicited privately;

165.15 (4) to obligations sold to any board, department, or agency of the United States of  
165.16 America or of the state of Minnesota, in accordance with rules or regulations promulgated  
165.17 by such board, department, or agency;

165.18 (5) to obligations issued to fund pension and retirement fund liabilities under section  
165.19 475.52, subdivision 6, obligations issued with tender options under section 475.54,  
165.20 subdivision 5a, crossover refunding obligations referred to in section 475.67, subdivision  
165.21 13, and any issue of obligations comprised in whole or in part of obligations bearing interest  
165.22 at a rate or rates which vary periodically referred to in section 475.56;

165.23 (6) to obligations to be issued for a purpose, in a manner, and upon terms and conditions  
165.24 authorized by law, if the governing body of the municipality, on the advice of bond counsel  
165.25 or special tax counsel, determines that interest on the obligations cannot be represented to  
165.26 be excluded from gross income for purposes of federal income taxation;

165.27 (7) to obligations issued in the form of an installment purchase contract, lease purchase  
165.28 agreement, or other similar agreement;

165.29 (8) to obligations sold under a bond reinvestment program; and

165.30 (9) if the municipality has retained an independent ~~financial advisor~~ municipal adviser,  
165.31 obligations which the governing body determines shall be sold by private negotiation.

**ARTICLE 8****MISCELLANEOUS****Section 1. [16A.1246] NO SPENDING FOR CERTAIN RAIL PROJECTS.**

(a) Except as provided in paragraph (b), no appropriation or other state money, whether in the general or another fund, must be expended or used for any costs related to studying the feasibility of, planning for, designing, engineering, acquiring property or constructing facilities for or related to, or development or operation of intercity or interregional passenger rail facilities or operations between the city of Rochester or locations in its metropolitan area and any location in the metropolitan area, as defined in section 473.121, subdivision 2.

(b) The restrictions under this section do not apply to funds obtained from contributions, grants, or other voluntary payments made by nongovernmental entities from private sources.

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

**Sec. 2. [16B.2965] PROPERTY LEASED FOR RAIL PROJECTS.**

(a) If a state official leases, loans, or otherwise makes available state lands, air rights, or any other state property for use in connection with passenger rail facilities, as described in section 16A.1246, the lease or other agreement must include or be secured by a security bond or equivalent guarantee that allows the state to recover any costs it incurs in connection with the rail project from a responsible third party or secure source of capital, if the passenger rail facilities are not constructed, do not go into operation, or are abandoned, whether or not the facilities began operations. The security bond or equivalent guarantee must remain in place for the term of lease, loan, or other agreement that makes state property available for use by the project. These costs include restoring state property to its original condition.

(b) For purposes of this section, "state official" includes the commissioner, the commissioner of transportation, or any other state official with authority to enter a lease or other agreement providing for use by a nonstate entity of state property.

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

**Sec. 3. [117.028] CONDEMNATION FOR CERTAIN RAIL FACILITIES PROHIBITED.**

Notwithstanding section 222.27 or any other law to the contrary, no condemning authority may take property for the development or construction of or for facilities related to intercity

167.1 or interregional passenger rail facilities or operations between the city of Rochester or  
167.2 locations in its metropolitan area and any location in the metropolitan area, as defined in  
167.3 section 473.121, subdivision 2.

