

1.1 CONFERENCE COMMITTEE REPORT ON H. F. No. 42

1.2 A bill for an act

1.3 relating to the financing and operation of state and local government; making  
1.4 changes to individual income, corporate franchise, property, aids, credits,  
1.5 payments, refunds, sales and use, tax increment financing, aggregate material,  
1.6 minerals, local, and other taxes and tax-related provisions; making changes to the  
1.7 green acres and rural preserve programs; authorizing border city development  
1.8 zone powers and local taxes; extending levy limits; modifying regional  
1.9 railroad authority provisions; repealing sustainable forest resource management  
1.10 incentive; authorizing grants to local governments for cooperation, consolidation,  
1.11 and service innovation; providing a science and technology program; reducing  
1.12 certain income rates; allowing capital equipment exemption at time of purchase;  
1.13 directing commissioner of revenue to negotiate a reciprocity agreement with  
1.14 state of Wisconsin and permitting its termination only by law; requiring studies;  
1.15 requiring reports; canceling amounts in the cash flow account; appropriating  
1.16 money; amending Minnesota Statutes 2010, sections 97A.061, subdivisions  
1.17 1, 3; 126C.01, subdivision 3; 270A.03, subdivision 7; 270B.12, by adding a  
1.18 subdivision; 270C.13, subdivision 1; 272.02, by adding a subdivision; 273.111,  
1.19 subdivision 9, by adding a subdivision; 273.114, subdivisions 2, 5, 6; 273.121,  
1.20 subdivision 1; 273.13, subdivisions 21b, 25, 34; 273.1384, subdivisions 1, 3,  
1.21 4; 273.1393; 273.1398, subdivision 3; 275.025, subdivisions 1, 3, 4; 275.066;  
1.22 275.08, subdivisions 1a, 1d; 275.70, subdivision 5; 275.71, subdivisions 2,  
1.23 4, 5; 276.04, subdivision 2; 279.01, subdivision 1; 289A.20, subdivision 4;  
1.24 289A.50, subdivision 1; 290.01, subdivisions 6, 19b; 290.06, subdivision 2c;  
1.25 290.068, subdivision 1; 290.081; 290.091, subdivision 2; 290A.03, subdivisions  
1.26 11, 13; 297A.61, subdivision 3; 297A.62, by adding a subdivision; 297A.63,  
1.27 by adding a subdivision; 297A.668, subdivision 7, by adding a subdivision;  
1.28 297A.68, subdivision 5; 297A.70, subdivision 3; 297A.75; 297A.99, subdivision  
1.29 1; 298.01, subdivision 3; 298.015, subdivision 1; 298.018, subdivision 1;  
1.30 298.28, subdivision 3; 298.75, by adding a subdivision; 398A.04, subdivision  
1.31 8; 398A.07, subdivision 2; 469.1763, subdivision 2; 473.757, subdivisions 2,  
1.32 11; 477A.011, by adding a subdivision; 477A.0124, by adding a subdivision;  
1.33 477A.013, subdivisions 8, 9, by adding a subdivision; 477A.03; 477A.11,  
1.34 subdivision 1; 477A.12, subdivision 1; 477A.14, subdivision 1; 477A.17; Laws  
1.35 1996, chapter 471, article 2, section 29, subdivision 1, as amended; Laws 1998,  
1.36 chapter 389, article 8, section 43, subdivisions 3, as amended, 4, as amended,  
1.37 5, as amended; Laws 2008, chapter 366, article 7, section 19, subdivision 3;  
1.38 Laws 2010, chapter 389, article 7, section 22; proposing coding for new law in  
1.39 Minnesota Statutes, chapters 116W; 275; 373; repealing Minnesota Statutes  
1.40 2010, sections 10A.322, subdivision 4; 13.4967, subdivision 2; 273.114,  
1.41 subdivision 1; 273.1384, subdivision 6; 279.01, subdivision 4; 289A.60,  
1.42 subdivision 31; 290.06, subdivision 23; 290C.01; 290C.02; 290C.03; 290C.04;

2.1 290C.05; 290C.055; 290C.06; 290C.07; 290C.08; 290C.09; 290C.10; 290C.11;  
2.2 290C.12; 290C.13; 477A.145.

2.3 May 16, 2011

2.4 The Honorable Kurt Zellers  
2.5 Speaker of the House of Representatives

2.6 The Honorable Michelle L. Fischbach  
2.7 President of the Senate

2.8 We, the undersigned conferees for H. F. No. 42 report that we have agreed upon the  
2.9 items in dispute and recommend as follows:

2.10 That the Senate recede from its amendments and that H. F. No. 42 be further  
2.11 amended as follows:

2.12 Delete everything after the enacting clause and insert:

2.13 **"ARTICLE 1**

2.14 **INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES**

2.15 Section 1. Minnesota Statutes 2010, section 270B.12, is amended by adding a  
2.16 subdivision to read:

2.17 **Subd. 14. Wisconsin secretary of revenue; income tax reciprocity benchmark**  
2.18 **study. The commissioner may disclose return information to the secretary of revenue**  
2.19 **of the state of Wisconsin for the purpose of conducting a joint individual income tax**  
2.20 **reciprocity study.**

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

2.22 Sec. 2. Minnesota Statutes 2010, section 290.01, subdivision 19b, is amended to read:

2.23 Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates,  
2.24 and trusts, there shall be subtracted from federal taxable income:

2.25 (1) net interest income on obligations of any authority, commission, or  
2.26 instrumentality of the United States to the extent includable in taxable income for federal  
2.27 income tax purposes but exempt from state income tax under the laws of the United States;

2.28 (2) if included in federal taxable income, the amount of any overpayment of income  
2.29 tax to Minnesota or to any other state, for any previous taxable year, whether the amount  
2.30 is received as a refund or as a credit to another taxable year's income tax liability;

2.31 (3) the amount paid to others, less the amount used to claim the credit allowed under  
2.32 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten  
2.33 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and  
2.34 transportation of each qualifying child in attending an elementary or secondary school  
2.35 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a

3.1 resident of this state may legally fulfill the state's compulsory attendance laws, which  
3.2 is not operated for profit, and which adheres to the provisions of the Civil Rights Act  
3.3 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or  
3.4 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,  
3.5 "textbooks" includes books and other instructional materials and equipment purchased  
3.6 or leased for use in elementary and secondary schools in teaching only those subjects  
3.7 legally and commonly taught in public elementary and secondary schools in this state.  
3.8 Equipment expenses qualifying for deduction includes expenses as defined and limited in  
3.9 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional  
3.10 books and materials used in the teaching of religious tenets, doctrines, or worship, the  
3.11 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books  
3.12 or materials for, or transportation to, extracurricular activities including sporting events,  
3.13 musical or dramatic events, speech activities, driver's education, or similar programs. No  
3.14 deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or  
3.15 the qualifying child's vehicle to provide such transportation for a qualifying child. For  
3.16 purposes of the subtraction provided by this clause, "qualifying child" has the meaning  
3.17 given in section 32(c)(3) of the Internal Revenue Code;

3.18 (4) income as provided under section 290.0802;

3.19 (5) to the extent included in federal adjusted gross income, income realized on  
3.20 disposition of property exempt from tax under section 290.491;

3.21 (6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E)  
3.22 of the Internal Revenue Code in determining federal taxable income by an individual  
3.23 who does not itemize deductions for federal income tax purposes for the taxable year, an  
3.24 amount equal to 50 percent of the excess of charitable contributions over \$500 allowable  
3.25 as a deduction for the taxable year under section 170(a) of the Internal Revenue Code,  
3.26 under the provisions of Public Law 109-1 and Public Law 111-126;

3.27 (7) for individuals who are allowed a federal foreign tax credit for taxes that do not  
3.28 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover  
3.29 of subnational foreign taxes for the taxable year, but not to exceed the total subnational  
3.30 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,  
3.31 "federal foreign tax credit" means the credit allowed under section 27 of the Internal  
3.32 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed  
3.33 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to  
3.34 the extent they exceed the federal foreign tax credit;

3.35 (8) in each of the five tax years immediately following the tax year in which an  
3.36 addition is required under subdivision 19a, clause (7), or 19c, clause (15), in the case

4.1 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth  
4.2 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means  
4.3 the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or  
4.4 subdivision 19c, clause (15), in the case of a shareholder of an S corporation, minus the  
4.5 positive value of any net operating loss under section 172 of the Internal Revenue Code  
4.6 generated for the tax year of the addition. The resulting delayed depreciation cannot be  
4.7 less than zero;

4.8 (9) job opportunity building zone income as provided under section 469.316;

4.9 (10) to the extent included in federal taxable income, the amount of compensation  
4.10 paid to members of the Minnesota National Guard or other reserve components of the  
4.11 United States military for active service performed in Minnesota, excluding compensation  
4.12 for services performed under the Active Guard Reserve (AGR) program. For purposes of  
4.13 this clause, "active service" means (i) state active service as defined in section 190.05,  
4.14 subdivision 5a, clause (1); (ii) federally funded state active service as defined in section  
4.15 190.05, subdivision 5b; or (iii) federal active service as defined in section 190.05,  
4.16 subdivision 5c, but "active service" excludes service performed in accordance with section  
4.17 190.08, subdivision 3;

4.18 (11) to the extent included in federal taxable income, the amount of compensation  
4.19 paid to Minnesota residents who are members of the armed forces of the United States or  
4.20 United Nations for active duty performed outside Minnesota under United States Code,  
4.21 title 10, section 101(d); United States Code, title 32, section 101(12); or the authority of  
4.22 the United Nations;

4.23 (12) an amount, not to exceed \$10,000, equal to qualified expenses related to a  
4.24 qualified donor's donation, while living, of one or more of the qualified donor's organs  
4.25 to another person for human organ transplantation. For purposes of this clause, "organ"  
4.26 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;  
4.27 "human organ transplantation" means the medical procedure by which transfer of a human  
4.28 organ is made from the body of one person to the body of another person; "qualified  
4.29 expenses" means unreimbursed expenses for both the individual and the qualified donor  
4.30 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses  
4.31 may be subtracted under this clause only once; and "qualified donor" means the individual  
4.32 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An  
4.33 individual may claim the subtraction in this clause for each instance of organ donation for  
4.34 transplantation during the taxable year in which the qualified expenses occur;

4.35 (13) in each of the five tax years immediately following the tax year in which an  
4.36 addition is required under subdivision 19a, clause (8), or 19c, clause (16), in the case of a

5.1 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the  
5.2 addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (16), in the  
5.3 case of a shareholder of a corporation that is an S corporation, minus the positive value of  
5.4 any net operating loss under section 172 of the Internal Revenue Code generated for the  
5.5 tax year of the addition. If the net operating loss exceeds the addition for the tax year, a  
5.6 subtraction is not allowed under this clause;

5.7 (14) to the extent included in federal taxable income, compensation paid to a service  
5.8 member as defined in United States Code, title 10, section 101(a)(5), for military service  
5.9 as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section 101(2);

5.10 (15) international economic development zone income as provided under section  
5.11 469.325;

5.12 (16) to the extent included in federal taxable income, the amount of national service  
5.13 educational awards received from the National Service Trust under United States Code,  
5.14 title 42, sections 12601 to 12604, for service in an approved Americorps National Service  
5.15 program; ~~and~~

5.16 (17) to the extent included in federal taxable income, discharge of indebtedness  
5.17 income resulting from reacquisition of business indebtedness included in federal taxable  
5.18 income under section 108(i) of the Internal Revenue Code. This subtraction applies only  
5.19 to the extent that the income was included in net income in a prior year as a result of the  
5.20 addition under section 290.01, subdivision 19a, clause (16);~~2~~

5.21 (18) to the extent not deducted in computing federal taxable income, charitable  
5.22 contributions of food inventory as determined under the provisions of section 170(e)(3)(C)  
5.23 of the Internal Revenue Code, determined without regard to the termination date under  
5.24 section 170(e)(3)(C)(iv); and

5.25 (19) to the extent included in federal taxable income, 55 percent of compensation  
5.26 received from a pension or other retirement pay from the federal government for service  
5.27 in the military, as computed under United States Code, title 10, sections 1401 to 1414,  
5.28 1447 to 1455, and 12733.

5.29 **EFFECTIVE DATE.** Clause (18) is effective for taxable years beginning after  
5.30 December 31, 2010. Clause (19) is effective for taxable years beginning after December  
5.31 31, 2012.

5.32 Sec. 3. Minnesota Statutes 2010, section 290.06, subdivision 2c, is amended to read:

5.33 Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income  
5.34 taxes imposed by this chapter upon married individuals filing joint returns and surviving

6.1 spouses as defined in section 2(a) of the Internal Revenue Code must be computed by  
6.2 applying to their taxable net income the following schedule of rates:

- 6.3 (1) On the first \$25,680, 5.35 percent;
- 6.4 (2) On all over \$25,680, but not over \$102,030, 7.05 percent;
- 6.5 (3) On all over \$102,030, 7.85 percent.

6.6 Married individuals filing separate returns, estates, and trusts must compute their  
6.7 income tax by applying the above rates to their taxable income, except that the income  
6.8 brackets will be one-half of the above amounts.

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

- 6.11 (1) On the first \$17,570, 5.35 percent;
- 6.12 (2) On all over \$17,570, but not over \$57,710, 7.05 percent;
- 6.13 (3) On all over \$57,710, 7.85 percent.

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

- 6.17 (1) On the first \$21,630, 5.35 percent;
- 6.18 (2) On all over \$21,630, but not over \$86,910, 7.05 percent;
- 6.19 (3) On all over \$86,910, 7.85 percent.

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

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

- 6.31 (1) the numerator is the individual's Minnesota source federal adjusted gross income  
6.32 as defined in section 62 of the Internal Revenue Code and increased by the additions  
6.33 required under section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12),  
6.34 (13), (16), and (17), and reduced by the Minnesota assignable portion of the subtraction  
6.35 for United States government interest under section 290.01, subdivision 19b, clause (1),  
6.36 and the subtractions under section 290.01, subdivision 19b, clauses (8), (9), (13), (14),

7.1 (15), ~~and~~ (17), (18), and (19), after applying the allocation and assignability provisions of  
7.2 section 290.081, clause (a), or 290.17; and

7.3 (2) the denominator is the individual's federal adjusted gross income as defined in  
7.4 section 62 of the Internal Revenue Code of 1986, increased by the amounts specified in  
7.5 section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12), (13), (16), and (17),  
7.6 and reduced by the amounts specified in section 290.01, subdivision 19b, clauses (1), (8),  
7.7 (9), (13), (14), (15), ~~and~~ (17), (18), and (19).

7.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
7.9 December 31, 2010, except that the new references to Minnesota Statutes, section 290.01,  
7.10 subdivision 19b, clause (19), in paragraph (e), clauses (1) and (2), are effective for taxable  
7.11 years beginning after December 31, 2012.

7.12 Sec. 4. Minnesota Statutes 2010, section 290.0674, subdivision 1, is amended to read:

7.13 Subdivision 1. **Credit allowed.** An individual is allowed a credit against the  
7.14 tax imposed by this chapter in an amount equal to 75 percent of the amount paid for  
7.15 education-related expenses for a qualifying child in kindergarten through grade 12. For  
7.16 purposes of this section, "education-related expenses" means:

7.17 (1) fees or tuition for instruction by an instructor under section 120A.22, subdivision  
7.18 10, clause (1), (2), (3), (4), or (5), or a member of the Minnesota Music Teachers  
7.19 Association, and who is not a lineal ancestor or sibling of the dependent for instruction  
7.20 outside the regular school day or school year, including tutoring, driver's education  
7.21 offered as part of school curriculum, regardless of whether it is taken from a public or  
7.22 private entity or summer camps, in grade or age appropriate curricula that supplement  
7.23 curricula and instruction available during the regular school year, that assists a dependent  
7.24 to improve knowledge of core curriculum areas or to expand knowledge and skills under  
7.25 the required academic standards under section 120B.021, subdivision 1, and the elective  
7.26 standard under section 120B.022, subdivision 1, clause (2), and that do not include the  
7.27 teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such  
7.28 tenets, doctrines, or worship;

7.29 (2) expenses for textbooks, including books and other instructional materials and  
7.30 equipment purchased or leased for use in elementary and secondary schools in teaching  
7.31 only those subjects legally and commonly taught in public elementary and secondary  
7.32 schools in this state. "Textbooks" does not include instructional books and materials  
7.33 used in the teaching of religious tenets, doctrines, or worship, the purpose of which is  
7.34 to instill such tenets, doctrines, or worship, nor does it include books or materials for

8.1 extracurricular activities including sporting events, musical or dramatic events, speech  
8.2 activities, driver's education, or similar programs;

8.3 (3) a maximum expense of \$200 per family for personal computer hardware,  
8.4 excluding single purpose processors, and educational software that assists a dependent to  
8.5 improve knowledge of core curriculum areas or to expand knowledge and skills under  
8.6 the required academic standards under section 120B.021, subdivision 1, and the elective  
8.7 standard under section 120B.022, subdivision 1, clause (2), purchased for use in the  
8.8 taxpayer's home and not used in a trade or business regardless of whether the computer is  
8.9 required by the dependent's school; and

8.10 (4) the amount paid to others for tuition and transportation of a qualifying child  
8.11 attending an elementary or secondary school situated in Minnesota, North Dakota, South  
8.12 Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's  
8.13 compulsory attendance laws, which is not operated for profit, and which adheres to the  
8.14 provisions of the Civil Rights Act of 1964 and chapter 363A.

8.15 For purposes of this section, "qualifying child" has the meaning given in section  
8.16 32(c)(3) of the Internal Revenue Code.

8.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
8.18 December 31, 2012.

8.19 Sec. 5. Minnesota Statutes 2010, section 290.068, subdivision 1, is amended to read:

8.20 Subdivision 1. **Credit allowed.** A corporation, partners in a partnership, or  
8.21 shareholders in a corporation treated as an "S" corporation under section 290.9725 are  
8.22 allowed a credit against the tax computed under this chapter for the taxable year equal to:

- 8.23 (a) ten percent of the first \$2,000,000 of the excess (if any) of  
8.24 (1) the qualified research expenses for the taxable year, over  
8.25 (2) the base amount; and  
8.26 (b) ~~2.5~~ 4.7 percent on all of such excess expenses over \$2,000,000.

8.27 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
8.28 December 31, 2013.

8.29 Sec. 6. Minnesota Statutes 2010, section 290.081, is amended to read:

8.30 **290.081 INCOME OF NONRESIDENTS, RECIPROCALITY.**

8.31 **Subdivision 1. Reciprocity with other states.** (a) The compensation received for  
8.32 the performance of personal or professional services within this state by an individual  
8.33 whose residence, place of abode, and place customarily returned to at least once a month

9.1 is in another state, shall be excluded from gross income to the extent such compensation is  
9.2 subject to an income tax imposed by the state of residence; provided that such state allows  
9.3 a similar exclusion of compensation received by residents of Minnesota for services  
9.4 performed therein.

9.5 (b) When it is deemed to be in the best interests of the people of this state, the  
9.6 commissioner may determine that the provisions of paragraph (a) shall not apply, as they  
9.7 relate to all states except Wisconsin. The provisions of paragraph (a) apply with respect  
9.8 to Wisconsin only for taxable years in which a reciprocity agreement with Wisconsin is  
9.9 in effect as provided by this section. As long as the provisions of paragraph (a) apply  
9.10 between Minnesota and Wisconsin, the provisions of paragraph (a) shall apply to any  
9.11 individual who is domiciled in Wisconsin.

9.12 (c) For the purposes of paragraph (a), whenever the Wisconsin tax on Minnesota  
9.13 residents which would have been paid Wisconsin without paragraph (a) exceeds the  
9.14 Minnesota tax on Wisconsin residents which would have been paid Minnesota without  
9.15 paragraph (a), or vice versa, then the state with the net revenue loss resulting from  
9.16 paragraph (a) must be compensated by the other state as provided in the agreement under  
9.17 paragraph (d). This provision shall be effective for all years beginning after December 31,  
9.18 1972. The data used for computing the loss to either state shall be determined on or before  
9.19 September 30 of the year following the close of the previous calendar year.

9.20 (d) Interest is payable on all amounts calculated under paragraph (c) relating to  
9.21 taxable years beginning after December 31, 2000 and before January 1, 2010. Interest  
9.22 accrues from July 1 of the taxable year.

9.23 ~~(e) The commissioner of revenue is authorized to enter into agreements~~ reciprocity  
9.24 agreement with the state of Wisconsin specifying must specify the compensation required  
9.25 under paragraph (b), the one or more reciprocity payment due date, dates for the revenue  
9.26 loss relating to each taxable year, with one or more estimated payment due dates in the  
9.27 same fiscal year in which the revenue loss occurred, and a final payment in the following  
9.28 fiscal year, conditions constituting delinquency, interest rates, and a method for computing  
9.29 interest due. Interest is payable from July 1 of the taxable year on final payments made in  
9.30 the following fiscal year. Calculation of compensation under the agreement must specify  
9.31 if the revenue loss is determined before or after the allowance of each state's credit for  
9.32 taxes paid to the other state.

9.33 ~~(e)~~ (f) If an agreement cannot be reached as to the amount of the loss, the  
9.34 commissioner of revenue and the taxing official of the state of Wisconsin shall each  
9.35 appoint a member of a board of arbitration and these members shall appoint the third  
9.36 member of the board. The board shall select one of its members as chair. Such board may

10.1 administer oaths, take testimony, subpoena witnesses, and require their attendance, require  
10.2 the production of books, papers and documents, and hold hearings at such places as are  
10.3 deemed necessary. The board shall then make a determination as to the amount to be paid  
10.4 the other state which determination shall be final and conclusive.

10.5 ~~(f)~~(g) The commissioner may furnish copies of returns, reports, or other information  
10.6 to the taxing official of the state of Wisconsin, a member of the board of arbitration, or a  
10.7 consultant under joint contract with the states of Minnesota and Wisconsin for the purpose  
10.8 of making a determination as to the amount to be paid the other state under the provisions  
10.9 of this section. Prior to the release of any information under the provisions of this section,  
10.10 the person to whom the information is to be released shall sign an agreement which  
10.11 provides that the person will protect the confidentiality of the returns and information  
10.12 revealed thereby to the extent that it is protected under the laws of the state of Minnesota.

10.13 (h) Any reciprocity agreement entered into under this section continues in effect  
10.14 until terminated by Minnesota or Wisconsin law. The commissioner may agree to modify  
10.15 the timing or method of calculating the state payments to be made under the agreement,  
10.16 consistent with the requirements of paragraphs (c) and (e), but may not terminate the  
10.17 agreement.

10.18 Subd. 2. New reciprocity agreement with Wisconsin. (a) The commissioner of  
10.19 revenue is directed to initiate negotiations with the secretary of revenue of Wisconsin,  
10.20 with the objective of entering into an income tax reciprocity agreement effective for tax  
10.21 years beginning after December 31, 2011. The agreement must satisfy the conditions of  
10.22 subdivision 1, with one or more estimated payment due dates and a final payment due  
10.23 date specified so that the state with a net revenue loss as a result of the agreement receives  
10.24 estimated payments from the other state, in the same fiscal year as that in which the net  
10.25 revenue loss occurred and a final payment with interest in the following fiscal year.

10.26 (b) The commissioner may not enter into an income tax reciprocity agreement  
10.27 with Wisconsin under this section until after Wisconsin has paid in full with interest the  
10.28 amount due to Minnesota under the income tax reciprocity agreement in effect for taxable  
10.29 years beginning before January 1, 2010.

10.30 **EFFECTIVE DATE.** Subdivision 2 is effective the day following final enactment.  
10.31 The changes to subdivision 1 are effective for taxable years beginning after December 31  
10.32 of the year of the agreement, contingent upon agreement from the state of Wisconsin to a  
10.33 reciprocity arrangement in which estimated payments are made in the same fiscal year in  
10.34 which a change in revenue occurs, and a final payment is made in the following fiscal year.

10.35 Sec. 7. Minnesota Statutes 2010, section 290.091, subdivision 2, is amended to read:

11.1 Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following  
11.2 terms have the meanings given:

11.3 (a) "Alternative minimum taxable income" means the sum of the following for  
11.4 the taxable year:

11.5 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
11.6 55(b)(2) of the Internal Revenue Code;

11.7 (2) the taxpayer's itemized deductions allowed in computing federal alternative  
11.8 minimum taxable income, but excluding:

11.9 (i) the charitable contribution deduction under section 170 of the Internal Revenue  
11.10 Code, including any additional subtraction for charitable contributions of food inventory  
11.11 under section 290.01, subdivision 19b;

11.12 (ii) the medical expense deduction;

11.13 (iii) the casualty, theft, and disaster loss deduction; and

11.14 (iv) the impairment-related work expenses of a disabled person;

11.15 (3) for depletion allowances computed under section 613A(c) of the Internal  
11.16 Revenue Code, with respect to each property (as defined in section 614 of the Internal  
11.17 Revenue Code), to the extent not included in federal alternative minimum taxable income,  
11.18 the excess of the deduction for depletion allowable under section 611 of the Internal  
11.19 Revenue Code for the taxable year over the adjusted basis of the property at the end of the  
11.20 taxable year (determined without regard to the depletion deduction for the taxable year);

11.21 (4) to the extent not included in federal alternative minimum taxable income, the  
11.22 amount of the tax preference for intangible drilling cost under section 57(a)(2) of the  
11.23 Internal Revenue Code determined without regard to subparagraph (E);

11.24 (5) to the extent not included in federal alternative minimum taxable income, the  
11.25 amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and

11.26 (6) the amount of addition required by section 290.01, subdivision 19a, clauses (7)  
11.27 to (9), (12), (13), (16), and (17);

11.28 less the sum of the amounts determined under the following:

11.29 (1) interest income as defined in section 290.01, subdivision 19b, clause (1);

11.30 (2) an overpayment of state income tax as provided by section 290.01, subdivision  
11.31 19b, clause (2), to the extent included in federal alternative minimum taxable income;

11.32 (3) the amount of investment interest paid or accrued within the taxable year on  
11.33 indebtedness to the extent that the amount does not exceed net investment income, as  
11.34 defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include  
11.35 amounts deducted in computing federal adjusted gross income; and

12.1 (4) amounts subtracted from federal taxable income as provided by section 290.01,  
12.2 subdivision 19b, clauses (6), (8) to (15), ~~and (17), and (19).~~

12.3 In the case of an estate or trust, alternative minimum taxable income must be  
12.4 computed as provided in section 59(c) of the Internal Revenue Code.

12.5 (b) "Investment interest" means investment interest as defined in section 163(d)(3)  
12.6 of the Internal Revenue Code.

12.7 (c) "Net minimum tax" means the minimum tax imposed by this section.

12.8 (d) "Regular tax" means the tax that would be imposed under this chapter (without  
12.9 regard to this section and section 290.032), reduced by the sum of the nonrefundable  
12.10 credits allowed under this chapter.

12.11 (e) "Tentative minimum tax" equals 6.4 percent of alternative minimum taxable  
12.12 income after subtracting the exemption amount determined under subdivision 3.

12.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
12.14 December 31, 2010.

12.15 Sec. 8. Minnesota Statutes 2010, section 290.191, subdivision 2, is amended to read:

12.16 Subd. 2. **Apportionment formula of general application.** ~~(a)~~ Except for those  
12.17 trades or businesses required to use a different formula under subdivision 3 or section  
12.18 290.36, and for those trades or businesses that receive permission to use some other  
12.19 method under section 290.20 or under subdivision 4, a trade or business required to  
12.20 apportion its net income must apportion its income to this state on the basis of the  
12.21 ~~percentage obtained by taking the sum of:~~

12.22 ~~(1) the percent for the sales factor under paragraph (b) of the percentage which~~  
12.23 ~~the sales made within this state in connection with the trade or business during the tax~~  
12.24 ~~period are of the total sales wherever made in connection with the trade or business during~~  
12.25 ~~the tax period;~~

12.26 ~~(2) the percent for the property factor under paragraph (b) of the percentage which~~  
12.27 ~~the total tangible property used by the taxpayer in this state in connection with the trade or~~  
12.28 ~~business during the tax period is of the total tangible property, wherever located, used by~~  
12.29 ~~the taxpayer in connection with the trade or business during the tax period; and~~

12.30 ~~(3) the percent for the payroll factor under paragraph (b) of the percentage which~~  
12.31 ~~the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor~~  
12.32 ~~performed in this state in connection with the trade or business during the tax period are~~  
12.33 ~~of the taxpayer's total payrolls paid or incurred in connection with the trade or business~~  
12.34 ~~during the tax period.~~

13.1 ~~(b) For purposes of paragraph (a) and subdivision 3, the following percentages apply~~  
 13.2 ~~for the taxable years specified:~~

13.3 Taxable years beginning	Sales factor	Property factor	Payroll factor
13.4 during calendar year	percent	percent	percent
13.5 2007	78	11	11
13.6 2008	81	9.5	9.5
13.7 2009	84	8	8
13.8 2010	87	6.5	6.5
13.9 2011	90	5	5
13.10 2012	93	3.5	3.5
13.11 2013	96	2	2
13.12 2014 and later calendar years	100	0	0

13.13 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
 13.14 December 31, 2011.

13.15 Sec. 9. Minnesota Statutes 2010, section 290.191, subdivision 3, is amended to read:

13.16 Subd. 3. **Apportionment formula for financial institutions.** Except for an  
 13.17 investment company required to apportion its income under section 290.36, a financial  
 13.18 institution that is required to apportion its net income must apportion its net income to this  
 13.19 state on the basis of the percentage ~~obtained by taking the sum of:~~

13.20 ~~(1) the percent for the sales factor under subdivision 2, paragraph (b), of the~~  
 13.21 ~~percentage which the receipts from within this state in connection with the trade or~~  
 13.22 ~~business during the tax period are of the total receipts in connection with the trade or~~  
 13.23 ~~business during the tax period, from wherever derived;~~

13.24 ~~(2) the percent for the property factor under subdivision 2, paragraph (b), of the~~  
 13.25 ~~percentage which the sum of the total tangible property used by the taxpayer in this~~  
 13.26 ~~state and the intangible property owned by the taxpayer and attributed to this state in~~  
 13.27 ~~connection with the trade or business during the tax period is of the sum of the total~~  
 13.28 ~~tangible property, wherever located, used by the taxpayer and the intangible property~~  
 13.29 ~~owned by the taxpayer and attributed to all states in connection with the trade or business~~  
 13.30 ~~during the tax period; and~~

13.31 ~~(3) the percent for the payroll factor under subdivision 2, paragraph (b), of the~~  
 13.32 ~~percentage which the taxpayer's total payrolls paid or incurred in this state or paid in~~  
 13.33 ~~respect to labor performed in this state in connection with the trade or business during~~  
 13.34 ~~the tax period are of the taxpayer's total payrolls paid or incurred in connection with~~  
 13.35 ~~the trade or business during the tax period.~~

14.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
14.2 December 31, 2011.

14.3 Sec. 10. Minnesota Statutes 2010, section 291.005, subdivision 1, is amended to read:

14.4 Subdivision 1. **Scope.** Unless the context otherwise clearly requires, the following  
14.5 terms used in this chapter shall have the following meanings:

14.6 (1) "Commissioner" means the commissioner of revenue or any person to whom the  
14.7 commissioner has delegated functions under this chapter.

14.8 (2) "Federal gross estate" means the gross estate of a decedent as required to be  
14.9 valued and otherwise determined for federal estate tax purposes under the Internal  
14.10 Revenue Code.

14.11 (3) "Internal Revenue Code" means the United States Internal Revenue Code of  
14.12 1986, as amended through March 18, 2010, but without regard to the provisions of  
14.13 sections 501 and 901 of Public Law 107-16.

14.14 (4) "Minnesota adjusted taxable estate" means federal adjusted taxable estate as  
14.15 defined by section 2011(b)(3) of the Internal Revenue Code, ~~increased by~~ plus

14.16 (i) the amount of deduction for state death taxes allowed under section 2058 of  
14.17 the Internal Revenue Code; less

14.18 (ii) (A) the value of qualified small business property under section 291.03,  
14.19 subdivision 9, and the value of qualified farm property under section 291.03, subdivision  
14.20 10, or (B) \$4,000,000, whichever is less.

14.21 (5) "Minnesota gross estate" means the federal gross estate of a decedent after (a)  
14.22 excluding therefrom any property included therein which has its situs outside Minnesota,  
14.23 and (b) including therein any property omitted from the federal gross estate which is  
14.24 includable therein, has its situs in Minnesota, and was not disclosed to federal taxing  
14.25 authorities.

14.26 (6) "Nonresident decedent" means an individual whose domicile at the time of  
14.27 death was not in Minnesota.

14.28 (7) "Personal representative" means the executor, administrator or other person  
14.29 appointed by the court to administer and dispose of the property of the decedent. If there  
14.30 is no executor, administrator or other person appointed, qualified, and acting within this  
14.31 state, then any person in actual or constructive possession of any property having a situs in  
14.32 this state which is included in the federal gross estate of the decedent shall be deemed  
14.33 to be a personal representative to the extent of the property and the Minnesota estate tax  
14.34 due with respect to the property.

15.1 (8) "Resident decedent" means an individual whose domicile at the time of death  
15.2 was in Minnesota.

15.3 (9) "Situs of property" means, with respect to real property, the state or country in  
15.4 which it is located; with respect to tangible personal property, the state or country in which  
15.5 it was normally kept or located at the time of the decedent's death; and with respect to  
15.6 intangible personal property, the state or country in which the decedent was domiciled  
15.7 at death.

15.8 **EFFECTIVE DATE.** This section is effective for decedents dying after December  
15.9 31, 2010.

15.10 Sec. 11. Minnesota Statutes 2010, section 291.03, subdivision 1, is amended to read:

15.11 Subdivision 1. **Tax amount.** (a) The tax imposed shall be an amount equal to the  
15.12 proportion of the maximum credit for state death taxes computed under section 2011  
15.13 of the Internal Revenue Code, but using Minnesota adjusted taxable estate instead of  
15.14 federal adjusted taxable estate, as the Minnesota gross estate bears to the value of the  
15.15 federal gross estate.

15.16 (b) The tax determined under this subdivision must not be greater than the sum of  
15.17 the following amounts multiplied by a fraction, the numerator of which is the Minnesota  
15.18 gross estate and the denominator of which is the federal gross estate:

15.19 (1) the rates and brackets under section 2001(c) of the Internal Revenue Code  
15.20 multiplied by the sum of:

15.21 (i) the taxable estate, as defined under section 2051 of the Internal Revenue Code;  
15.22 plus

15.23 (ii) adjusted taxable gifts, as defined in section 2001(b) of the Internal Revenue  
15.24 Code; less

15.25 (iii) the lesser of (A) the sum of the value of qualified small business property  
15.26 under subdivision 9, and the value of qualified farm property under subdivision 10,  
15.27 or (B) \$4,000,000; less

15.28 (2) the amount of tax allowed under section 2001(b)(2) of the Internal Revenue  
15.29 Code; and less

15.30 (3) the federal credit allowed under section 2010 of the Internal Revenue Code.

15.31 (c) For purposes of this subdivision, "Internal Revenue Code" means the Internal  
15.32 Revenue Code of 1986, as amended through December 31, 2000.

15.33 **EFFECTIVE DATE.** This section is effective for decedents dying after December  
15.34 31, 2010.

16.1 Sec. 12. Minnesota Statutes 2010, section 291.03, is amended by adding a subdivision  
16.2 to read:

16.3 Subd. 8. **Definitions.** (a) For purposes of this section, the following terms have the  
16.4 meanings given in this subdivision.

16.5 (b) "Family member" means a family member as defined in section 2032A(e)(2) of  
16.6 the Internal Revenue Code.

16.7 (c) "Qualified heir" means a family member who acquired qualified property from  
16.8 the decedent and satisfies the requirement under subdivision 9, clause (6), or subdivision  
16.9 10, clause (4), for the property.

16.10 (d) "Qualified property" means qualified small business property under subdivision  
16.11 9 and qualified farm property under subdivision 10.

16.12 **EFFECTIVE DATE.** This section is effective for decedents dying after December  
16.13 31, 2010.

16.14 Sec. 13. Minnesota Statutes 2010, section 291.03, is amended by adding a subdivision  
16.15 to read:

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

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

16.19 (2) The property consists of the assets of a trade or business or shares of stock or  
16.20 other ownership interests in a corporation or other entity engaged in a trade or business.

16.21 The decedent or the decedent's spouse must have materially participated in the trade or  
16.22 business within the meaning of section 469 of the Internal Revenue Code during the  
16.23 taxable year that ended before the date of the decedent's death. Shares of stock in a  
16.24 corporation or an ownership interest in another type of entity do not qualify under this  
16.25 subdivision if the shares or ownership interests are traded on a public stock exchange at  
16.26 any time during the three-year period ending on the decedent's date of death.

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

16.29 (4) The property does not consist of cash or cash equivalents. For property consisting  
16.30 of shares of stock or other ownership interests in an entity, the amount of cash or cash  
16.31 equivalents held by the corporation or other entity must be deducted from the value of  
16.32 the property qualifying under this subdivision in proportion to the decedent's share of  
16.33 ownership of the entity on the date of death.

16.34 (5) The decedent continuously owned the property for the three-year period ending  
16.35 on the date of death of the decedent.

17.1 (6) A family member continuously uses the property in the operation of the trade or  
17.2 business for three years following the date of death of the decedent.

17.3 (7) The estate and the qualified heir elect to treat the property as qualified small  
17.4 business property and agree, in the form prescribed by the commissioner, to pay the  
17.5 recapture tax under subdivision 11, if applicable.

17.6 **EFFECTIVE DATE.** This section is effective for decedents dying after December  
17.7 31, 2010.

17.8 Sec. 14. Minnesota Statutes 2010, section 291.03, is amended by adding a subdivision  
17.9 to read:

17.10 Subd. 10. **Qualified farm property.** Property satisfying all of the following  
17.11 requirements is qualified farm property:

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

17.13 (2) The property consists of a farm meeting the requirements of section 500.24,  
17.14 and was classified for property tax purposes as the homestead of the decedent or the  
17.15 decedent's spouse or both under section 273.124, and as class 2a property under section  
17.16 273.13, subdivision 23.