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

167.5 Sec. 4. Minnesota Statutes 2016, section 216B.36, is amended to read:

167.6 **216B.36 MUNICIPAL REGULATORY AND TAXING POWERS.**

167.7 **Subdivision 1. Municipal authority to regulate public utilities.** Any public utility  
167.8 furnishing the utility services enumerated in section 216B.02 or occupying streets, highways,  
167.9 or other public property within a municipality may be required to obtain a license, permit,  
167.10 right, or franchise in accordance with the terms, conditions, and limitations of regulatory  
167.11 acts of the municipality, including the placing of distribution lines and facilities underground.  
167.12 Under the license, permit, right, or franchise, the utility may be obligated by any municipality  
167.13 to pay to the municipality fees to raise revenue or defray increased municipal costs accruing  
167.14 as a result of utility operations, or both. A fee that raises revenue under a license, permit,  
167.15 right, or franchise agreement entered into or renewed on or after August 1, 2017, is subject  
167.16 to the requirements of subdivision 2. The fee may include but is not limited to a sum of  
167.17 money based upon gross operating revenues or gross earnings from its operations in the  
167.18 municipality so long as the public utility shall continue to operate in the municipality, unless  
167.19 upon request of the public utility it is expressly released from the obligation at any time by  
167.20 such municipality. Notwithstanding the definition of "public utility" in section 216B.02,  
167.21 subdivision 4, a municipality may require payment of a fee under this section by a cooperative  
167.22 electric association organized under chapter 308A that furnishes utility services within the  
167.23 municipality. All existing licenses, permits, franchises, and other rights acquired by any  
167.24 public utility or municipality prior to April 11, 1974, including the payment of existing  
167.25 franchise fees, shall not be impaired or affected in any respect by the passage of this chapter,  
167.26 except with respect to matters of rate and service regulation, service area assignments,  
167.27 securities, and indebtedness that are vested in the jurisdiction of the commission by this  
167.28 chapter. However, in the event that a court of competent jurisdiction determines, or the  
167.29 parties by mutual agreement determine, that an existing license, permit, franchise, or other  
167.30 right has been abrogated or impaired by this chapter, or its execution, the municipality  
167.31 affected shall impose and the public utility shall collect an excise tax on the utility charges  
167.32 which from year to year yields an amount which is reasonably equivalent to that amount of  
167.33 revenue which then would be due as a fee, charges or other thing or service of value to the  
167.34 municipality under the franchise, license, or permit. The authorization shall be over and

above taxing limitations including, but not limited to, those of section 477A.016. Franchises granted pursuant to this section shall be exempt from the provisions of chapter 80C. For purposes of this section, a public utility shall include a cooperative electric association.

Subd. 2. Five-year renewal; reverse referendum. (a) A municipality may impose a fee under subdivision 1 to raise revenue beyond what is needed to defray increased municipal costs due to utility operations for up to a five-year period, following the procedures in this subdivision.

(b) The municipality must include in its ordinance or license, permit, or franchise agreement with the public utility what constitutes a cost to the city.

(c) The municipality must identify in its ordinance or license, permit, or franchise agreement the uses of the portion of the fee that is for purposes other than to defray city costs. The municipality must publish a notice that explains:

(1) the fee and its intended uses;

(2) that the public utility is likely to pass the fee on to customers and how much that may increase customers' utility bills;

(3) that alternatives to the revenue-raising portion of the fee are to raise the revenue from another source available to the municipality or forego planned uses of the revenue; and

(4) what revenue raised from another source will cost those paying it.

The notice must be published at least once each week for two consecutive weeks in the official publication of the municipality and must remain posted on the municipality's Web site throughout the notice period. The notice must also be sent to all affected ratepayers by either first class mail by the municipality or by including the notice in the affected ratepayers' billings.

(d) Following publication and before imposing the fee, the municipality must provide an opportunity at its next regular meeting for public comment relating to the issue. No sooner than 90 days after the public comment opportunity, the municipality may proceed with imposing the fee, unless a petition is filed as provided in paragraph (e).

(e) Within 90 days after the meeting held by the municipality at which public comment was accepted, a petition requesting a referendum may be filed with the chief clerical officer of the municipality. The petition must be signed by at least five percent of the registered voters in the municipality. The petition must meet the requirements of the secretary of state, as provided in section 204B.071, and any rules adopted to implement that section. If the



petition is sufficient, the question of whether the municipality may impose a fee that raises revenue as provided in subdivision 1 must be placed on the ballot at the next general election. If a majority of the voters voting on the question votes in favor of using the fee to raise revenue, the municipality may proceed with imposing the fee.

(f) If a license, permit, right, or franchise agreement is entered into or renewed before August 1, 2017, and by its terms and the ordinance authorizing it, will be in effect after August 1, 2022, the municipality must follow the procedures in this subdivision to provide notice, a public hearing, and opportunity for a petition for a referendum by August 1, 2022.