17.17 (3) The decedent continuously owned the property for the three-year period ending  
17.18 on the date of death of the decedent.

17.19 (4) A family member continuously uses the property in the operation of the trade or  
17.20 business for three years following the date of death of the decedent.

17.21 (5) The estate and the qualified heir elect to treat the property as qualified farm  
17.22 property and agree, in a form prescribed by the commissioner, to pay the recapture tax  
17.23 under subdivision 11, if applicable.

17.24 **EFFECTIVE DATE.** This section is effective for decedents dying after December  
17.25 31, 2010.

17.26 Sec. 15. Minnesota Statutes 2010, section 291.03, is amended by adding a subdivision  
17.27 to read:

17.28 Subd. 11. **Recapture tax.** (a) If, within three years after the decedent's death and  
17.29 before the death of the qualified heir, the qualified heir disposes of any interest in the  
17.30 qualified property, other than by a disposition to a family member, or a family member  
17.31 ceases to use the qualified property which was acquired or passed from the decedent, an  
17.32 additional estate tax is imposed on the property.

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

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

18.5 **EFFECTIVE DATE.** This section is effective for decedents dying after December  
18.6 31, 2010.

18.7 Sec. 16. **INCOME TAX RECIPROCITY BENCHMARK STUDY.**

18.8 (a) The Department of Revenue, in conjunction with the Wisconsin Department of  
18.9 Revenue, must conduct a study to determine at least the following:

18.10 (1) the number of residents of each state who earn income from personal services in  
18.11 the other state;

18.12 (2) the total amount of income earned by residents of each state who earn income  
18.13 from personal services in the other state; and

18.14 (3) the change in tax revenue in each state if an income tax reciprocity arrangement  
18.15 were resumed between the two states under which the taxpayers were required to pay  
18.16 income taxes on the income only in their state of residence.

18.17 (b) The study must be conducted as soon as practicable, using information obtained  
18.18 from each state's income tax returns for tax year 2011, and from any other source of  
18.19 information the departments determine is necessary to complete the study.

18.20 (c) No later than March 1, 2013, the Department of Revenue must submit a report  
18.21 containing the results of the study to the governor and to the chairs and ranking minority  
18.22 members of the legislative committees having jurisdiction over taxes.

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

18.24 Sec. 17. **ESTATE TAX; STUDY.**

18.25 (a) The commissioner of revenue shall conduct a study of the Minnesota estate tax.  
18.26 The study must include at least the following elements:

18.27 (1) evaluation of the estate tax using standard tax policy principles and methods of  
18.28 analysis;

18.29 (2) consideration of the implications of recent federal estate tax changes, including  
18.30 the repeal of the federal credit for state death taxes, the increase in the federal exclusion  
18.31 amount, and the portability of the federal exclusion, for state estate and inheritance taxes;

19.1 (3) consideration of the advantages and disadvantages of revenue neutral alternatives  
19.2 to the estate tax, such as an inheritance tax, a complementary gift tax, or imposition of  
19.3 the income tax on bequests; and

19.4 (4) analysis of the available empirical evidence on the effects of the present and  
19.5 alternative tax structures of a Minnesota tax on estates or inheritances on domicile and  
19.6 migration decisions of residents and the implications for state revenues.

19.7 (b) In preparing the study, the commissioner shall consult with and seek advice from  
19.8 the probate and estate section of the Minnesota State Bar Association.

19.9 (c) By February 1, 2012, the commissioner shall submit a report to the chairs and  
19.10 ranking minority members of the house of representatives and senate committees with  
19.11 jurisdiction over taxation, of the findings of the study and identification of issues for policy  
19.12 makers to consider in deciding whether to revise, reform, replace, or repeal the estate tax.

19.13 Sec. 18. **APPROPRIATIONS.**

19.14 \$291,000 in fiscal year 2012 and \$314,000 in fiscal year 2013 are appropriated from  
19.15 the general fund to the commissioner of revenue for the income reciprocity benchmark  
19.16 study required under section 16. The appropriation under this section is onetime and  
19.17 is not added to the agency's base budget.

## 19.18 **ARTICLE 2**

### 19.19 **FEDERAL UPDATE**

19.20 Section 1. Minnesota Statutes 2010, section 289A.02, subdivision 7, as amended by  
19.21 Laws 2011, chapter 8, section 1, is amended to read:

19.22 Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, ~~for taxable~~  
19.23 ~~years beginning before January 1, 2010, and after December 31, 2010,~~ "Internal Revenue  
19.24 Code" means the Internal Revenue Code of 1986, ~~as amended through March 18, 2010,~~  
19.25 ~~and for taxable years beginning after December 31, 2009, and before January 1, 2011,~~  
19.26 ~~"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through~~  
19.27 ~~December 31, 2010.~~

19.28 **EFFECTIVE DATE.** This section is effective the day following final enactment for  
19.29 taxable years beginning after December 31, 2009.

19.30 Sec. 2. Minnesota Statutes 2010, section 290.01, subdivision 19, as amended by Laws  
19.31 2011, chapter 8, section 2, is amended to read:

19.32 Subd. 19. **Net income.** The term "net income" means the federal taxable income,  
19.33 as defined in section 63 of the Internal Revenue Code of 1986, as amended through the

20.1 date named in this subdivision, incorporating the federal effective dates of changes to the  
20.2 Internal Revenue Code and any elections made by the taxpayer in accordance with the  
20.3 Internal Revenue Code in determining federal taxable income for federal income tax  
20.4 purposes, and with the modifications provided in subdivisions 19a to 19f.

20.5 In the case of a regulated investment company or a fund thereof, as defined in section  
20.6 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment  
20.7 company taxable income as defined in section 852(b)(2) of the Internal Revenue Code,  
20.8 except that:

20.9 (1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal  
20.10 Revenue Code does not apply;

20.11 (2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal  
20.12 Revenue Code must be applied by allowing a deduction for capital gain dividends and  
20.13 exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal  
20.14 Revenue Code; and

20.15 (3) the deduction for dividends paid must also be applied in the amount of any  
20.16 undistributed capital gains which the regulated investment company elects to have treated  
20.17 as provided in section 852(b)(3)(D) of the Internal Revenue Code.

20.18 The net income of a real estate investment trust as defined and limited by section  
20.19 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust  
20.20 taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

20.21 The net income of a designated settlement fund as defined in section 468B(d) of  
20.22 the Internal Revenue Code means the gross income as defined in section 468B(b) of the  
20.23 Internal Revenue Code.

20.24 The Internal Revenue Code of 1986, as amended through ~~March 18~~ December 31,  
20.25 2010, shall be in effect for taxable years beginning after December 31, 1996, ~~except~~  
20.26 ~~that for taxable years beginning after December 31, 2009, and before January 1, 2011,~~  
20.27 ~~"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through~~  
20.28 ~~December 31, 2010.~~ The provisions of the act of January 22, 2010, Public Law 111-126,  
20.29 to accelerate the benefits for charitable cash contributions for the relief of victims of the  
20.30 Haitian earthquake, are effective at the same time it became effective for federal purposes  
20.31 and apply to the subtraction under subdivision 19b, clause (6). The provisions of title II,  
20.32 section 2112, of the act of September 27, 2010, Public Law 111-240, rollovers from  
20.33 elective deferral plans to designated Roth accounts, are effective at the same time they  
20.34 became effective for federal purposes and taxable rollovers are included in net income at  
20.35 the same time they are included in gross income for federal purposes.

21.1 Except as otherwise provided, references to the Internal Revenue Code in  
21.2 subdivisions 19 to 19f mean the code in effect for purposes of determining net income for  
21.3 the applicable year.

21.4 **EFFECTIVE DATE.** This section is effective the day following final enactment,  
21.5 except that the changes incorporated by federal changes are effective at the same time as  
21.6 the changes were effective for federal purposes.

21.7 Sec. 3. Minnesota Statutes 2010, section 290.01, subdivision 19a, as amended by Laws  
21.8 2011, chapter 8, section 3, is amended to read:

21.9 Subd. 19a. **Additions to federal taxable income.** For individuals, estates, and  
21.10 trusts, there shall be added to federal taxable income:

21.11 (1)(i) interest income on obligations of any state other than Minnesota or a political  
21.12 or governmental subdivision, municipality, or governmental agency or instrumentality  
21.13 of any state other than Minnesota exempt from federal income taxes under the Internal  
21.14 Revenue Code or any other federal statute; and

21.15 (ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue  
21.16 Code, except:

21.17 (A) the portion of the exempt-interest dividends exempt from state taxation under  
21.18 the laws of the United States; and

21.19 (B) the portion of the exempt-interest dividends derived from interest income  
21.20 on obligations of the state of Minnesota or its political or governmental subdivisions,  
21.21 municipalities, governmental agencies or instrumentalities, but only if the portion of the  
21.22 exempt-interest dividends from such Minnesota sources paid to all shareholders represents  
21.23 95 percent or more of the exempt-interest dividends, including any dividends exempt  
21.24 under subitem (A), that are paid by the regulated investment company as defined in section  
21.25 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as  
21.26 defined in section 851(g) of the Internal Revenue Code, making the payment; and

21.27 (iii) for the purposes of items (i) and (ii), interest on obligations of an Indian tribal  
21.28 government described in section 7871(c) of the Internal Revenue Code shall be treated as  
21.29 interest income on obligations of the state in which the tribe is located;

21.30 (2) the amount of income, sales and use, motor vehicle sales, or excise taxes paid  
21.31 or accrued within the taxable year under this chapter and the amount of taxes based on  
21.32 net income paid, sales and use, motor vehicle sales, or excise taxes paid to any other  
21.33 state or to any province or territory of Canada, to the extent allowed as a deduction  
21.34 under section 63(d) of the Internal Revenue Code, but the addition may not be more  
21.35 than the amount by which the itemized deductions as allowed under section 63(d) of

22.1 the Internal Revenue Code exceeds the amount of the standard deduction as defined in  
22.2 section 63(c) of the Internal Revenue Code, disregarding the amounts allowed under  
22.3 sections 63(c)(1)(C) and 63(c)(1)(E) of the Internal Revenue Code. For the purpose of  
22.4 this paragraph, the disallowance of itemized deductions under section 68 of the Internal  
22.5 Revenue Code of 1986, income, sales and use, motor vehicle sales, or excise taxes are  
22.6 the last itemized deductions disallowed;

22.7 (3) the capital gain amount of a lump-sum distribution to which the special tax under  
22.8 section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law 99-514, applies;

22.9 (4) the amount of income taxes paid or accrued within the taxable year under this  
22.10 chapter and taxes based on net income paid to any other state or any province or territory  
22.11 of Canada, to the extent allowed as a deduction in determining federal adjusted gross  
22.12 income. For the purpose of this paragraph, income taxes do not include the taxes imposed  
22.13 by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729;

22.14 (5) the amount of expense, interest, or taxes disallowed pursuant to section 290.10  
22.15 other than expenses or interest used in computing net interest income for the subtraction  
22.16 allowed under subdivision 19b, clause (1);

22.17 (6) the amount of a partner's pro rata share of net income which does not flow  
22.18 through to the partner because the partnership elected to pay the tax on the income under  
22.19 section 6242(a)(2) of the Internal Revenue Code;

22.20 (7) 80 percent of the depreciation deduction allowed under section 168(k) of the  
22.21 Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that  
22.22 in the taxable year generates a deduction for depreciation under section 168(k) and the  
22.23 activity generates a loss for the taxable year that the taxpayer is not allowed to claim for  
22.24 the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is  
22.25 limited to excess of the depreciation claimed by the activity under section 168(k) over the  
22.26 amount of the loss from the activity that is not allowed in the taxable year. In succeeding  
22.27 taxable years when the losses not allowed in the taxable year are allowed, the depreciation  
22.28 under section 168(k) is allowed;

22.29 (8) 80 percent of the amount by which the deduction allowed by section 179 of the  
22.30 Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal  
22.31 Revenue Code of 1986, as amended through December 31, 2003;

22.32 (9) to the extent deducted in computing federal taxable income, the amount of the  
22.33 deduction allowable under section 199 of the Internal Revenue Code;

22.34 (10) for taxable years beginning before January 1, 2013, the exclusion allowed  
22.35 under section 139A of the Internal Revenue Code for federal subsidies for prescription  
22.36 drug plans;

- 23.1 (11) the amount of expenses disallowed under section 290.10, subdivision 2;
- 23.2 (12) for taxable years beginning before January 1, 2010, ~~and after December 31,~~
- 23.3 ~~2010~~, the amount deducted for qualified tuition and related expenses under section 222 of
- 23.4 the Internal Revenue Code, to the extent deducted from gross income;
- 23.5 (13) for taxable years beginning before January 1, 2010, ~~and after December 31,~~
- 23.6 ~~2010~~, the amount deducted for certain expenses of elementary and secondary school
- 23.7 teachers under section 62(a)(2)(D) of the Internal Revenue Code, to the extent deducted
- 23.8 from gross income;
- 23.9 (14) the additional standard deduction for property taxes payable that is allowable
- 23.10 under section 63(c)(1)(C) of the Internal Revenue Code;
- 23.11 (15) the additional standard deduction for qualified motor vehicle sales taxes
- 23.12 allowable under section 63(c)(1)(E) of the Internal Revenue Code;
- 23.13 (16) discharge of indebtedness income resulting from reacquisition of business
- 23.14 indebtedness and deferred under section 108(i) of the Internal Revenue Code; ~~and~~
- 23.15 (17) the amount of unemployment compensation exempt from tax under section
- 23.16 85(c) of the Internal Revenue Code;
- 23.17 (18) to the extent included in the computation of federal taxable income in taxable
- 23.18 years beginning after December 31, 2010, the amount of disallowed itemized deductions;
- 23.19 (i) The amount of disallowed itemized deductions is equal to the lesser of:
- 23.20 (A) three percent of the excess of the taxpayer's federal adjusted gross income
- 23.21 over the applicable amount; or
- 23.22 (B) 80 percent of the amount of the itemized deductions otherwise allowable to the
- 23.23 taxpayer under the Internal Revenue Code for the taxable year.
- 23.24 (ii) The term "applicable amount" means \$100,000, or \$50,000 in the case of a
- 23.25 married individual filing a separate return. Each dollar amount shall be increased by
- 23.26 an amount equal to:
- 23.27 (A) such dollar amount, multiplied by
- 23.28 (B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal
- 23.29 Revenue Code for the calendar year in which the taxable year begins, by substituting
- 23.30 "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof.
- 23.31 (iii) The term "itemized deductions" does not include:
- 23.32 (A) the deduction for medical expenses under section 213 of the Internal Revenue
- 23.33 Code;
- 23.34 (B) any deduction for investment interest as defined in section 163(d) of the Internal
- 23.35 Revenue Code; and

24.1 (C) the deduction under section 165(a) of the Internal Revenue Code for casualty or  
24.2 theft losses described in paragraph (2) or (3) of section 165(c) of the Internal Revenue  
24.3 Code or for losses described in section 165(d) of the Internal Revenue Code;

24.4 (19) to the extent included in federal taxable income in taxable years beginning after  
24.5 December 31, 2010, the amount of disallowed personal exemptions for taxpayers with  
24.6 federal adjusted gross income over the threshold amount;

24.7 (i) The disallowed personal exemption amount is equal to the dollar amount of the  
24.8 personal exemptions claimed by the taxpayer in the computation of federal taxable income  
24.9 multiplied by the applicable percentage.

24.10 (ii) "Applicable percentage" means two percentage points for each \$2,500 (or  
24.11 fraction thereof) by which the taxpayer's federal adjusted gross income for the taxable  
24.12 year exceeds the threshold amount. In the case of a married individual filing a separate  
24.13 return, the preceding sentence shall be applied by substituting "\$1,250" for "\$2,500." In no  
24.14 event shall the applicable percentage exceed 100 percent.

24.15 (iii) The term "threshold amount" means:

24.16 (A) \$150,000 in the case of a joint return or a surviving spouse;

24.17 (B) \$125,000 in the case of a head of a household;

24.18 (C) \$100,000 in the case of an individual who is not married and who is not a  
24.19 surviving spouse or head of a household; and

24.20 (D) \$75,000 in the case of a married individual filing a separate return.

24.21 (iv) The thresholds shall be increased by an amount equal to:

24.22 (A) such dollar amount, multiplied by

24.23 (B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal  
24.24 Revenue Code for the calendar year in which the taxable year begins, by substituting  
24.25 "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof; and

24.26 (20) for taxable years beginning after December 31, 2010, the amount deducted for  
24.27 employer-provided educational assistance programs under section 127 of the Internal  
24.28 Revenue Code.

24.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
24.30 December 31, 2010, except that the change to clause (10) is effective the day following  
24.31 final enactment.

24.32 Sec. 4. Minnesota Statutes 2010, section 290.01, subdivision 19c, as amended by Laws  
24.33 2011, chapter 8, section 4, is amended to read:

24.34 Subd. 19c. **Corporations; additions to federal taxable income.** For corporations,  
24.35 there shall be added to federal taxable income:

25.1 (1) the amount of any deduction taken for federal income tax purposes for income,  
25.2 excise, or franchise taxes based on net income or related minimum taxes, including but not  
25.3 limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota,  
25.4 another state, a political subdivision of another state, the District of Columbia, or any  
25.5 foreign country or possession of the United States;

25.6 (2) interest not subject to federal tax upon obligations of: the United States, its  
25.7 possessions, its agencies, or its instrumentalities; the state of Minnesota or any other  
25.8 state, any of its political or governmental subdivisions, any of its municipalities, or any  
25.9 of its governmental agencies or instrumentalities; the District of Columbia; or Indian  
25.10 tribal governments;

25.11 (3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal  
25.12 Revenue Code;

25.13 (4) the amount of any net operating loss deduction taken for federal income tax  
25.14 purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss  
25.15 deduction under section 810 of the Internal Revenue Code;

25.16 (5) the amount of any special deductions taken for federal income tax purposes  
25.17 under sections 241 to 247 and 965 of the Internal Revenue Code;

25.18 (6) losses from the business of mining, as defined in section 290.05, subdivision 1,  
25.19 clause (a), that are not subject to Minnesota income tax;

25.20 (7) the amount of any capital losses deducted for federal income tax purposes under  
25.21 sections 1211 and 1212 of the Internal Revenue Code;

25.22 (8) the exempt foreign trade income of a foreign sales corporation under sections  
25.23 921(a) and 291 of the Internal Revenue Code;

25.24 (9) the amount of percentage depletion deducted under sections 611 through 614 and  
25.25 291 of the Internal Revenue Code;

25.26 (10) for certified pollution control facilities placed in service in a taxable year  
25.27 beginning before December 31, 1986, and for which amortization deductions were elected  
25.28 under section 169 of the Internal Revenue Code of 1954, as amended through December  
25.29 31, 1985, the amount of the amortization deduction allowed in computing federal taxable  
25.30 income for those facilities;

25.31 (11) the amount of any deemed dividend from a foreign operating corporation  
25.32 determined pursuant to section 290.17, subdivision 4, paragraph (g). The deemed dividend  
25.33 shall be reduced by the amount of the addition to income required by clauses (20), (21),  
25.34 (22), and (23);

26.1 (12) the amount of a partner's pro rata share of net income which does not flow  
26.2 through to the partner because the partnership elected to pay the tax on the income under  
26.3 section 6242(a)(2) of the Internal Revenue Code;

26.4 (13) the amount of net income excluded under section 114 of the Internal Revenue  
26.5 Code;

26.6 (14) any increase in subpart F income, as defined in section 952(a) of the Internal  
26.7 Revenue Code, for the taxable year when subpart F income is calculated without regard to  
26.8 the provisions of Division C, title III, section 303(b) of Public Law 110-343;

26.9 (15) 80 percent of the depreciation deduction allowed under section 168(k)(1)(A)  
26.10 and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if the taxpayer  
26.11 has an activity that in the taxable year generates a deduction for depreciation under  
26.12 section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable year  
26.13 that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed  
26.14 under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess of the  
26.15 depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A) over the  
26.16 amount of the loss from the activity that is not allowed in the taxable year. In succeeding  
26.17 taxable years when the losses not allowed in the taxable year are allowed, the depreciation  
26.18 under section 168(k)(1)(A) and (k)(4)(A) is allowed;

26.19 (16) 80 percent of the amount by which the deduction allowed by section 179 of the  
26.20 Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal  
26.21 Revenue Code of 1986, as amended through December 31, 2003;

26.22 (17) to the extent deducted in computing federal taxable income, the amount of the  
26.23 deduction allowable under section 199 of the Internal Revenue Code;

26.24 (18) for taxable years beginning before January 1, 2013, the exclusion allowed  
26.25 under section 139A of the Internal Revenue Code for federal subsidies for prescription  
26.26 drug plans;

26.27 (19) the amount of expenses disallowed under section 290.10, subdivision 2;

26.28 (20) an amount equal to the interest and intangible expenses, losses, and costs paid,  
26.29 accrued, or incurred by any member of the taxpayer's unitary group to or for the benefit  
26.30 of a corporation that is a member of the taxpayer's unitary business group that qualifies  
26.31 as a foreign operating corporation. For purposes of this clause, intangible expenses and  
26.32 costs include:

26.33 (i) expenses, losses, and costs for, or related to, the direct or indirect acquisition,  
26.34 use, maintenance or management, ownership, sale, exchange, or any other disposition of  
26.35 intangible property;

27.1 (ii) losses incurred, directly or indirectly, from factoring transactions or discounting  
27.2 transactions;

27.3 (iii) royalty, patent, technical, and copyright fees;

27.4 (iv) licensing fees; and

27.5 (v) other similar expenses and costs.

27.6 For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent  
27.7 applications, trade names, trademarks, service marks, copyrights, mask works, trade  
27.8 secrets, and similar types of intangible assets.

27.9 This clause does not apply to any item of interest or intangible expenses or costs paid,  
27.10 accrued, or incurred, directly or indirectly, to a foreign operating corporation with respect  
27.11 to such item of income to the extent that the income to the foreign operating corporation  
27.12 is income from sources without the United States as defined in subtitle A, chapter 1,  
27.13 subchapter N, part 1, of the Internal Revenue Code;

27.14 (21) except as already included in the taxpayer's taxable income pursuant to clause  
27.15 (20), any interest income and income generated from intangible property received or  
27.16 accrued by a foreign operating corporation that is a member of the taxpayer's unitary  
27.17 group. For purposes of this clause, income generated from intangible property includes:

27.18 (i) income related to the direct or indirect acquisition, use, maintenance or  
27.19 management, ownership, sale, exchange, or any other disposition of intangible property;

27.20 (ii) income from factoring transactions or discounting transactions;

27.21 (iii) royalty, patent, technical, and copyright fees;

27.22 (iv) licensing fees; and

27.23 (v) other similar income.

27.24 For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent  
27.25 applications, trade names, trademarks, service marks, copyrights, mask works, trade  
27.26 secrets, and similar types of intangible assets.

27.27 This clause does not apply to any item of interest or intangible income received or accrued  
27.28 by a foreign operating corporation with respect to such item of income to the extent that  
27.29 the income is income from sources without the United States as defined in subtitle A,  
27.30 chapter 1, subchapter N, part 1, of the Internal Revenue Code;

27.31 (22) the dividends attributable to the income of a foreign operating corporation that  
27.32 is a member of the taxpayer's unitary group in an amount that is equal to the dividends  
27.33 paid deduction of a real estate investment trust under section 561(a) of the Internal  
27.34 Revenue Code for amounts paid or accrued by the real estate investment trust to the  
27.35 foreign operating corporation;

28.1 (23) the income of a foreign operating corporation that is a member of the taxpayer's  
28.2 unitary group in an amount that is equal to gains derived from the sale of real or personal  
28.3 property located in the United States;

28.4 (24) for taxable years beginning before January 1, 2010, ~~and after December 31,~~  
28.5 ~~2010~~, the additional amount allowed as a deduction for donation of computer technology  
28.6 and equipment under section 170(e)(6) of the Internal Revenue Code, to the extent  
28.7 deducted from taxable income; and

28.8 (25) discharge of indebtedness income resulting from reacquisition of business  
28.9 indebtedness and deferred under section 108(i) of the Internal Revenue Code.

28.10 **EFFECTIVE DATE.** The change to clause (24) is effective for taxable years  
28.11 beginning after December 31, 2010. The change to clause (18) is effective the day  
28.12 following final enactment.

28.13 Sec. 5. Minnesota Statutes 2010, section 290.01, subdivision 31, as amended by Laws  
28.14 2011, chapter 8, section 5, is amended to read:

28.15 Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, ~~for~~  
28.16 ~~taxable years beginning before January 1, 2010, and after December 31, 2010,~~ "Internal  
28.17 Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~March~~  
28.18 ~~18 December 31, 2010, and for taxable years beginning after December 31, 2009, and~~  
28.19 ~~before January 1, 2011, "Internal Revenue Code" means the Internal Revenue Code of~~  
28.20 ~~1986, as amended through December 31, 2010.~~ Internal Revenue Code also includes any  
28.21 uncodified provision in federal law that relates to provisions of the Internal Revenue  
28.22 Code that are incorporated into Minnesota law. When used in this chapter, the reference  
28.23 to "subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code" is to the  
28.24 Internal Revenue Code as amended through March 18, 2010.

28.25 **EFFECTIVE DATE.** This section is effective the day following final enactment,  
28.26 except the changes incorporated by federal changes are effective at the same time as the  
28.27 changes were effective for federal purposes.

28.28 Sec. 6. Minnesota Statutes 2010, section 290.06, subdivision 2c, is amended to read:

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

28.33 (1) On the first \$25,680, 5.35 percent;

29.1 (2) On all over \$25,680, but not over \$102,030, 7.05 percent;

29.2 (3) On all over \$102,030, 7.85 percent.

29.3 Married individuals filing separate returns, estates, and trusts must compute their  
29.4 income tax by applying the above rates to their taxable income, except that the income  
29.5 brackets will be one-half of the above amounts.

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

29.8 (1) On the first \$17,570, 5.35 percent;

29.9 (2) On all over \$17,570, but not over \$57,710, 7.05 percent;

29.10 (3) On all over \$57,710, 7.85 percent.

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

29.14 (1) On the first \$21,630, 5.35 percent;

29.15 (2) On all over \$21,630, but not over \$86,910, 7.05 percent;

29.16 (3) On all over \$86,910, 7.85 percent.

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

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

29.28 (1) the numerator is the individual's Minnesota source federal adjusted gross income  
29.29 as defined in section 62 of the Internal Revenue Code and increased by the additions  
29.30 required under section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12),  
29.31 (13), (16), ~~and~~ (17), and (20), and reduced by the Minnesota assignable portion of the  
29.32 subtraction for United States government interest under section 290.01, subdivision 19b,  
29.33 clause (1), and the subtractions under section 290.01, subdivision 19b, clauses (8), (9),  
29.34 (13), (14), (15), and (17), after applying the allocation and assignability provisions of  
29.35 section 290.081, clause (a), or 290.17; and

30.1 (2) the denominator is the individual's federal adjusted gross income as defined in  
30.2 section 62 of the Internal Revenue Code of 1986, increased by the amounts specified in  
30.3 section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12), (13), (16), ~~and~~  
30.4 (17), and (20), and reduced by the amounts specified in section 290.01, subdivision 19b,  
30.5 clauses (1), (8), (9), (13), (14), (15), and (17).

30.6 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
30.7 December 31, 2010.

30.8 Sec. 7. Minnesota Statutes 2010, section 290A.03, subdivision 15, as amended by  
30.9 Laws 2011, chapter 8, section 6, is amended to read:

30.10 Subd. 15. **Internal Revenue Code.** ~~For taxable years beginning before January 1,~~  
30.11 ~~2010, and after December 31, 2010,~~ "Internal Revenue Code" means the Internal Revenue  
30.12 Code of 1986, as amended through ~~March 18~~ December 31, 2010, ~~and for taxable years~~  
30.13 ~~beginning after December 31, 2009, and before January 1, 2011,~~ "Internal Revenue Code"  
30.14 ~~means the Internal Revenue Code of 1986, as amended through December 31, 2010.~~

30.15 **EFFECTIVE DATE.** This section is effective for property tax refunds based on  
30.16 property taxes payable on or after December 31, 2011, and rent paid on or after December  
30.17 31, 2010.

30.18 Sec. 8. Minnesota Statutes 2010, section 291.005, subdivision 1, is amended to read:

30.19 Subdivision 1. **Scope.** Unless the context otherwise clearly requires, the following  
30.20 terms used in this chapter shall have the following meanings:

30.21 (1) "Commissioner" means the commissioner of revenue or any person to whom the  
30.22 commissioner has delegated functions under this chapter.

30.23 (2) "Federal gross estate" means the gross estate of a decedent as required to be  
30.24 valued and otherwise determined for federal estate tax purposes under the Internal  
30.25 Revenue Code.

30.26 (3) "Internal Revenue Code" means the United States Internal Revenue Code of  
30.27 1986, as amended through ~~March 18~~ December 31, 2010, but without regard to the  
30.28 provisions of sections 501 and 901 of Public Law 107-16, as amended by Public Law  
30.29 111-312, and section 301(c) of Public Law 111-312.

30.30 (4) "Minnesota adjusted taxable estate" means federal adjusted taxable estate as  
30.31 defined by section 2011(b)(3) of the Internal Revenue Code, increased by the amount of  
30.32 deduction for state death taxes allowed under section 2058 of the Internal Revenue Code.

31.1 (5) "Minnesota gross estate" means the federal gross estate of a decedent after (a)  
31.2 excluding therefrom any property included therein which has its situs outside Minnesota,  
31.3 and (b) including therein any property omitted from the federal gross estate which is  
31.4 includable therein, has its situs in Minnesota, and was not disclosed to federal taxing  
31.5 authorities.

31.6 (6) "Nonresident decedent" means an individual whose domicile at the time of  
31.7 death was not in Minnesota.

31.8 (7) "Personal representative" means the executor, administrator or other person  
31.9 appointed by the court to administer and dispose of the property of the decedent. If there  
31.10 is no executor, administrator or other person appointed, qualified, and acting within this  
31.11 state, then any person in actual or constructive possession of any property having a situs in  
31.12 this state which is included in the federal gross estate of the decedent shall be deemed  
31.13 to be a personal representative to the extent of the property and the Minnesota estate tax  
31.14 due with respect to the property.

31.15 (8) "Resident decedent" means an individual whose domicile at the time of death  
31.16 was in Minnesota.

31.17 (9) "Situs of property" means, with respect to real property, the state or country in  
31.18 which it is located; with respect to tangible personal property, the state or country in which  
31.19 it was normally kept or located at the time of the decedent's death; and with respect to  
31.20 intangible personal property, the state or country in which the decedent was domiciled  
31.21 at death.

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

### 31.23 **ARTICLE 3**

#### 31.24 **SALES AND USE TAXES**

31.25 Section 1. Minnesota Statutes 2010, section 289A.20, subdivision 4, is amended to  
31.26 read:

31.27 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and  
31.28 payable to the commissioner monthly on or before the 20th day of the month following  
31.29 the month in which the taxable event occurred, or following another reporting period  
31.30 as the commissioner prescribes or as allowed under section 289A.18, subdivision 4,  
31.31 paragraph (f) or (g), except that:

31.32 ~~(1)~~ use taxes due on an annual use tax return as provided under section 289A.11,  
31.33 subdivision 1, are payable by April 15 following the close of the calendar year, ~~and,~~

31.34 ~~(2) except as provided in paragraph (f), for a vendor having a liability of \$120,000~~  
31.35 ~~or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the taxes~~

32.1 ~~imposed by chapter 297A, except as provided in paragraph (b), are due and payable to the~~  
32.2 ~~commissioner monthly in the following manner:~~

32.3 ~~(i) On or before the 14th day of the month following the month in which the taxable~~  
32.4 ~~event occurred, the vendor must remit to the commissioner 90 percent of the estimated~~  
32.5 ~~liability for the month in which the taxable event occurred.~~

32.6 ~~(ii) On or before the 20th day of the month in which the taxable event occurs, the~~  
32.7 ~~vendor must remit to the commissioner a prepayment for the month in which the taxable~~  
32.8 ~~event occurs equal to 67 percent of the liability for the previous month.~~

32.9 ~~(iii) On or before the 20th day of the month following the month in which the taxable~~  
32.10 ~~event occurred, the vendor must pay any additional amount of tax not previously remitted~~  
32.11 ~~under either item (i) or (ii) or, if the payment made under item (i) or (ii) was greater than~~  
32.12 ~~the vendor's liability for the month in which the taxable event occurred, the vendor may~~  
32.13 ~~take a credit against the next month's liability in a manner prescribed by the commissioner.~~

32.14 ~~(iv) Once the vendor first pays under either item (i) or (ii), the vendor is required to~~  
32.15 ~~continue to make payments in the same manner, as long as the vendor continues having a~~  
32.16 ~~liability of \$120,000 or more during the most recent fiscal year ending June 30.~~

32.17 ~~(v) Notwithstanding items (i), (ii), and (iv), if a vendor fails to make the required~~  
32.18 ~~payment in the first month that the vendor is required to make a payment under either item~~  
32.19 ~~(i) or (ii), then the vendor is deemed to have elected to pay under item (ii) and must make~~  
32.20 ~~subsequent monthly payments in the manner provided in item (ii).~~

32.21 ~~(vi) For vendors making an accelerated payment under item (ii), for the first month~~  
32.22 ~~that the vendor is required to make the accelerated payment, on the 20th of that month, the~~  
32.23 ~~vendor will pay 100 percent of the liability for the previous month and a prepayment for~~  
32.24 ~~the first month equal to 67 percent of the liability for the previous month.~~

32.25 ~~(b) Notwithstanding paragraph (a), A vendor having a liability of \$120,000 or more~~  
32.26 ~~during a fiscal year ending June 30 must remit the June liability for the next year in the~~  
32.27 ~~following manner:~~

32.28 ~~(1) Two business days before June 30 of the year, the vendor must remit 90 percent~~  
32.29 ~~of the estimated June liability to the commissioner.~~

32.30 ~~(2) On or before August 20 of the year, the vendor must pay any additional amount~~  
32.31 ~~of tax not remitted in June.~~

32.32 ~~(c) A vendor having a liability of:~~

32.33 ~~(1) \$10,000 or more, but less than \$120,000 during a fiscal year ending June 30,~~  
32.34 ~~2009, and fiscal years thereafter, must remit by electronic means all liabilities on returns~~  
32.35 ~~due for periods beginning in the subsequent calendar year on or before the 20th day of~~  
32.36 ~~the month following the month in which the taxable event occurred, or on or before the~~

33.1 20th day of the month following the month in which the sale is reported under section  
33.2 289A.18, subdivision 4; or

33.3 (2) \$120,000 or more, during a fiscal year ending June 30, 2009, and fiscal years  
33.4 thereafter, must remit by electronic means all liabilities in the manner provided in  
33.5 paragraph (a), ~~clause (2)~~, on returns due for periods beginning in the subsequent calendar  
33.6 year, except for 90 percent of the estimated June liability, which is due two business days  
33.7 before June 30. The remaining amount of the June liability is due on August 20.

33.8 (d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's  
33.9 religious beliefs from paying electronically shall be allowed to remit the payment by mail.  
33.10 The filer must notify the commissioner of revenue of the intent to pay by mail before  
33.11 doing so on a form prescribed by the commissioner. No extra fee may be charged to a  
33.12 person making payment by mail under this paragraph. The payment must be postmarked  
33.13 at least two business days before the due date for making the payment in order to be  
33.14 considered paid on a timely basis.

33.15 ~~(e) Whenever the liability is \$120,000 or more separately for: (1) the tax imposed~~  
33.16 ~~under chapter 297A; (2) a fee that is to be reported on the same return as and paid with the~~  
33.17 ~~chapter 297A taxes; or (3) any other tax that is to be reported on the same return as and~~  
33.18 ~~paid with the chapter 297A taxes, then the payment of all the liabilities on the return must~~  
33.19 ~~be accelerated as provided in this subdivision.~~

33.20 ~~(f) At the start of the first calendar quarter at least 90 days after the cash flow~~  
33.21 ~~account established in section 16A.152, subdivision 1, and the budget reserve account~~  
33.22 ~~established in section 16A.152, subdivision 1a, reach the amounts listed in section~~  
33.23 ~~16A.152, subdivision 2, paragraph (a), the remittance of the accelerated payments required~~  
33.24 ~~under paragraph (a), clause (2), must be suspended. The commissioner of management~~  
33.25 ~~and budget shall notify the commissioner of revenue when the accounts have reached~~  
33.26 ~~the required amounts. Beginning with the suspension of paragraph (a), clause (2), for a~~  
33.27 ~~vendor with a liability of \$120,000 or more during a fiscal year ending June 30, 2009,~~  
33.28 ~~and fiscal years thereafter, the taxes imposed by chapter 297A are due and payable to the~~  
33.29 ~~commissioner on the 20th day of the month following the month in which the taxable~~  
33.30 ~~event occurred. Payments of tax liabilities for taxable events occurring in June under~~  
33.31 ~~paragraph (b) are not changed.~~

33.32 **EFFECTIVE DATE.** This section is effective for taxes due and payable after  
33.33 July 1, 2011.

33.34 Sec. 2. Minnesota Statutes 2010, section 297A.61, subdivision 3, is amended to read:

34.1 Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited  
34.2 to, each of the transactions listed in this subdivision.

34.3 (b) Sale and purchase include:

34.4 (1) any transfer of title or possession, or both, of tangible personal property, whether  
34.5 absolutely or conditionally, for a consideration in money or by exchange or barter; and

34.6 (2) the leasing of or the granting of a license to use or consume, for a consideration  
34.7 in money or by exchange or barter, tangible personal property, other than a manufactured  
34.8 home used for residential purposes for a continuous period of 30 days or more.

34.9 (c) Sale and purchase include the production, fabrication, printing, or processing of  
34.10 tangible personal property for a consideration for consumers who furnish either directly or  
34.11 indirectly the materials used in the production, fabrication, printing, or processing.

34.12 (d) Sale and purchase include the preparing for a consideration of food.

34.13 Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited  
34.14 to, the following:

34.15 (1) prepared food sold by the retailer;

34.16 (2) soft drinks;

34.17 (3) candy;

34.18 (4) dietary supplements; and

34.19 (5) all food sold through vending machines.

34.20 (e) A sale and a purchase includes the furnishing for a consideration of electricity,  
34.21 gas, water, or steam for use or consumption within this state.

34.22 (f) A sale and a purchase includes the transfer for a consideration of prewritten  
34.23 computer software whether delivered electronically, by load and leave, or otherwise.

34.24 (g) A sale and a purchase includes the furnishing for a consideration of the following  
34.25 services:

34.26 (1) the privilege of admission to places of amusement, recreational areas, or athletic  
34.27 events, and the making available of amusement devices, tanning facilities, reducing  
34.28 salons, steam baths, Turkish baths, health clubs, and spas or athletic facilities;

34.29 (2) lodging and related services by a hotel, rooming house, resort, campground,  
34.30 motel, or trailer camp, including furnishing the guest of the facility with access to  
34.31 telecommunication services, and the granting of any similar license to use real property  
34.32 in a specific facility, other than the renting or leasing of it for a continuous period of  
34.33 30 days or more under an enforceable written agreement that may not be terminated  
34.34 without prior notice;

34.35 (3) nonresidential parking services, whether on a contractual, hourly, or other  
34.36 periodic basis, except for parking at a meter;

35.1 (4) the granting of membership in a club, association, or other organization if:

35.2 (i) the club, association, or other organization makes available for the use of its  
35.3 members sports and athletic facilities, without regard to whether a separate charge is  
35.4 assessed for use of the facilities; and

35.5 (ii) use of the sports and athletic facility is not made available to the general public  
35.6 on the same basis as it is made available to members.

35.7 Granting of membership means both onetime initiation fees and periodic membership  
35.8 dues. Sports and athletic facilities include golf courses; tennis, racquetball, handball, and  
35.9 squash courts; basketball and volleyball facilities; running tracks; exercise equipment;  
35.10 swimming pools; and other similar athletic or sports facilities;

35.11 (5) delivery of aggregate materials by a third party, excluding delivery of aggregate  
35.12 material used in road construction, and delivery of concrete block by a third party if  
35.13 the delivery would be subject to the sales tax if provided by the seller of the concrete  
35.14 block; and

35.15 (6) services as provided in this clause:

35.16 (i) laundry and dry cleaning services including cleaning, pressing, repairing, altering,  
35.17 and storing clothes, linen services and supply, cleaning and blocking hats, and carpet,  
35.18 drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not  
35.19 include services provided by coin operated facilities operated by the customer;

35.20 (ii) motor vehicle washing, waxing, and cleaning services, including services  
35.21 provided by coin operated facilities operated by the customer, and rustproofing,  
35.22 undercoating, and towing of motor vehicles;

35.23 (iii) building and residential cleaning, maintenance, and disinfecting services and  
35.24 pest control and exterminating services;

35.25 (iv) detective, security, burglar, fire alarm, and armored car services; but not  
35.26 including services performed within the jurisdiction they serve by off-duty licensed peace  
35.27 officers as defined in section 626.84, subdivision 1, or services provided by a nonprofit  
35.28 organization for monitoring and electronic surveillance of persons placed on in-home  
35.29 detention pursuant to court order or under the direction of the Minnesota Department  
35.30 of Corrections;

35.31 (v) pet grooming services;

35.32 (vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting  
35.33 and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor  
35.34 plant care; tree, bush, shrub, and stump removal, except when performed as part of a land  
35.35 clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for

36.1 public utility lines. Services performed under a construction contract for the installation of  
36.2 shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

36.3 (vii) massages, except when provided by a licensed health care facility or  
36.4 professional or upon written referral from a licensed health care facility or professional for  
36.5 treatment of illness, injury, or disease; and

36.6 (viii) the furnishing of lodging, board, and care services for animals in kennels and  
36.7 other similar arrangements, but excluding veterinary and horse boarding services.

36.8 In applying the provisions of this chapter, the terms "tangible personal property"  
36.9 and "retail sale" include taxable services listed in clause (6), items (i) to (vi) and (viii),  
36.10 and the provision of these taxable services, unless specifically provided otherwise.

36.11 Services performed by an employee for an employer are not taxable. Services performed  
36.12 by a partnership or association for another partnership or association are not taxable if  
36.13 one of the entities owns or controls more than 80 percent of the voting power of the  
36.14 equity interest in the other entity. Services performed between members of an affiliated  
36.15 group of corporations are not taxable. For purposes of the preceding sentence, "affiliated  
36.16 group of corporations" means those entities that would be classified as members of an  
36.17 affiliated group as defined under United States Code, title 26, section 1504, disregarding  
36.18 the exclusions in section 1504(b).

36.19 For purposes of clause (5), "road construction" means construction of (1) public  
36.20 roads, (2) cartways, and (3) private roads in townships located outside of the seven-county  
36.21 metropolitan area up to the point of the emergency response location sign.

36.22 (h) A sale and a purchase includes the furnishing for a consideration of tangible  
36.23 personal property or taxable services by the United States or any of its agencies or  
36.24 instrumentalities, or the state of Minnesota, its agencies, instrumentalities, or political  
36.25 subdivisions.

36.26 (i) A sale and a purchase includes the furnishing for a consideration of  
36.27 telecommunications services, ancillary services associated with telecommunication  
36.28 services, cable television services, and direct satellite services, ~~and ring tones.~~

36.29 Telecommunication services include, but are not limited to, the following services,  
36.30 as defined in section 297A.669: air-to-ground radiotelephone service, mobile  
36.31 telecommunication service, postpaid calling service, prepaid calling service, prepaid  
36.32 wireless calling service, and private communication services. The services in this  
36.33 paragraph are taxed to the extent allowed under federal law.

36.34 (j) A sale and a purchase includes the furnishing for a consideration of installation if  
36.35 the installation charges would be subject to the sales tax if the installation were provided  
36.36 by the seller of the item being installed.

37.1 (k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer  
37.2 to a customer when (1) the vehicle is rented by the customer for a consideration, or (2)  
37.3 the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section  
37.4 59B.02, subdivision 11.

37.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
37.6 June 30, 2011.

37.7 Sec. 3. Minnesota Statutes 2010, section 297A.62, is amended by adding a subdivision  
37.8 to read:

37.9 Subd. 5. **Transitional period for services.** When there is a change in the rate of tax  
37.10 imposed by this section, the following transitional period shall apply to the retail sale of  
37.11 services covering a billing period starting before and ending after the statutory effective  
37.12 date of the rate change:

37.13 (1) for a rate increase, the new rate shall apply to the first billing period starting  
37.14 on or after the effective date; and

37.15 (2) for a rate decrease, the new rate shall apply to bills rendered on or after the  
37.16 effective date.

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

37.18 Sec. 4. Minnesota Statutes 2010, section 297A.63, is amended by adding a subdivision  
37.19 to read:

37.20 Subd. 3. **Transitional period for services.** When there is a change in the rate of  
37.21 tax imposed by this section, the following transitional period shall apply to the taxable  
37.22 services purchased for use, storage, distribution, or consumption in this state when the  
37.23 service purchased covers a billing period starting before and ending after the statutory  
37.24 effective date of the rate change:

37.25 (1) for a rate increase, the new rate shall apply to the first billing period starting  
37.26 on or after the effective date; and

37.27 (2) for a rate decrease, the new rate shall apply to bills rendered on or after the  
37.28 effective date.

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

37.30 Sec. 5. Minnesota Statutes 2010, section 297A.668, subdivision 7, is amended to read:

37.31 Subd. 7. **Advertising and promotional direct mail.** (a) Notwithstanding other  
37.32 subdivisions of this section, the provisions in paragraphs (b) to (e) apply to the sale of

38.1 advertising and promotional direct mail. "Advertising and promotional direct mail" means  
38.2 printed material that is direct mail as defined in section 297A.61, subdivision 35, the  
38.3 primary purpose of which is to attract public attention to a product, person, business, or  
38.4 organization, or to attempt to sell, popularize, or secure financial support for a person,  
38.5 business, organization, or product. "Product" includes tangible personal property, a digital  
38.6 product transferred electronically, or a service.

38.7 ~~(b) A purchaser of advertising and promotional direct mail that is not a holder of~~  
38.8 ~~a direct pay permit shall provide to the seller, in conjunction with the purchase, either a~~  
38.9 ~~direct mail form or may provide the seller with either:~~

38.10 (1) a fully completed exemption certificate as described in section 297A.72  
38.11 indicating that the purchaser is authorized to pay any sales or use tax due on purchases  
38.12 made by the purchaser directly to the commissioner under section 297A.89;

38.13 (2) a fully completed exemption certificate claiming an exemption for direct mail; or

38.14 (3) information to show showing the jurisdictions to which the advertising and  
38.15 promotional direct mail is to be delivered to recipients.

38.16 ~~(1) Upon receipt of the direct mail form, (c) In the absence of bad faith, if the~~  
38.17 ~~purchaser provides one of the exemption certificates indicated in paragraph (b), clauses (1)~~  
38.18 ~~and (2), the seller is relieved of all obligations to collect, pay, or remit the applicable tax~~  
38.19 ~~and the purchaser is obligated to pay or remit the applicable tax on a direct pay basis. A~~  
38.20 ~~direct mail form remains in effect for all future sales of direct mail by the seller to the~~  
38.21 ~~purchaser until it is revoked in writing. tax on any transaction involving advertising and~~  
38.22 ~~promotional direct mail to which the certificate applies. The purchaser shall source the~~  
38.23 ~~sale to the jurisdictions to which the advertising and promotional direct mail is to be~~  
38.24 ~~delivered to the recipients of the mail, and shall report and pay any applicable tax due.~~

38.25 ~~(2) Upon receipt of (d) If the purchaser provides the seller information from the~~  
38.26 ~~purchaser showing the jurisdictions to which the advertising and promotional direct mail~~  
38.27 ~~is to be delivered to recipients, the seller shall source the sale to the jurisdictions to which~~  
38.28 ~~the advertising and promotional direct mail is to be delivered and shall collect and remit~~  
38.29 ~~the applicable tax according to the delivery information provided by the purchaser. In~~  
38.30 ~~the absence of bad faith, the seller is relieved of any further obligation to collect any~~  
38.31 ~~additional tax on any transaction for which the sale of advertising and promotional direct~~  
38.32 ~~mail where the seller has collected tax pursuant sourced the sale according to the delivery~~  
38.33 ~~information provided by the purchaser.~~

38.34 ~~(b) (e) If the purchaser of direct mail does not have a direct pay permit and does~~  
38.35 ~~not provide the seller with either a direct mail form or delivery information, as required~~  
38.36 ~~by paragraph (a), the seller shall collect the tax according to any of the items listed in~~

39.1 paragraph (b), the sale shall be sourced under subdivision 2, paragraph (f). Nothing in  
39.2 this paragraph limits a purchaser's obligation for sales or use tax to any state to which the  
39.3 direct mail is delivered.

39.4 ~~(e) If a purchaser of direct mail provides the seller with documentation of direct~~  
39.5 ~~pay authority, the purchaser is not required to provide a direct mail form or delivery~~  
39.6 ~~information to the seller.~~

39.7 (f) This subdivision does not apply to printed materials that result from developing  
39.8 billing information or providing any data processing service that is more than incidental  
39.9 to producing the printed materials, regardless of whether advertising and promotional  
39.10 direct mail is included in the same mailing.

39.11 (g) If a transaction is a bundled transaction that includes advertising and promotional  
39.12 direct mail, this subdivision applies only if the primary purpose of the transaction is the sale  
39.13 of products or services that meet the definition of advertising and promotional direct mail.

39.14 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
39.15 June 30, 2011.

39.16 Sec. 6. Minnesota Statutes 2010, section 297A.668, is amended by adding a  
39.17 subdivision to read:

39.18 Subd. 7a. **Other direct mail.** (a) Notwithstanding other subdivisions of this section,  
39.19 the provisions in paragraphs (b) and (c) apply to the sale of other direct mail. "Other direct  
39.20 mail" means printed material that is direct mail as defined in section 297A.61, subdivision  
39.21 35, but is not advertising and promotional direct mail as described in subdivision 7,  
39.22 regardless of whether advertising and promotional direct mail is included in the same  
39.23 mailing. Other direct mail includes, but is not limited to:

39.24 (1) direct mail pertaining to a transaction between the purchaser and addressee,  
39.25 where the mail contains personal information specific to the addressee including, but not  
39.26 limited to, invoices, bills, statements of account, and payroll advices;

39.27 (2) any legally required mailings including, but not limited to, privacy notices,  
39.28 tax reports, and stockholder reports; and

39.29 (3) other nonpromotional direct mail delivered to existing or former shareholders,  
39.30 customers, employees, or agents including, but not limited to, newsletters and  
39.31 informational pieces.

39.32 Other direct mail does not include printed materials that result from developing  
39.33 billing information or providing any data processing service that is more than incidental to  
39.34 producing the other direct mail.

40.1           (b) A purchaser of other direct mail may provide the seller with either a fully  
40.2 completed exemption certificate as described in section 297A.72 indicating that the  
40.3 purchaser is authorized to pay any sales or use tax due on purchases made by the purchaser  
40.4 directly to the commissioner under section 297A.89, or a fully completed exemption  
40.5 certificate claiming an exemption for direct mail. If the purchaser provides one of the  
40.6 exemption certificates listed, then the seller, in the absence of bad faith, is relieved of all  
40.7 obligations to collect, pay, or remit the tax on any transaction involving other direct mail  
40.8 to which the certificate applies. The purchaser shall source the sale to the jurisdictions to  
40.9 which the other direct mail is to be delivered to the recipients of the mail, and shall report  
40.10 and pay any applicable tax due.

40.11           (c) If the purchaser does not provide the seller with a fully completed exemption  
40.12 certificate claiming either exemption listed in paragraph (b), the sale shall be sourced  
40.13 according to subdivision 2, paragraph (d).

40.14           **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
40.15 June 30, 2011.

40.16           Sec. 7. Minnesota Statutes 2010, section 297A.68, is amended by adding a subdivision  
40.17 to read:

40.18           Subd. 42. **Resold admission tickets.** (a) When a ticket reseller who purchased  
40.19 a ticket from a seller who is in the business of selling tickets resells the ticket, the  
40.20 ticket reseller must charge tax on the total amount for which the ticket is resold and the  
40.21 following rules apply:

40.22           (1) if the ticket reseller did not use a fully completed exemption certificate to claim  
40.23 the exemption from tax for resale, but instead paid tax on the original purchase, then the  
40.24 ticket reseller may do one of the following:

40.25           (i) seek a refund of that tax under section 289A.50; or

40.26           (ii) pass through to the purchaser the amount of the tax the ticket reseller paid on  
40.27 the original purchase, by giving the purchaser credit for the Minnesota state and local tax  
40.28 paid by the ticket reseller on the ticket reseller's original purchase of the ticket. Credit  
40.29 for the tax cannot exceed either the sales tax paid on the original price of the ticket or the  
40.30 sales tax charged by the ticket reseller to the final purchaser;

40.31           (2) if the ticket reseller did not pay tax on the original purchase, tax is due on the full  
40.32 amount of the ticket when resold, without a credit given to the final purchaser; or

40.33           (3) the ticket reseller must retain records documenting the price and tax paid by the  
40.34 ticket reseller when purchasing the ticket and the price and tax collected when the ticket  
40.35 reseller resells the ticket.

41.1 (b) When a ticket reseller who purchased a ticket from a seller who is not in the  
41.2 business of selling tickets resells the ticket, the ticket reseller must charge tax on the total  
41.3 amount for which the ticket is resold and the following rules apply:

41.4 (1) the ticket reseller may credit its purchaser an amount equal to the tax the ticket  
41.5 reseller would have paid its seller, had the seller been registered to collect tax on its  
41.6 sale of the ticket to the ticket reseller. Credit for the tax cannot exceed either the sales  
41.7 tax paid on the original price of the ticket or the sales tax charged by the ticket reseller  
41.8 to the final purchaser. It is presumed that the original purchase price of the ticket is the  
41.9 face amount of the ticket;

41.10 (2) if no tax was paid on the original purchase, tax is due on the full amount of the  
41.11 ticket when resold, without a credit given to the ticket reseller's purchaser; and

41.12 (3) the ticket reseller must retain records documenting the price and tax paid by the  
41.13 ticket reseller when purchasing the ticket and the price and tax collected when the ticket  
41.14 reseller resells the ticket.

41.15 (c) For purposes of this subdivision, "ticket reseller" means a person who:

41.16 (1) purchases admission tickets to a sporting event, theater, musical performance, or  
41.17 place of public entertainment or amusement of any kind;

41.18 (2) resells admission tickets to events under clause (1); and

41.19 (3) is registered to collect tax under this chapter.

41.20 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
41.21 June 30, 2011.

41.22 Sec. 8. Minnesota Statutes 2010, section 297A.70, subdivision 1, is amended to read:

41.23 Subdivision 1. **Scope.** (a) To the extent provided in this section, the gross receipts  
41.24 from sales of items to or by, and storage, distribution, use, or consumption of items by the  
41.25 organizations or units of local government listed in this section are specifically exempted  
41.26 from the taxes imposed by this chapter.

41.27 (b) Notwithstanding any law to the contrary enacted before 1992, only sales to  
41.28 governments and political subdivisions listed in this section are exempt from the taxes  
41.29 imposed by this chapter.

41.30 (c) "Sales" includes purchases under an installment contract or lease purchase  
41.31 agreement under section 465.71.

41.32 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
41.33 June 30, 2011.

42.1 Sec. 9. Minnesota Statutes 2010, section 297A.70, subdivision 2, is amended to read:

42.2 Subd. 2. **Sales to government.** (a) All sales, except those listed in paragraph (b),  
42.3 to the following governments and political subdivisions, or to the listed agencies or  
42.4 instrumentalities of governments and political subdivisions, are exempt:

42.5 (1) the United States and its agencies and instrumentalities;

42.6 (2) school districts, the University of Minnesota, state universities, community  
42.7 colleges, technical colleges, state academies, the Perpich Minnesota Center for Arts  
42.8 Education, and an instrumentality of a political subdivision that is accredited as an  
42.9 optional/special function school by the North Central Association of Colleges and Schools;

42.10 (3) hospitals and nursing homes owned and operated by political subdivisions of  
42.11 the state of tangible personal property and taxable services used at or by hospitals and  
42.12 nursing homes;

42.13 (4) the Metropolitan Council, for its purchases of vehicles and repair parts to equip  
42.14 operations provided for in section 473.4051;

42.15 (5) other states or political subdivisions of other states, if the sale would be exempt  
42.16 from taxation if it occurred in that state; and

42.17 (6) ~~sales to~~ public libraries, public library systems, multicounty, multitype library  
42.18 systems as defined in section 134.001, county law libraries under chapter 134A, state  
42.19 agency libraries, the state library under section 480.09, and the Legislative Reference  
42.20 Library; and

42.21 (7) towns.

42.22 (b) This exemption does not apply to the sales of the following products and services:

42.23 (1) building, construction, or reconstruction materials purchased by a contractor  
42.24 or a subcontractor as a part of a lump-sum contract or similar type of contract with a  
42.25 guaranteed maximum price covering both labor and materials for use in the construction,  
42.26 alteration, or repair of a building or facility;

42.27 (2) construction materials purchased by tax exempt entities or their contractors to  
42.28 be used in constructing buildings or facilities which will not be used principally by the  
42.29 tax exempt entities;

42.30 (3) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11,  
42.31 except for leases entered into by the United States or its agencies or instrumentalities; ~~or~~

42.32 (4) lodging as defined under section 297A.61, subdivision 3, paragraph (g),  
42.33 clause (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in  
42.34 section 297A.67, subdivision 2, except for lodging, prepared food, candy, soft drinks,  
42.35 and alcoholic beverages purchased directly by the United States or its agencies or  
42.36 instrumentalities; or

43.1 (5) goods or services purchased by a town that are generally provided by a private  
43.2 business and the purchases would be taxable if made by a private business engaged in the  
43.3 same activity.

43.4 (c) As used in this subdivision, "school districts" means public school entities and  
43.5 districts of every kind and nature organized under the laws of the state of Minnesota, and  
43.6 any instrumentality of a school district, as defined in section 471.59.

43.7 (d) As used in this subdivision, "goods or services generally provided by a private  
43.8 business" include, but are not limited to, goods or services provided by liquor stores, gas  
43.9 and electric utilities, golf courses, marinas, health and fitness centers, campgrounds, cafes,  
43.10 and laundromats. "Goods or services generally provided by a private business" do not  
43.11 include housing services, sewer and water services, wastewater treatment, ambulance and  
43.12 other public safety services, correctional services, chore or homemaking services provided  
43.13 to elderly or disabled individuals, or road and street maintenance or lighting.

43.14 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
43.15 June 30, 2011.

43.16 Sec. 10. Minnesota Statutes 2010, section 297A.70, subdivision 3, is amended to read:

43.17 Subd. 3. **Sales of certain goods and services to government.** (a) The following  
43.18 sales to or use by the specified governments and political subdivisions of the state are  
43.19 exempt:

43.20 (1) repair and replacement parts for emergency rescue vehicles, fire trucks, and  
43.21 fire apparatus to a political subdivision;

43.22 (2) machinery and equipment, except for motor vehicles, used directly for mixed  
43.23 municipal solid waste management services at a solid waste disposal facility as defined in  
43.24 section 115A.03, subdivision 10;

43.25 (3) chore and homemaking services to a political subdivision of the state to be  
43.26 provided to elderly or disabled individuals;

43.27 (4) telephone services to the Office of Enterprise Technology that are used to provide  
43.28 telecommunications services through the enterprise technology revolving fund;

43.29 (5) firefighter personal protective equipment as defined in paragraph (b), if purchased  
43.30 or authorized by and for the use of an organized fire department, fire protection district, or  
43.31 fire company regularly charged with the responsibility of providing fire protection to the  
43.32 state or a political subdivision;

43.33 (6) bullet-resistant body armor that provides the wearer with ballistic and trauma  
43.34 protection, if purchased by a law enforcement agency of the state or a political subdivision  
43.35 of the state, or a licensed peace officer, as defined in section 626.84, subdivision 1;

44.1 (7) motor vehicles purchased or leased by political subdivisions of the state if the  
44.2 vehicles are exempt from registration under section 168.012, subdivision 1, paragraph (b),  
44.3 exempt from taxation under section 473.448, or exempt from the motor vehicle sales tax  
44.4 under section 297B.03, clause (12);

44.5 (8) equipment designed to process, dewater, and recycle biosolids for wastewater  
44.6 treatment facilities of political subdivisions, and materials incidental to installation of  
44.7 that equipment;

44.8 ~~(9) sales to a town of gravel and of machinery, equipment, and accessories, except~~  
44.9 ~~motor vehicles, used exclusively for road and bridge maintenance, and leases by a town of~~  
44.10 ~~motor vehicles exempt from tax under section 297B.03, clause (10);~~

44.11 ~~(10)~~ the removal of trees, bushes, or shrubs for the construction and maintenance  
44.12 of roads, trails, or firebreaks when purchased by an agency of the state or a political  
44.13 subdivision of the state; ~~and~~

44.14 ~~(11)~~ (10) purchases by the Metropolitan Council or the Department of Transportation  
44.15 of vehicles and repair parts to equip operations provided for in section 174.90, including,  
44.16 but not limited to, the Northstar Corridor Rail project; and

44.17 (11) purchases of water used directly in providing public safety services by an  
44.18 organized fire department, fire protection district, or fire company regularly charged with  
44.19 the responsibility of providing fire protection to the state or a political subdivision.

44.20 (b) For purposes of this subdivision, "firefighters personal protective equipment"  
44.21 means helmets, including face shields, chin straps, and neck liners; bunker coats and  
44.22 pants, including pant suspenders; boots; gloves; head covers or hoods; wildfire jackets;  
44.23 protective coveralls; goggles; self-contained breathing apparatus; canister filter masks;  
44.24 personal alert safety systems; spanner belts; optical or thermal imaging search devices;  
44.25 and all safety equipment required by the Occupational Safety and Health Administration.

44.26 (c) For purchases of items listed in paragraph (a), clause (11), the tax must be  
44.27 imposed and collected as if the rate under section 297A.62, subdivision 1, applied and  
44.28 then refunded in the manner provided in section 297A.75.

44.29 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
44.30 June 30, 2011, except that the new clause (11) is effective retroactively for sales and  
44.31 purchases made after June 30, 2007; however, for purposes of the new clause (11),  
44.32 no refunds may be made for amounts already paid on water purchased between June  
44.33 30, 2007, and January 30, 2010.

44.34 Sec. 11. Minnesota Statutes 2010, section 297A.70, subdivision 8, is amended to read:

45.1 Subd. 8. ~~Regionwide Public safety radio communication system systems;~~  
45.2 **products and services.** Products and services including, but not limited to, end user  
45.3 equipment used for construction, ownership, operation, maintenance, and enhancement  
45.4 of ~~the backbone system of the regionwide public safety radio communication system~~  
45.5 ~~established under sections 403.21 to 403.40~~ systems, including public safety radio  
45.6 dispatch centers, are exempt. ~~For purposes of this subdivision, backbone system is defined~~  
45.7 ~~in section 403.21, subdivision 9. This subdivision is effective for purchases, sales, storage,~~  
45.8 ~~use, or consumption for use in the first and second phases of the system, as defined in~~  
45.9 ~~section 403.21, subdivisions 3, 10, and 11, that portion of the third phase of the system that~~  
45.10 ~~is located in the southeast district of the State Patrol and the counties of Benton, Sherburne,~~  
45.11 ~~Stearns, and Wright, and that portion of the system that is located in Itasca County.~~

45.12 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
45.13 December 31, 2009. After July 1, 2013, purchasers may apply for a refund of tax paid for  
45.14 qualifying purchases under this subdivision made after December 31, 2009, and before  
45.15 July 1, 2013, in the manner provided in section 297A.75.

45.16 Sec. 12. Minnesota Statutes 2010, section 297A.75, subdivision 1, is amended to read:

45.17 Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the  
45.18 following exempt items must be imposed and collected as if the sale were taxable and the  
45.19 rate under section 297A.62, subdivision 1, applied. The exempt items include:

45.20 (1) capital equipment exempt under section 297A.68, subdivision 5;

45.21 (2) building materials for an agricultural processing facility exempt under section  
45.22 297A.71, subdivision 13;

45.23 (3) building materials for mineral production facilities exempt under section  
45.24 297A.71, subdivision 14;

45.25 (4) building materials for correctional facilities under section 297A.71, subdivision  
45.26 3;

45.27 (5) building materials used in a residence for disabled veterans exempt under section  
45.28 297A.71, subdivision 11;

45.29 (6) elevators and building materials exempt under section 297A.71, subdivision 12;

45.30 (7) building materials for the Long Lake Conservation Center exempt under section  
45.31 297A.71, subdivision 17;

45.32 (8) materials and supplies for qualified low-income housing under section 297A.71,  
45.33 subdivision 23;

45.34 (9) materials, supplies, and equipment for municipal electric utility facilities under  
45.35 section 297A.71, subdivision 35;

46.1 (10) equipment and materials used for the generation, transmission, and distribution  
46.2 of electrical energy and an aerial camera package exempt under section 297A.68,  
46.3 subdivision 37;

46.4 (11) tangible personal property and taxable services and construction materials,  
46.5 supplies, and equipment exempt under section 297A.68, subdivision 41;

46.6 (12) commuter rail vehicle and repair parts under section 297A.70, subdivision  
46.7 3, clause (11);

46.8 (13) materials, supplies, and equipment for construction or improvement of projects  
46.9 and facilities under section 297A.71, subdivision 40;

46.10 (14) materials, supplies, and equipment for construction or improvement of a meat  
46.11 processing facility exempt under section 297A.71, subdivision 41; ~~and~~

46.12 (15) materials, supplies, and equipment for construction, improvement, or expansion  
46.13 of an aerospace defense manufacturing facility exempt under section 297A.71, subdivision  
46.14 42; and

46.15 (16) products and services for a regionwide public safety radio communication  
46.16 system exempt under section 297A.70, subdivision 8, purchased after December 31,  
46.17 2009, and before July 1, 2013.

46.18 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
46.19 December 31, 2009. After July 1, 2013, purchasers may apply for a refund of tax paid for  
46.20 qualifying purchases under this subdivision made after December 31, 2009, and before  
46.21 July 1, 2013, in the manner provided in section 297A.75.

46.22 Sec. 13. Minnesota Statutes 2010, section 297A.75, subdivision 2, is amended to read:

46.23 Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the  
46.24 commissioner, a refund equal to the tax paid on the gross receipts of the exempt items  
46.25 must be paid to the applicant. Only the following persons may apply for the refund:

46.26 (1) for subdivision 1, clauses (1) to (3), the applicant must be the purchaser;

46.27 (2) for subdivision 1, clauses (4) and (7), the applicant must be the governmental  
46.28 subdivision;

46.29 (3) for subdivision 1, clause (5), the applicant must be the recipient of the benefits  
46.30 provided in United States Code, title 38, chapter 21;

46.31 (4) for subdivision 1, clause (6), the applicant must be the owner of the homestead  
46.32 property;

46.33 (5) for subdivision 1, clause (8), the owner of the qualified low-income housing  
46.34 project;

47.1 (6) for subdivision 1, clause (9), the applicant must be a municipal electric utility or  
47.2 a joint venture of municipal electric utilities;

47.3 (7) for subdivision 1, clauses (10), (11), (14), and (15), the owner of the qualifying  
47.4 business; and

47.5 (8) for subdivision 1, clauses (12) ~~and~~, (13), and (16), the applicant must be the  
47.6 governmental entity that owns or contracts for the project or facility.

47.7 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
47.8 December 31, 2009. After July 1, 2013, purchasers may apply for a refund of tax paid for  
47.9 qualifying purchases under this subdivision made after December 31, 2009, and before  
47.10 July 1, 2013, in the manner provided in section 297A.75.

47.11 Sec. 14. Minnesota Statutes 2010, section 297A.75, subdivision 3, is amended to read:

47.12 Subd. 3. **Application.** (a) The application must include sufficient information  
47.13 to permit the commissioner to verify the tax paid. If the tax was paid by a contractor,  
47.14 subcontractor, or builder, under subdivision 1, clause (4), (5), (6), (7), (8), (9), (10), (11),  
47.15 (12), (13), (14), ~~or~~ (15), or (16), the contractor, subcontractor, or builder must furnish to  
47.16 the refund applicant a statement including the cost of the exempt items and the taxes paid  
47.17 on the items unless otherwise specifically provided by this subdivision. The provisions of  
47.18 sections 289A.40 and 289A.50 apply to refunds under this section.

47.19 (b) An applicant may not file more than two applications per calendar year for  
47.20 refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

47.21 (c) Total refunds for purchases of items in section 297A.71, subdivision 40, must not  
47.22 exceed \$5,000,000 in fiscal years 2010 and 2011. Applications for refunds for purchases  
47.23 of items in sections 297A.70, subdivision 3, paragraph (a), clause (11), and 297A.71,  
47.24 subdivision 40, must not be filed until after June 30, 2009.

47.25 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
47.26 December 31, 2009. After July 1, 2013, purchasers may apply for a refund of tax paid for  
47.27 qualifying purchases under this subdivision made after December 31, 2009, and before  
47.28 July 1, 2013, in the manner provided in section 297A.75.

47.29 Sec. 15. Minnesota Statutes 2010, section 297A.82, subdivision 4, is amended to read:

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

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

48.4 (c) The sale to or purchase, storage, use, or consumption by a licensed aircraft dealer  
48.5 of an aircraft for which a commercial use permit has been issued pursuant to section  
48.6 360.654 is exempt, if the aircraft is resold while the permit is in effect.

48.7 (d) Airflight equipment when sold to, or purchased, stored, used, or consumed by  
48.8 airline companies, as defined in section 270.071, subdivision 4, is exempt. For purposes of  
48.9 this subdivision, "airflight equipment" includes airplanes and parts necessary for the repair  
48.10 and maintenance of such airflight equipment, and flight simulators, but does not include  
48.11 airplanes with a gross weight of less than 30,000 pounds that are used on intermittent or  
48.12 irregularly timed flights.

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

48.23 (f) The sale or purchase of aircraft and aircraft equipment, including parts necessary  
48.24 for repair and maintenance of such airflight equipment, as defined under Federal Aviation  
48.25 Regulations, Part 135, that has a maximum certified takeoff weight of 6,000 pounds or  
48.26 more are exempt.

48.27 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
48.28 June 30, 2011.

48.29 Sec. 16. **REPEALER.**

48.30 Minnesota Statutes 2010, section 289A.60, subdivision 31, is repealed.

48.31 **EFFECTIVE DATE.** This section is effective for taxes due and payable after  
48.32 July 1, 2011.

ARTICLE 4

ECONOMIC DEVELOPMENT

Section 1. [116W.25] CITATION.

Sections 116W.26 to 116W.34 may be cited as the "Minnesota science and technology program."

Sec. 2. [116W.26] DEFINITIONS.

Subdivision 1. **Applicability.** For the purposes of sections 116W.26 to 116W.34, the terms in this section have the meanings given them.

Subd. 2. **Authority.** "Authority" means the Minnesota Science and Technology Authority established under this chapter.

Subd. 3. **College or university.** "College or university" means an institution of postsecondary education, public or private, that grants undergraduate or postgraduate academic degrees, conducts significant research or development activities in the areas of science and technology.

Subd. 4. **Commercialization.** "Commercialization" means any of the full spectrum of activities required for a new technology, product, or process to be developed from its basic research of conceptual stage through applied research or development to the marketplace including, without limitation, the steps leading up to and including licensure, sales, and services.

Subd. 5. **Commercialized research project.** "Commercialized research project" means research conducted within a college or university or nonprofit research institution or by a qualified science and technology company that has shown advanced commercial potential through license agreements, patents, or other forms of invention disclosure, and by which a qualified science and technology company has been or is being currently formed.

Subd. 6. **Fund.** "Fund" means the Minnesota science and technology fund.

Subd. 7. **Nonprofit research institution.** "Nonprofit research institution" means an entity with its principle place of business in Minnesota, that qualifies under section 501(c) of the Internal Revenue Code, and that conducts significant research or development activities in this state in the areas of science and technology.

Subd. 8. **Program.** "Program" means the Minnesota science and technology program.

Subd. 9. **Qualified science and technology company.** "Qualified science and technology company" means a corporation, limited liability company, S corporation, partnership, limited liability partnership, or sole proprietorship with fewer than 100

50.1 employees that is engaged in research, development, or production of science or  
50.2 technology in this state including, without limitation, research, development, or production  
50.3 directed toward developing or providing science and technology products, processes, or  
50.4 services for specific commercial or public purposes.

50.5 **Sec. 3. [116W.27] MINNESOTA SCIENCE AND TECHNOLOGY FUND.**

50.6 A Minnesota science and technology fund is created in the state treasury. The fund  
50.7 is a direct-appropriated special revenue fund. Money of the authority must be paid to the  
50.8 commissioner of management and budget as agent of the authority and the commissioner  
50.9 shall not commingle the money with other money. The money in the fund must be paid out  
50.10 only on warrants drawn by the commissioner of management and budget on requisition of  
50.11 the executive director of the authority or designee.

50.12 **Sec. 4. [116W.28] MINNESOTA SCIENCE AND TECHNOLOGY FUND;**  
50.13 **AUTHORIZED USES.**

50.14 The Minnesota science and technology fund may be used for the following to:

50.15 (1) establish the commercialized research program authorized under section  
50.16 116W.29;

50.17 (2) establish the federal research and development support program under section  
50.18 116W.30;

50.19 (3) establish the industry technology and competitiveness program under section  
50.20 116W.31; and

50.21 (4) carry out the powers of the authority authorized under sections 116W.04 and  
50.22 116W.32 that are in support of the programs in clauses (1) to (3).

50.23 **Sec. 5. [116W.29] COMMERCIALIZED RESEARCH PROGRAM.**

50.24 (a) The authority may establish a commercialized research program. The purpose of  
50.25 the program is to accelerate the commercialization of science and technology products,  
50.26 processes, or services from colleges or universities, nonprofit research institutions or  
50.27 qualified science and technology companies that lead to an increase in science and  
50.28 technology businesses and jobs. The program shall:

50.29 (1) provide science and technology gap funding of up to \$250,000 per science and  
50.30 technology research project to assist in the commercialization and transfer of science and  
50.31 technology research projects from a college or university or nonprofit research institution  
50.32 to a qualified science and technology company; and

51.1 (2) provide funding of up to \$250,000 for early stage development for qualified  
51.2 science and technology companies to conduct commercialized research projects.

51.3 (b) All activities under the commercialized research program must require:

51.4 (1) written criteria set by the authority for the application, award, and use of the  
51.5 funds;

51.6 (2) matching funds by the participating qualified science and technology company,  
51.7 college or university, or nonprofit research institution;

51.8 (3) no more than 15 percent of the funds awarded by the authority may be used  
51.9 for overhead costs; and

51.10 (4) a report by the participating qualified science and technology company, college  
51.11 or university, or nonprofit research institution that provides documentation of the use of  
51.12 funds and outcomes of the award. The report must be submitted to the authority within  
51.13 one calendar year of the date of the award.

51.14 Sec. 6. **[116W.30] FEDERAL RESEARCH AND DEVELOPMENT SUPPORT**  
51.15 **PROGRAM.**

51.16 The authority may establish a federal research and development support program.  
51.17 The purpose of the program is to increase and coordinate efforts to procure federal funding  
51.18 for research projects of primary benefit to qualified science and technology companies,  
51.19 colleges or universities, and nonprofit research institutions. The program shall:

51.20 (1) develop and execute a strategy to identify specific federal agencies and programs  
51.21 that support the growth of science and technology industries in this state; and

51.22 (2) provide grants to qualified science and technology companies:

51.23 (i) to assist in the development of federal Small Business Innovation (SBIR) or  
51.24 Small Business Technology Transfer (STTR) proposals; and

51.25 (ii) to match funds received through SBIR or STTR awards. No more than  
51.26 \$1,500,000 may be awarded in a year for matching grants under this clause.