(g) Except as provided in paragraph (f), this subdivision applies to a license, permit, right, or franchise agreement entered into or renewed on or after August 1, 2017.

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

**Sec. 5. [222.271] PASSENGER RAIL PROJECTS; ENVIRONMENTAL INSURANCE REQUIRED.**

Subdivision 1. **Scope.** (a) This section applies to any person that seeks a federal or state permit or other formal legal authorization to construct or operate a passenger rail project with an estimated capital cost exceeding \$1,000,000,000.

(b) This section does not apply to a person whose only action within the scope of paragraph (a) is an application for a building permit.

Subd. 2. **Definitions.** (a) For purposes of this section, unless the context clearly indicates otherwise, the following definitions apply.

(b) "Commissioner" means the commissioner of the Pollution Control Agency.

(c) "Insurance" means a commercial insurance policy, a security bond, or an equivalent guarantee that provides assurance of the project's ability to pay claims for any liability under chapter 115B or similar provisions of common law or federal law resulting from construction or operation of the passenger rail project.

(d) "Passenger rail project" or "project" means a railroad or a line or lines of a railway located within or partly within Minnesota intended to provide passenger service, regardless of whether freight service is also provided, by a common carrier other than a federal or state government unit, a political subdivision of the state, or the National Railroad Passenger Corporation created under the Rail Passenger Service Act of 1970, Public Law 91-518.

(e) "Person" includes a corporation, limited liability company, partnership, other entity, or an individual.

170.1 Subd. 3. **Environmental insurance required.** (a) Any person subject to this section  
170.2 must obtain and maintain insurance that is adequate to cover potential claims and meets the  
170.3 other requirements of this section, as approved by the commissioner under paragraph (b).  
170.4 The insurance must not contain dollar limits on liability, or if it does contain a dollar limit  
170.5 the limit must be not less than a reasonable estimate of the potential exposure of the project  
170.6 for environmental remediation or impairment damages. Any dollar limit must be adjusted  
170.7 if the scope, size, or cost of the project increases materially. The insurance must cover any  
170.8 liability incurred during and after the construction and operation of the project and must  
170.9 not contain exclusions, limitations, or other restrictions that are not standard in comprehensive  
170.10 environmental remediation insurance or in environmental impairment insurance, as  
170.11 applicable.

170.12 (b) In order to satisfy the requirements of this section, the commissioner must determine  
170.13 that the insurance is adequate and that it meets the other requirements of this section. The  
170.14 commissioner may require that the project provide any supporting documentation to  
170.15 determine that insurance is adequate and meets the other requirements of this section and  
170.16 that the project has the financial ability to maintain insurance during the project's operations.

170.17 **EFFECTIVE DATE.** This section is effective for passenger rail projects for which  
170.18 application for a permit or other formal legal authorization to construct is made after the  
170.19 day following final enactment.

170.20 Sec. 6. Minnesota Statutes 2016, section 270A.03, subdivision 7, is amended to read:

170.21 Subd. 7. **Refund.** "Refund" means an individual income tax refund ~~or political~~  
170.22 ~~contribution refund~~, pursuant to chapter 290, ~~or~~ a property tax credit or refund, pursuant to  
170.23 chapter 290A, or a sustainable forest payment to a claimant under chapter 290C.

170.24 For purposes of this chapter, lottery prizes, as set forth in section 349A.08, subdivision  
170.25 8, and amounts granted to persons by the legislature on the recommendation of the joint  
170.26 senate-house of representatives Subcommittee on Claims shall be treated as refunds.