51.27 Sec. 7. **[116W.31] INDUSTRY INNOVATION AND COMPETITIVENESS**  
51.28 **PROGRAM.**

51.29 (a) The authority may establish an industry technology and competitiveness program.  
51.30 The purpose of the program is to advance the technological capacity and competitiveness  
51.31 of existing and emerging science and technology industries. The program shall:

51.32 (1) provide matching funds to programs and organizations that assist entrepreneurs  
51.33 in starting and growing qualified science and technology companies including, but not

52.1 limited to, matching funds for mentoring programs, consulting and technical services,  
52.2 and related activities;

52.3 (2) fund initiatives that retain engineering, science, technology, and mathematical  
52.4 occupations in the state including, but not limited to, internships, mentoring, and support  
52.5 of industry and professional organizations; and

52.6 (3) fund initiatives that support the growth of targeted industry clusters and the  
52.7 competitiveness of existing qualified science and technology companies in developing  
52.8 and marketing new products and services.

52.9 (b) All activities under the industry innovation and competitiveness program shall  
52.10 require:

52.11 (i) written criteria set by the authority for the application, award, and use of the funds;

52.12 (ii) matching funds by the participating qualified science and technology company,  
52.13 college or university, or nonprofit research institution; and

52.14 (iii) a report by the participating qualified science and technology company, college  
52.15 or university, or nonprofit research institution providing documentation on the use of the  
52.16 funds and outcomes of the award. The report must be submitted to the authority within  
52.17 one calendar year from the date of the award.

52.18 **Sec. 8. [116W.32] MINNESOTA SCIENCE AND TECHNOLOGY AUTHORITY;**  
52.19 **POWERS UNDER FUND.**

52.20 Subdivision 1. **General powers.** The authority shall have all of the powers  
52.21 necessary to carry out the purposes and provisions of sections 116W.26 to 116W.34,  
52.22 including, but not limited to, those provided under section 116W.04 and the following:

52.23 (1) The authority may make awards in the forms of grants or loans, and charge and  
52.24 receive a reasonable interest for the loans, or take an equity position in form of stock, a  
52.25 convertible note, or other securities in consideration of an award. Interests, revenues, or  
52.26 other proceeds received as a result of a transaction authorized by use of this fund shall be  
52.27 deposited to the corpus of the fund and used in the same manner as the corpus of the fund.

52.28 (2) In awarding money from the fund, priority shall be given to proposals from  
52.29 qualified science and technology companies that have demonstrable economic benefit to  
52.30 the state in terms of the formation of a new private sector business entity, the creation of  
52.31 jobs, or the attraction of federal and private funding.

52.32 (3) In awarding money from the fund, priority shall be given to proposals from  
52.33 colleges or universities and nonprofit research institutions that:

52.34 (i) promote collaboration between any combination of colleges or universities,  
52.35 nonprofit research institutions, and private industry;

53.1 (ii) enhance existing research superiority by attracting new research entities,  
53.2 research talent, or resources to the state; and

53.3 (iii) create new research superiority that attracts significant researchers and resources  
53.4 from outside the state.

53.5 (4) Subject to the limits in this clause, money within the fund may be used  
53.6 for reasonable administrative expenses by the authority including staffing and direct  
53.7 operational expenses, and professional fees for accounting, legal, and other technical  
53.8 services required to carry out the intent of the program and administration of the fund.  
53.9 Administrative expenses may not exceed five percent of the first \$5,000,000 in the fund  
53.10 and two percent of any amount in excess of \$5,000,000.

53.11 (5) Before making an award, the authority shall enter into a written agreement with  
53.12 the entity receiving the award that specifies the uses of the award.

53.13 (6) If the award recipient has not used the award received for the purposes intended,  
53.14 as of the date provided in the agreement, the recipient shall repay that amount and any  
53.15 interest applicable under the agreement to the authority. All repayments must be deposited  
53.16 to the corpus of the fund.

53.17 Subd. 2. Rules. The authority may adopt rules to implement the programs  
53.18 authorized under sections 116W.29 to 116W.31.

53.19 **Sec. 9. [116W.33] REPAYMENT.**

53.20 An entity must repay all or a portion of the amount of any award, grant, loan, or  
53.21 financial assistance of any type paid by the authority under sections 116W.29 to 116W.32  
53.22 if the entity relocates outside the state or ceases operation in Minnesota within four years  
53.23 from the date the authority provided the financial award. If the entity relocates outside of  
53.24 this state or ceases operation in Minnesota within three years of the financial award, the  
53.25 entity must repay 100 percent of the award. If the entity relocates or ceases operation in  
53.26 Minnesota after a period of three years but before four years from the date of the financial  
53.27 award, the entity must repay 75 percent of the financial award.

53.28 **Sec. 10. [116W.34] EXPIRATION.**

53.29 Sections 116W.26 to 116W.33 expire on the expiration date of the authority under  
53.30 section 116W.03, subdivision 7. Any unused money in the fund shall be deposited in the  
53.31 general fund.

53.32 **Sec. 11. Minnesota Statutes 2010, section 469.176, subdivision 4c, is amended to read:**

54.1 Subd. 4c. **Economic development districts.** (a) Revenue derived from tax  
54.2 increment from an economic development district may not be used to provide  
54.3 improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form  
54.4 to developments consisting of buildings and ancillary facilities, if more than 15 percent  
54.5 of the buildings and facilities (determined on the basis of square footage) are used for a  
54.6 purpose other than:

54.7 (1) the manufacturing or production of tangible personal property, including  
54.8 processing resulting in the change in condition of the property;

54.9 (2) warehousing, storage, and distribution of tangible personal property, excluding  
54.10 retail sales;

54.11 (3) research and development related to the activities listed in clause (1) or (2);

54.12 (4) telemarketing if that activity is the exclusive use of the property;

54.13 (5) tourism facilities;

54.14 (6) qualified border retail facilities; or

54.15 (7) space necessary for and related to the activities listed in clauses (1) to (6).

54.16 (b) Notwithstanding the provisions of this subdivision, revenues derived from tax  
54.17 increment from an economic development district may be used to provide improvements,  
54.18 loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000  
54.19 square feet of any separately owned commercial facility located within the municipal  
54.20 jurisdiction of a small city, if the revenues derived from increments are spent only to  
54.21 assist the facility directly or for administrative expenses, the assistance is necessary to  
54.22 develop the facility, and all of the increments, except those for administrative expenses,  
54.23 are spent only for activities within the district.

54.24 (c) A city is a small city for purposes of this subdivision if the city was a small city  
54.25 in the year in which the request for certification was made and applies for the rest of  
54.26 the duration of the district, regardless of whether the city qualifies or ceases to qualify  
54.27 as a small city.

54.28 (d) Notwithstanding the requirements of paragraph (a) and the finding requirements  
54.29 of section 469.174, subdivision 12, tax increments from an economic development district  
54.30 may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or  
54.31 assistance in any form to developments consisting of buildings and ancillary facilities, if  
54.32 all the following conditions are met:

54.33 (1) the municipality finds that the project will create or retain jobs in this state,  
54.34 including construction jobs, and that construction of the project would not have  
54.35 commenced before July 1, ~~2011~~ 2012, without the authority providing assistance under  
54.36 the provisions of this paragraph;

55.1 (2) construction of the project begins no later than July 1, ~~2011~~ 2012; ~~and~~  
55.2 (3) the request for certification of the district is made no later than June 30, ~~2011~~  
55.3 2012; and

55.4 (4) for development of housing under this paragraph, the construction must begin  
55.5 before January 1, 2012.

55.6 The provisions of this paragraph may not be used to assist housing that is developed  
55.7 to qualify under section 469.1761, subdivision 2 or 3, or similar requirements of other law,  
55.8 if construction of the project begins later than July 1, 2011.

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

55.10 Sec. 12. Minnesota Statutes 2010, section 469.176, subdivision 4m, is amended to read:

55.11 Subd. 4m. **Temporary authority to stimulate construction.** (a) Notwithstanding  
55.12 the restrictions in any other subdivision of this section or any other law to the contrary,  
55.13 except the requirement to pay bonds to which the increments are pledged and the  
55.14 provisions of subdivisions 4g and 4h, the authority may spend tax increments for one or  
55.15 more of the following purposes:

55.16 (1) to provide improvements, loans, interest rate subsidies, or assistance in any  
55.17 form to private development consisting of the construction or substantial rehabilitation  
55.18 of buildings and ancillary facilities, if doing so will create or retain jobs in this state,  
55.19 including construction jobs, and that the construction commences before July 1, ~~2011~~  
55.20 2012, and would not have commenced before that date without the assistance; or

55.21 (2) to make an equity or similar investment in a corporation, partnership, or limited  
55.22 liability company that the authority determines is necessary to make construction of a  
55.23 development that meets the requirements of clause (1) financially feasible.

55.24 (b) The authority may undertake actions under the authority of this subdivision only  
55.25 after approval by the municipality of a written spending plan that specifically authorizes  
55.26 the authority to take the actions. The municipality shall approve the spending plan only  
55.27 after a public hearing after published notice in a newspaper of general circulation in  
55.28 the municipality at least once, not less than ten days nor more than 30 days prior to the  
55.29 date of the hearing.

55.30 (c) The authority to spend tax increments under this subdivision expires December  
55.31 31, ~~2011~~ 2012.

55.32 (d) For a development consisting of housing, the authority to spend tax increments  
55.33 under this subdivision expires December 31, 2011, and construction must commence  
55.34 before July 1, 2011, except the authority to spend tax increments on market rate housing

56.1 developments under this subdivision expires July 31, 2012, and construction must  
56.2 commence before January 1, 2012.

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

56.4 Sec. 13. Minnesota Statutes 2010, section 469.1763, subdivision 2, is amended to read:

56.5 Subd. 2. **Expenditures outside district.** (a) For each tax increment financing  
56.6 district, an amount equal to at least 75 percent of the total revenue derived from tax  
56.7 increments paid by properties in the district must be expended on activities in the district  
56.8 or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities  
56.9 in the district or to pay, or secure payment of, debt service on credit enhanced bonds.  
56.10 For districts, other than redevelopment districts for which the request for certification  
56.11 was made after June 30, 1995, the in-district percentage for purposes of the preceding  
56.12 sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax  
56.13 increments paid by properties in the district may be expended, through a development fund  
56.14 or otherwise, on activities outside of the district but within the defined geographic area of  
56.15 the project except to pay, or secure payment of, debt service on credit enhanced bonds.  
56.16 For districts, other than redevelopment districts for which the request for certification was  
56.17 made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is  
56.18 20 percent. The revenue derived from tax increments for the district that are expended on  
56.19 costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before  
56.20 calculating the percentages that must be expended within and without the district.

56.21 (b) In the case of a housing district, a housing project, as defined in section 469.174,  
56.22 subdivision 11, is an activity in the district.

56.23 (c) All administrative expenses are for activities outside of the district, except that  
56.24 if the only expenses for activities outside of the district under this subdivision are for  
56.25 the purposes described in paragraph (d), administrative expenses will be considered as  
56.26 expenditures for activities in the district.

56.27 (d) The authority may elect, in the tax increment financing plan for the district,  
56.28 to increase by up to ten percentage points the permitted amount of expenditures for  
56.29 activities located outside the geographic area of the district under paragraph (a). As  
56.30 permitted by section 469.176, subdivision 4k, the expenditures, including the permitted  
56.31 expenditures under paragraph (a), need not be made within the geographic area of the  
56.32 project. Expenditures that meet the requirements of this paragraph are legally permitted  
56.33 expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, and 4j.  
56.34 To qualify for the increase under this paragraph, the expenditures must:

57.1 (1) be used exclusively to assist housing that meets the requirement for a qualified  
57.2 low-income building, as that term is used in section 42 of the Internal Revenue Code; and

57.3 (2) not exceed the qualified basis of the housing, as defined under section 42(c) of  
57.4 the Internal Revenue Code, less the amount of any credit allowed under section 42 of  
57.5 the Internal Revenue Code; and

57.6 (3) be used to:

57.7 (i) acquire and prepare the site of the housing;

57.8 (ii) acquire, construct, or rehabilitate the housing; or

57.9 (iii) make public improvements directly related to the housing; or

57.10 (4) be used to develop housing:

57.11 (i) if the market value of the housing does not exceed the lesser of:

57.12 (A) 150 percent of the average market of single-family homes in that municipality; or

57.13 (B) \$200,000 for municipalities located in the metropolitan area, as defined in  
57.14 section 473.121, or \$125,000 for all other municipalities; and

57.15 (ii) if the expenditures are used to pay the cost of site acquisition, relocation,  
57.16 demolition of existing structures, site preparation, and pollution abatement on one or  
57.17 more parcels, if the parcel contains a residence containing one to four family dwelling  
57.18 units that has been vacant for six or more months and is in foreclosure as defined in  
57.19 section 325N.10, subdivision 7, but without regard to whether the residence is the owner's  
57.20 principal residence, and only after the redemption period stated in the notice provided  
57.21 under section 580.06 has expired.

57.22 (e) For a district created within a biotechnology and health sciences industry zone  
57.23 as defined in section 469.330, subdivision 6, or for an existing district located within  
57.24 such a zone, tax increment derived from such a district may be expended outside of the  
57.25 district but within the zone only for expenditures required for the construction of public  
57.26 infrastructure necessary to support the activities of the zone, land acquisition, and other  
57.27 redevelopment costs as defined in section 469.176, subdivision 4j. These expenditures are  
57.28 considered as expenditures for activities within the district.

57.29 (f) The authority under paragraph (d), clause (4), expires on December 31, 2016.  
57.30 Increments may continue to be expended under this authority after that date, if they are  
57.31 used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph  
57.32 (a), if December 31, 2016, is considered to be the last date of the five-year period after  
57.33 certification under that provision.

57.34 **EFFECTIVE DATE.** This section is effective for any district that is subject to the  
57.35 provisions of section 469.1763, regardless of when the request for certification of the  
57.36 district was made.

58.1 Sec. 14. Laws 2010, chapter 389, article 7, section 22, is amended to read:

58.2 Sec. 22. **CITY OF RAMSEY; TAX INCREMENT FINANCING DISTRICT;**  
58.3 **SPECIAL RULES.**

58.4 (a) If the city of Ramsey or an authority of the city elects upon the adoption of a tax  
58.5 increment financing plan for a district, the rules under this section apply to a redevelopment  
58.6 tax increment financing district established by the city or an authority of the city. The  
58.7 redevelopment tax increment district includes parcels within the area bounded on the east  
58.8 by Ramsey Boulevard, on the north by Bunker Lake Boulevard as extended west to Llama  
58.9 Street, on the west by Llama Street, and on the south by a line running parallel to and  
58.10 600 feet south of the southerly right-of-way for U.S. Highway 10, but including Parcels  
58.11 28-32-25-43-0007 and 28-32-25-34-0002 in their entirety, and excluding the Anoka  
58.12 County Regional Park property in its entirety. A parcel within this area that is included in  
58.13 a tax increment financing district that was certified before the date of enactment of this act  
58.14 may be included in the district created under this act if the initial district is decertified.

58.15 (b) The requirements for qualifying a redevelopment tax increment district under  
58.16 Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcels located  
58.17 within the district.

58.18 (c) ~~In addition to the costs permitted by~~ Minnesota Statutes, section 469.176,  
58.19 subdivision 4j, does not apply to the district. Eligible expenditures within the district  
58.20 include but are not limited to (1) the city's share of the costs necessary to provide for  
58.21 the construction of the Northstar Transit Station and related infrastructure, including  
58.22 structured parking, a pedestrian overpass, and roadway improvements, (2) the cost of  
58.23 land acquired by the city or the housing and redevelopment authority in and for the city  
58.24 of Ramsey within the district prior to the establishment of the district, and (3) the cost  
58.25 of public improvements installed within the tax increment financing district prior to the  
58.26 establishment of the district.

58.27 (d) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that  
58.28 activities must be undertaken within a five-year period from the date of certification of a  
58.29 tax increment financing district, is considered to be met for the district if the activities  
58.30 were undertaken within ten years from the date of certification of the district.

58.31 (e) Except for administrative expenses, the in-district percentage for purposes of  
58.32 the restriction on pooling under Minnesota Statutes, section 469.1763, subdivision 2, for  
58.33 this district is 100 percent.

58.34 (f) The requirement of Minnesota Statutes, section 469.177, subdivision 4, does not  
58.35 apply to Parcels 28-32-25-42-0021 and 28-32-25-41-0014, where development occurred

59.1 after enactment of Laws 2010, chapter 389, article 7, section 22, and prior to adoption of  
59.2 the tax increment financing plan for the district.

59.3 **EFFECTIVE DATE.** This section is effective upon approval by the governing  
59.4 body of the city of Ramsey, and upon compliance by the city with Minnesota Statutes,  
59.5 section 645.021, subdivision 3.

59.6 Sec. 15. **CITY OF COHASSET; USE OF TAX INCREMENTS.**

59.7 The authority operating tax increment financing districts No. 2-1 and No. 3-1 in  
59.8 the city of Cohasset may transfer tax increments from each of those districts to the city  
59.9 in an amount equal to the advances made by the city from its general fund to finance  
59.10 expenditures under Minnesota Statutes, section 469.176, subdivision 4, for the benefit  
59.11 of that district.

59.12 **EFFECTIVE DATE.** This section is effective the day following final enactment,  
59.13 upon approval by the governing body of the city of Cohasset and compliance with  
59.14 Minnesota Statutes, section 645.021, subdivision 3.

59.15 Sec. 16. **CITY OF LINO LAKES; TAX INCREMENT FINANCING.**

59.16 Subdivision 1. **Duration of district.** Notwithstanding the provisions of Minnesota  
59.17 Statutes, section 469.176, subdivision 1b, the city of Lino Lakes may collect tax  
59.18 increments from tax increment financing district no. 1-10 through December 31, 2023,  
59.19 subject to the conditions in subdivision 2.

59.20 Subd. 2. **Conditions for extension.** All tax increments remaining in the account  
59.21 for the district after February 1, 2011, and all tax increments collected thereafter, must  
59.22 be used only to pay debt service on bonds issued to finance the interchange of Anoka  
59.23 County Highway 23 and marked Interstate Highway 35W, bonds issued to finance public  
59.24 improvements serving the development known as Legacy at Woods Edge, and any bonds  
59.25 issued to refund those bonds. Minnesota Statutes, sections 469.176, subdivision 4c, and  
59.26 469.1763 do not apply to expenditures made under this section.

59.27 **EFFECTIVE DATE.** This section is effective upon compliance by the governing  
59.28 body of the city of Lino Lakes with the requirements of Minnesota Statutes, sections  
59.29 469.1782, subdivision 2, and 645.021, subdivision 3.

59.30 Sec. 17. **CITY OF TAYLORS FALLS; BORDER CITY DEVELOPMENT ZONE.**



61.1 permitted by special law ~~enacted prior to May 20, 2008~~, or (4) if the political subdivision  
61.2 enacted and imposed the tax before January 1, 1982, and its predecessor provision.

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

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

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

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

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

61.14 (d) A political subdivision may not advertise or expend funds for the promotion of a  
61.15 referendum to support imposing a local option sales tax. A political subdivision may only  
61.16 expend funds to conduct the referendum.

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

61.18 Sec. 2. Minnesota Statutes 2010, section 297A.99, subdivision 3, is amended to read:

61.19 Subd. 3. **Requirements for adoption, use, termination.** (a) Imposition of a local  
61.20 sales tax is subject to approval by voters of the political subdivision at a general election.  
61.21 The election must be conducted before the governing body of the political subdivision  
61.22 requests legislative approval of the tax.

61.23 (b) The proceeds of the tax must be dedicated exclusively to payment of the cost of a  
61.24 specific capital improvement which is designated at least 90 days before the referendum  
61.25 on imposition of the tax is conducted.

61.26 (c) The tax must terminate after the improvement designated under paragraph (b)  
61.27 has been completed.

61.28 (d) After a sales tax imposed by a political subdivision has expired or been  
61.29 terminated, the political subdivision is prohibited from imposing a local sales tax for a  
61.30 period of one year. Notwithstanding subdivision 13, this paragraph applies to all local  
61.31 sales taxes in effect at the time of or imposed after May 26, 1999.

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

61.33 Sec. 3. Minnesota Statutes 2010, section 473.757, subdivision 11, is amended to read:

62.1 Subd. 11. **Uses of tax.** (a) Revenues received from the tax imposed under  
62.2 subdivision 10 may be used:

62.3 (1) to pay costs of collection;

62.4 (2) to pay or reimburse or secure the payment of any principal of, premium, or  
62.5 interest on bonds issued in accordance with this act;

62.6 (3) to pay costs and make expenditures and grants described in this section, including  
62.7 financing costs related to them;

62.8 (4) to maintain reserves for the foregoing purposes deemed reasonable and  
62.9 appropriate by the county;

62.10 (5) to pay for operating costs of the ballpark authority other than the cost of  
62.11 operating or maintaining the ballpark; and

62.12 (6) to make expenditures and grants for youth activities and amateur sports and  
62.13 extension of library hours as described in subdivision 2;

62.14 and for no other purpose.

62.15 (b) Revenues from the tax designated for use under paragraph (a), clause (5), must  
62.16 be deposited in the operating fund of the ballpark authority.

62.17 (c) After completion of the ballpark and public infrastructure, the tax revenues not  
62.18 required for current payments of the expenditures described in paragraph (a), clauses (1) to  
62.19 (6), shall be used to (i) redeem or defease the bonds and (ii) prepay or establish a fund for  
62.20 payment of future obligations under grants or other commitments for future expenditures  
62.21 which are permitted by this section. Upon the redemption or defeasance of the bonds and  
62.22 the establishment of reserves adequate to meet such future obligations, the taxes shall  
62.23 terminate and shall not be reimposed. For purposes of this subdivision, "reserves adequate  
62.24 to meet such future obligations" means a reserve that does not exceed the net present value  
62.25 of the county's obligation to make grants under paragraph (a), clauses (5) and (6), and to  
62.26 fund the reserve for capital improvements required under section 473.759, subdivision 3,  
62.27 for the 30-year period beginning on the date of the original issuance of the bonds, less  
62.28 those obligations that the county has already paid.

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

62.30 Sec. 4. Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended by  
62.31 Laws 2006, chapter 259, article 3, section 3, is amended to read:

62.32 Subdivision 1. **Sales tax authorized.** (a) Notwithstanding Minnesota Statutes,  
62.33 section 477A.016, or any other contrary provision of law, ordinance, or city charter, the  
62.34 city of Hermantown may, by ordinance, impose an additional sales tax of up to one  
62.35 percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that

63.1 occur within the city. The proceeds of the tax imposed under this section must be used to  
63.2 meet the costs of:

63.3 (1) extending a sewer interceptor line;

63.4 (2) construction of a booster pump station, reservoirs, and related improvements  
63.5 to the water system; and

63.6 (3) construction of a building containing a police and fire station and an  
63.7 administrative services facility.

63.8 (b) If the city imposed a sales tax of only one-half of one percent under paragraph  
63.9 (a), it may increase the tax to one percent to fund the purposes under paragraph (a)  
63.10 provided it is approved by the voters at a general election held before December 31, 2012.

63.11 **EFFECTIVE DATE.** This section is effective the day following compliance by the  
63.12 city of Hermantown with Minnesota Statutes, section 645.021, subdivision 3.

63.13 Sec. 5. Laws 1998, chapter 389, article 8, section 43, subdivision 3, as amended by  
63.14 Laws 2005, First Special Session chapter 3, article 5, section 28, is amended to read:

63.15 Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized by  
63.16 subdivisions 1 and 2 must be used by the city to pay for the cost of collecting and  
63.17 administering the taxes and to pay for the following projects:

63.18 (1) transportation infrastructure improvements including regional highway and  
63.19 airport improvements;

63.20 (2) improvements to the civic center complex;

63.21 (3) a municipal water, sewer, and storm sewer project necessary to improve regional  
63.22 ground water quality; and

63.23 (4) construction of a regional recreation and sports center and other higher education  
63.24 facilities available for both community and student use.

63.25 (b) The total amount of capital expenditures or bonds for these projects listed in  
63.26 paragraph (a) that may be paid from the revenues raised from the taxes authorized in this  
63.27 section may not exceed \$111,500,000. The total amount of capital expenditures or bonds  
63.28 for the project in clause (4) that may be paid from the revenues raised from the taxes  
63.29 authorized in this section may not exceed \$28,000,000.

63.30 (c) In addition to the projects authorized in paragraph (a) and not subject to the  
63.31 amount stated in paragraph (b), the city of Rochester may, if approved by the voters at an  
63.32 election under subdivision 5, paragraph (c), use the revenues received from the taxes and  
63.33 bonds authorized in this section to pay the costs of or bonds for the following purposes:

63.34 (1) \$17,000,000 for capital expenditures and bonds for the following Olmsted  
63.35 County transportation infrastructure improvements:

- 64.1 (i) County State Aid Highway 34 reconstruction;  
64.2 (ii) Trunk Highway 63 and County State Aid Highway 16 interchange;  
64.3 (iii) phase II of the Trunk Highway 52 and County State Aid Highway 22  
64.4 interchange;  
64.5 (iv) widening of County State Aid Highway 22 West Circle Drive; and  
64.6 (v) 60th Avenue Northwest corridor preservation;  
64.7 (2) \$30,000,000 for city transportation projects including:  
64.8 (i) Trunk Highway 52 and 65th Street interchange;  
64.9 (ii) NW transportation corridor acquisition;  
64.10 (iii) Phase I of the Trunk Highway 52 and County State Aid Highway 22 interchange;  
64.11 (iv) Trunk Highway 14 and Trunk Highway 63 intersection;  
64.12 (v) Southeast transportation corridor acquisition;  
64.13 (vi) Rochester International Airport expansion; and  
64.14 (vii) a transit operations center bus facility;  
64.15 (3) \$14,000,000 for the University of Minnesota Rochester academic and  
64.16 complementary facilities;  
64.17 (4) \$6,500,000 for the Rochester Community and Technical College/Winona State  
64.18 University career technical education and science and math facilities;  
64.19 (5) \$6,000,000 for the Rochester Community and Technical College regional  
64.20 recreation facilities at University Center Rochester;  
64.21 (6) \$20,000,000 for the Destination Medical Community Initiative;  
64.22 (7) \$8,000,000 for the regional public safety and 911 dispatch center facilities;  
64.23 (8) \$20,000,000 for a regional recreation/senior center;  
64.24 (9) \$10,000,000 for an economic development fund; and  
64.25 (10) \$8,000,000 for downtown infrastructure.  
64.26 (d) No revenues from the taxes raised from the taxes authorized in subdivisions 1  
64.27 and 2 may be used to fund transportation improvements related to a railroad bypass that  
64.28 would divert traffic from the city of Rochester.  
64.29 (e) The city shall use \$5,000,000 of the money allocated to the purpose in paragraph  
64.30 (c), clause (9), for grants to the cities of Byron, Chatfield, Dodge Center, Dover, Elgin,  
64.31 Eyota, Kasson, Mantorville, Oronoco, Pine Island, Plainview, St. Charles, Stewartville,  
64.32 Zumbrota, Spring Valley, West Concord, and Hayfield for economic development projects  
64.33 that these communities would fund through their economic development authority or  
64.34 housing and redevelopment authority.  
64.35 **EFFECTIVE DATE.** This section is effective the day following final enactment.

65.1 Sec. 6. Laws 1998, chapter 389, article 8, section 43, subdivision 4, as amended by  
 65.2 Laws 2005, First Special Session chapter 3, article 5, section 29, is amended to read:

65.3 Subd. 4. **Bonding authority.** (a) The city may issue bonds under Minnesota  
 65.4 Statutes, chapter 475, to finance the capital expenditure and improvement projects.  
 65.5 An election to approve up to \$71,500,000 in bonds under Minnesota Statutes, section  
 65.6 475.58, may be held in combination with the election to authorize imposition of the tax  
 65.7 under subdivision 1. Whether to permit imposition of the tax and issuance of bonds  
 65.8 may be posed to the voters as a single question. The question must state that the sales  
 65.9 tax revenues are pledged to pay the bonds, but that the bonds are general obligations  
 65.10 and will be guaranteed by the city's property taxes. An election to approve up to an  
 65.11 additional \$40,000,000 of bonds under Minnesota Statutes, section 475.58, may be held  
 65.12 in combination with the election to authorize extension of the tax under subdivision 5,  
 65.13 paragraph (b). An election to approve bonds under Minnesota Statutes, section 475.58,  
 65.14 in an amount not to exceed \$139,500,000 plus an amount equal to the costs of issuance  
 65.15 of the bonds, may be held in combination with the election to authorize the extension of  
 65.16 the tax under subdivision 5, paragraph (c).

65.17 (b) The city ~~may~~ shall enter into an agreement with Olmsted County under which the  
 65.18 city and the county agree to jointly undertake and finance certain roadway infrastructure  
 65.19 improvements. The agreement ~~may~~ shall provide that the city will make available to the  
 65.20 county a portion of the sales tax revenues collected pursuant to the authority granted in  
 65.21 this section and the bonding authority provided in this subdivision. The county may,  
 65.22 pursuant to the agreement, issue its general obligation bonds in a principal amount not  
 65.23 exceeding the amount authorized by its agreement with the city payable primarily from  
 65.24 the sales tax revenues from the city under the agreement. The county's bonds must be  
 65.25 issued in accordance with the provisions of Minnesota Statutes, chapter 475, except that  
 65.26 no election is required for the issuance of the bonds and the bonds are not included in  
 65.27 the net debt of the county.

65.28 ~~(b)~~ (c) The issuance of bonds under this subdivision is not subject to Minnesota  
 65.29 Statutes, section 275.60.

65.30 ~~(c)~~ (d) The bonds are not included in computing any debt limitation applicable to the  
 65.31 city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of  
 65.32 and interest on the bonds is not subject to any levy limitation.

65.33 (e) The aggregate principal amount of bonds, plus the aggregate of the taxes used  
 65.34 directly to pay eligible capital expenditures and improvements for projects listed in  
 65.35 subdivision 3, paragraph (a), may not exceed \$111,500,000, plus an amount equal to the  
 65.36 costs related to issuance of the bonds. The aggregate principal amount of bonds plus the

66.1 aggregate of the taxes used directly to pay the costs of eligible projects under subdivision  
66.2 3, paragraph (c), may not exceed \$139,500,000 plus an amount equal to the costs of  
66.3 issuance of the bonds.

66.4 ~~(d)~~ (f) The taxes may be pledged to and used for the payment of the bonds and  
66.5 any bonds issued to refund them, only if the bonds and any refunding bonds are general  
66.6 obligations of the city.

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

66.8 Sec. 7. Laws 1998, chapter 389, article 8, section 43, subdivision 5, as amended by  
66.9 Laws 2005, First Special Session chapter 3, article 5, section 30, is amended to read:

66.10 Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and  
66.11 2 expire at the later of (1) December 31, 2009, or (2) when the city council determines  
66.12 that sufficient funds have been received from the taxes to finance the first \$71,500,000  
66.13 of capital expenditures and bonds for the projects authorized in subdivision 3, including  
66.14 the amount to prepay or retire at maturity the principal, interest, and premium due on any  
66.15 bonds issued for the projects under subdivision 4, unless the taxes are extended as allowed  
66.16 in paragraph (b). Any funds remaining after completion of the project and retirement or  
66.17 redemption of the bonds shall also be used to fund the projects under subdivision 3. The  
66.18 taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so  
66.19 determines by ordinance.

66.20 (b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any  
66.21 other contrary provision of law, ordinance, or city charter, the city of Rochester may, by  
66.22 ordinance, extend the taxes authorized in subdivisions 1 and 2 beyond December 31, 2009,  
66.23 if approved by the voters of the city at a special election in 2005 or the general election in  
66.24 2006. The question put to the voters must indicate that an affirmative vote would allow  
66.25 up to an additional \$40,000,000 of sales tax revenues be raised and up to \$40,000,000  
66.26 of bonds to be issued above the amount authorized in the June 23, 1998, referendum for  
66.27 the projects specified in subdivision 3. If the taxes authorized in subdivisions 1 and 2 are  
66.28 extended under this paragraph, the taxes expire when the city council determines that  
66.29 sufficient funds have been received from the taxes to finance the projects and to prepay  
66.30 or retire at maturity the principal, interest, and premium due on any bonds issued for the  
66.31 projects under subdivision 4. Any funds remaining after completion of the project and  
66.32 retirement or redemption of the bonds may be placed in the general fund of the city.

66.33 (c) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any  
66.34 other contrary provision of law, ordinance, or city charter, the city of Rochester may, by  
66.35 ordinance, extend the taxes authorized in subdivisions 1 and 2 beyond the date the city

67.1 council determines that sufficient funds have been received from the taxes to finance  
 67.2 \$111,500,000 of expenditures and bonds for the projects authorized in subdivision 3,  
 67.3 paragraph (a), plus an amount equal to the costs of issuance of the bonds and including  
 67.4 the amount to prepay or retire at maturity the principal, interest, and premiums due on  
 67.5 any bonds issued for the projects under subdivision 4, paragraph (a), if approved by the  
 67.6 voters of the city at the general election in 2012. If the election to authorize the additional  
 67.7 \$139,500,000 of bonds plus an amount equal to the costs of the issuance of the bonds is  
 67.8 placed on the general election ballot in 2012, the city may continue to collect the taxes  
 67.9 authorized in subdivisions 1 and 2 until December 31, 2012. The question put to the  
 67.10 voters must indicate that an affirmative vote would allow sales tax revenues be raised for  
 67.11 an extended period of time and an additional \$139,500,000 of bonds plus an amount  
 67.12 equal to the costs of issuance of the bonds, to be issued above the amount authorized in  
 67.13 the previous elections required under paragraphs (a) and (b) for the projects and amounts  
 67.14 specified in subdivision 3. If the taxes authorized in subdivisions 1 and 2 are extended  
 67.15 under this paragraph, the taxes expire when the city council determines that \$139,500,000  
 67.16 has been received from the taxes to finance the projects plus an amount sufficient to  
 67.17 prepay or retire at maturity the principal, interest, and premium due on any bonds issued  
 67.18 for the projects under subdivision 4, including any bonds issued to refund the bonds. Any  
 67.19 funds remaining after completion of the projects and retirement or redemption of the  
 67.20 bonds may be placed in the general fund of the city.

67.21 **EFFECTIVE DATE.** This section is effective the day after compliance by the  
 67.22 governing body of the city of Rochester with Minnesota Statutes, section 645.021,  
 67.23 subdivision 3.

67.24 Sec. 8. Laws 2008, chapter 366, article 7, section 19, subdivision 3, is amended to read:

67.25 Subd. 3. **Use of revenues.** Notwithstanding Minnesota Statutes, section 297A.99,  
 67.26 subdivision 3, paragraph (b), the proceeds of the tax imposed under this section shall be  
 67.27 used to pay for the costs of acquisition, construction, improvement, and development of  
 67.28 a regional parks, bicycle trails, park land, open space, and pedestrian bridge walkways,  
 67.29 as described in the city improvement plan adopted by the city council by resolution on  
 67.30 December 12, 2006, and land and buildings for a community and recreation center. The  
 67.31 total amount of revenues from the taxes in subdivisions 1 and 2 that may be used to fund  
 67.32 these projects is \$12,000,000 plus any associated bond costs.

68.1 **EFFECTIVE DATE.** This section is effective the day after compliance by the  
68.2 governing body of the city of Clearwater with Minnesota Statutes, section 645.021,  
68.3 subdivisions 2 and 3.

68.4 Sec. 9. Laws 2010, chapter 389, article 5, section 6, subdivision 1, is amended to read:

68.5 Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section  
68.6 297A.99, subdivisions 1, 2, and 3, or 477A.016, or any other law, ordinance, or city  
68.7 charter, the city of Marshall, if imposed within ~~two~~ three years of the date of final  
68.8 enactment of this section, may impose any or all of the taxes described in this section.

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

68.10 Sec. 10. **CITY OF CLOQUET; TAXES AUTHORIZED.**

68.11 Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section  
68.12 297A.99, subdivision 1, 477A.016, or any other provision of law, ordinance, or city  
68.13 charter, if approved by the voters pursuant to Minnesota Statutes, section 297A.99, the  
68.14 city of Cloquet may impose by ordinance a sales and use tax of up to one-half of one  
68.15 percent for the purposes specified in subdivision 3. Except as provided in this section, the  
68.16 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
68.17 collection, and enforcement of the tax authorized under this subdivision.

68.18 Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section  
68.19 297A.99, subdivision 1, 477A.016, or any other provision of law, ordinance, or city  
68.20 charter, the city of Cloquet may impose by ordinance, for the purposes specified in  
68.21 subdivision 3, an excise tax of up to \$20 per motor vehicle, as defined by ordinance,  
68.22 purchased or acquired from any person engaged within the city in the business of selling  
68.23 motor vehicles at retail.

68.24 Subd. 3. **Use of revenues.** Revenues received from taxes authorized by subdivisions  
68.25 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for the  
68.26 following projects:

68.27 (1) \$4,500,000 for construction and completion of park improvement projects,  
68.28 including St. Louis River riverfront improvements; Veteran's Park construction and  
68.29 improvements; improvements to the Hilltop Park soccer complex and Braun Park baseball  
68.30 complex; capital equipment and building and grounds improvements at the Pine Valley  
68.31 Park/Pine Valley Hockey Arena/Cloquet Area Recreation Center; and development of  
68.32 pedestrian trails within the city;

69.1 (2) \$5,800,00 for extension of utilities and the construction of all improvements  
69.2 associated with the development of property adjacent to Highway 33 and Interstate  
69.3 Highway 35, including payment of all debt service on bonds issued for these; and

69.4 (3) \$6,200,000 for engineering and construction of infrastructure improvements,  
69.5 including, but not limited to, storm sewer, sanitary sewer, and water in areas identified as  
69.6 part of the city's comprehensive land use plan.

69.7 Authorized expenses include, but are not limited to, acquiring property and paying  
69.8 construction expenses related to these improvements, and paying debt service on bonds or  
69.9 other obligations issued to finance acquisition and construction of these improvements.

69.10 Subd. 4. **Bonding authority.** (a) The city may issue bonds under Minnesota  
69.11 Statutes, chapter 475, to pay capital and administrative expenses for the improvements  
69.12 described in subdivision 3 in an amount that does not exceed \$16,500,000. An election to  
69.13 approve the bonds under Minnesota Statutes, section 475.58, is not required.

69.14 (b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes,  
69.15 sections 275.60 and 275.61.

69.16 (c) The debt represented by the bonds is not included in computing any debt  
69.17 limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section  
69.18 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation.

69.19 Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2  
69.20 expire at the earlier of (1) 30 years, or (2) when the city council determines that the amount  
69.21 of revenues received from the taxes to finance the improvements described in subdivision  
69.22 3 first equals or exceeds \$16,500,000, plus the additional amount needed to pay the costs  
69.23 related to issuance of bonds under subdivision 4, including interest on the bonds. Any  
69.24 funds remaining after completion of the project and retirement or redemption of the bonds  
69.25 may be placed in the general fund of the city. The taxes imposed under subdivisions 1 and  
69.26 2 may expire at an earlier time if the city so determines by ordinance.

69.27 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
69.28 the city of Cloquet and its chief clerical officer timely comply with Minnesota Statutes,  
69.29 section 645.021, subdivisions 2 and 3.

69.30 Sec. 11. **CITY OF FERGUS FALLS; SALES AND USE TAX AUTHORIZED.**

69.31 Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section  
69.32 297A.99, subdivision 1, or 477A.016, or any other provision of law, ordinance, or city  
69.33 charter, as approved by the voters at the November 2, 2010 general election, the city

70.1 of Fergus Falls may impose by ordinance a sales and use tax of up to one-half of one  
70.2 percent for the purposes specified in subdivision 2. Except as provided in this section, the  
70.3 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
70.4 collection, and enforcement of the tax authorized under this subdivision.

70.5 Subd. 2. **Use of revenues.** Revenues received from taxes authorized by subdivision  
70.6 1 must be used by the city of Fergus Falls to pay the cost of collecting the tax and to pay for  
70.7 all or part of the costs of the acquisition and betterment of a regional community ice arena  
70.8 facility. Authorized expenses include, but are not limited to, acquiring property, predesign,  
70.9 design, and paying construction, furnishing, and equipment costs related to the facility and  
70.10 paying debt service on bonds or other obligations issued by the Fergus Falls Port Authority  
70.11 to finance the facility. The amount of revenues from the tax imposed under subdivision 1  
70.12 that may be used to finance the facility and any associated costs is limited to \$6,600,000.

70.13 Subd. 3. **Termination of taxes.** The tax imposed under this section expires when  
70.14 the Fergus Falls City Council determines that sufficient funds have been received from  
70.15 the taxes to finance the facility and to prepay or retire at maturity the principal, interest,  
70.16 and premium due on any bonds, including refunding bonds, issued by the Fergus Falls  
70.17 Port Authority for the facility. Any funds remaining after completion of the facility and  
70.18 retirement or redemption of the bonds may be placed in the general fund of the city of  
70.19 Fergus Falls. The tax imposed under subdivision 1 may expire at an earlier time if the  
70.20 city so determines by ordinance.

70.21 **EFFECTIVE DATE.** This section is effective the day after the governing body  
70.22 of the city of Fergus Falls and its chief clerical officer timely comply with Minnesota  
70.23 Statutes, section 645.021, subdivisions 2 and 3.

70.24 **Sec. 12. CITY OF HUTCHINSON; TAXES AUTHORIZED.**

70.25 Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section  
70.26 477A.016, or any other provision of law, ordinance, or city charter, as approved by  
70.27 the voters at a referendum held at the 2010 general election, the city of Hutchinson  
70.28 may impose by ordinance a sales and use tax of up to one-half of one percent for the  
70.29 purposes specified in subdivision 3. Except as otherwise provided in this section,  
70.30 Minnesota Statutes, section 297A.99, governs the imposition, administration, collection,  
70.31 and enforcement of the tax authorized under this subdivision. Minnesota Statutes, section  
70.32 297A.99, subdivision 1, paragraph (d), does not apply to this section.

71.1 Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section  
71.2 477A.016, or any other provision of law, ordinance, or city charter, the city of Hutchinson  
71.3 may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up  
71.4 to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person  
71.5 engaged within the city in the business of selling motor vehicles at retail.

71.6 Subd. 3. **Use of revenues.** Revenues received from the taxes authorized by this  
71.7 section must be used to pay the cost of collecting and administering the tax and to finance  
71.8 the costs of constructing the water treatment facility and renovating the wastewater  
71.9 treatment facility in the city of Hutchinson. Authorized costs include, but are not limited  
71.10 to, construction and engineering costs of the projects and associated bond costs.

71.11 Subd. 4. **Termination of tax.** The taxes authorized under subdivisions 1 and 2  
71.12 terminate at the earlier of: (1) 18 years after the date of initial imposition of the tax; or  
71.13 (2) when the Hutchinson City Council determines that the amount of revenues raised is  
71.14 sufficient to pay for the projects under subdivision 3, plus the amount needed to finance  
71.15 the capital and administrative costs for the projects specified in subdivision 3, and to repay  
71.16 or retire at maturity the principal, interest, and premium due on any bonds issued for the  
71.17 projects. Any funds remaining after completion of the projects specified in subdivision  
71.18 3 and retirement or redemption of the associated bonds may be placed in the general  
71.19 fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at an earlier  
71.20 time if the city so determines by ordinance.

71.21 **EFFECTIVE DATE.** This section is effective the day after compliance by the  
71.22 governing body of the city of Hutchinson with Minnesota Statutes, section 645.021,  
71.23 subdivisions 2 and 3.

71.24 Sec. 13. **CITY OF LANESBORO; SALES AND USE TAX AUTHORIZED.**

71.25 Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes,  
71.26 sections 297A.99, subdivision 1, and 477A.016, or any other provision of law, ordinance,  
71.27 or city charter, as approved by the voters at the November 2, 2010, general election, the  
71.28 city of Lanesboro may impose by ordinance a sales and use tax of up to one-half of one  
71.29 percent for the purposes specified in subdivision 2. Except as provided in this section,  
71.30 the provisions of Minnesota Statutes, section 297A.99, govern the imposition of the tax  
71.31 authorized under this subdivision.

71.32 Subd. 2. **Use of revenues.** Revenues received from the tax authorized under  
71.33 subdivision 1 must be used by the city of Lanesboro to pay the costs of collecting the tax

72.1 and to pay for all or a part of the improvements to city streets and utility systems, and the  
72.2 betterment of city municipal buildings consisting of (i) street and utility improvements to  
72.3 Calhoun Avenue, Fillmore Avenue, Kenilworth Avenue, Pleasant Street, Kirkwood Street,  
72.4 Auburn Avenue, and Zenith Street, and street light replacement on State Highways 250  
72.5 and 16; (ii) improvements to utility systems consisting of wastewater treatment facility  
72.6 improvements and electric utility improvements to the Lanesboro High Hazard Dam; and  
72.7 (iii) improvements to the Lanesboro community center, library, and city hall, including  
72.8 paying debt service on bonds or other obligations issued to fund these projects under  
72.9 subdivision 3. The total amount of revenues from the taxes in subdivision 1 that may be  
72.10 used to fund these projects is \$800,000 plus any associated bond costs.

72.11 Subd. 3. **Bonding authority.** The city of Lanesboro may issue bonds under  
72.12 Minnesota Statutes, chapter 475, to pay capital and administrative expenses related to the  
72.13 projects authorized in subdivision 2. An election to approve the bonds under Minnesota  
72.14 Statutes, section 475.58, is not required. The issuance of bonds under this subdivision  
72.15 is not subject to Minnesota Statutes, sections 275.60 and 275.61. The bonds are not  
72.16 included in computing any debt limitation applicable to the city and the levy of taxes  
72.17 under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds is  
72.18 not subject to any levy limitation.

72.19 The aggregate principal amount of the bonds plus the aggregate of the taxes used  
72.20 directly to pay costs of the projects listed in subdivision 2 may not exceed \$800,000, plus  
72.21 an amount equal to the costs related to issuance of the bonds and capitalized interest.

72.22 The taxes authorized in subdivision 1 may be pledged and used for payments of  
72.23 the bonds and bonds issued to refund them, only if the bonds and any refunding bonds  
72.24 are general obligations of the city.

72.25 Subd. 4. **Termination of tax.** The tax imposed under subdivision 1 expires when  
72.26 the Lanesboro City Council determines that sufficient funds have been raised from the  
72.27 taxes to finance the projects authorized under subdivision 2 and to prepay or retire at  
72.28 maturity the principal, interest, and premium due on any bonds issued under subdivision 3.  
72.29 Any funds remaining after completion of the project and retirement or redemption of the  
72.30 bonds may be placed in the general fund of the city. The tax imposed under subdivision 1  
72.31 may expire at an earlier time if the city so determines by ordinance.

72.32 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
72.33 the city of Lanesboro and its chief clerical officer comply with Minnesota Statutes, section  
72.34 645.021, subdivisions 2 and 3.

73.1           Sec. 14. **CITY OF MARSHALL; SALES AND USE TAX.**

73.2           Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section  
73.3 297A.99, subdivisions 1 and 2, or 477A.016, or any other law, ordinance, or city charter,  
73.4 the city of Marshall, if approved by the voters at a general election held within two  
73.5 years of the date of final enactment of this section, may impose the tax authorized under  
73.6 subdivision 2. Two separate ballot questions must be presented to the voters, one for each  
73.7 of the two facility projects named in subdivision 3.

73.8           Subd. 2. **Sales and use tax authorized.** The city of Marshall may impose by  
73.9 ordinance a sales and use tax of up to one-half of one percent for the purposes specified in  
73.10 subdivision 3. The provisions of Minnesota Statutes, section 297A.99, except subdivisions  
73.11 1 and 2, govern the imposition, administration, collection, and enforcement of the tax  
73.12 authorized under this subdivision.

73.13           Subd. 3. **Use of sales and use tax revenues.** The revenues derived from the tax  
73.14 authorized under subdivision 2 must be used by the city of Marshall to pay the costs of  
73.15 collecting and administering the sales and use tax and to pay all or part of the costs of the  
73.16 new and existing facilities of the Minnesota Emergency Response and Industry Training  
73.17 Center and all or part of the costs of the new facilities of the Southwest Minnesota  
73.18 Regional Amateur Sports Center. Authorized expenses include, but are not limited to,  
73.19 acquiring property, predesign, design, and paying construction, furnishing, and equipment  
73.20 costs related to these facilities and paying debt service on bonds or other obligations issued  
73.21 by the city of Marshall under subdivision 4 to finance the capital costs of these facilities.

73.22           Subd. 4. **Bonds.** (a) If the imposition of a sales and use tax is approved by the voters,  
73.23 the city of Marshall may issue bonds under Minnesota Statutes, chapter 475, to finance all  
73.24 or a portion of the costs of the facilities authorized in subdivision 3, and may issue bonds  
73.25 to refund bonds previously issued. The aggregate principal amount of bonds issued under  
73.26 this subdivision may not exceed \$17,290,000, plus an amount to be applied to the payment  
73.27 of the costs of issuing the bonds. The bonds may be paid from or secured by any funds  
73.28 available to the city of Marshall, including the tax authorized under subdivision 2.

73.29           (b) The bonds are not included in computing any debt limitation applicable to the  
73.30 city of Marshall, and any levy of taxes under Minnesota Statutes, section 475.61, to pay  
73.31 principal and interest on the bonds, is not subject to any levy limitation. A separate  
73.32 election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

73.33           Subd. 5. **Termination of taxes.** The tax imposed under subdivision 2 expires at the  
73.34 earlier of (1) 15 years after the tax is first imposed, or (2) when the city council determines

74.1 that the amount of revenues received from the tax to pay for the capital and administrative  
74.2 costs of the facilities under subdivision 3 first equals or exceeds the amount authorized to  
74.3 be spent for the facilities plus the additional amount needed to pay the costs related to  
74.4 issuance of the bonds under subdivision 4, including interest on the bonds. Any funds  
74.5 remaining after payment of all such costs and retirement or redemption of the bonds shall  
74.6 be placed in the general fund of the city. The tax imposed under subdivision 2 may expire  
74.7 at an earlier time if the city so determines by ordinance.

74.8 **EFFECTIVE DATE.** This section is effective the day after compliance by the  
74.9 governing body of the city of Marshall with Minnesota Statutes, section 645.021,  
74.10 subdivision 3.

74.11 Sec. 15. **CITY OF MEDFORD; SALES AND USE TAX.**

74.12 Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes,  
74.13 sections 297A.99, subdivision 1, and 477A.016, or any other provision of law, ordinance,  
74.14 or city charter, if approved by the voters pursuant to Minnesota Statutes, section 297A.99,  
74.15 at the next general election, the city of Medford may impose by ordinance a sales and use  
74.16 tax of one-half of one percent for the purposes specified in subdivision 2. Except as  
74.17 otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99,  
74.18 govern the imposition, administration, collection, and enforcement of the tax authorized  
74.19 under this subdivision.

74.20 Subd. 2. **Use of revenues.** The proceeds of the tax imposed under this section must  
74.21 be used by the city of Medford to pay the costs of collecting and administering the tax  
74.22 and to repay loans received from the Minnesota Public Facilities Authority since 2007  
74.23 that were used to finance \$4,200,000 of improvements to the city's water and wastewater  
74.24 systems.

74.25 Subd. 3. **Termination of taxes.** The tax imposed under this section expires at the  
74.26 earlier of (1) 20 years after the date the taxes are first imposed, or (2) when the Medford  
74.27 City Council determines that the amount of revenues received from the tax equals or  
74.28 exceeds the sum of loans made to the city by the Minnesota Public Facilities Authority  
74.29 as described in subdivision 2, including interest on the loans. Any funds remaining  
74.30 after completion of the repayment of the loans may be placed in the general fund of the  
74.31 city. The tax imposed under subdivision 1 may expire at an earlier time if the city so  
74.32 determines by ordinance.

75.1 **EFFECTIVE DATE.** This section is effective the day after compliance by the  
75.2 governing body of the city of Medford with Minnesota Statutes, section 645.021,  
75.3 subdivision 3.

75.4 **ARTICLE 6**

75.5 **PROPERTY TAXES**

75.6 Section 1. Minnesota Statutes 2010, section 126C.01, subdivision 3, is amended to read:

75.7 Subd. 3. **Referendum market value.** "Referendum market value" means the market  
75.8 value of all taxable property, excluding property classified as class 2, ~~noncommercial~~  
75.9 ~~4c(1), or 4c(4), or 4c(12)~~ under section 273.13. The portion of class 2a property consisting  
75.10 of the house, garage, and surrounding one acre of land of an agricultural homestead is  
75.11 included in referendum market value. Any class of property, or any portion of a class of  
75.12 property, that is included in the definition of referendum market value and that has a class  
75.13 rate of less than one percent under section 273.13 shall have a referendum market value  
75.14 equal to its net tax capacity multiplied by 100.

75.15 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and  
75.16 thereafter.

75.17 Sec. 2. Minnesota Statutes 2010, section 272.02, subdivision 39, is amended to read:

75.18 Subd. 39. **Economic development; public purpose.** The holding of property by a  
75.19 political subdivision of the state for later resale for economic development purposes shall  
75.20 be considered a public purpose in accordance with subdivision 8 for a period not to exceed  
75.21 ~~eight~~ ten years, except that for property located in a city of 5,000 population or under that  
75.22 is located outside of the metropolitan area as defined in section 473.121, subdivision 2, the  
75.23 period must not exceed 15 years.

75.24 The holding of property by a political subdivision of the state for later resale (1)  
75.25 which is purchased or held for housing purposes, or (2) which meets the conditions  
75.26 described in section 469.174, subdivision 10, shall be considered a public purpose in  
75.27 accordance with subdivision 8.

75.28 The governing body of the political subdivision which acquires property which is  
75.29 subject to this subdivision shall after the purchase of the property certify to the city or  
75.30 county assessor whether the property is held for economic development purposes or  
75.31 housing purposes, or whether it meets the conditions of section 469.174, subdivision 10.  
75.32 If the property is acquired for economic development purposes and buildings or other  
75.33 improvements are constructed after acquisition of the property, and if more than one-half  
75.34 of the floor space of the buildings or improvements which is available for lease to or use

76.1 by a private individual, corporation, or other entity is leased to or otherwise used by  
76.2 a private individual, corporation, or other entity the provisions of this subdivision shall  
76.3 not apply to the property. This subdivision shall not create an exemption from section  
76.4 272.01, subdivision 2; 272.68; 273.19; or 469.040, subdivision 3; or other provision of  
76.5 law providing for the taxation of or for payments in lieu of taxes for publicly held property  
76.6 which is leased, loaned, or otherwise made available and used by a private person.

76.7 **EFFECTIVE DATE.** This section is effective for taxes levied in 2011, payable  
76.8 in 2012, and thereafter.

76.9 Sec. 3. Minnesota Statutes 2010, section 272.02, is amended by adding a subdivision  
76.10 to read:

76.11 Subd. 95. **Electric generation facility; personal property.** (a) Notwithstanding  
76.12 subdivision 9, clause (a), and section 453.54, subdivision 20, attached machinery and other  
76.13 personal property that is part of a multiple reciprocating engine electric generation facility  
76.14 that adds more than 20 and less than 30 megawatts of installed capacity at a site where  
76.15 there is presently more than ten megawatts and fewer than 15 megawatts of installed  
76.16 capacity and that meets the requirements of this subdivision is exempt from taxation and  
76.17 from payments in lieu of taxation. At the time of construction, the facility must:

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

76.19 (2) be owned and operated by a municipal power agency as defined in section  
76.20 453.52, subdivision 8;

76.21 (3) be located within one mile of an existing natural gas pipeline;

76.22 (4) be designed to have black start capability and to furnish emergency backup  
76.23 power service to the city in which it is located;

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

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

76.29 (b) Construction of the facility must be commenced after December 31, 2011, and  
76.30 before January 1, 2015. Property eligible for this exemption does not include (i) electric  
76.31 transmission lines and interconnections or gas pipelines and interconnections appurtenant  
76.32 to the property or the facility; or (ii) property located on the site on the enactment date  
76.33 of this subdivision.

77.1 **EFFECTIVE DATE.** This section is effective for assessments in 2012, taxes  
77.2 payable in 2013, and thereafter.

77.3 Sec. 4. Minnesota Statutes 2010, section 273.111, is amended by adding a subdivision  
77.4 to read:

77.5 Subd. 17. **Appeal.** If an assessor denies an application for valuation under this  
77.6 section, the applicant may appeal the decision to the local board of appeal and equalization  
77.7 as provided under section 274.01, subdivision 1, paragraph (h).

77.8 **EFFECTIVE DATE.** This section is effective for appeals denied after June 30,  
77.9 2011.

77.10 Sec. 5. Minnesota Statutes 2010, section 273.121, subdivision 1, is amended to read:

77.11 Subdivision 1. **Notice.** Any county assessor or city assessor having the powers of a  
77.12 county assessor, valuing or classifying taxable real property shall in each year notify those  
77.13 persons whose property is to be included on the assessment roll that year if the person's  
77.14 address is known to the assessor, otherwise the occupant of the property. The notice shall  
77.15 be in writing and shall be sent by ordinary mail at least ten days before the meeting of  
77.16 the local board of appeal and equalization under section 274.01 or the review process  
77.17 established under section 274.13, subdivision 1c. Upon written request by the owner of the  
77.18 property, the assessor may send the notice in electronic form or by electronic mail instead  
77.19 of on paper or by ordinary mail. It shall contain: (1) the market value for the current and  
77.20 prior assessment, (2) ~~the limited market value under section 273.11, subdivision 1a, for~~  
77.21 ~~the current and prior assessment, (3) the qualifying amount of any improvements under~~  
77.22 ~~section 273.11, subdivision 16, for the current assessment, (4) (3) the market value subject~~  
77.23 ~~to taxation after subtracting the amount of any qualifying improvements for the current~~  
77.24 ~~assessment, (5) (4) the classification of the property for the current and prior assessment,~~  
77.25 ~~(6) a note that if the property is homestead and at least 45 years old, improvements made~~  
77.26 ~~to the property may be eligible for a valuation exclusion under section 273.11, subdivision~~  
77.27 ~~16, (7) (5) the assessor's office address, and (8) (6) the dates, places, and times set for the~~  
77.28 ~~meetings of the local board of appeal and equalization, the review process established~~  
77.29 ~~under section 274.13, subdivision 1c, and the county board of appeal and equalization. If~~  
77.30 ~~the classification of the property has changed between the current and prior assessments, a~~  
77.31 ~~specific note to that effect shall be prominently listed on the statement.~~ The commissioner  
77.32 of revenue shall specify the form of the notice. The assessor shall attach to the assessment  
77.33 roll a statement that the notices required by this section have been mailed. Any assessor  
77.34 who is not provided sufficient funds from the assessor's governing body to provide such

78.1 notices, may make application to the commissioner of revenue to finance such notices.  
78.2 The commissioner of revenue shall conduct an investigation and, if satisfied that the  
78.3 assessor does not have the necessary funds, issue a certification to the commissioner  
78.4 of management and budget of the amount necessary to provide such notices. The  
78.5 commissioner of management and budget shall issue a warrant for such amount and shall  
78.6 deduct such amount from any state payment to such county or municipality. The necessary  
78.7 funds to make such payments are hereby appropriated. Failure to receive the notice shall in  
78.8 no way affect the validity of the assessment, the resulting tax, the procedures of any board  
78.9 of review or equalization, or the enforcement of delinquent taxes by statutory means.

78.10 **EFFECTIVE DATE.** This section is effective for notifications for taxes payable in  
78.11 2013 and thereafter.

78.12 Sec. 6. Minnesota Statutes 2010, section 273.13, subdivision 25, is amended to read:

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

78.20 (b) Class 4b includes:

78.21 (1) residential real estate containing less than four units that does not qualify as class  
78.22 4bb, other than seasonal residential recreational property;

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

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

78.26 (4) unimproved property that is classified residential as determined under subdivision  
78.27 33.

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

78.29 (c) Class 4bb includes:

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

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

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

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

79.4 (d) Class 4c property includes:

79.5 (1) except as provided in subdivision 22, paragraph (c), real and personal property  
 79.6 devoted to commercial temporary and seasonal residential occupancy for recreation  
 79.7 purposes, ~~including real and personal property devoted to temporary and seasonal~~  
 79.8 ~~residential occupancy for recreation purposes and not devoted to commercial purposes for~~  
 79.9 ~~not more than 250 days in the year preceding the year of assessment. For purposes of this~~  
 79.10 ~~clause, property is devoted to a commercial purpose on a specific day if any portion of the~~  
 79.11 ~~property is used for residential occupancy, and a fee is charged for residential occupancy.~~  
 79.12 Class 4c property under this clause must contain three or more rental units. A "rental unit"  
 79.13 is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site  
 79.14 equipped with water and electrical hookups for recreational vehicles. ~~Class 4c property~~  
 79.15 ~~under this clause must provide recreational activities such as renting ice fishing houses,~~  
 79.16 ~~boats and motors, snowmobiles, downhill or cross-country ski equipment, provide marina~~  
 79.17 ~~services, launch services, or guide services, or sell bait and fishing tackle.~~ A camping pad  
 79.18 offered for rent by a property that otherwise qualifies for class 4c under this clause is also  
 79.19 class 4c under this clause regardless of the term of the rental agreement, as long as the use  
 79.20 of the camping pad does not exceed 250 days. In order for a property to be classified ~~as~~  
 79.21 ~~class 4c, seasonal residential recreational for commercial purposes~~ under this clause, either  
 79.22 (i) the business located on the property must provide recreational activities, at least 40  
 79.23 percent of the annual gross lodging receipts related to the property must be from business  
 79.24 conducted during 90 consecutive days, and either (i) (A) at least 60 percent of all paid  
 79.25 bookings by lodging guests during the year must be for periods of at least two consecutive  
 79.26 nights; or (ii) (B) at least 20 percent of the annual gross receipts must be from charges  
 79.27 for rental of fish houses, boats and motors, snowmobiles, downhill or cross-country ski  
 79.28 equipment, or charges for marina services, launch services, and guide services, or the sale  
 79.29 of bait and fishing tackle providing recreational activities, or (ii) the business must contain  
 79.30 20 or fewer rental units, and must be located in a township or a city with a population of  
 79.31 2,500 or less located outside the metropolitan area, as defined under section 473.121,  
 79.32 subdivision 2, that contains a portion of a state trail administered by the Department of  
 79.33 Natural Resources. For purposes of ~~this determination~~ item (i)(A), a paid booking of  
 79.34 five or more nights shall be counted as two bookings. Class 4c property ~~classified under~~  
 79.35 ~~this clause~~ also includes commercial use real property used exclusively for recreational  
 79.36 purposes in conjunction with other class 4c property classified under this clause and

80.1 devoted to temporary and seasonal residential occupancy for recreational purposes, up to a  
80.2 total of two acres, provided the property is not devoted to commercial recreational use for  
80.3 more than 250 days in the year preceding the year of assessment and is located within two  
80.4 miles of the class 4c property with which it is used. ~~Owners of real and personal property~~  
80.5 ~~devoted to temporary and seasonal residential occupancy for recreation purposes and all~~  
80.6 ~~or a portion of which was devoted to commercial purposes for not more than 250 days in~~  
80.7 ~~the year preceding the year of assessment desiring classification as class 4c.~~ In order for a  
80.8 property to qualify for classification under this clause, the owner must submit a declaration  
80.9 to the assessor designating the cabins or units occupied for 250 days or less in the year  
80.10 preceding the year of assessment by January 15 of the assessment year. Those cabins or  
80.11 units and a proportionate share of the land on which they are located must be designated  
80.12 class 4c under this clause as otherwise provided. The remainder of the cabins or units and  
80.13 a proportionate share of the land on which they are located will be designated as class 3a.  
80.14 The owner of property desiring designation as class 4c property under this clause must  
80.15 provide guest registers or other records demonstrating that the units for which class 4c  
80.16 designation is sought were not occupied for more than 250 days in the year preceding the  
80.17 assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar,  
80.18 (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility  
80.19 operated on a commercial basis not directly related to temporary and seasonal residential  
80.20 occupancy for recreation purposes does not qualify for class 4c. For the purposes of this  
80.21 paragraph, "recreational activities" means renting ice fishing houses, boats and motors,  
80.22 snowmobiles, downhill or cross-country ski equipment; providing marina services, launch  
80.23 services, or guide services; or selling bait and fishing tackle;

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

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

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

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

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

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

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

81.5 For purposes of this clause,

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

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

81.10 (C) a "nonprofit community service oriented organization" means any corporation,  
81.11 society, association, foundation, or institution organized and operated exclusively for  
81.12 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from  
81.13 federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal  
81.14 Revenue Code; and

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

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

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

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

81.35 (5) (i) manufactured home parks as defined in section 327.14, subdivision 3,  
81.36 excluding manufactured home parks described in section 273.124, subdivision 3a, and (ii)

82.1 manufactured home parks as defined in section 327.14, subdivision 3, that are described in  
82.2 section 273.124, subdivision 3a;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

82.34 (10) real property up to a maximum of three acres and operated as a restaurant  
82.35 as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake  
82.36 as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B)

83.1 is either devoted to commercial purposes for not more than 250 consecutive days, or  
 83.2 receives at least 60 percent of its annual gross receipts from business conducted during  
 83.3 four consecutive months. Gross receipts from the sale of alcoholic beverages must be  
 83.4 included in determining the property's qualification under subitem (B). The property's  
 83.5 primary business must be as a restaurant and not as a bar. Gross receipts from gift shop  
 83.6 sales located on the premises must be excluded. Owners of real property desiring 4c  
 83.7 classification under this clause must submit an annual declaration to the assessor by  
 83.8 February 1 of the current assessment year, based on the property's relevant information for  
 83.9 the preceding assessment year; ~~and~~

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

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

83.22 Class 4c property has a class rate of 1.5 percent of market value, except that (i)  
 83.23 each parcel of noncommercial seasonal residential recreational property ~~not used for~~  
 83.24 ~~commercial purposes~~ under clause (12) has the same class rates as class 4bb property, (ii)  
 83.25 manufactured home parks assessed under clause (5), item (i), have the same class rate  
 83.26 as class 4b property, and the market value of manufactured home parks assessed under  
 83.27 clause (5), item (ii), has the same class rate as class 4d property if more than 50 percent  
 83.28 of the lots in the park are occupied by shareholders in the cooperative corporation or  
 83.29 association and a class rate of one percent if 50 percent or less of the lots are so occupied,  
 83.30 (iii) commercial-use seasonal residential recreational property and marina recreational  
 83.31 land as described in clause (11), has a class rate of one percent for the first \$500,000 of  
 83.32 market value, and 1.25 percent for the remaining market value, (iv) the market value of  
 83.33 property described in clause (4) has a class rate of one percent, (v) the market value of  
 83.34 property described in clauses (2), (6), and (10) has a class rate of 1.25 percent, and (vi)  
 83.35 that portion of the market value of property in clause (9) qualifying for class 4c property  
 83.36 has a class rate of 1.25 percent.

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

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

84.11 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and  
84.12 thereafter.

84.13 Sec. 7. Minnesota Statutes 2010, section 273.13, subdivision 34, is amended to read:

84.14 Subd. 34. **Homestead of disabled veteran or family caregiver.** (a) All or a portion  
84.15 of the market value of property owned by a veteran ~~or by the veteran and the~~ and serving  
84.16 as the veteran's spouse ~~qualifying for homestead classification under subdivision 22 or~~  
84.17 ~~23~~ under this section is excluded in determining the property's taxable market value if  
84.18 ~~it serves as the homestead of a military veteran, as defined in section 197.447, who has~~  
84.19 a service-connected disability of 70 percent or more as certified by the United States  
84.20 Department of Veterans Affairs. To qualify for exclusion under this subdivision, the  
84.21 veteran must have been honorably discharged from the United States armed forces, as  
84.22 indicated by United States Government Form DD214 or other official military discharge  
84.23 papers, ~~and must be certified by the United States Veterans Administration as having a~~  
84.24 ~~service-connected disability.~~

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

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

84.29 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b),  
84.30 clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the  
84.31 spouse holds the legal or beneficial title to the homestead and permanently resides there,  
84.32 the exclusion shall carry over to the benefit of the veteran's spouse for ~~one additional~~  
84.33 ~~assessment year~~ the current taxes payable year and for five additional taxes payable years  
84.34 or until such time as the spouse remarries, or sells, transfers, or otherwise disposes of the

85.1 property, whichever comes first. Qualification under this paragraph requires an annual  
85.2 application under paragraph (h).

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

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

85.14 ~~(d)~~ (f) In the case of an agricultural homestead, only the portion of the property  
85.15 consisting of the house and garage and immediately surrounding one acre of land qualifies  
85.16 for the valuation exclusion under this subdivision.

85.17 ~~(e)~~ (g) A property qualifying for a valuation exclusion under this subdivision is not  
85.18 eligible for the credit under section 273.1384, subdivision 1 market value exclusion under  
85.19 subdivision 35, or classification under subdivision 22, paragraph (b).

85.20 ~~(f)~~ (h) To qualify for a valuation exclusion under this subdivision a property owner  
85.21 must apply to the assessor by July 1 of each assessment year, except that an annual  
85.22 reapplication is not required once a property has been accepted for a valuation exclusion  
85.23 under paragraph (a) and qualifies for the benefit described in paragraph (b), clause (2), and  
85.24 the property continues to qualify until there is a change in ownership. For an application  
85.25 received after July 1 of any calendar year, the exclusion shall become effective for the  
85.26 following assessment year.

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

85.30 (j) For purposes of this subdivision:

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

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

85.33 (3) "primary family caregiver" means a person who is approved by the secretary of  
85.34 the United States Department of Veterans Affairs for assistance as the primary provider  
85.35 of personal care services for an eligible veteran under the Program of Comprehensive

86.1 Assistance for Family Caregivers, codified as United States Code, title 38, section 1720G;  
86.2 and

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

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

86.8 **EFFECTIVE DATE.** (a) This section is effective for taxes payable in 2012 and  
86.9 thereafter, and applies to homesteads that initially qualified for the exclusion for taxes  
86.10 payable in 2009 and thereafter.

86.11 (b) A qualifier under paragraph (c) that would have been eligible for a market value  
86.12 exclusion under this section for taxes payable in 2011, if the change under this section had  
86.13 been effective for that year, shall be eligible to receive the benefit of the exclusion for the  
86.14 remaining number of total taxes payable years provided under paragraph (c).

86.15 Sec. 8. Minnesota Statutes 2010, section 274.01, subdivision 1, is amended to read:

86.16 Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town  
86.17 board of a town, or the council or other governing body of a city, is the board of appeal  
86.18 and equalization except (1) in cities whose charters provide for a board of equalization or  
86.19 (2) in any city or town that has transferred its local board of review power and duties to  
86.20 the county board as provided in subdivision 3. The county assessor shall fix a day and  
86.21 time when the board or the board of equalization shall meet in the assessment districts  
86.22 of the county. Notwithstanding any law or city charter to the contrary, a city board of  
86.23 equalization shall be referred to as a board of appeal and equalization. On or before  
86.24 February 15 of each year the assessor shall give written notice of the time to the city or  
86.25 town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings  
86.26 must be held between April 1 and May 31 each year, provided that the board may review  
86.27 appeals of denials of green acres treatment as provided in paragraph (h) at any time.

86.28 The clerk shall give published and posted notice of the meeting at least ten days before  
86.29 the date of the meeting.

86.30 The board shall meet at the office of the clerk to review the assessment and  
86.31 classification of property in the town or city. No changes in valuation or classification  
86.32 which are intended to correct errors in judgment by the county assessor may be made by  
86.33 the county assessor after the board has adjourned in those cities or towns that hold a  
86.34 local board of review; however, corrections of errors that are merely clerical in nature or  
86.35 changes that extend homestead treatment to property are permitted after adjournment until

87.1 the tax extension date for that assessment year. The changes must be fully documented and  
87.2 maintained in the assessor's office and must be available for review by any person. A copy  
87.3 of the changes made during this period in those cities or towns that hold a local board of  
87.4 review must be sent to the county board no later than December 31 of the assessment year.

87.5 (b) The board shall determine whether the taxable property in the town or city has  
87.6 been properly placed on the list and properly valued by the assessor. If real or personal  
87.7 property has been omitted, the board shall place it on the list with its market value, and  
87.8 correct the assessment so that each tract or lot of real property, and each article, parcel,  
87.9 or class of personal property, is entered on the assessment list at its market value. No  
87.10 assessment of the property of any person may be raised unless the person has been  
87.11 duly notified of the intent of the board to do so. On application of any person feeling  
87.12 aggrieved, the board shall review the assessment or classification, or both, and correct  
87.13 it as appears just. The board may not make an individual market value adjustment or  
87.14 classification change that would benefit the property if the owner or other person having  
87.15 control over the property has refused the assessor access to inspect the property and the  
87.16 interior of any buildings or structures as provided in section 273.20. A board member  
87.17 shall not participate in any actions of the board which result in market value adjustments  
87.18 or classification changes to property owned by the board member, the spouse, parent,  
87.19 stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew,  
87.20 or niece of a board member, or property in which a board member has a financial interest.  
87.21 The relationship may be by blood or marriage.

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

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

87.30 (e) A majority of the members may act at the meeting, and adjourn from day to day  
87.31 until they finish hearing the cases presented. The assessor shall attend, with the assessment  
87.32 books and papers, and take part in the proceedings, but must not vote. The county assessor,  
87.33 or an assistant delegated by the county assessor shall attend the meetings. The board shall  
87.34 list separately, on a form appended to the assessment book, all omitted property added  
87.35 to the list by the board and all items of property increased or decreased, with the market

88.1 value of each item of property, added or changed by the board, placed opposite the item.  
88.2 The county assessor shall enter all changes made by the board in the assessment book.

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

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

88.20 (h) The local board may, but is not required to, review appeals from property owners  
88.21 of denials by assessors of applications for valuation under section 273.111. If it intends  
88.22 to exercise the authority provided in this paragraph, the board must pass a resolution  
88.23 stating that it will do so, and must then review all such appeals until it passes a subsequent  
88.24 resolution stating that it will not review such appeals.

88.25 **EFFECTIVE DATE.** This section is effective for appeals denied after June 30,  
88.26 2011.

88.27 Sec. 9. Minnesota Statutes 2010, section 275.025, subdivision 1, is amended to read:

88.28 Subdivision 1. **Levy amount.** The state general levy is levied against  
88.29 commercial-industrial property and seasonal residential recreational property, as defined  
88.30 in this section. The state general levy base amount for commercial-industrial property  
88.31 is ~~\$592,000,000~~ \$739,000,000 for taxes payable in ~~2002~~ 2012. The state general  
88.32 levy base amount for seasonal recreational property is \$40,600,000 for taxes payable  
88.33 in 2012. For taxes payable in ~~subsequent years~~ 2013, the each levy base amount  
88.34 is increased each year by multiplying the levy base amount for the prior year taxes  
88.35 payable in 2012 by the sum of one plus the rate of increase, if any, in the implicit

89.1 price deflator for government consumption expenditures and gross investment for  
 89.2 state and local governments prepared by the Bureau of Economic Analysts of the  
 89.3 United States Department of Commerce for the 12-month period ending March 31  
 89.4 ~~of the year prior to the year the taxes are payable~~, 2012. For taxes payable in 2014  
 89.5 and 2015, the state general levy is \$743,000,000 for commercial-industrial property  
 89.6 and \$40,500,000 for seasonal residential recreational property. For taxes payable in  
 89.7 2016, the state general levy is \$668,700,000 for commercial-industrial property and  
 89.8 \$36,450,000 for seasonal residential recreational property. For taxes payable in 2017, the  
 89.9 state general levy is \$594,400,000 for commercial-industrial property and \$32,400,000  
 89.10 for seasonal residential recreational property. For taxes payable in 2018, the state  
 89.11 general levy is \$520,100,000 for commercial-industrial property and \$28,350,000  
 89.12 for seasonal residential recreational property. For taxes payable in 2019, the state  
 89.13 general levy is \$445,800,000 for commercial-industrial property and \$24,300,000  
 89.14 for seasonal residential recreational property. For taxes payable in 2020, the state  
 89.15 general levy is \$371,500,000 for commercial-industrial property and \$20,250,000  
 89.16 for seasonal residential recreational property. For taxes payable in 2021, the state  
 89.17 general levy is \$297,200,000 for commercial-industrial property and \$16,200,000 for  
 89.18 seasonal residential recreational property. For taxes payable in 2022, the state general  
 89.19 levy is \$222,900,000 for commercial-industrial property and \$12,150,000 for seasonal  
 89.20 residential recreational property. For taxes payable in 2023, the state general levy is  
 89.21 \$148,600,000 for commercial-industrial property and \$8,100,000 for seasonal residential  
 89.22 recreational property. For taxes payable in 2024, the state general levy is \$74,300,000  
 89.23 for commercial-industrial property and \$4,050,000 for seasonal residential recreational  
 89.24 property. The tax under this section is not treated as a local tax rate under section 469.177  
 89.25 and is not the levy of a governmental unit under chapters 276A and 473F.