170.27 In the case of a joint property tax refund payable to spouses under chapter 290A, the  
170.28 refund shall be considered as belonging to each spouse in the proportion of the total refund  
170.29 that equals each spouse's proportion of the total income determined under section 290A.03,  
170.30 subdivision 3. In the case of a joint income tax refund under chapter 289A, the refund shall  
170.31 be considered as belonging to each spouse in the proportion of the total refund that equals  
170.32 each spouse's proportion of the total taxable income determined under section 290.01,  
170.33 subdivision 29. The commissioner shall remit the entire refund to the claimant agency,  
170.34 which shall, upon the request of the spouse who does not owe the debt, determine the amount

of the refund belonging to that spouse and refund the amount to that spouse. For court fines, fees, and surcharges and court-ordered restitution under section 611A.04, subdivision 2, the notice provided by the commissioner of revenue under section 270A.07, subdivision 2, paragraph (b), serves as the appropriate legal notice to the spouse who does not owe the debt.

**EFFECTIVE DATE.** This section is effective for political contribution refund claims based on contributions made on or after July 1, 2017.

Sec. 7. Minnesota Statutes 2016, section 287.08, is amended to read:

**287.08 TAX, HOW PAYABLE; RECEIPTS.**

(a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of any county in this state in which the real property or some part is located at or before the time of filing the mortgage for record. The treasurer shall endorse receipt on the mortgage and the receipt is conclusive proof that the tax has been paid in the amount stated and authorizes any county recorder or registrar of titles to record the mortgage. Its form, in substance, shall be "registration tax hereon of ..... dollars paid." If the mortgage is exempt from taxation the endorsement shall, in substance, be "exempt from registration tax." In either case the receipt must be signed by the treasurer. In case the treasurer is unable to determine whether a claim of exemption should be allowed, the tax must be paid as in the case of a taxable mortgage. For documents submitted electronically, the endorsements and tax amount shall be affixed electronically and no signature by the treasurer will be required. The actual payment method must be arranged in advance between the submitter and the receiving county.

(b) The county treasurer may refund in whole or in part any mortgage registry tax overpayment if a written application by the taxpayer is submitted to the county treasurer within 3-1/2 years from the date of the overpayment. If the county has not issued a denial of the application, the taxpayer may bring an action in Tax Court in the county in which the tax was paid at any time after the expiration of six months from the time that the application was submitted. A denial of refund may be appealed within 60 days from the date of the denial by bringing an action in Tax Court in the county in which the tax was paid. The action is commenced by the serving of a petition for relief on the county treasurer, and by filing a copy with the court. The county attorney shall defend the action. The county treasurer shall notify the treasurer of each county that has or would receive a portion of the tax as paid.

(c) If the county treasurer determines a refund should be paid, or if a refund is ordered by the court, the county treasurer of each county that actually received a portion of the tax shall immediately pay a proportionate share of three percent of the refund using any available county funds. The county treasurer of each county that received, or would have received, a portion of the tax shall also pay their county's proportionate share of the remaining 97 percent of the court-ordered refund on or before the 20th day of the following month using solely the mortgage registry tax funds that would be paid to the commissioner of revenue on that date under section 287.12. If the funds on hand under this procedure are insufficient to fully fund 97 percent of the court-ordered refund, the county treasurer of the county in which the action was brought shall file a claim with the commissioner of revenue under section 16A.48 for the remaining portion of 97 percent of the refund, and shall pay over the remaining portion upon receipt of a warrant from the state issued pursuant to the claim.

(d) When any mortgage covers real property located in more than one county in this state the total tax must be paid to the treasurer of the county where the mortgage is first presented for recording, and the payment must be receipted as provided in paragraph (a). If the principal debt or obligation secured by such a multiple county mortgage exceeds \$10,000,000, the tax collected shall be forwarded by the county treasurer receiving it to the commissioner of revenue and the nonstate portion of the tax must be divided and paid over by the county treasurer receiving it commissioner of revenue, on or before the 20th day of each month after receipt, to the county or counties entitled in the ratio that the estimated market value of the real property covered by the mortgage in each county bears to the estimated market value of all the real property in this state described in the mortgage. In making the division and payment ~~the county treasurer~~ commissioner of revenue shall send a statement giving the description of the real property described in the mortgage and the estimated market value of the part located in each county. For this purpose, ~~the treasurer of any county~~ commissioner of revenue may require the treasurer of any ~~other~~ county to certify to the former the estimated market value of any tract of real property in any mortgage in the county.

(e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The mortgagee may undertake to collect and remit the tax on behalf of the mortgagor. If the mortgagee collects money from the mortgagor to remit the tax on behalf of the mortgagor, the mortgagee has a fiduciary duty to remit the tax on behalf of the mortgagor as to the amount of the tax collected for that purpose and the mortgagor is relieved of any further obligation to pay the tax as to the amount collected by the mortgagee for this purpose.

**EFFECTIVE DATE.** This section is effective for tax collected after June 30, 2017.

173.1 Sec. 8. Minnesota Statutes 2016, section 289A.50, subdivision 1, is amended to read:

173.2 Subdivision 1. **General right to refund.** (a) Subject to the requirements of this section  
173.3 and section 289A.40, a taxpayer who has paid a tax in excess of the taxes lawfully due and  
173.4 who files a written claim for refund will be refunded or credited the overpayment of the tax  
173.5 determined by the commissioner to be erroneously paid.

173.6 (b) The claim must specify the name of the taxpayer, the date when and the period for  
173.7 which the tax was paid, the kind of tax paid, the amount of the tax that the taxpayer claims  
173.8 was erroneously paid, the grounds on which a refund is claimed, and other information  
173.9 relative to the payment and in the form required by the commissioner. An income tax, estate  
173.10 tax, or corporate franchise tax return, or amended return claiming an overpayment constitutes  
173.11 a claim for refund.

173.12 (c) When, in the course of an examination, and within the time for requesting a refund,  
173.13 the commissioner determines that there has been an overpayment of tax, the commissioner  
173.14 shall refund or credit the overpayment to the taxpayer and no demand is necessary. If the  
173.15 overpayment exceeds \$1, the amount of the overpayment must be refunded to the taxpayer.  
173.16 If the amount of the overpayment is less than \$1, the commissioner is not required to refund.  
173.17 In these situations, the commissioner does not have to make written findings or serve notice  
173.18 by mail to the taxpayer.

173.19 (d) If the amount allowable as a credit for withholding, estimated taxes, or dependent  
173.20 care exceeds the tax against which the credit is allowable, the amount of the excess is  
173.21 considered an overpayment. ~~The refund allowed by section 290.06, subdivision 23, is also~~  
173.22 ~~considered an overpayment.~~ The requirements of section 270C.33 do not apply to the  
173.23 refunding of such an overpayment shown on the original return filed by a taxpayer.

173.24 (e) If the entertainment tax withheld at the source exceeds by \$1 or more the taxes,  
173.25 penalties, and interest reported in the return of the entertainment entity or imposed by section  
173.26 290.9201, the excess must be refunded to the entertainment entity. If the excess is less than  
173.27 \$1, the commissioner need not refund that amount.

173.28 (f) If the surety deposit required for a construction contract exceeds the liability of the  
173.29 out-of-state contractor, the commissioner shall refund the difference to the contractor.

173.30 (g) An action of the commissioner in refunding the amount of the overpayment does not  
173.31 constitute a determination of the correctness of the return of the taxpayer.

173.32 (h) There is appropriated from the general fund to the commissioner of revenue the  
173.33 amount necessary to pay refunds allowed under this section.

174.1 **EFFECTIVE DATE.** This section is effective for political contribution refund claims  
174.2 based on contributions made on or after July 1, 2017.

174.3 Sec. 9. Minnesota Statutes 2016, section 290.01, subdivision 6, is amended to read:

174.4 Subd. 6. **Taxpayer.** The term "taxpayer" means any person or corporation subject to a  
174.5 tax imposed by this chapter. ~~For purposes of section 290.06, subdivision 23, the term~~  
174.6 ~~"taxpayer" means an individual eligible to vote in Minnesota under section 201.014.~~

174.7 **EFFECTIVE DATE.** This section is effective for political contribution refund claims  
174.8 based on contributions made on or after July 1, 2017.