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

- 89.31 (1) an erroneous report of taxable value by a local official;  
 89.32 (2) an erroneous calculation by the commissioner; and  
 89.33 (3) an increase or decrease in taxable value for commercial-industrial or seasonal  
 89.34 residential recreational property reported on the abstracts of tax lists submitted under  
 89.35 section 275.29 that was not reported on the abstracts of assessment submitted under  
 89.36 section 270C.89 for the same year.

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

90.3 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and  
90.4 thereafter.

90.5 Sec. 10. Minnesota Statutes 2010, section 275.025, subdivision 3, is amended to read:

90.6 Subd. 3. **Seasonal residential recreational tax capacity.** For the purposes of this  
90.7 section, "seasonal residential recreational tax capacity" means the tax capacity of tier III  
90.8 of class 1c under section 273.13, subdivision 22, and all class 4c(1) ~~and~~ 4c(3)(ii), and  
90.9 4c(12) property under section 273.13, subdivision 25, except that the first \$76,000 of  
90.10 market value of each noncommercial class ~~4c(1)~~ 4c(12) property has a tax capacity for this  
90.11 purpose equal to 40 percent of its tax capacity under section 273.13.

90.12 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and  
90.13 thereafter.

90.14 Sec. 11. Minnesota Statutes 2010, section 275.025, subdivision 4, is amended to read:

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

90.24 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and  
90.25 thereafter.

90.26 Sec. 12. Minnesota Statutes 2010, section 275.70, subdivision 5, is amended to read:

90.27 Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes  
90.28 levied by a local governmental unit for the following purposes or in the following manner:

90.29 (1) to pay the costs of the principal and interest on bonded indebtedness or to  
90.30 reimburse for the amount of liquor store revenues used to pay the principal and interest  
90.31 due on municipal liquor store bonds in the year preceding the year for which the levy  
90.32 limit is calculated;

91.1 (2) to pay the costs of principal and interest on certificates of indebtedness issued for  
91.2 any corporate purpose except for the following:

91.3 (i) tax anticipation or aid anticipation certificates of indebtedness;

91.4 (ii) certificates of indebtedness issued under sections 298.28 and 298.282;

91.5 (iii) certificates of indebtedness used to fund current expenses or to pay the costs of  
91.6 extraordinary expenditures that result from a public emergency; or

91.7 (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an  
91.8 insufficiency in other revenue sources, provided that nothing in this subdivision limits the  
91.9 special levy authorized under section 475.755;

91.10 (3) to provide for the bonded indebtedness portion of payments made to another  
91.11 political subdivision of the state of Minnesota;

91.12 (4) to fund payments made to the Minnesota State Armory Building Commission  
91.13 under section 193.145, subdivision 2, to retire the principal and interest on armory  
91.14 construction bonds;

91.15 (5) property taxes approved by voters which are levied against the referendum  
91.16 market value as provided under section 275.61;

91.17 (6) to fund matching requirements needed to qualify for federal or state grants or  
91.18 programs to the extent that either (i) the matching requirement exceeds the matching  
91.19 requirement in calendar year 2001, or (ii) it is a new matching requirement that did not  
91.20 exist prior to 2002;

91.21 (7) to pay the expenses reasonably and necessarily incurred in preparing for or  
91.22 repairing the effects of natural disaster including the occurrence or threat of widespread  
91.23 or severe damage, injury, or loss of life or property resulting from natural causes, in  
91.24 accordance with standards formulated by the Emergency Services Division of the state  
91.25 Department of Public Safety, as allowed by the commissioner of revenue under section  
91.26 275.74, subdivision 2;

91.27 (8) pay amounts required to correct an error in the levy certified to the county  
91.28 auditor by a city or county in a levy year, but only to the extent that when added to the  
91.29 preceding year's levy it is not in excess of an applicable statutory, special law or charter  
91.30 limitation, or the limitation imposed on the governmental subdivision by sections 275.70  
91.31 to 275.74 in the preceding levy year;

91.32 (9) to pay an abatement under section 469.1815;

91.33 (10) to pay any costs attributable to increases in the employer contribution rates  
91.34 under chapter 353, or locally administered pension plans, that are effective after June  
91.35 30, 2001;

92.1 (11) to pay the operating or maintenance costs of a county jail as authorized in  
92.2 section 641.01 or 641.262, or of a correctional facility as defined in section 241.021,  
92.3 subdivision 1, paragraph (f), to the extent that the county can demonstrate to the  
92.4 commissioner of revenue that the amount has been included in the county budget as  
92.5 a direct result of a rule, minimum requirement, minimum standard, or directive of the  
92.6 Department of Corrections, or to pay the operating or maintenance costs of a regional jail  
92.7 as authorized in section 641.262. For purposes of this clause, a district court order is  
92.8 not a rule, minimum requirement, minimum standard, or directive of the Department of  
92.9 Corrections. If the county utilizes this special levy, except to pay operating or maintenance  
92.10 costs of a new regional jail facility under sections 641.262 to 641.264 which will not  
92.11 replace an existing jail facility, any amount levied by the county in the previous levy year  
92.12 for the purposes specified under this clause and included in the county's previous year's  
92.13 levy limitation computed under section 275.71, shall be deducted from the levy limit  
92.14 base under section 275.71, subdivision 2, when determining the county's current year  
92.15 levy limitation. The county shall provide the necessary information to the commissioner  
92.16 of revenue for making this determination;

92.17 (12) to pay for operation of a lake improvement district, as authorized under section  
92.18 103B.555. If the county utilizes this special levy, any amount levied by the county in the  
92.19 previous levy year for the purposes specified under this clause and included in the county's  
92.20 previous year's levy limitation computed under section 275.71 shall be deducted from  
92.21 the levy limit base under section 275.71, subdivision 2, when determining the county's  
92.22 current year levy limitation. The county shall provide the necessary information to the  
92.23 commissioner of revenue for making this determination;

92.24 (13) to repay a state or federal loan used to fund the direct or indirect required  
92.25 spending by the local government due to a state or federal transportation project or other  
92.26 state or federal capital project. This authority may only be used if the project is not a  
92.27 local government initiative;

92.28 (14) to pay for court administration costs as required under section 273.1398,  
92.29 subdivision 4b, less the (i) county's share of transferred fines and fees collected by the  
92.30 district courts in the county for calendar year 2001 and (ii) the aid amount certified to be  
92.31 paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes  
92.32 levied to pay for these costs in the year in which the court financing is transferred to the  
92.33 state, the amount under this clause is limited to the amount of aid the county is certified to  
92.34 receive under section 273.1398, subdivision 4a;

92.35 (15) to fund a police or firefighters relief association as required under section 69.77  
92.36 to the extent that the required amount exceeds the amount levied for this purpose in 2001;

93.1 (16) for purposes of a storm sewer improvement district under section 444.20;

93.2 (17) to pay for the maintenance and support of a city or county society for the  
93.3 prevention of cruelty to animals under section 343.11, but not to exceed in any year  
93.4 \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most  
93.5 recent federal census, whichever is greater. If the city or county uses this special levy, any  
93.6 amount levied by the city or county in the previous levy year for the purposes specified  
93.7 in this clause and included in the city's or county's previous year's levy limit computed  
93.8 under section 275.71, must be deducted from the levy limit base under section 275.71,  
93.9 subdivision 2, in determining the city's or county's current year levy limit;

93.10 (18) for counties, to pay for the increase in their share of health and human service  
93.11 costs caused by reductions in federal health and human services grants effective after  
93.12 September 30, 2007;

93.13 (19) for a city, for the costs reasonably and necessarily incurred for securing,  
93.14 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by  
93.15 the commissioner of revenue under section 275.74, subdivision 2. A city must have either  
93.16 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in  
93.17 the city or in a zip code area of the city that is at least 50 percent higher than the average  
93.18 foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2,  
93.19 to use this special levy. For purposes of this paragraph, "foreclosure rate" means the  
93.20 number of foreclosures, as indicated by sheriff sales records, divided by the number of  
93.21 households in the city in 2007;

93.22 (20) for a city, for the unreimbursed costs of redeployed traffic-control agents and  
93.23 lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified  
93.24 to the Federal Highway Administration;

93.25 (21) to pay costs attributable to wages and benefits for sheriff, police, and fire  
93.26 personnel. If a local governmental unit did not use this special levy in the previous year its  
93.27 levy limit base under section 275.71 shall be reduced by the amount equal to the amount it  
93.28 levied for the purposes specified in this clause in the previous year;

93.29 (22) an amount equal to any reductions in the certified aids or credit reimbursements  
93.30 payable under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment  
93.31 under section 16A.152 or reductions under another provision of law. The amount of the  
93.32 levy allowed under this clause for each year is limited to the amount unallotted or reduced  
93.33 from the aids and credit reimbursements certified for payment in the year following the  
93.34 calendar year in which the tax levy is certified unless the unallotment or reduction amount  
93.35 is not known by September 1 of the levy certification year, and the local government has

94.1 not adjusted its levy under section 275.065, subdivision 6, or 275.07, subdivision 6, in  
94.2 which case that unallotment or reduction amount may be levied in the following year;

94.3 (23) to pay for the difference between one-half of the costs of confining sex offenders  
94.4 undergoing the civil commitment process and any state payments for this purpose pursuant  
94.5 to section 253B.185, subdivision 5;

94.6 (24) for a county to pay the costs of the first year of maintaining and operating a new  
94.7 facility or new expansion, either of which contains courts, corrections, dispatch, criminal  
94.8 investigation labs, or other public safety facilities and for which all or a portion of the  
94.9 funding for the site acquisition, building design, site preparation, construction, and related  
94.10 equipment was issued or authorized prior to the imposition of levy limits in 2008. The  
94.11 levy limit base shall then be increased by an amount equal to the new facility's first full  
94.12 year's operating costs as described in this clause; ~~and~~

94.13 (25) for the estimated amount of reduction to market value credit reimbursements  
94.14 under section 273.1384 for credits payable in the year in which the levy is payable; except  
94.15 for a reduction due to the repeal of section 273.1384, subdivision 1; and

94.16 (26) for the reduction in the county share of payments to the county under sections  
94.17 97A.061 and 477A.11 to 477A.17 between payments certified in calendar year 2011 and  
94.18 the estimated amount of the county share in the year in which the levy is payable provided  
94.19 the reduction is at least one percent of the county's total payable 2011 certified levy.

94.20 **EFFECTIVE DATE.** This section is effective for taxes levied in 2011 and 2012.

94.21 Sec. 13. Minnesota Statutes 2010, section 275.71, subdivision 2, is amended to read:

94.22 Subd. 2. **Levy limit base.** (a) The levy limit base for a local governmental unit for  
94.23 taxes levied in 2008 is its levy aid base from the previous year, subject to any adjustments  
94.24 under section 275.72. For taxes levied in 2009 ~~and 2010~~ through 2012, the levy limit base  
94.25 for a local governmental unit is its adjusted levy limit base in the previous year, subject  
94.26 to any adjustments under section 275.72.

94.27 **EFFECTIVE DATE.** This section is effective for taxes levied in 2011 and 2012.

94.28 Sec. 14. Minnesota Statutes 2010, section 275.71, subdivision 4, is amended to read:

94.29 Subd. 4. **Adjusted levy limit base.** (a) For taxes levied in 2008 through ~~2010~~ 2012,  
94.30 the adjusted levy limit base is equal to the levy limit base computed under subdivision 2  
94.31 or section 275.72, multiplied by:

94.32 (1) one plus the percentage growth in the implicit price deflator, but the percentage  
94.33 shall not be less than zero or exceed 3.9 percent;

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

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

95.7 (b) If a city decertifies a tax increment finance district in the year in which the levy is  
95.8 set, the base amount determined under paragraph (a) is increased by an amount equal to  
95.9 the city's current year tax rate multiplied by the retained captured value for the district for  
95.10 the year prior to the year in which the levy is set, as reported on the TIF supplement to  
95.11 the abstract of tax lists.

95.12 **EFFECTIVE DATE.** This section is effective for taxes levied in 2011 and 2012.

95.13 Sec. 15. Minnesota Statutes 2010, section 275.71, subdivision 5, is amended to read:

95.14 Subd. 5. **Property tax levy limit.** (a) For taxes levied in 2008 through ~~2010~~ 2012,  
95.15 the property tax levy limit for a local governmental unit is equal to its adjusted levy limit  
95.16 base determined under subdivision 4 plus any additional levy authorized under section  
95.17 275.73, which is levied against net tax capacity, reduced by the sum of (i) the total amount  
95.18 of aids and reimbursements that the local governmental unit is certified to receive under  
95.19 sections 477A.011 to 477A.014, (ii) taconite aids under sections 298.28 and 298.282  
95.20 including any aid which was required to be placed in a special fund for expenditure in  
95.21 the next succeeding year, (iii) estimated payments to the local governmental unit under  
95.22 section 272.029, adjusted for any error in estimation in the preceding year, and (iv) aids  
95.23 under section 477A.16.

95.24 (b) If an aid, payment, or other amount used in paragraph (a) to reduce a local  
95.25 government unit's levy limit is reduced by an unallotment under section 16A.152, the  
95.26 amount of the aid, payment, or other amount prior to the unallotment is used in the  
95.27 computations in paragraph (a). In order for a local government unit to levy outside of its  
95.28 limit to offset the reduction in revenues attributable to an unallotment, it must do so under,  
95.29 and to the extent authorized by, a special levy authorization.

95.30 **EFFECTIVE DATE.** This section is effective for taxes levied in 2011 and 2012.

95.31 Sec. 16. **[275.761] MAINTENANCE OF EFFORT REQUIREMENTS**

95.32 **SUSPENDED.**

96.1 (a) Notwithstanding any law to the contrary and except as provided in paragraphs  
96.2 (b) and (c), all maintenance of effort requirements for counties, including but not limited  
96.3 to those under sections 116L.872, 134.34, 245.4835, 245.4932, 245.714, 256F.10, and  
96.4 256F.13, are suspended.

96.5 (b) This section does not permit a county to suspend compliance with maintenance  
96.6 of effort requirements to the extent that the suspension would:

96.7 (1) require the state to expend additional money or incur additional costs; or

96.8 (2) cause a reduction in the receipt by the state or the county of federal funds.

96.9 (c) The commissioner of management and budget may determine the maintenance  
96.10 of effort requirements that are not permitted, in whole or in part, to be suspended under  
96.11 paragraph (b). The commissioner shall publish these determinations on the department's  
96.12 Web site and no county may suspend compliance with a maintenance of effort requirement  
96.13 that the commissioner determines is not subject to suspension.

96.14 (d) Notwithstanding any law to the contrary, all statutory and home rule charter cities  
96.15 are exempt from the maintenance of effort requirements under section 134.34.

96.16 **EFFECTIVE DATE.** This section is effective for maintenance of effort  
96.17 requirements in calendar years 2012 and 2013.

96.18 Sec. 17. **REPEALER.**

96.19 Minnesota Statutes 2010, section 275.025, is repealed.

96.20 **EFFECTIVE DATE.** This section is effective for taxes levied in 2024, payable  
96.21 in 2025, and thereafter.

## 96.22 **ARTICLE 7**

### 96.23 **AIDS, CREDITS, PAYMENTS, AND REFUNDS**

96.24 Section 1. Minnesota Statutes 2010, section 88.49, subdivision 5, is amended to read:

96.25 Subd. 5. **Cancellation.** Upon the failure of the owner faithfully to fulfill and  
96.26 perform such contract or any provision thereof, or any requirement of sections 88.47 to  
96.27 88.53, or any rule adopted by the commissioner thereunder, the commissioner may cancel  
96.28 the contract in the manner herein provided. The commissioner shall give to the owner, in  
96.29 the manner prescribed in section 88.48, subdivision 4, 60 days' notice of a hearing thereon  
96.30 at which the owner may appear and show cause, if any, why the contract should not be  
96.31 canceled. The commissioner shall thereupon determine whether the contract should be  
96.32 canceled and make an order to that effect. Notice of the commissioner's determination  
96.33 and the making of the order shall be given to the owner in the manner provided in section

97.1 88.48, subdivision 4. On determining that the contract should be canceled and no appeal  
97.2 therefrom be taken, the commissioner shall send notice thereof to the auditor of the county  
97.3 and to the town clerk of the town affected and file with the recorder a certified copy of the  
97.4 order, who shall forthwith note the cancellation upon the record thereof, and thereupon the  
97.5 land therein described shall cease to be an auxiliary forest and, together with the timber  
97.6 thereon, become liable to all taxes and assessments that otherwise would have been levied  
97.7 against it had it never been an auxiliary forest from the time of the making of the contract,  
97.8 any provisions of the statutes of limitation to the contrary notwithstanding, less the amount  
97.9 of taxes paid under the provisions of section 88.51, subdivision 1, together with interest on  
97.10 such taxes and assessments at six percent per annum, but without penalties.

97.11 The commissioner may in like manner and with like effect cancel the contract upon  
97.12 written application of the owner.

97.13 ~~The commissioner shall cancel any contract if the owner has made successful~~  
97.14 ~~application under sections 290C.01 to 290C.11, the Sustainable Forest Incentive Act, and~~  
97.15 ~~has paid to the county treasurer the difference between the amount which would have been~~  
97.16 ~~paid had the land under contract been subject to the Minnesota Tree Growth Tax Law and~~  
97.17 ~~the Sustainable Forest Incentive Act from the date of the recording of the contract and~~  
97.18 ~~the amount actually paid under section 88.51, subdivisions 1 and 2. This tax difference~~  
97.19 ~~must be calculated based on the years the lands would have been taxed under the Tree~~  
97.20 ~~Growth Tax Law and the Sustainable Forest Incentive Act. The sustainable forest tax~~  
97.21 ~~difference is net of the incentive payment of section 290C.07. If the amount which would~~  
97.22 ~~have been paid, had the land under contract been under the Minnesota Tree Growth Tax~~  
97.23 ~~Law and the Sustainable Forest Incentive Act from the date of the filing of the contract,~~  
97.24 ~~is less than the amount actually paid under the contract, the cancellation shall be made~~  
97.25 ~~without further payment by the owner.~~

97.26 When the execution of any contract creating an auxiliary forest shall have been  
97.27 procured through fraud or deception practiced upon the county board or the commissioner  
97.28 or any other person or body representing the state, it may be canceled upon suit brought by  
97.29 the attorney general at the direction of the commissioner. This cancellation shall have the  
97.30 same effect as the cancellation of a contract by the commissioner.

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

97.32 Sec. 2. Minnesota Statutes 2010, section 88.49, subdivision 9a, is amended to read:

97.33 Subd. 9a. **Land trades with governmental units.** Notwithstanding subdivisions  
97.34 6 and 9, or section 88.491, subdivision 2, if an owner trades land under auxiliary forest  
97.35 contract for land owned by a governmental unit and the owner agrees to use the land

98.1 received in trade from the governmental unit for the production of forest products, upon  
98.2 resolution of the county board, no taxes and assessments shall be levied against the land  
98.3 traded, except that any current or delinquent annual taxes or yield taxes due on that land  
98.4 while it was under the auxiliary forest provision must be paid prior to the land exchange.  
98.5 ~~The land received from the governmental unit in the land trade automatically qualifies for~~  
98.6 ~~inclusion in the Sustainable Forest Incentive Act.~~

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

98.8 Sec. 3. Minnesota Statutes 2010, section 97A.061, subdivision 1, is amended to read:

98.9 Subdivision 1. **Applicability; amount.** (a) The commissioner shall annually make a  
98.10 payment to each county having public hunting areas and game refuges. Money to make  
98.11 the payments is annually appropriated for that purpose from the general fund. Except as  
98.12 provided in paragraph (b), this section does not apply to state trust fund land and other  
98.13 state land not purchased for game refuge or public hunting purposes. Except as provided  
98.14 in paragraph (b), the payment shall be the greatest of:

98.15 (1) ~~35~~ 30.8 percent of the gross receipts from all special use permits and leases of  
98.16 land acquired for public hunting and game refuges;

98.17 (2) ~~50~~ 44 cents per acre on land purchased actually used for public hunting or game  
98.18 refuges; or

98.19 (3) ~~three-fourths of one~~ .66 percent of the appraised value of purchased land actually  
98.20 used for public hunting and game refuges.

98.21 (b) The payment shall be 50 percent of the dollar amount ~~adjusted for inflation~~ as  
98.22 determined under section 477A.12, subdivision 1, paragraph (a), clause (1), multiplied  
98.23 by the number of acres of land in the county that are owned by another state agency for  
98.24 military purposes and designated as a game refuge under section 97A.085.

98.25 (c) The payment must be reduced by the amount paid under subdivision 3 for  
98.26 croplands managed for wild geese.

98.27 (d) The appraised value is the purchase price for five years after acquisition.

98.28 The appraised value shall be determined by the county assessor every five years after  
98.29 acquisition.

98.30 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
98.31 2011 and thereafter.

98.32 Sec. 4. Minnesota Statutes 2010, section 97A.061, subdivision 3, is amended to read:

99.1 Subd. 3. **Goose management croplands.** (a) The commissioner shall make a  
99.2 payment on July 1 of each year to each county where the state owns more than 1,000 acres  
99.3 of crop land, for wild goose management purposes. The payment shall be equal to 88  
99.4 percent of the taxes assessed on comparable, privately owned, adjacent land. Money to  
99.5 make the payments is annually appropriated for that purpose from the general fund. The  
99.6 county treasurer shall allocate and distribute the payment as provided in subdivision 2.

99.7 (b) The land used for goose management under this subdivision is exempt from  
99.8 taxation as provided in sections 272.01 and 273.19.

99.9 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
99.10 2011 and thereafter.

99.11 Sec. 5. Minnesota Statutes 2010, section 126C.01, subdivision 3, is amended to read:

99.12 Subd. 3. **Referendum market value.** "Referendum market value" means the market  
99.13 value of all taxable property, excluding property classified as class 2, noncommercial  
99.14 4c(1), or 4c(4) under section 273.13. The portion of class 2a property consisting of the  
99.15 house, garage, and surrounding one acre of land of an agricultural homestead is included  
99.16 in referendum market value. For the purposes of this subdivision, in the case of class 1a,  
99.17 1b, or 2a property, "market value" means the value prior to the exclusion under section  
99.18 273.13, subdivision 35. Any class of property, or any portion of a class of property, that  
99.19 is included in the definition of referendum market value and that has a class rate of less  
99.20 than one percent under section 273.13 shall have a referendum market value equal to its  
99.21 ~~net tax capacity~~ market value times its class rate, multiplied by 100.

99.22 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and  
99.23 thereafter.

99.24 Sec. 6. Minnesota Statutes 2010, section 270A.03, subdivision 7, is amended to read:

99.25 Subd. 7. **Refund.** "Refund" means an individual income tax refund ~~or political~~  
99.26 ~~contribution refund,~~ pursuant to chapter 290, or a property tax credit or refund, pursuant to  
99.27 chapter 290A, ~~or a sustainable forest tax payment to a claimant under chapter 290C.~~

99.28 For purposes of this chapter, lottery prizes, as set forth in section 349A.08,  
99.29 subdivision 8, and amounts granted to persons by the legislature on the recommendation  
99.30 of the joint senate-house of representatives Subcommittee on Claims shall be treated  
99.31 as refunds.

99.32 In the case of a joint property tax refund payable to spouses under chapter 290A,  
99.33 the refund shall be considered as belonging to each spouse in the proportion of the total

100.1 refund that equals each spouse's proportion of the total income determined under section  
100.2 290A.03, subdivision 3. In the case of a joint income tax refund under chapter 289A, the  
100.3 refund shall be considered as belonging to each spouse in the proportion of the total  
100.4 refund that equals each spouse's proportion of the total taxable income determined under  
100.5 section 290.01, subdivision 29. The commissioner shall remit the entire refund to the  
100.6 claimant agency, which shall, upon the request of the spouse who does not owe the debt,  
100.7 determine the amount of the refund belonging to that spouse and refund the amount to  
100.8 that spouse. For court fines, fees, and surcharges and court-ordered restitution under  
100.9 section 611A.04, subdivision 2, the notice provided by the commissioner of revenue under  
100.10 section 270A.07, subdivision 2, paragraph (b), serves as the appropriate legal notice  
100.11 to the spouse who does not owe the debt.

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

100.13 Sec. 7. Minnesota Statutes 2010, section 273.114, subdivision 2, as amended by Laws  
100.14 2011, chapter 13, section 2, is amended to read:

100.15 Subd. 2. **Requirements.** Class 2b property that had been properly enrolled under  
100.16 section 273.111 for taxes payable in 2008, or that is part of an agricultural homestead  
100.17 under section 273.13, subdivision 23, paragraph (a), at least a portion of which is enrolled  
100.18 under section 273.111, is entitled to valuation and tax deferral under this section if:

100.19 (1) the property is contiguous to class 2a property enrolled under section 273.111  
100.20 under the same ownership;

100.21 (2) there are no delinquent property taxes on the land; and

100.22 (3) the property is not also enrolled for valuation and deferral under section  
100.23 273.111 or 273.112, or chapter ~~290C~~ or 473H.

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

100.25 Sec. 8. Minnesota Statutes 2010, section 273.13, subdivision 23, is amended to read:

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

101.1 limit of agricultural homestead property" and "first tier" means the limit certified under  
101.2 section 273.11, subdivision 23.

101.3 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that  
101.4 are agricultural land and buildings. Class 2a property has a net class rate of one percent of  
101.5 market value, unless it is part of an agricultural homestead under paragraph (a). Class  
101.6 2a property must also include any property that would otherwise be classified as 2b,  
101.7 but is interspersed with class 2a property, including but not limited to sloughs, wooded  
101.8 wind shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback  
101.9 requirement, and other similar land that is impractical for the assessor to value separately  
101.10 from the rest of the property or that is unlikely to be able to be sold separately from  
101.11 the rest of the property.

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

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

101.24 (d) Class 2c managed forest land consists of no less than 20 and no more than  
101.25 1,920 acres statewide per taxpayer that is being managed under a forest management  
101.26 plan ~~that meets the requirements of chapter 290C, but is not enrolled in the sustainable~~  
101.27 ~~forest resource management incentive program.~~ It has a class rate of .65 percent,  
101.28 provided that the owner of the property must apply to the assessor in order for the  
101.29 property to initially qualify for the reduced rate and provide the information required  
101.30 by the assessor to verify that the property qualifies for the reduced rate. If the assessor  
101.31 receives the application and information before May 1 in an assessment year, the property  
101.32 qualifies beginning with that assessment year. If the assessor receives the application  
101.33 and information after April 30 in an assessment year, the property may not qualify until  
101.34 the next assessment year. The commissioner of natural resources must concur that the  
101.35 land is qualified. The commissioner of natural resources shall annually provide county  
101.36 assessors verification information on a timely basis. The presence of a minor, ancillary

102.1 nonresidential structure as defined by the commissioner of revenue does not disqualify  
102.2 the property from classification under this paragraph. For purposes of this paragraph,  
102.3 a "forest management plan" means a written document providing a framework for  
102.4 site-specific healthy, productive, and sustainable forest resources. A forest management  
102.5 plan must include at least the following: (i) forest management goals for the land; (ii) a  
102.6 reliable field inventory of the individual forest cover types, their age, and density; (iii) a  
102.7 description of the soil type and quality; (iv) an aerial photo and/or map of the vegetation  
102.8 and other natural features of the land clearly indicating the boundaries of the land and of  
102.9 the forest land; (v) the proposed future conditions of the land; (vi) prescriptions to meet  
102.10 proposed future conditions of the land; (vii) a recommended timetable for implementing  
102.11 the prescribed activities; and (viii) a legal description of the land encompassing the  
102.12 parcels included in the plan. All management activities prescribed in a plan must be in  
102.13 accordance with the recommended timber harvesting and forest management guidelines.  
102.14 The commissioner of natural resources shall provide a framework for plan content and  
102.15 updating and revising plans.

102.16 (e) Agricultural land as used in this section means contiguous acreage of ten  
102.17 acres or more, used during the preceding year for agricultural purposes. "Agricultural  
102.18 purposes" as used in this section means the raising, cultivation, drying, or storage of  
102.19 agricultural products for sale, or the storage of machinery or equipment used in support  
102.20 of agricultural production by the same farm entity. For a property to be classified as  
102.21 agricultural based only on the drying or storage of agricultural products, the products  
102.22 being dried or stored must have been produced by the same farm entity as the entity  
102.23 operating the drying or storage facility. "Agricultural purposes" also includes enrollment  
102.24 in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal  
102.25 Conservation Reserve Program as contained in Public Law 99-198 or a similar state  
102.26 or federal conservation program if the property was classified as agricultural (i) under  
102.27 this subdivision for the assessment year 2002 or (ii) in the year prior to its enrollment.  
102.28 Agricultural classification shall not be based upon the market value of any residential  
102.29 structures on the parcel or contiguous parcels under the same ownership.

102.30 (f) Real estate of less than ten acres, which is exclusively or intensively used for  
102.31 raising or cultivating agricultural products, shall be considered as agricultural land. To  
102.32 qualify under this paragraph, property that includes a residential structure must be used  
102.33 intensively for one of the following purposes:

102.34 (i) for drying or storage of grain or storage of machinery or equipment used to  
102.35 support agricultural activities on other parcels of property operated by the same farming  
102.36 entity;

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

103.3 (iii) for livestock or poultry confinement, provided that land that is used only for  
103.4 pasturing and grazing does not qualify; or

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

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

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

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

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

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

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

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

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

103.28 (5) game birds and waterfowl bred and raised for use on a shooting preserve licensed  
103.29 under section 97A.115;

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

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

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

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

104.1 (1) wholesale and retail sales;  
104.2 (2) processing of raw agricultural products or other goods;  
104.3 (3) warehousing or storage of processed goods; and  
104.4 (4) office facilities for the support of the activities enumerated in clauses (1), (2),  
104.5 and (3),  
104.6 the assessor shall classify the part of the parcel used for agricultural purposes as class  
104.7 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its  
104.8 use. The grading, sorting, and packaging of raw agricultural products for first sale is  
104.9 considered an agricultural purpose. A greenhouse or other building where horticultural  
104.10 or nursery products are grown that is also used for the conduct of retail sales must be  
104.11 classified as agricultural if it is primarily used for the growing of horticultural or nursery  
104.12 products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of  
104.13 those products. Use of a greenhouse or building only for the display of already grown  
104.14 horticultural or nursery products does not qualify as an agricultural purpose.

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

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

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

104.31 (ii) the land is part of the airport property; and  
104.32 (iii) the land is not used for commercial or residential purposes.

104.33 The land contained in a landing area under this paragraph must be described and certified  
104.34 by the commissioner of transportation. The certification is effective until it is modified,  
104.35 or until the airport or landing area no longer meets the requirements of this paragraph.  
104.36 For purposes of this paragraph, "public access area" means property used as an aircraft

105.1 parking ramp, apron, or storage hangar, or an arrival and departure building in connection  
105.2 with the airport.

105.3 (m) Class 2e consists of land with a commercial aggregate deposit that is not actively  
105.4 being mined and is not otherwise classified as class 2a or 2b, provided that the land is not  
105.5 located in a county that has elected to opt-out of the aggregate preservation program as  
105.6 provided in section 273.1115, subdivision 6. It has a class rate of one percent of market  
105.7 value. To qualify for classification under this paragraph, the property must be at least  
105.8 ten contiguous acres in size and the owner of the property must record with the county  
105.9 recorder of the county in which the property is located an affidavit containing:

105.10 (1) a legal description of the property;

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

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

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

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

105.23 (n) When any portion of the property under this subdivision or subdivision 22 begins  
105.24 to be actively mined, the owner must file a supplemental affidavit within 60 days from  
105.25 the day any aggregate is removed stating the number of acres of the property that is  
105.26 actively being mined. The acres actively being mined must be (1) valued and classified  
105.27 under subdivision 24 in the next subsequent assessment year, and (2) removed from the  
105.28 aggregate resource preservation property tax program under section 273.1115, if the  
105.29 land was enrolled in that program. Copies of the original affidavit and all supplemental  
105.30 affidavits must be filed with the county assessor, the local zoning administrator, and the  
105.31 Department of Natural Resources, Division of Land and Minerals. A supplemental  
105.32 affidavit must be filed each time a subsequent portion of the property is actively mined,  
105.33 provided that the minimum acreage change is five acres, even if the actual mining activity  
105.34 constitutes less than five acres.

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

106.4 **EFFECTIVE DATE.** This section is effective for taxes levied in 2011, payable  
106.5 in 2012, and thereafter.

106.6 Sec. 9. Minnesota Statutes 2010, section 273.13, is amended by adding a subdivision  
106.7 to read:

106.8 Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's  
106.9 net tax capacity under this section, property classified as class 1a or 1b under subdivision  
106.10 22, and the portion of property classified as class 2a under subdivision 23 consisting of  
106.11 the house, garage, and surrounding one acre of land, shall be eligible for a market value  
106.12 exclusion as determined under paragraph (b).

106.13 (b) For a homestead valued at \$76,000 or less, the exclusion is 40 percent of market  
106.14 value. For a homestead valued between \$76,000 and \$413,800, the exclusion is \$30,400  
106.15 minus nine percent of the valuation over \$76,000. For a homestead valued at \$413,800 or  
106.16 more, there is no valuation exclusion. The valuation exclusion shall be rounded to the  
106.17 nearest whole dollar, and may not be less than zero.

106.18 (c) Any valuation exclusions or adjustments under section 273.11 shall be applied  
106.19 prior to determining the amount of the valuation exclusion under this subdivision.

106.20 (d) In the case of a property that is classified as part homestead and part  
106.21 nonhomestead, (i) the exclusion shall apply only to the homestead portion of the property,  
106.22 but (ii) if a portion of a property is classified as nonhomestead solely because not all  
106.23 the owners occupy the property, not all the owners have qualifying relatives occupying  
106.24 the property, or solely because not all the spouses of owners occupy the property, the  
106.25 exclusion amount shall be initially computed as if that nonhomestead portion were also in  
106.26 the homestead class and then prorated to the owner-occupant's percentage of ownership.  
106.27 For the purpose of this section, when an owner-occupant's spouse does not occupy the  
106.28 property, the percentage of ownership for the owner-occupant spouse is one-half of the  
106.29 couple's ownership percentage.

106.30 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and  
106.31 thereafter.

106.32 Sec. 10. Minnesota Statutes 2010, section 273.1384, subdivision 3, is amended to read:

107.1 Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax  
107.2 reductions allowed under ~~this section~~ subdivision 2 within the county for each taxes  
107.3 payable year and shall certify that amount to the commissioner of revenue as a part of the  
107.4 abstracts of tax lists submitted by the county auditors under section 275.29. Any prior  
107.5 year adjustments shall also be certified on the abstracts of tax lists. The commissioner  
107.6 shall review the certifications for accuracy, and may make such changes as are deemed  
107.7 necessary, or return the certification to the county auditor for correction. The ~~credits~~  
107.8 credit under this section must be used to proportionately reduce the net tax capacity-based  
107.9 property tax payable to each local taxing jurisdiction as provided in section 273.1393.

107.10 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and  
107.11 thereafter.

107.12 Sec. 11. Minnesota Statutes 2010, section 273.1384, subdivision 4, is amended to read:

107.13 Subd. 4. **Payment.** (a) The commissioner of revenue shall reimburse each local  
107.14 taxing jurisdiction, other than school districts, for the tax reductions granted under ~~this~~  
107.15 ~~section~~ subdivision 2 in two equal installments on October 31 and December 26 of the  
107.16 taxes payable year for which the reductions are granted, including in each payment  
107.17 the prior year adjustments certified on the abstracts for that taxes payable year. The  
107.18 reimbursements related to tax increments shall be issued in one installment each year on  
107.19 December 26.

107.20 (b) The commissioner of revenue shall certify the total of the tax reductions granted  
107.21 under ~~this section~~ subdivision 2 for each taxes payable year within each school district to  
107.22 the commissioner of the Department of Education and the commissioner of education shall  
107.23 pay the reimbursement amounts to each school district as provided in section 273.1392.

107.24 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and  
107.25 thereafter.

107.26 Sec. 12. Minnesota Statutes 2010, section 273.1393, is amended to read:

107.27 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

107.28 Notwithstanding any other provisions to the contrary, "net" property taxes are  
107.29 determined by subtracting the credits in the order listed from the gross tax:

- 107.30 (1) disaster credit as provided in sections 273.1231 to 273.1235;
- 107.31 (2) powerline credit as provided in section 273.42;
- 107.32 (3) agricultural preserves credit as provided in section 473H.10;
- 107.33 (4) enterprise zone credit as provided in section 469.171;

- 108.1 (5) disparity reduction credit;
- 108.2 (6) conservation tax credit as provided in section 273.119;
- 108.3 (7) ~~homestead and agricultural credits~~ credit as provided in section 273.1384;
- 108.4 (8) taconite homestead credit as provided in section 273.135;
- 108.5 (9) supplemental homestead credit as provided in section 273.1391; and
- 108.6 (10) the bovine tuberculosis zone credit, as provided in section 273.113.
- 108.7 The combination of all property tax credits must not exceed the gross tax amount.

108.8 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and  
108.9 thereafter.