174.9 Sec. 10. Minnesota Statutes 2016, section 298.225, subdivision 1, is amended to read:

174.10 Subdivision 1. **Guaranteed distribution.** (a) Except as provided under paragraph (c),  
174.11 the distribution of the taconite production tax as provided in section 298.28, subdivisions  
174.12 3 to 5, 6, paragraph (b), 7, and 8, shall equal the lesser of the following amounts:

174.13 (1) the amount distributed pursuant to this section and section 298.28, with respect to  
174.14 1983 production if the production for the year prior to the distribution year is no less than  
174.15 42,000,000 taxable tons. If the production is less than 42,000,000 taxable tons, the amount  
174.16 of the distributions shall be reduced proportionately at the rate of two percent for each  
174.17 1,000,000 tons, or part of 1,000,000 tons by which the production is less than 42,000,000  
174.18 tons; or

174.19 (2)(i) for the distributions made pursuant to section 298.28, subdivisions 4, paragraphs  
174.20 (b) and (c), and 6, paragraph (c), 31.2 percent of the amount distributed pursuant to this  
174.21 section and section 298.28, with respect to 1983 production;

174.22 (ii) for the distributions made pursuant to section 298.28, subdivision 5, paragraphs (b)  
174.23 and (d), 75 percent of the amount distributed pursuant to this section and section 298.28,  
174.24 with respect to 1983 production provided that the aid guarantee for distributions under  
174.25 section 298.28, subdivision 5, paragraph (b), shall be reduced by five cents per taxable ton  
174.26 for production years 2014 and thereafter.

174.27 (b) The distribution of the taconite production tax as provided in section 298.28,  
174.28 subdivision 2, shall equal the following amount:

174.29 (1) if the production for the year prior to the distribution year is at least 42,000,000  
174.30 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect  
174.31 to 1999 production; or

(2) if the production for the year prior to the distribution year is less than 42,000,000 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect to 1999 production, reduced proportionately at the rate of two percent for each 1,000,000 tons or part of 1,000,000 tons by which the production is less than 42,000,000 tons.

(c) The distribution of the taconite production tax under section 298.28, subdivision 3, paragraph (a), guaranteed under this section is equal to the amount distributed under section 298.28, with respect to 1983 production.

**EFFECTIVE DATE.** This section is effective for distributions in 2018 and thereafter.

Sec. 11. Minnesota Statutes 2016, section 298.28, subdivision 3, is amended to read:

Subd. 3. **Cities; towns.** (a) 12.5 cents per taxable ton, less any amount distributed under subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid account to be distributed as provided in section 298.282. The amount allocated to the taconite municipal aid account must be annually increased in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

(b) An amount must be allocated to towns or cities that is annually certified by the county auditor of a county containing a taconite tax relief area as defined in section 273.134, paragraph (b), within which there is (1) an organized township if, as of January 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city consists of iron ore.

(c) The amount allocated under paragraph (b) will be the portion of a township's or city's certified levy equal to the proportion of (1) the difference between 50 percent of January 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980, assessed value in the case of a city and its current assessed value to (2) the sum of its current assessed value plus the difference determined in (1), provided that the amount distributed shall not exceed \$55 per capita in the case of a township or \$75 per capita in the case of a city. For purposes of this limitation, population will be determined according to the 1980 decennial census conducted by the United States Bureau of the Census. If the current assessed value of the township exceeds 50 percent of the township's January 2, 1982, assessed value, or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980, assessed value, this paragraph shall not apply. For purposes of this paragraph, "assessed value," when used in reference to years other than 1980 or 1982, means the appropriate net tax capacities multiplied by 10.2.

(d) In addition to other distributions under this subdivision, three cents per taxable ton for distributions in 2009 must be allocated for distribution to towns that are entirely located within the taconite tax relief area defined in section 273.134, paragraph (b). For distribution in 2010 through 2014 and for distribution in 2018 and subsequent years, the three-cent amount must be annually increased in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount available under this paragraph will be distributed to eligible towns on a per capita basis, provided that no town may receive more than \$50,000 in any year under this paragraph. Any amount of the distribution that exceeds the \$50,000 limitation for a town under this paragraph must be redistributed on a per capita basis among the other eligible towns, to whose distributions do not exceed \$50,000.

**EFFECTIVE DATE.** This section is effective for distributions in 2018 and thereafter.

**Sec. 12. [459.36] NO SPENDING OF PUBLIC MONEY FOR CERTAIN RAIL PROJECTS.**

(a) Except as provided in paragraph (b), a governmental unit must not spend or use any money for any costs related to studying the feasibility of, planning for, designing, engineering, acquiring property or constructing facilities for or related to, or development or operation of intercity or interregional passenger rail facilities or operations between the city of Rochester, or locations in its metropolitan area, and any location in the metropolitan area, as defined in section 473.121, subdivision 2.

(b) The restrictions under this section do not apply to:

(1) funds the governmental unit obtains from contributions, grants, or other voluntary payments made by nongovernmental entities from private sources; and

(2) expenditures for costs of public infrastructure, including public utilities, parking facilities, a multimode transit hub, or similar projects located within the area of the development district, as defined under section 469.40, and reflected in the development plan adopted before the enactment of this section, that are intended to serve, and that are made following the completed construction and commencement of operation of privately financed and operated intercity or interregional passenger rail facilities.

(c) For purposes of this section, "governmental unit" means any of the following, located in development regions 10 and 11, as designated under section 462.385, subdivision 1:

(1) statutory or home rule charter city;

(2) county;



177.1 (3) special taxing district, as defined in section 275.066;

177.2 (4) metropolitan planning organization; or

177.3 (5) destination medical center entity, which includes the Destination Medical Center

177.4 Corporation and agency, as those terms are defined in section 469.40, and any successor or

177.5 related entity.

177.6 **EFFECTIVE DATE.** This section is effective the day following final enactment without

177.7 local approval under Minnesota Statutes, section 645.023, subdivision 1, clause (c).

177.8 Sec. 13. Minnesota Statutes 2016, section 462.353, subdivision 4, is amended to read:

177.9 Subd. 4. **Fees.** (a) A municipality may prescribe fees sufficient to defray the costs incurred  
177.10 by it in reviewing, investigating, and administering an application for an amendment to an  
177.11 official control established pursuant to sections 462.351 to 462.364 or an application for a  
177.12 permit or other approval required under an official control established pursuant to those  
177.13 sections. Except as provided in subdivision 4a, fees as prescribed must be by ordinance.  
177.14 Fees must be fair, reasonable, and proportionate and have a nexus to the actual cost of the  
177.15 service for which the fee is imposed.

177.16 (b) A municipality must adopt management and accounting procedures to ensure that  
177.17 fees are maintained and used only for the purpose for which they are collected. Upon request,  
177.18 a municipality must explain the basis of its fees.

177.19 (c) Except as provided in this paragraph, a fee ordinance or amendment to a fee ordinance  
177.20 is effective January 1 after its adoption. A municipality may adopt a fee ordinance or an  
177.21 amendment to a fee ordinance with an effective date other than the next January 1, but the  
177.22 ordinance or amendment does not apply if an application for final approval has been  
177.23 submitted to the municipality.

177.24 (d) If a dispute arises over a specific fee imposed by a municipality related to a specific  
177.25 application, the person aggrieved by the fee may appeal under section 462.361, provided  
177.26 that the appeal must be brought within 60 days after approval of an application under this  
177.27 section and deposit of the fee into escrow. A municipality must not condition the approval  
177.28 of any proposed subdivision or development on an agreement to waive the right to challenge  
177.29 the validity of a fee. An approved application may proceed as if the fee had been paid,  
177.30 pending a decision on the appeal. This paragraph must not be construed to preclude the  
177.31 municipality from conditioning approval of any proposed subdivision or development on  
177.32 an agreement to waive a challenge to the cost associated with municipally installed  
177.33 improvements of the type described in section 429.021.

(e) A municipality may not impose a fee to review or investigate a use if the use is allowed without any permit, approval, or amendment to an official control. This limitation does not apply to a fee for a review or investigation:

(1) of compliance with health and safety requirements; or

(2) that results in finding a violation, unless the finding is overturned on appeal or a penalty, fine, or other charge is imposed for the violation.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to fees imposed on or after that date.