108.10 Sec. 13. Minnesota Statutes 2010, section 273.1398, subdivision 3, is amended to read:

108.11 Subd. 3. **Disparity reduction aid.** The amount of disparity aid certified in 2012 and  
108.12 subsequent years for each taxing school district within each unique taxing jurisdiction  
108.13 ~~for taxes payable in the prior year shall be multiplied by the ratio of (1) the jurisdiction's~~  
108.14 ~~tax capacity using the class rates for taxes payable in the year for which aid is being~~  
108.15 ~~computed, to (2) its tax capacity using the class rates for taxes payable in the year prior to~~  
108.16 ~~that for which aid is being computed, both based upon market values for taxes payable in~~  
108.17 ~~the year prior to that for which aid is being computed. If the commissioner determines~~  
108.18 ~~that insufficient information is available to reasonably and timely calculate the numerator~~  
108.19 ~~in this ratio for the first taxes payable year that a class rate change or new class rate is~~  
108.20 ~~effective, the commissioner shall omit the effects of that class rate change or new class~~  
108.21 ~~rate when calculating this ratio for aid payable in that taxes payable year. For aid payable~~  
108.22 ~~in the year following a year for which such omission was made, the commissioner shall~~  
108.23 ~~use in the denominator for the class that was changed or created, the tax capacity for taxes~~  
108.24 ~~payable two years prior to that in which the aid is payable, based on market values for~~  
108.25 ~~taxes payable in the year prior to that for which aid is being computed~~ is equal to the  
108.26 amount certified for aid payable in 2011.

108.27 **EFFECTIVE DATE.** This section is effective for aid payable in 2012 and thereafter.

108.28 Sec. 14. Minnesota Statutes 2010, section 276.04, subdivision 2, is amended to read:

108.29 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the  
108.30 printing of the tax statements. The commissioner of revenue shall prescribe the form of  
108.31 the property tax statement and its contents. The tax statement must not state or imply  
108.32 that property tax credits are paid by the state of Minnesota. The statement must contain  
108.33 a tabulated statement of the dollar amount due to each taxing authority and the amount

109.1 of the state tax from the parcel of real property for which a particular tax statement is  
 109.2 prepared. The dollar amounts attributable to the county, the state tax, the voter approved  
 109.3 school tax, the other local school tax, the township or municipality, and the total of  
 109.4 the metropolitan special taxing districts as defined in section 275.065, subdivision 3,  
 109.5 paragraph (i), must be separately stated. The amounts due all other special taxing districts,  
 109.6 if any, may be aggregated except that any levies made by the regional rail authorities in the  
 109.7 county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter  
 109.8 398A shall be listed on a separate line directly under the appropriate county's levy. If the  
 109.9 county levy under this paragraph includes an amount for a lake improvement district as  
 109.10 defined under sections 103B.501 to 103B.581, the amount attributable for that purpose  
 109.11 must be separately stated from the remaining county levy amount. In the case of Ramsey  
 109.12 County, if the county levy under this paragraph includes an amount for public library  
 109.13 service under section 134.07, the amount attributable for that purpose may be separated  
 109.14 from the remaining county levy amount. The amount of the tax on homesteads qualifying  
 109.15 under the senior citizens' property tax deferral program under chapter 290B is the total  
 109.16 amount of property tax before subtraction of the deferred property tax amount. The  
 109.17 amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any,  
 109.18 must also be separately stated. The dollar amounts, including the dollar amount of any  
 109.19 special assessments, may be rounded to the nearest even whole dollar. For purposes of this  
 109.20 section whole odd-numbered dollars may be adjusted to the next higher even-numbered  
 109.21 dollar. The amount of market value excluded under section 273.11, subdivision 16, if any,  
 109.22 must also be listed on the tax statement.

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

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

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

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

109.33 ~~(2)~~ (3) the property's taxable market value after reductions under section sections  
 109.34 273.11, subdivisions 1a and 16, and 273.13, subdivision 35;

109.35 ~~(3)~~ (4) the property's gross tax, before credits;

110.1 ~~(4)~~ (5) for homestead residential and agricultural properties, the ~~credits~~ credit under  
110.2 section 273.1384;

110.3 ~~(5)~~ (6) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135;  
110.4 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of  
110.5 credit received under section 273.135 must be separately stated and identified as "taconite  
110.6 tax relief"; and

110.7 ~~(6)~~ (7) the net tax payable in the manner required in paragraph (a).

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

110.16 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and  
110.17 thereafter.

110.18 Sec. 15. Minnesota Statutes 2010, section 289A.50, subdivision 1, is amended to read:

110.19 Subdivision 1. **General right to refund.** (a) Subject to the requirements of this  
110.20 section and section 289A.40, a taxpayer who has paid a tax in excess of the taxes lawfully  
110.21 due and who files a written claim for refund will be refunded or credited the overpayment  
110.22 of the tax determined by the commissioner to be erroneously paid.

110.23 (b) The claim must specify the name of the taxpayer, the date when and the period  
110.24 for which the tax was paid, the kind of tax paid, the amount of the tax that the taxpayer  
110.25 claims was erroneously paid, the grounds on which a refund is claimed, and other  
110.26 information relative to the payment and in the form required by the commissioner. An  
110.27 income tax, estate tax, or corporate franchise tax return, or amended return claiming an  
110.28 overpayment constitutes a claim for refund.

110.29 (c) When, in the course of an examination, and within the time for requesting a  
110.30 refund, the commissioner determines that there has been an overpayment of tax, the  
110.31 commissioner shall refund or credit the overpayment to the taxpayer and no demand  
110.32 is necessary. If the overpayment exceeds \$1, the amount of the overpayment must  
110.33 be refunded to the taxpayer. If the amount of the overpayment is less than \$1, the  
110.34 commissioner is not required to refund. In these situations, the commissioner does not  
110.35 have to make written findings or serve notice by mail to the taxpayer.

111.1 (d) If the amount allowable as a credit for withholding, estimated taxes, or dependent  
111.2 care exceeds the tax against which the credit is allowable, the amount of the excess is  
111.3 considered an overpayment. ~~The refund allowed by section 290.06, subdivision 23, is also~~  
111.4 ~~considered an overpayment.~~ The requirements of section 270C.33 do not apply to the  
111.5 refunding of such an overpayment shown on the original return filed by a taxpayer.

111.6 (e) If the entertainment tax withheld at the source exceeds by \$1 or more the taxes,  
111.7 penalties, and interest reported in the return of the entertainment entity or imposed by  
111.8 section 290.9201, the excess must be refunded to the entertainment entity. If the excess is  
111.9 less than \$1, the commissioner need not refund that amount.

111.10 (f) If the surety deposit required for a construction contract exceeds the liability of  
111.11 the out-of-state contractor, the commissioner shall refund the difference to the contractor.

111.12 (g) An action of the commissioner in refunding the amount of the overpayment does  
111.13 not constitute a determination of the correctness of the return of the taxpayer.

111.14 (h) There is appropriated from the general fund to the commissioner of revenue the  
111.15 amount necessary to pay refunds allowed under this section.

111.16 **EFFECTIVE DATE.** This section is effective for refund claims based on  
111.17 contributions made after June 30, 2011.

111.18 Sec. 16. Minnesota Statutes 2010, section 290.01, subdivision 6, is amended to read:

111.19 Subd. 6. **Taxpayer.** The term "taxpayer" means any person or corporation subject to  
111.20 a tax imposed by this chapter. ~~For purposes of section 290.06, subdivision 23, the term~~  
111.21 ~~"taxpayer" means an individual eligible to vote in Minnesota under section 201.014.~~

111.22 **EFFECTIVE DATE.** This section is effective for refund claims based on  
111.23 contributions made after June 30, 2011.

111.24 Sec. 17. Minnesota Statutes 2010, section 290A.03, subdivision 11, is amended to read:

111.25 Subd. 11. **Rent constituting property taxes.** "Rent constituting property taxes"  
111.26 means ~~19~~ 15 percent of the gross rent actually paid in cash, or its equivalent, or the portion  
111.27 of rent paid in lieu of property taxes, in any calendar year by a claimant for the right  
111.28 of occupancy of the claimant's Minnesota homestead in the calendar year, and which  
111.29 rent constitutes the basis, in the succeeding calendar year of a claim for relief under this  
111.30 chapter by the claimant.

111.31 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in  
111.32 2010 and thereafter.

112.1 Sec. 18. Minnesota Statutes 2010, section 290A.03, subdivision 13, is amended to read:

112.2 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax  
112.3 exclusive of special assessments, penalties, and interest payable on a claimant's homestead  
112.4 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,  
112.5 and any other state paid property tax credits in any calendar year, and after any refund  
112.6 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in  
112.7 the year that the property tax is payable. In the case of a claimant who makes ground  
112.8 lease payments, "property taxes payable" includes the amount of the payments directly  
112.9 attributable to the property taxes assessed against the parcel on which the house is located.  
112.10 No apportionment or reduction of the "property taxes payable" shall be required for the  
112.11 use of a portion of the claimant's homestead for a business purpose if the claimant does not  
112.12 deduct any business depreciation expenses for the use of a portion of the homestead in the  
112.13 determination of federal adjusted gross income. For homesteads which are manufactured  
112.14 homes as defined in section 273.125, subdivision 8, and for homesteads which are park  
112.15 trailers taxed as manufactured homes under section 168.012, subdivision 9, "property  
112.16 taxes payable" shall also include ~~4~~15 percent of the gross rent paid in the preceding  
112.17 year for the site on which the homestead is located. When a homestead is owned by  
112.18 two or more persons as joint tenants or tenants in common, such tenants shall determine  
112.19 between them which tenant may claim the property taxes payable on the homestead. If  
112.20 they are unable to agree, the matter shall be referred to the commissioner of revenue  
112.21 whose decision shall be final. Property taxes are considered payable in the year prescribed  
112.22 by law for payment of the taxes.

112.23 In the case of a claim relating to "property taxes payable," the claimant must have  
112.24 owned and occupied the homestead on January 2 of the year in which the tax is payable  
112.25 and (i) the property must have been classified as homestead property pursuant to section  
112.26 273.124, on or before December 15 of the assessment year to which the "property taxes  
112.27 payable" relate; or (ii) the claimant must provide documentation from the local assessor  
112.28 that application for homestead classification has been made on or before December 15  
112.29 of the year in which the "property taxes payable" were payable and that the assessor has  
112.30 approved the application.

112.31 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in  
112.32 2010 and following years.

112.33 Sec. 19. Minnesota Statutes 2010, section 290A.04, subdivision 2, is amended to read:

112.34 Subd. 2. **Homeowners.** A claimant whose property taxes payable are in excess  
112.35 of the percentage of the household income stated below shall pay an amount equal to

113.1 the percent of income shown for the appropriate household income level along with the  
 113.2 percent to be paid by the claimant of the remaining amount of property taxes payable.  
 113.3 The state refund equals the amount of property taxes payable that remain, up to the state  
 113.4 refund amount shown below.

113.5				Maximum
113.6			Percent Paid by	State
113.7	Household Income	Percent of Income	Claimant	Refund
113.8	<del>\$0 to 1,189</del>	<del>1.0 percent</del>	<del>15 percent</del>	<del>\$ 1,850</del>
113.9	<del>1,190 to 2,379</del>	<del>1.1 percent</del>	<del>15 percent</del>	<del>\$ 1,850</del>
113.10	<del>2,380 to 3,589</del>	<del>1.2 percent</del>	<del>15 percent</del>	<del>\$ 1,800</del>
113.11	<del>3,590 to 4,789</del>	<del>1.3 percent</del>	<del>20 percent</del>	<del>\$ 1,800</del>
113.12	<del>4,790 to 5,979</del>	<del>1.4 percent</del>	<del>20 percent</del>	<del>\$ 1,730</del>
113.13	<del>5,980 to 8,369</del>	<del>1.5 percent</del>	<del>20 percent</del>	<del>\$ 1,730</del>
113.14	<del>8,370 to 9,559</del>	<del>1.6 percent</del>	<del>25 percent</del>	<del>\$ 1,670</del>
113.15	<del>9,560 to 10,759</del>	<del>1.7 percent</del>	<del>25 percent</del>	<del>\$ 1,670</del>
113.16	<del>10,760 to 11,949</del>	<del>1.8 percent</del>	<del>25 percent</del>	<del>\$ 1,610</del>
113.17	<del>11,950 to 13,139</del>	<del>1.9 percent</del>	<del>30 percent</del>	<del>\$ 1,610</del>
113.18	<del>13,140 to 14,349</del>	<del>2.0 percent</del>	<del>30 percent</del>	<del>\$ 1,540</del>
113.19	<del>14,350 to 16,739</del>	<del>2.1 percent</del>	<del>30 percent</del>	<del>\$ 1,540</del>
113.20	<del>16,740 to 17,929</del>	<del>2.2 percent</del>	<del>35 percent</del>	<del>\$ 1,480</del>
113.21	<del>17,930 to 19,119</del>	<del>2.3 percent</del>	<del>35 percent</del>	<del>\$ 1,480</del>
113.22	<del>19,120 to 20,319</del>	<del>2.4 percent</del>	<del>35 percent</del>	<del>\$ 1,420</del>
113.23	<del>20,320 to 25,099</del>	<del>2.5 percent</del>	<del>40 percent</del>	<del>\$ 1,420</del>
113.24	<del>25,100 to 28,679</del>	<del>2.6 percent</del>	<del>40 percent</del>	<del>\$ 1,360</del>
113.25	<del>28,680 to 35,849</del>	<del>2.7 percent</del>	<del>40 percent</del>	<del>\$ 1,360</del>
113.26	<del>35,850 to 41,819</del>	<del>2.8 percent</del>	<del>45 percent</del>	<del>\$ 1,240</del>
113.27	<del>41,820 to 47,799</del>	<del>3.0 percent</del>	<del>45 percent</del>	<del>\$ 1,240</del>
113.28	<del>47,800 to 53,779</del>	<del>3.2 percent</del>	<del>45 percent</del>	<del>\$ 1,110</del>
113.29	<del>53,780 to 59,749</del>	<del>3.5 percent</del>	<del>50 percent</del>	<del>\$ 990</del>
113.30	<del>59,750 to 65,729</del>	<del>3.5 percent</del>	<del>50 percent</del>	<del>\$ 870</del>
113.31	<del>65,730 to 69,319</del>	<del>3.5 percent</del>	<del>50 percent</del>	<del>\$ 740</del>
113.32	<del>69,320 to 71,719</del>	<del>3.5 percent</del>	<del>50 percent</del>	<del>\$ 610</del>
113.33	<del>71,720 to 74,619</del>	<del>3.5 percent</del>	<del>50 percent</del>	<del>\$ 500</del>
113.34	<del>74,620 to 77,519</del>	<del>3.5 percent</del>	<del>50 percent</del>	<del>\$ 370</del>

113.35				Maximum
113.36			Percent Paid by	State
113.37	<u>Household Income</u>	<u>Percent of Income</u>	<u>Claimant</u>	<u>Refund</u>
113.38	<u>\$0 to 1,549</u>	<u>1.0 percent</u>	<u>15 percent</u>	<u>\$ 2,460</u>
113.39	<u>1,550 to 3,089</u>	<u>1.1 percent</u>	<u>15 percent</u>	<u>\$ 2,460</u>
113.40	<u>3,090 to 4,669</u>	<u>1.2 percent</u>	<u>15 percent</u>	<u>\$ 2,460</u>
113.41	<u>4,670 to 6,229</u>	<u>1.3 percent</u>	<u>20 percent</u>	<u>\$ 2,460</u>
113.42	<u>6,230 to 7,769</u>	<u>1.4 percent</u>	<u>20 percent</u>	<u>\$ 2,460</u>

114.1	<u>7,770 to 10,879</u>	<u>1.5 percent</u>	<u>20 percent</u>	<u>\$ 2,460</u>
114.2	<u>10,880 to 12,429</u>	<u>1.6 percent</u>	<u>20 percent</u>	<u>\$ 2,460</u>
114.3	<u>12,430 to 13,989</u>	<u>1.7 percent</u>	<u>20 percent</u>	<u>\$ 2,460</u>
114.4	<u>13,990 to 15,539</u>	<u>1.8 percent</u>	<u>20 percent</u>	<u>\$ 2,460</u>
114.5	<u>15,540 to 17,079</u>	<u>1.9 percent</u>	<u>25 percent</u>	<u>\$ 2,460</u>
114.6	<u>17,080 to 18,659</u>	<u>2.0 percent</u>	<u>25 percent</u>	<u>\$ 2,460</u>
114.7	<u>18,660 to 21,759</u>	<u>2.1 percent</u>	<u>25 percent</u>	<u>\$ 2,460</u>
114.8	<u>21,760 to 23,309</u>	<u>2.2 percent</u>	<u>30 percent</u>	<u>\$ 2,460</u>
114.9	<u>23,310 to 24,859</u>	<u>2.3 percent</u>	<u>30 percent</u>	<u>\$ 2,460</u>
114.10	<u>24,860 to 26,419</u>	<u>2.4 percent</u>	<u>30 percent</u>	<u>\$ 2,460</u>
114.11	<u>26,420 to 32,629</u>	<u>2.5 percent</u>	<u>35 percent</u>	<u>\$ 2,460</u>
114.12	<u>32,630 to 37,279</u>	<u>2.6 percent</u>	<u>35 percent</u>	<u>\$ 2,460</u>
114.13	<u>37,280 to 46,609</u>	<u>2.7 percent</u>	<u>35 percent</u>	<u>\$ 2,000</u>
114.14	<u>46,610 to 54,369</u>	<u>2.8 percent</u>	<u>35 percent</u>	<u>\$ 2,000</u>
114.15	<u>54,370 to 62,139</u>	<u>2.8 percent</u>	<u>40 percent</u>	<u>\$ 1,750</u>
114.16	<u>62,140 to 69,909</u>	<u>3.0 percent</u>	<u>40 percent</u>	<u>\$ 1,440</u>
114.17	<u>69,910 to 77,679</u>	<u>3.0 percent</u>	<u>40 percent</u>	<u>\$ 1,290</u>
114.18	<u>77,680 to 85,449</u>	<u>3.0 percent</u>	<u>40 percent</u>	<u>\$ 1,130</u>
114.19	<u>85,450 to 90,119</u>	<u>3.5 percent</u>	<u>45 percent</u>	<u>\$ 960</u>
114.20	<u>90,120 to 93,239</u>	<u>3.5 percent</u>	<u>45 percent</u>	<u>\$ 790</u>
114.21	<u>93,240 to 97,009</u>	<u>3.5 percent</u>	<u>50 percent</u>	<u>\$ 650</u>
114.22	<u>97,010 to 100,779</u>	<u>3.5 percent</u>	<u>50 percent</u>	<u>\$ 480</u>

114.23 The payment made to a claimant shall be the amount of the state refund calculated  
114.24 under this subdivision. No payment is allowed if the claimant's household income is  
114.25 ~~\$77,520~~ \$100,780 or more.

114.26 **EFFECTIVE DATE.** This section is effective beginning with refunds based on  
114.27 taxes payable in 2012.

114.28 Sec. 20. Minnesota Statutes 2010, section 290A.04, subdivision 2a, is amended to read:

114.29 Subd. 2a. **Renters; senior or disabled.** A claimant whose rent constituting property  
114.30 taxes exceeds the percentage of the household income stated below must pay an amount  
114.31 equal to the percent of income shown for the appropriate household income level along  
114.32 with the percent to be paid by the claimant of the remaining amount of rent constituting  
114.33 property taxes. The state refund equals the amount of rent constituting property taxes that  
114.34 remain, up to the maximum state refund amount shown below. This subdivision applies  
114.35 only if the claimant or claimant's spouse was disabled or attained the age of 65 on or  
114.36 before December 31 of the year for which the rent was paid.

115.1				Maximum
115.2			Percent Paid by	State
115.3	Household Income	Percent of Income	Claimant	Refund
115.4				<del>1,190</del>
115.5	<del>0 to 3,589</del> <u>4,599</u>	1.0 percent	5 percent	\$ <u>1,520</u>
115.6	<del>3,590 to 4,779</del>			<del>1,190</del>
115.7	<u>4,600 to 6,119</u>	1.0 percent	10 percent	\$ <u>1,520</u>
115.8	<del>4,780 to 5,969</del>			<del>1,190</del>
115.9	<u>6,120 to 7,639</u>	1.1 percent	10 percent	\$ <u>1,520</u>
115.10	<del>5,970 to 8,369</del>			<del>1,190</del>
115.11	<u>7,640 to 10,719</u>	1.2 percent	10 percent	\$ <u>1,520</u>
115.12	<del>8,370 to 10,759</del>			<del>1,190</del>
115.13	<u>10,720 to 13,779</u>	1.3 percent	15 percent	\$ <u>1,520</u>
115.14	<del>10,760 to 11,949</del>			<del>1,190</del>
115.15	<u>13,780 to 15,299</u>	1.4 percent	15 percent	\$ <u>1,520</u>
115.16	<del>11,950 to 13,139</del>			<del>1,190</del>
115.17	<u>15,300 to 16,819</u>	1.4 percent	20 percent	\$ <u>1,520</u>
115.18	<del>13,140 to 15,539</del>			<del>1,190</del>
115.19	<u>16,820 to 19,899</u>	1.5 percent	20 percent	\$ <u>1,520</u>
115.20	<del>15,540 to 16,729</del>			<del>1,190</del>
115.21	<u>19,900 to 21,419</u>	1.6 percent	20 percent	\$ <u>1,520</u>
115.22	<del>16,730 to 17,919</del>			<del>1,190</del>
115.23	<u>21,420 to 22,939</u>	1.7 percent	25 percent	\$ <u>1,520</u>
115.24	<del>17,920 to 20,319</del>			<del>1,190</del>
115.25	<u>22,940 to 26,009</u>	1.8 percent	25 percent	\$ <u>1,520</u>
115.26	<del>20,320 to 21,509</del>			<del>1,190</del>
115.27	<u>26,010 to 27,539</u>	1.9 percent	30 percent	\$ <u>1,500</u>
115.28	<del>21,510 to 22,699</del>			<del>1,190</del>
115.29	<u>27,540 to 29,059</u>	2.0 percent	30 percent	\$ <u>1,400</u>
115.30	<del>22,700 to 23,899</del>			<del>1,190</del>
115.31	<u>29,060 to 30,599</u>	2.2 percent	30 percent	\$ <u>1,300</u>
115.32	<del>23,900 to 25,089</del>			<del>1,190</del>
115.33	<u>30,600 to 32,119</u>	2.4 percent	30 percent	\$ <u>1,200</u>
115.34	<del>25,090 to 26,289</del>			<del>1,190</del>
115.35	<u>32,120 to 33,659</u>	2.6 percent	35 percent	\$ <u>1,000</u>
115.36	<del>26,290 to 27,489</del>			<del>1,190</del>
115.37	<u>33,660 to 35,189</u>	2.7 percent	35 percent	\$ <u>1,000</u>
115.38	<del>27,490 to 28,679</del>			<del>1,190</del>
115.39	<u>35,190 to 36,719</u>	2.8 percent	35 percent	\$ <u>750</u>
115.40	<del>28,680 to 29,869</del>			<del>1,190</del>
115.41	<u>36,720 to 38,239</u>	2.9 percent	40 percent	\$ <u>500</u>
115.42	<del>29,870 to 31,079</del>			<del>1,190</del>
115.43	<u>38,240 to 39,999</u>	3.0 percent	40 percent	\$ <u>250</u>
115.44	<del>31,080 to 32,269</del>	3.1 percent	<del>40 percent</del>	\$ <u>1,190</u>
115.45	<del>32,270 to 33,459</del>	3.2 percent	<del>40 percent</del>	\$ <u>1,190</u>
115.46	<del>33,460 to 34,649</del>	3.3 percent	<del>45 percent</del>	\$ <u>1,080</u>
115.47	<del>34,650 to 35,849</del>	3.4 percent	<del>45 percent</del>	\$ <u>960</u>
115.48	<del>35,850 to 37,049</del>	3.5 percent	<del>45 percent</del>	\$ <u>830</u>

116.1	<del>37,050 to 38,239</del>	<del>3.5 percent</del>	<del>50 percent</del>	<del>\$ 720</del>
116.2	<del>38,240 to 39,439</del>	<del>3.5 percent</del>	<del>50 percent</del>	<del>\$ 600</del>
116.3	<del>38,440 to 40,629</del>	<del>3.5 percent</del>	<del>50 percent</del>	<del>\$ 360</del>
116.4	<del>40,630 to 41,819</del>	<del>3.5 percent</del>	<del>50 percent</del>	<del>\$ 120</del>

116.5 The payment made to a claimant is the amount of the state refund calculated under  
 116.6 this subdivision. No payment is allowed if the claimant's household income is ~~\$41,820~~  
 116.7 \$40,000 or more.

116.8 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in  
 116.9 2010 and following years.

116.10 Sec. 21. Minnesota Statutes 2010, section 290A.04, is amended by adding a  
 116.11 subdivision to read:

116.12 Subd. 2k. **Renters; nonsenior nondisabled.** A claimant whose rent constituting  
 116.13 property taxes exceeds the percentage of the household income stated below must pay  
 116.14 an amount equal to the percent of income shown for the appropriate household income  
 116.15 level along with the percent to be paid by the claimant of the remaining amount of rent  
 116.16 constituting property taxes. The state refund equals the amount of rent constituting  
 116.17 property taxes that remain, up to the maximum state refund amount shown below. This  
 116.18 subdivision applies only if the claimant or claimant's spouse is not eligible for a refund  
 116.19 under subdivision 2a.

116.20			<u>Percent Paid by</u>	<u>Maximum</u>
116.21			<u>Claimant</u>	<u>State</u>
116.22	<u>Household Income</u>	<u>Percent of Income</u>		<u>Refund</u>
116.23	<u>\$0 to 4,599</u>	<u>1.0 percent</u>	<u>15 percent</u>	<u>\$ 1,000</u>
116.24	<u>4,600 to 6,119</u>	<u>1.0 percent</u>	<u>15 percent</u>	<u>\$ 1,000</u>
116.25	<u>6,120 to 7,639</u>	<u>1.1 percent</u>	<u>20 percent</u>	<u>\$ 1,000</u>
116.26	<u>7,640 to 10,719</u>	<u>1.2 percent</u>	<u>20 percent</u>	<u>\$ 900</u>
116.27	<u>10,720 to 13,779</u>	<u>1.3 percent</u>	<u>25 percent</u>	<u>\$ 800</u>
116.28	<u>13,780 to 15,299</u>	<u>1.4 percent</u>	<u>25 percent</u>	<u>\$ 800</u>
116.29	<u>15,300 to 16,819</u>	<u>1.4 percent</u>	<u>30 percent</u>	<u>\$ 600</u>
116.30	<u>16,820 to 19,899</u>	<u>1.5 percent</u>	<u>30 percent</u>	<u>\$ 600</u>
116.31	<u>19,900 to 21,419</u>	<u>1.6 percent</u>	<u>35 percent</u>	<u>\$ 400</u>
116.32	<u>21,420 to 22,939</u>	<u>1.7 percent</u>	<u>35 percent</u>	<u>\$ 400</u>
116.33	<u>22,940 to 24,999</u>	<u>1.8 percent</u>	<u>40 percent</u>	<u>\$ 200</u>

116.34 The payment made to a claimant is the amount of the state refund calculated under  
 116.35 this subdivision. No payment is allowed if the claimant's household income is \$25,000  
 116.36 or more.

117.1 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in  
117.2 2010 and following years.

117.3 Sec. 22. Minnesota Statutes 2010, section 290A.04, subdivision 4, is amended to read:

117.4 Subd. 4. **Inflation adjustment.** (a) Beginning for property tax refunds payable in  
117.5 calendar year 2002, the commissioner shall annually adjust the dollar amounts of the  
117.6 income thresholds and the maximum refunds under ~~subdivisions~~ subdivision 2 and 2a for  
117.7 inflation. The commissioner shall make the inflation adjustments in accordance with  
117.8 section 1(f) of the Internal Revenue Code, except that for purposes of this subdivision the  
117.9 percentage increase shall be determined from the year ending on June 30, ~~2000~~ 2011, to  
117.10 the year ending on June 30 of the year preceding that in which the refund is payable.

117.11 (b) The commissioner shall use the appropriate percentage increase to annually  
117.12 adjust the income thresholds and maximum refunds under ~~subdivisions~~ subdivision  
117.13 2 and 2a for inflation without regard to whether or not the income tax brackets are  
117.14 adjusted for inflation in that year. The commissioner shall round the thresholds and the  
117.15 maximum amounts, as adjusted to the nearest \$10 amount. If the amount ends in \$5, the  
117.16 commissioner shall round it up to the next \$10 amount.

117.17 (c) The commissioner shall annually announce the adjusted refund schedule at the  
117.18 same time provided under section 290.06. The determination of the commissioner under  
117.19 this subdivision is not a rule under the Administrative Procedure Act.

117.20 **EFFECTIVE DATE.** The changes to this section relating to refunds under  
117.21 subdivision 2 are effective beginning for refunds based on taxes payable in 2013 and  
117.22 the changes relating to refunds under subdivision 2a are effective beginning for refunds  
117.23 based on rent paid in 2011.

117.24 Sec. 23. **[373.51] ALTERNATIVE PROCESS FOR CONSOLIDATION.**

117.25 Notwithstanding the provisions relating to petitions in sections 371.02 and 371.03,  
117.26 two or more counties may begin the process for consolidation by filing with the secretary  
117.27 of state a resolution unanimously adopted by the board of each affected county to seek  
117.28 voter approval for consolidation of the counties following the procedures in chapter 371.

117.29 Sec. 24. Minnesota Statutes 2010, section 477A.011, is amended by adding a  
117.30 subdivision to read:

117.31 Subd. 1c. **First class city.** "First class city" means a city of the first class as of  
117.32 2009 as defined in section 410.01.

118.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
118.2 2011 and thereafter.

118.3 Sec. 25. Minnesota Statutes 2010, section 477A.011, subdivision 20, is amended to  
118.4 read:

118.5 Subd. 20. **City net tax capacity.** "City net tax capacity" means (1) the net tax  
118.6 capacity computed using the net tax capacity rates in section 273.13 for taxes payable  
118.7 in the year of the aid distribution, and the market values, after the exclusion in section  
118.8 273.13, subdivision 35, for taxes payable in the year prior to the aid distribution plus (2)  
118.9 a city's fiscal disparities distribution tax capacity under section 276A.06, subdivision 2,  
118.10 paragraph (b), or 473F.08, subdivision 2, paragraph (b), for taxes payable in the year prior  
118.11 to that for which aids are being calculated. The market value utilized in computing city  
118.12 net tax capacity shall be reduced by the sum of (1) a city's market value of commercial  
118.13 industrial property as defined in section 276A.01, subdivision 3, or 473F.02, subdivision 3,  
118.14 multiplied by the ratio determined pursuant to section 276A.06, subdivision 2, paragraph  
118.15 (a), or 473F.08, subdivision 2, paragraph (a), (2) the market value of the captured value  
118.16 of tax increment financing districts as defined in section 469.177, subdivision 2, and (3)  
118.17 the market value of transmission lines deducted from a city's total net tax capacity under  
118.18 section 273.425. The city net tax capacity will be computed using equalized market values.

118.19 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
118.20 2013 and thereafter.

118.21 Sec. 26. Minnesota Statutes 2010, section 477A.0124, is amended by adding a  
118.22 subdivision to read:

118.23 Subd. 6. **Aid payments in 2011 and 2012.** Notwithstanding total aids calculated or  
118.24 certified for 2011 under subdivisions 3, 4, and 5, for 2011 and 2012, each county shall  
118.25 receive an aid distribution under this section equal to the lesser of (1) the total amount of  
118.26 aid it received under this section in 2010 after the reductions under sections 477A.0133  
118.27 and 477A.0134, or (2) the total amount the county is certified to receive in 2011 under  
118.28 subdivisions 3 to 5.

118.29 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
118.30 2011 and 2012.

118.31 Sec. 27. Minnesota Statutes 2010, section 477A.013, subdivision 8, is amended to read:

119.1 Subd. 8. **City formula aid.** The formula aid for a city is equal to the sum of (1) its  
119.2 city jobs base, (2) its small city aid base, and (3) the need increase percentage multiplied  
119.3 by the average of its unmet need for the most recently available two years.  
119.4 No city may have a formula aid amount less than zero. The need increase percentage must  
119.5 be the same for all cities. For first class cities, the formula aid is 25 percent of its base  
119.6 aid as defined in subdivision 11, paragraph (a), for aids payable in 2013 and zero for aids  
119.7 payable in 2014 and thereafter.

119.8 The applicable need increase percentage must be calculated by the Department of  
119.9 Revenue so that the total of the aid under subdivision 9 equals the total amount available  
119.10 for aid under section 477A.03. Data used in calculating aids to cities under sections  
119.11 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the  
119.12 year in which the aid is calculated except that the data used to compute "net levy" in  
119.13 subdivision 9 is the data most recently available at the time of the aid computation.

119.14 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
119.15 2013 and thereafter.

119.16 Sec. 28. Minnesota Statutes 2010, section 477A.013, subdivision 9, is amended to read:

119.17 Subd. 9. **City aid distribution.** (a) In calendar year 2009 and thereafter, each  
119.18 city shall receive an aid distribution equal to the sum of (1) the city formula aid under  
119.19 subdivision 8, and (2) its city aid base.

119.20 (b) For aids payable in ~~2011~~ 2013 only, the total aid in the previous year for any  
119.21 city shall mean the amount of aid it was certified to receive for aids payable in ~~2010~~  
119.22 2012 under ~~this section minus the amount of its aid reduction under section 477A.0134~~  
119.23 subdivision 11. For aids payable in ~~2012~~ 2014 and thereafter, the total aid in the previous  
119.24 year for any city means the amount of aid it was certified to receive under this section in  
119.25 the previous payable year.

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

119.32 (d) For aids payable in 2010 and thereafter, the total aid for a city with a population  
119.33 less than 2,500 must not be less than the amount it was certified to receive in the  
119.34 previous year minus the lesser of \$10 multiplied by its population, or five percent of its  
119.35 2003 certified aid amount. For aids payable in 2009 only, the total aid for a city with a

120.1 population less than 2,500 must not be less than what it received under this section in the  
120.2 previous year unless its total aid in calendar year 2008 was aid under section 477A.011,  
120.3 subdivision 36, paragraph (s), in which case its minimum aid is zero.

120.4 (e) A city's aid loss under this section may not exceed \$300,000 in any year in  
120.5 which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or  
120.6 greater than the appropriation under that subdivision in the previous year, unless the  
120.7 city has an adjustment in its city net tax capacity under the process described in section  
120.8 469.174, subdivision 28.

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

120.15 (g) Notwithstanding paragraphs (a) to (f), the total aid for a first class city is its  
120.16 formula aid under subdivision 8.

120.17 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
120.18 2013 and thereafter.

120.19 Sec. 29. Minnesota Statutes 2010, section 477A.013, is amended by adding a  
120.20 subdivision to read:

120.21 **Subd. 11. Aid payments in 2011 and 2012.** (a) For purposes of this subdivision,  
120.22 "base aid" means the lesser of (1) the total amount of aid it received under this section  
120.23 in 2010, after the reductions under sections 477A.0133 and 477A.0134 and reduced by  
120.24 the amount of payments under section 477A.011, subdivision 36, paragraphs (y) and (z),  
120.25 or (2) the amount it was certified to receive in 2011 under subdivision 9. In 2011 only,  
120.26 a city that qualifies for the aid base adjustment under section 477A.011, subdivision 36,  
120.27 paragraph (aa), shall receive the amount that it was certified to receive in 2011. In 2012,  
120.28 a city that qualifies for the aid base adjustment under section 477A.011, subdivision 36,  
120.29 paragraph (aa), shall receive the amount that it was certified to receive in 2011, minus the  
120.30 aid base adjustment provided under section 477A.011, subdivision 36, paragraph (aa).

120.31 (b) Notwithstanding aids calculated or certified for aids payable in 2011 under  
120.32 subdivision 9, in 2011 each city shall receive an aid distribution under this section as  
120.33 follows:

120.34 (1) for a first class city, 75 percent of its base aid as defined in paragraph (a); and  
120.35 (2) for any other city, its base aid as determined under paragraph (a).

121.1 (c) Notwithstanding aids calculated or certified for aids payable in 2012 under  
121.2 subdivision 9, in 2012 each city shall receive an aid distribution under this section as  
121.3 follows:

121.4 (1) for a first class city, 50 percent of its base aid as defined in paragraph (a); and

121.5 (2) for any other city, its base aid as defined under paragraph (a).

121.6 **EFFECTIVE DATE.** This section is effective for aids payable in calendar years  
121.7 2011 and 2012.

121.8 Sec. 30. Minnesota Statutes 2010, section 477A.03, is amended to read:

121.9 **477A.03 APPROPRIATION.**

121.10 Subd. 2. **Annual appropriation.** A sum sufficient to discharge the duties imposed  
121.11 by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the  
121.12 commissioner of revenue.

121.13 Subd. 2a. **Cities.** For aids payable in 2013 only, the total aid paid under section  
121.14 477A.013, subdivision 9, is \$318,774,184. For aids payable in ~~2011~~ 2014 and thereafter,  
121.15 the total aid paid under section 477A.013, subdivision 9, is ~~\$527,100,646~~ \$283,292,875.

121.16 Subd. 2b. **Counties.** (a) For aids payable in ~~2011~~ 2013 and thereafter, the total aid  
121.17 payable under section 477A.0124, subdivision 3, is ~~\$96,395,000~~ \$78,218,000. Each  
121.18 calendar year, \$500,000 shall be retained by the commissioner of revenue to make  
121.19 reimbursements to the commissioner of management and budget for payments made  
121.20 under section 611.27. ~~For calendar year 2004, the amount shall be in addition to the~~  
121.21 ~~payments authorized under section 477A.0124, subdivision 1. For calendar year 2005~~  
121.22 ~~and subsequent years,~~ The amount shall be deducted from the appropriation under  
121.23 this paragraph. The reimbursements shall be to defray the additional costs associated  
121.24 with court-ordered counsel under section 611.27. Any retained amounts not used for  
121.25 reimbursement in a year shall be included in the next distribution of county need aid  
121.26 that is certified to the county auditors for the purpose of property tax reduction for the  
121.27 next taxes payable year.