Sec. 14. **[473.1467] NO SPENDING FOR CERTAIN RAIL PROJECTS.**

(a) Except as provided in paragraph (b), the council must not spend or use any money for any costs related to studying the feasibility of, planning for, designing, engineering, acquiring property or constructing facilities for or related to, or development or operation of intercity or interregional passenger rail facilities or operations between the city of Rochester or locations in its metropolitan area and any location in the metropolitan area, as defined in section 473.121, subdivision 2.

(b) The restrictions under this section do not apply to funds the council obtains from contributions, grants, or other voluntary payments made by nongovernmental entities from private sources.

**EFFECTIVE DATE; APPLICATION.** This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 15. **CLARIFYING AUTHORITY TO USE PREVIOUSLY DISTRIBUTED TACONITE TAX PROCEEDS.**

The commissioner of Iron Range resources and rehabilitation may use unspent amounts allocated under Minnesota Statutes 2014, section 298.2961, subdivision 5, clause (19), remaining as of May 22, 2016, for the specific purposes identified in that section. Notwithstanding Minnesota Statutes, section 298.28, subdivision 11, paragraph (a), or any other law to the contrary, interest accrued on this amount shall also be distributed to the recipient. Amounts under this section are available until expended and do not lapse or cancel under Minnesota Statutes, section 16A.28.

**EFFECTIVE DATE.** This section is effective retroactively from May 22, 2016.

179.1     Sec. 16. **CITY OF TAYLORS FALLS; DEVELOPMENT ZONE.**

179.2         Subdivision 1. **Authorization.** The governing body of the city of Taylors Falls may  
179.3 designate all or any part of the city as a development zone under Minnesota Statutes, section  
179.4 469.1731.

179.5         Subd. 2. **Application of general law.** (a) Minnesota Statutes, sections 469.1731 to  
179.6 469.1735, apply to the development zones designated under this section. The governing  
179.7 body of the city may exercise the powers granted under Minnesota Statutes, sections 469.1731  
179.8 to 469.1735, including powers that apply outside of the zones.

179.9         (b) The allocation under subdivision 3 for purposes of Minnesota Statutes, section  
179.10 469.1735, subdivision 2, is appropriated to the commissioner of revenue.

179.11         Subd. 3. **Allocation of state tax reductions.** (a) The cumulative total amount of the  
179.12 state portion of the tax reductions for all years of the program under Minnesota Statutes,  
179.13 sections 469.1731 to 469.1735, for the city of Taylors Falls, is limited to \$100,000. To  
179.14 provide the authority under this section, the amount of the allocation for border cities under  
179.15 Minnesota Statutes, section 469.169, in this act is reduced by \$100,000.

179.16         (b) This allocation may be used for tax reductions provided in Minnesota Statutes, section  
179.17 469.1732 or 469.1734, or for reimbursements under Minnesota Statutes, section 469.1735,  
179.18 subdivision 3, but only if the governing body of the city of Taylors Falls determines that  
179.19 the tax reduction or offset is necessary to enable a business to expand within the city or to  
179.20 attract a business to the city.

179.21         (c) The commissioner of revenue may waive the limit under this subdivision using the  
179.22 same rules and standards provided in Minnesota Statutes, section 469.169, subdivision 12,  
179.23 paragraph (b).

179.24         **EFFECTIVE DATE.** This section is effective July 1, 2017, and does not require local  
179.25 approval pursuant to Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

179.26     Sec. 17. **REPEALER.**

179.27         (a) Minnesota Statutes 2016, sections 10A.322, subdivision 4; 13.4967, subdivision 2;  
179.28 and 290.06, subdivision 23, and Minnesota Rules, part 4503.1400, subpart 4, are repealed.

179.29         (b) Minnesota Statutes 2016, section 477A.20, is repealed.

179.30         **EFFECTIVE DATE.** Paragraph (a) is effective for contributions made after June 30,  
179.31 2017, and refund claims filed after June 30, 2017. Paragraph (b) is effective the day following  
179.32 final enactment.