121.28 (b) For aids payable in ~~2011~~ 2013 and thereafter, the total aid under section  
121.29 477A.0124, subdivision 4, is ~~\$101,309,575~~ \$83,133,000. The commissioner of  
121.30 management and budget shall bill the commissioner of revenue for the cost of preparation  
121.31 of local impact notes as required by section 3.987, not to exceed \$207,000 in fiscal year  
121.32 2004 and thereafter. The commissioner of education shall bill the commissioner of  
121.33 revenue for the cost of preparation of local impact notes for school districts as required by  
121.34 section 3.987, not to exceed \$7,000 in fiscal year 2004 and thereafter. The commissioner

122.1 of revenue shall deduct the amounts billed under this paragraph from the appropriation  
122.2 under this paragraph. The amounts deducted are appropriated to the commissioner of  
122.3 management and budget and the commissioner of education for the preparation of local  
122.4 impact notes.

122.5 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
122.6 2012 and thereafter.

122.7 Sec. 31. Minnesota Statutes 2010, section 477A.11, subdivision 1, is amended to read:

122.8 Subdivision 1. **Terms.** For the purpose of sections 477A.11 to ~~477A.145~~ 477A.14,  
122.9 the terms defined in this section have the meanings given them.

122.10 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
122.11 2011 and thereafter.

122.12 Sec. 32. Minnesota Statutes 2010, section 477A.12, subdivision 1, is amended to read:

122.13 Subdivision 1. **Types of land; payments.** (a) As an offset for expenses incurred  
122.14 by counties and towns in support of natural resources lands, the following amounts are  
122.15 annually appropriated to the commissioner of natural resources from the general fund for  
122.16 transfer to the commissioner of revenue. The commissioner of revenue shall pay the  
122.17 transferred funds to counties as required by sections 477A.11 to ~~477A.145~~ 477A.14.

122.18 The amounts are:

122.19 (1) for acquired natural resources land, ~~\$3, as adjusted for inflation under section~~  
122.20 ~~477A.145, \$4.517~~ multiplied by the total number of acres of acquired natural resources  
122.21 land or, at the county's option ~~three-fourths of one~~ 0.66 percent of the appraised value of  
122.22 all acquired natural resources land in the county, whichever is greater;

122.23 (2) ~~75 cents, as adjusted for inflation under section 477A.145, \$1.129~~ multiplied by  
122.24 the number of acres of county-administered other natural resources land;

122.25 (3) ~~75 cents, as adjusted for inflation under section 477A.145, \$1.129~~ multiplied by  
122.26 the total number of acres of land utilization project land; and

122.27 (4) ~~37.5 cents, as adjusted for inflation under section 477A.145, 56.5 cents~~ multiplied  
122.28 by the number of acres of commissioner-administered other natural resources land located  
122.29 in each county as of July 1 of each year prior to the payment year.

122.30 (b) The amount determined under paragraph (a), clause (1), is payable for land  
122.31 that is acquired from a private owner and owned by the Department of Transportation  
122.32 for the purpose of replacing wetland losses caused by transportation projects, but only

123.1 if the county contains more than 500 acres of such land at the time the certification is  
123.2 made under subdivision 2.

123.3 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
123.4 2011 and thereafter.

123.5 Sec. 33. Minnesota Statutes 2010, section 477A.14, subdivision 1, is amended to read:

123.6 Subdivision 1. **General distribution.** Except as provided in subdivision 2 or in  
123.7 section 97A.061, subdivision 5, 40 percent of the total payment to the county shall be  
123.8 deposited in the county general revenue fund to be used to provide property tax levy  
123.9 reduction. The remainder shall be distributed by the county in the following priority:

123.10 (a) ~~37.5 cents, as adjusted for inflation under section 477A.145,~~ 56.5 cents for  
123.11 each acre of county-administered other natural resources land shall be deposited in a  
123.12 resource development fund to be created within the county treasury for use in resource  
123.13 development, forest management, game and fish habitat improvement, and recreational  
123.14 development and maintenance of county-administered other natural resources land. Any  
123.15 county receiving less than \$5,000 annually for the resource development fund may elect to  
123.16 deposit that amount in the county general revenue fund;

123.17 (b) From the funds remaining, within 30 days of receipt of the payment to the  
123.18 county, the county treasurer shall pay each organized township ~~30 cents, as adjusted for~~  
123.19 ~~inflation under section 477A.145,~~ 45.2 cents for each acre of acquired natural resources  
123.20 land and each acre of land described in section 477A.12, subdivision 1, paragraph (b), and  
123.21 ~~7.5 cents, as adjusted for inflation under section 477A.145,~~ 11.3 cents for each acre of  
123.22 other natural resources land and each acre of land utilization project land located within its  
123.23 boundaries. Payments for natural resources lands not located in an organized township  
123.24 shall be deposited in the county general revenue fund. Payments to counties and townships  
123.25 pursuant to this paragraph shall be used to provide property tax levy reduction, except  
123.26 that of the payments for natural resources lands not located in an organized township, the  
123.27 county may allocate the amount determined to be necessary for maintenance of roads in  
123.28 unorganized townships. Provided that, if the total payment to the county pursuant to  
123.29 section 477A.12 is not sufficient to fully fund the distribution provided for in this clause,  
123.30 the amount available shall be distributed to each township and the county general revenue  
123.31 fund on a pro rata basis; and

123.32 (c) Any remaining funds shall be deposited in the county general revenue fund.  
123.33 Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the  
123.34 excess shall be used to provide property tax levy reduction.

124.1 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
124.2 2011 and thereafter.

124.3 Sec. 34. Minnesota Statutes 2010, section 477A.17, is amended to read:

124.4 **477A.17 LAKE VERMILION STATE PARK AND SOUDAN**  
124.5 **UNDERGROUND MINE STATE PARK; ANNUAL PAYMENTS.**

124.6 (a) Beginning in fiscal year 2012, in lieu of the payment amount provided under  
124.7 section 477A.12, subdivision 1, clause (1), the county shall receive an annual payment for  
124.8 land acquired for Lake Vermilion State Park, established in section 85.012, subdivision  
124.9 38a, and land within the boundary of Soudan Underground Mine State Park, established  
124.10 in section 85.012, subdivision 53a, equal to ~~1.5~~ 1.32 percent of the appraised value of  
124.11 the land.

124.12 (b) For the purposes of this section, the appraised value of the land acquired for  
124.13 Lake Vermilion State Park for the first five years after acquisition shall be the purchase  
124.14 price of the land, plus the value of any portion of the land that is acquired by donation.  
124.15 The appraised value must be redetermined by the county assessor every five years after  
124.16 the land is acquired.

124.17 (c) The annual payments under this section shall be distributed to the taxing  
124.18 jurisdictions containing the property as follows: one-third to the school districts; one-third  
124.19 to the town; and one-third to the county. The payment to school districts is not a county  
124.20 apportionment under section 127A.34 and is not subject to aid recapture. Each of those  
124.21 taxing jurisdictions may use the payments for their general purposes.

124.22 (d) Except as provided in this section, the payments shall be made as provided  
124.23 in sections 477A.11 to 477A.13.

124.24 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
124.25 2011 and thereafter.

124.26 Sec. 35. **ADMINISTRATION OF PROPERTY TAX REFUND CLAIMS; 2011.**

124.27 In administering this bill for claims for refunds submitted using 19 percent of gross  
124.28 rent as rent constituting property taxes under prior law, the commissioner shall recalculate  
124.29 and pay the refund amounts using 15 percent of gross rent, subject to the reduced  
124.30 maximum income limits, maximum refunds, and increased copayment percentages in this  
124.31 bill. The commissioner shall notify the claimant that the recalculation was mandated by  
124.32 action of the 2011 Legislature.

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

125.1 Sec. 36. **CREDIT REDUCTIONS AND LIMITATION; COUNTIES AND**  
125.2 **CITIES.**

125.3 In 2011, the market value credit reimbursement payment to each county and city  
125.4 authorized under Minnesota Statutes, section 273.1384, subdivision 4, may not exceed the  
125.5 reimbursement payment received by the county or city for taxes payable in 2010.

125.6 **EFFECTIVE DATE.** This section is effective for credit reimbursements in 2011.

125.7 Sec. 37. **PROPERTY TAX STATEMENT FOR TAXES PAYABLE IN 2012 ONLY.**

125.8 For the purposes of the property tax statements required under Minnesota Statutes,  
125.9 section 276.04, subdivision 2, for taxes payable in 2012 only, the gross tax amount shown  
125.10 for the previous year is the gross tax minus the residential homestead market value credit.

125.11 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 only.

125.12 Sec. 38. **REPORT ON PAYMENT IN LIEU OF TAXES FOR STATE NATURAL**  
125.13 **RESOURCE LANDS.**

125.14 By December 1, 2011, the commissioner of natural resources, after consultation with  
125.15 the commissioners of revenue and management and budget, and stakeholders, including  
125.16 representatives from affected local units of government and other interested parties, shall  
125.17 report to the chairs and ranking minority caucus members of the senate and house of  
125.18 representatives natural resources and tax policy and finance committees with recommended  
125.19 changes to payment in lieu of taxes for natural resource lands under Minnesota Statutes,  
125.20 sections 97A.061 and 477A.11 to 477A.145. The report shall include an analysis of the  
125.21 current payment and distribution system, and any recommended changes to:

125.22 (1) the purpose of the payment system and the criteria for payments;

125.23 (2) the rate of payments for specific classes of natural resource lands;

125.24 (3) the formula for distribution of the payments to local units of government; and

125.25 (4) recognition in the amount of the payments of the tax capacity foregone by the

125.26 local government due to the loss of the future development potential of the land.

125.27 Sec. 39. **COOPERATION AND CONSOLIDATION GRANTS.**

125.28 Subdivision 1. **Definition.** For the purposes of this section, "local government"  
125.29 means a town, county, or home rule charter or statutory city.

125.30 Subd. 2. **Grants.** The commissioner of administration may make a cooperation and  
125.31 consolidation grant to a local government that is participating with at least one other

126.1 local government in planning for or implementing provision of services cooperatively or  
126.2 in planning and implementing consolidation of services, functions, or governance. The  
126.3 grants shall be made on a first-come first-served basis. The commissioner shall determine  
126.4 the form and content of the application and grant agreements. At a minimum, an  
126.5 application must contain a resolution adopted by the governing body of each participating  
126.6 local government supporting the cooperation or consolidation effort that identifies the  
126.7 services and functions the local government is considering providing cooperatively with  
126.8 one or more other local governments or that identifies the functions the local governments  
126.9 seek to consolidate. The maximum grant amount is \$100,000 per local government.

126.10 Subd. 3. **Report.** The commissioner of administration must report to the governor  
126.11 and legislative committees with jurisdiction over local government governance and local  
126.12 government taxes and finance on the cooperation and consolidation grants made and  
126.13 how the money was used, what services and functions have been provided by local  
126.14 governments in cooperation with each other, what programs or governance structures have  
126.15 been proposed for consolidation or consolidated, and what impediments remain that  
126.16 prevent cooperation, consolidation, and service innovation. An interim report is due  
126.17 February 1, 2012, and a final report is due December 15, 2012.

126.18 Subd. 4. **Appropriation.** \$1,000,000 in fiscal year 2012, and \$2,500,000 in fiscal  
126.19 year 2013, are appropriated from the general fund to the commissioner of administration  
126.20 to make grants to counties as provided in this section.

126.21 Sec. 40. **SUSTAINABLE FOREST INCENTIVE ACT REPEAL; TRANSITION**  
126.22 **PAYMENTS; APPROPRIATION.**

126.23 (a) Given the limits on state budgetary resources for the coming and future fiscal  
126.24 biennia, the projected cost of the sustainable forest resource management incentive  
126.25 program under Minnesota Statutes, chapter 290C, of over \$31,000,000 for the fiscal 2012  
126.26 and 2013 biennium, and the minimal amount of tangible public benefits of that program,  
126.27 the legislature determines that it is prudent and necessary to repeal that program effective  
126.28 immediately to help balance the state budget for the fiscal 2012 and 2013 biennium and to  
126.29 help provide permanent structural balance to the state budget. The legislature takes notice  
126.30 of and finds that many of the eligibility requirements for participants in the sustainable  
126.31 forest incentive program are in the participants' own financial interests, determined without  
126.32 regard to whether they receive state payments for doing so, and that the participants with  
126.33 the largest amounts of acreage in the program do follow and would likely continue to  
126.34 follow similar or more stringent management practices, regardless of whether the program

127.1 exists. The legislature further finds that the modification of the sustainable forest incentive  
127.2 program made by Laws 2009, chapter 88, article 10, section 16, increased the per acre  
127.3 payments made to program claimants for fiscal year 2011 by approximately 80 percent,  
127.4 even though it was intended by the 2009 legislature to have little or no effect on the per  
127.5 acre amount of the payments. As a result, this legislative change provided unintended and  
127.6 windfall benefits to almost all the claimants.

127.7 (b) On or before October 1, 2011, the commissioner of revenue shall pay to:

127.8 (1) each claimant whose fiscal year 2011 payment was \$100,000 under Laws 2010,  
127.9 First Special Session chapter 1, article 13, section 4, subdivision 3, a transition payment  
127.10 equal to one-twelfth for each month, or part of a month, of calendar year 2011 in which the  
127.11 claimant's covenant was in effect, multiplied by \$100,000, except that this payment must  
127.12 be reduced, but not below zero, by the increase, if any, in the claimant's 2010 total payment  
127.13 resulting from the increase in the per acre payment rates between 2009 and 2010; and

127.14 (2) each claimant who was eligible for a payment in calendar year 2011 and who  
127.15 received no payment for calendar year 2010, a transition payment of \$3.75 per acre of land  
127.16 enrolled in the program, but not to exceed the amount allowed per claimant to claimants  
127.17 receiving payments under clause (1).

127.18 Because claimants not covered by clauses (1) or (2) received much larger per acre  
127.19 payments than intended for calendar year 2010, no transition payments are provided  
127.20 to them.

127.21 For purposes of this paragraph (b), "claimant" refers to each Social Security number  
127.22 or state or federal business tax identification number.

127.23 (c) An amount sufficient to make the transition payments required under paragraph  
127.24 (b) is appropriated to the commissioner of revenue from the general fund.

127.25 (d) Land that had been enrolled in the sustainable forest incentive program on May  
127.26 1, 2011, may be reclassified as class 2(c) managed forest land for taxes payable in 2012  
127.27 if the owner applies to the assessor for the reclassification before September 1, 2011,  
127.28 notwithstanding the application date in Minnesota Statutes, section 273.13, subdivision  
127.29 23, paragraph (d).

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

127.31 Sec. 41. **REPEALER.**

127.32 (a) Minnesota Statutes 2010, sections 10A.322, subdivision 4; and 13.4967,  
127.33 subdivision 2, are repealed.

127.34 (b) Minnesota Statutes 2010, section 290.06, subdivision 23, is repealed.

127.35 (c) Minnesota Statutes 2010, sections 275.295; and 477A.145, are repealed.

128.1 (d) Minnesota Statutes 2010, section 273.1384, subdivisions 1 and 6, are repealed.  
128.2 (e) Minnesota Statutes 2010, sections 13.4967, subdivision 2b; 290C.01; 290C.02;  
128.3 290C.03; 290C.04; 290C.05; 290C.055; 290C.06; 290C.07; 290C.08; 290C.09; 290C.10;  
128.4 290C.11; 290C.12; and 290C.13, are repealed.

128.5 **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment.  
128.6 Paragraph (b) is effective for refund claims based on contributions made after June 30,  
128.7 2011. Paragraph (c) is effective for aids payable in 2011 and thereafter. Paragraph (d)  
128.8 is effective for taxes payable in 2012 and thereafter. Paragraph (e) is effective the day  
128.9 following final enactment, and the covenants under the program are void on that date. No  
128.10 later than 90 days after enactment of this section, the commissioner of revenue shall issue  
128.11 a document to each enrollee releasing the land from the covenant as provided in Minnesota  
128.12 Statutes 2010, section 290C.04, paragraph (e), effective the day following final enactment.

## 128.13 **ARTICLE 8**

### 128.14 **MINERALS**

128.15 Section 1. Minnesota Statutes 2010, section 272.02, is amended by adding a  
128.16 subdivision to read:

128.17 Subd. 95. **Property used in the business of mining subject to the net proceeds**  
128.18 **tax.** The following property used in the business of mining that is subject to the net  
128.19 proceeds tax under section 298.015 is exempt:

128.20 (1) deposits of ores, metals, and minerals and the lands in which they are contained;

128.21 (2) all real and personal property used in mining, quarrying, producing, or refining  
128.22 ores, minerals, or metals, including lands occupied by or used in connection with the  
128.23 mining, quarrying, production, or ore refining facilities; and

128.24 (3) concentrate or direct reduced ore.

128.25 This exemption applies for each year that a person subject to tax under section  
128.26 298.015 uses the property for mining, quarrying, producing, or refining ores, metals, or  
128.27 minerals.

128.28 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and  
128.29 thereafter.

128.30 Sec. 2. Minnesota Statutes 2010, section 290.05, subdivision 1, is amended to read:

128.31 Subdivision 1. **Exempt entities.** The following corporations, individuals, estates,  
128.32 trusts, and organizations shall be exempted from taxation under this chapter, provided  
128.33 that every such person or corporation claiming exemption under this chapter, in whole

129.1 or in part, must establish to the satisfaction of the commissioner the taxable status of  
129.2 any income or activity:

129.3 (a) corporations, individuals, estates, and trusts engaged in the business of mining or  
129.4 producing iron ore and mining, producing, or refining other ores, metals, and minerals,  
129.5 the mining or, production, or refining of which is subject to the occupation tax imposed  
129.6 by section 298.01; but if any such corporation, individual, estate, or trust engages in any  
129.7 other business or activity or has income from any property not used in such business it  
129.8 shall be subject to this tax computed on the net income from such property or such other  
129.9 business or activity. Royalty shall not be considered as income from the business of  
129.10 mining or producing iron ore within the meaning of this section;

129.11 (b) the United States of America, the state of Minnesota or any political subdivision  
129.12 of either agencies or instrumentalities, whether engaged in the discharge of governmental  
129.13 or proprietary functions; and

129.14 (c) any insurance company.

129.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
129.16 December 31, 2010.

129.17 Sec. 3. Minnesota Statutes 2010, section 298.001, is amended by adding a subdivision  
129.18 to read:

129.19 **Subd. 10. Refining.** "Refining" means and is limited to refining:

129.20 (1) of ores, metals, or mineral products, the mining, extraction, or quarrying of  
129.21 which were subject to tax under section 298.015; and

129.22 (2) carried out by the entity, or an affiliated entity, that mined, extracted, or quarried  
129.23 the metal or mineral products.

129.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
129.25 December 31, 2010.

129.26 Sec. 4. Minnesota Statutes 2010, section 298.01, subdivision 3, is amended to read:

129.27 **Subd. 3. Occupation tax; other ores.** Every person engaged in the business of  
129.28 mining, refining, or producing ores, metals, or minerals in this state, except iron ore or  
129.29 taconite concentrates, shall pay an occupation tax to the state of Minnesota as provided  
129.30 in this subdivision. For purposes of this subdivision, mining includes the application  
129.31 of hydrometallurgical processes. The tax is determined in the same manner as the tax  
129.32 imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), 290.17,  
129.33 subdivision 4, and 290.191, subdivision 2, do not apply, and the occupation tax must

130.1 be computed by applying to taxable income the rate of 2.45 percent. A person subject  
130.2 to occupation tax under this section shall apportion its net income on the basis of the  
130.3 percentage obtained by taking the sum of:

130.4 (1) 75 percent of the percentage which the sales made within this state in connection  
130.5 with the trade or business during the tax period are of the total sales wherever made in  
130.6 connection with the trade or business during the tax period;

130.7 (2) 12.5 percent of the percentage which the total tangible property used by the  
130.8 taxpayer in this state in connection with the trade or business during the tax period is of  
130.9 the total tangible property, wherever located, used by the taxpayer in connection with the  
130.10 trade or business during the tax period; and

130.11 (3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred  
130.12 in this state or paid in respect to labor performed in this state in connection with the trade  
130.13 or business during the tax period are of the taxpayer's total payrolls paid or incurred in  
130.14 connection with the trade or business during the tax period.

130.15 The tax is in addition to all other taxes.

130.16 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
130.17 December 31, 2010.

130.18 Sec. 5. Minnesota Statutes 2010, section 298.01, subdivision 3a, is amended to read:

130.19 Subd. 3a. **Gross income.** (a) For purposes of determining a person's taxable income  
130.20 under subdivision 3, gross income is determined by the amount of gross proceeds from  
130.21 mining in this state under section 298.016 and includes any gain or loss recognized  
130.22 from the sale or disposition of assets used in the business in this state. If more than one  
130.23 ore, mineral, or metal, or energy resource referred to in section 298.016 is mined and  
130.24 processed at the same mine and plant, a gross income for each ore, mineral, or metal, or  
130.25 energy resource must be determined separately. The gross incomes may be combined on  
130.26 one occupation tax return to arrive at the gross income of all production.

130.27 (b) In applying section 290.191, subdivision 5, transfers of ores, metals, or minerals  
130.28 that are subject to tax under this chapter are deemed to be sales in this state.

130.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
130.30 December 31, 2010.

130.31 Sec. 6. Minnesota Statutes 2010, section 298.015, subdivision 1, is amended to read:

130.32 Subdivision 1. **Tax imposed.** A person engaged in the business of mining shall pay  
130.33 to the state of Minnesota for distribution as provided in section 298.018 a net proceeds tax

131.1 equal to two percent of the net proceeds from mining in Minnesota. The tax applies to all  
131.2 ~~mineral and energy resources~~ ores, metals, and minerals mined ~~or~~, extracted, produced,  
131.3 or refined within the state of Minnesota except for sand, silica sand, gravel, building  
131.4 stone, crushed rock, limestone, granite, dimension granite, dimension stone, horticultural  
131.5 peat, clay, soil, iron ore, and taconite concentrates. The tax is in addition to all other  
131.6 taxes provided for by law.

131.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
131.8 December 31, 2010.

131.9 Sec. 7. Minnesota Statutes 2010, section 298.015, subdivision 2, is amended to read:

131.10 Subd. 2. **Net proceeds.** For purposes of this section, the term "net proceeds" means  
131.11 the gross proceeds from mining, as defined in section 298.016, less the deductions ~~allowed~~  
131.12 ~~in section 298.017~~ for purposes of determining taxable income under section 298.01,  
131.13 subdivision 3b, applied to the mining, production, processing, beneficiation, smelting, or  
131.14 refining of metal or mineral products. No other credits or deductions shall apply to this tax  
131.15 ~~except for those provided in section 298.017.~~

131.16 **EFFECTIVE DATE.** This section is effective for taxes payable in 2012 and  
131.17 thereafter.

131.18 Sec. 8. Minnesota Statutes 2010, section 298.016, subdivision 4, is amended to read:

131.19 Subd. 4. ~~**Definitions**~~ **Metal or mineral products; definition.** For the purposes of  
131.20 ~~sections 298.015 and 298.017~~ this section, the terms defined in this subdivision have the  
131.21 ~~meaning given them unless the context clearly indicates otherwise.~~

131.22 (a) "metal or mineral products" means all those ~~mineral and energy resources~~ ores,  
131.23 metals, and minerals subject to the tax provided in section 298.015.

131.24 (b) ~~"Exploration" means activities designed and engaged in to ascertain the~~  
131.25 ~~existence, location, extent, or quality of any deposit of metal or mineral products prior to~~  
131.26 ~~the development of a mining site.~~

131.27 (c) ~~"Development" means activities designed and engaged in to prepare or develop~~  
131.28 ~~a potential mining site for mining after the existence of metal or mineral products in~~  
131.29 ~~commercially marketable quantities has been disclosed including, but not limited to,~~  
131.30 ~~the clearing of forestation, the building of roads, removal of overburden, or the sinking~~  
131.31 ~~of shafts.~~

132.1 ~~(d) "Research" means activities designed and engaged in to create new or improved~~  
132.2 ~~methods of mining, producing, processing, beneficiating, smelting, or refining metal~~  
132.3 ~~or mineral products.~~

132.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
132.5 December 31, 2010.

132.6 Sec. 9. Minnesota Statutes 2010, section 298.225, subdivision 1, is amended to read:

132.7 Subdivision 1. **Guaranteed distribution.** (a) The distribution of the taconite  
132.8 production tax as provided in section 298.28, subdivisions 3 to 5, 6, paragraph (b), and  
132.9 ~~7, and 8~~, shall equal the lesser of the following amounts:

132.10 (1) the amount distributed pursuant to this section and section 298.28, with respect  
132.11 to 1983 production if the production for the year prior to the distribution year is no less  
132.12 than 42,000,000 taxable tons. If the production is less than 42,000,000 taxable tons, the  
132.13 amount of the distributions shall be reduced proportionately at the rate of two percent  
132.14 for each 1,000,000 tons, or part of 1,000,000 tons by which the production is less than  
132.15 42,000,000 tons; or

132.16 (2)(i) for the distributions made pursuant to section 298.28, subdivisions 4,  
132.17 paragraphs (b) and (c), and 6, paragraph (c), 31.2 percent of the amount distributed  
132.18 pursuant to this section and section 298.28, with respect to 1983 production;

132.19 (ii) for the distributions made pursuant to section 298.28, subdivision 5, paragraphs  
132.20 (b) and (d), 75 percent of the amount distributed pursuant to this section and section  
132.21 298.28, with respect to 1983 production.

132.22 (b) The distribution of the taconite production tax as provided in section 298.28,  
132.23 subdivision 2, shall equal the following amount:

132.24 (1) if the production for the year prior to the distribution year is at least 42,000,000  
132.25 taxable tons, the amount distributed pursuant to this section and section 298.28 with  
132.26 respect to 1999 production; or

132.27 (2) if the production for the year prior to the distribution year is less than 42,000,000  
132.28 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect  
132.29 to 1999 production, reduced proportionately at the rate of two percent for each 1,000,000  
132.30 tons or part of 1,000,000 tons by which the production is less than 42,000,000 tons.

132.31 **EFFECTIVE DATE.** This section is effective for distributions in 2012 and  
132.32 thereafter.

132.33 Sec. 10. Minnesota Statutes 2010, section 298.24, subdivision 1, is amended to read:

133.1 Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in ~~2001, 2002,~~  
133.2 ~~and 2003~~ 2011 and 2012, there is imposed upon taconite and iron sulphides, and upon the  
133.3 mining and quarrying thereof, and upon the production of iron ore concentrate therefrom,  
133.4 and upon the concentrate so produced, and upon other iron-bearing material, a tax of  
133.5 ~~\$2.103~~ \$2.380 per gross ton of merchantable iron ore concentrate produced therefrom.  
133.6 ~~For concentrates produced in 2005, the tax rate is the same rate imposed for concentrates~~  
133.7 ~~produced in 2004. For concentrates produced in 2009 and subsequent years, the tax is also~~  
133.8 ~~imposed upon other iron-bearing material.~~

133.9 (b) For concentrates produced in ~~2006~~ 2013 and subsequent years, the tax rate shall  
133.10 be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax  
133.11 rate multiplied by the percentage increase in the implicit price deflator from the fourth  
133.12 quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit  
133.13 price deflator" means the implicit price deflator for the gross domestic product prepared by  
133.14 the Bureau of Economic Analysis of the United States Department of Commerce.

133.15 (c) An additional tax is imposed equal to three cents per gross ton of merchantable  
133.16 iron ore concentrate for each one percent that the iron content of the product exceeds 72  
133.17 percent, when dried at 212 degrees Fahrenheit.

133.18 (d) The tax on taconite and iron sulphides shall be imposed on the average of the  
133.19 production for the current year and the previous two years. The rate of the tax imposed  
133.20 will be the current year's tax rate. This clause shall not apply in the case of the closing  
133.21 of a taconite facility if the property taxes on the facility would be higher if this clause  
133.22 and section 298.25 were not applicable. The tax on other iron-bearing material shall be  
133.23 imposed on the current year production.

133.24 (e) If the tax or any part of the tax imposed by this subdivision is held to be  
133.25 unconstitutional, a tax of ~~\$2.103~~ \$2.380 per gross ton of merchantable iron ore concentrate  
133.26 produced shall be imposed.

133.27 (f) Consistent with the intent of this subdivision to impose a tax based upon the  
133.28 weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly  
133.29 determine the weight of merchantable iron ore concentrate included in fluxed pellets by  
133.30 subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic  
133.31 flux additives included in the pellets from the weight of the pellets. For purposes of this  
133.32 paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite,  
133.33 olivine, or other basic flux additives are combined with merchantable iron ore concentrate.  
133.34 No subtraction from the weight of the pellets shall be allowed for binders, mineral and  
133.35 chemical additives other than basic flux additives, or moisture.

134.1 (g)(1) Notwithstanding any other provision of this subdivision, for the first two years  
134.2 of a plant's commercial production of direct reduced ore from ore mined in this state, no  
134.3 tax is imposed under this section. As used in this paragraph, "commercial production" is  
134.4 production of more than 50,000 tons of direct reduced ore in the current year or in any  
134.5 prior year, "noncommercial production" is production of 50,000 tons or less of direct  
134.6 reduced ore in any year, and "direct reduced ore" is ore that results in a product that has an  
134.7 iron content of at least 75 percent. For the third year of a plant's commercial production of  
134.8 direct reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate  
134.9 otherwise determined under this subdivision. For the fourth commercial production year,  
134.10 the rate is 50 percent of the rate otherwise determined under this subdivision; for the fifth  
134.11 commercial production year, the rate is 75 percent of the rate otherwise determined under  
134.12 this subdivision; and for all subsequent commercial production years, the full rate is  
134.13 imposed.

134.14 (2) Subject to clause (1), production of direct reduced ore in this state is subject to  
134.15 the tax imposed by this section, but if that production is not produced by a producer of  
134.16 taconite, iron sulfides, or other iron-bearing material, the production of taconite, iron  
134.17 sulfides, or other iron-bearing material, that is consumed in the production of direct  
134.18 reduced iron in this state is not subject to the tax imposed by this section on taconite,  
134.19 iron sulfides, or other iron-bearing material.

134.20 (3) Notwithstanding any other provision of this subdivision, no tax is imposed  
134.21 on direct reduced ore under this section during the facility's noncommercial production  
134.22 of direct reduced ore. The taconite or iron sulphides consumed in the noncommercial  
134.23 production of direct reduced ore is subject to the tax imposed by this section on taconite  
134.24 and iron sulphides. Three-year average production of direct reduced ore does not  
134.25 include production of direct reduced ore in any noncommercial year. Three-year average  
134.26 production for a direct reduced ore facility that has noncommercial production is the  
134.27 average of the commercial production of direct reduced ore for the current year and the  
134.28 previous two commercial years.

134.29 (4) This paragraph applies only to plants for which all environmental permits have  
134.30 been obtained and construction has begun before July 1, 2008.

134.31 **EFFECTIVE DATE.** This section is effective for production in 2011 and thereafter.

134.32 Sec. 11. Minnesota Statutes 2010, section 298.28, subdivision 3, is amended to read:

134.33 Subd. 3. **Cities; towns.** (a) ~~12.5~~ 12.2 cents per taxable ton, less any amount  
134.34 distributed under ~~subdivision 8,~~ and paragraph (b), must be allocated to the taconite  
134.35 municipal aid account to be distributed as provided in section 298.282.

135.1 (b) An amount must be allocated to towns or cities that is annually certified by  
135.2 the county auditor of a county containing a taconite tax relief area as defined in section  
135.3 273.134, paragraph (b), within which there is (1) an organized township if, as of January  
135.4 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron  
135.5 ore or (2) a city if, as of January 2, 1980, more than 75 percent of the assessed valuation  
135.6 of the city consists of iron ore.

135.7 (c) The amount allocated under paragraph (b) will be the portion of a township's or  
135.8 city's certified levy equal to the proportion of (1) the difference between 50 percent of  
135.9 January 2, 1982, assessed value in the case of a township and 50 percent of the January 2,  
135.10 1980, assessed value in the case of a city and its current assessed value to (2) the sum of  
135.11 its current assessed value plus the difference determined in (1), provided that the amount  
135.12 distributed shall not exceed \$55 per capita in the case of a township or \$75 per capita in  
135.13 the case of a city. For purposes of this limitation, population will be determined according  
135.14 to the 1980 decennial census conducted by the United States Bureau of the Census. If the  
135.15 current assessed value of the township exceeds 50 percent of the township's January 2,  
135.16 1982, assessed value, or if the current assessed value of the city exceeds 50 percent of the  
135.17 city's January 2, 1980, assessed value, this paragraph shall not apply. For purposes of this  
135.18 paragraph, "assessed value," when used in reference to years other than 1980 or 1982,  
135.19 means the appropriate net tax capacities multiplied by 10.2.

135.20 (d) In addition to other distributions under this subdivision, three cents per taxable  
135.21 ton for distributions in 2009 must be allocated for distribution to towns that are entirely  
135.22 located within the taconite tax relief area defined in section 273.134, paragraph (b).  
135.23 For distribution in 2010 and subsequent years, the three-cent amount must be annually  
135.24 increased in the same proportion as the increase in the implicit price deflator as provided  
135.25 in section 298.24, subdivision 1. The amount available under this paragraph will be  
135.26 distributed to eligible towns on a per capita basis, provided that no town may receive more  
135.27 than \$50,000 in any year under this paragraph. Any amount of the distribution that exceeds  
135.28 the \$50,000 limitation for a town under this paragraph must be redistributed on a per  
135.29 capita basis among the other eligible towns, to whose distributions do not exceed \$50,000.

135.30 Sec. 12. **REPEALER.**

135.31 (a) Minnesota Statutes 2010, section 298.28, subdivisions 8 and 9c, are repealed.

135.32 (b) Minnesota Statutes 2010, section 298.285, is repealed.

135.33 (c) Minnesota Statutes 2010, section 298.017, is repealed.

136.1 **EFFECTIVE DATE.** Paragraph (a) is effective for distributions in 2012 and  
136.2 thereafter of taxes on production in 2011 and thereafter. Paragraph (b) is effective June 30,  
136.3 2011. Paragraph (c) is effective for taxable years beginning after December 31, 2010.

136.4 **ARTICLE 9**

136.5 **MISCELLANEOUS**

136.6 Section 1. Minnesota Statutes 2010, section 270C.13, subdivision 1, is amended to read:

136.7 Subdivision 1. **Biennial report.** The commissioner shall report to the legislature  
136.8 by March 1 of each odd-numbered year on the overall incidence of the income tax,  
136.9 sales and excise taxes, and property tax. The report shall present information on the  
136.10 distribution of the tax burden as follows: (1) for the overall income distribution, using  
136.11 a systemwide incidence measure such as the Suits index or other appropriate measures  
136.12 of equality and inequality; (2) by income classes, including at a minimum deciles of the  
136.13 income distribution; and (3) by other appropriate taxpayer characteristics. The report  
136.14 must also include information on the distribution of the burden of federal taxes borne  
136.15 by Minnesota residents.

136.16 **EFFECTIVE DATE.** This section is effective beginning with the report due in  
136.17 March 2013.

136.18 Sec. 2. **BUDGET RESERVE REDUCTION.**

136.19 On July 1, 2011, the commissioner of management and budget shall cancel  
136.20 \$8,665,000 of the balance in the budget reserve account in Minnesota Statutes, section  
136.21 16A.152, to the general fund.

136.22 Sec. 3. **CASH FLOW ACCOUNT REDUCTION.**

136.23 On July 1, 2011, the commissioner of management and budget shall cancel  
136.24 \$166,000,000 of the balance in the cash flow account in Minnesota Statutes, section  
136.25 16A.152, to the general fund.

136.26 Sec. 4. **TRANSFER**

136.27 Prior to June 30, 2012, the commissioner of iron range resources shall transfer  
136.28 \$60,000,000 from the Douglas J. Johnson economic protection trust fund to the general  
136.29 fund. This is a onetime transfer."

136.30 Delete the title and insert:

136.31 "A bill for an act  
136.32 relating to the financing of state and local government; making changes to  
136.33 individual income, corporate franchise, estate, property, aids, credits, payments,

137.1 refunds, sales and use, tax increment financing, minerals, local, and other  
 137.2 taxes and tax-related provisions; authorizing border city development zone  
 137.3 powers and local taxes; extending levy limits; repealing sustainable forest  
 137.4 resource management incentive; authorizing grants to local governments for  
 137.5 cooperation and consolidation; providing a science and technology program;  
 137.6 conforming to changes made to the Internal Revenue Code; permitting certain  
 137.7 appeals; modifying provision allowing for a reciprocity agreement with state of  
 137.8 Wisconsin; setting the levels of the cash flow account and the budget reserve  
 137.9 account; suspending certain maintenance of effort requirements; requiring  
 137.10 studies; requiring reports; appropriating money; amending Minnesota Statutes  
 137.11 2010, sections 88.49, subdivisions 5, 9a; 97A.061, subdivisions 1, 3; 126C.01,  
 137.12 subdivision 3; 270A.03, subdivision 7; 270B.12, by adding a subdivision;  
 137.13 270C.13, subdivision 1; 272.02, subdivision 39, by adding a subdivision;  
 137.14 273.111, by adding a subdivision; 273.114, subdivision 2, as amended; 273.121,  
 137.15 subdivision 1; 273.13, subdivisions 23, 25, 34, by adding a subdivision;  
 137.16 273.1384, subdivisions 3, 4; 273.1393; 273.1398, subdivision 3; 274.01,  
 137.17 subdivision 1; 275.025, subdivisions 1, 3, 4; 275.70, subdivision 5; 275.71,  
 137.18 subdivisions 2, 4, 5; 276.04, subdivision 2; 289A.02, subdivision 7, as amended;  
 137.19 289A.20, subdivision 4; 289A.50, subdivision 1; 290.01, subdivisions 6, 19, as  
 137.20 amended, 19a, as amended, 19b, 19c, as amended, 31, as amended; 290.05,  
 137.21 subdivision 1; 290.06, subdivision 2c; 290.0674, subdivision 1; 290.068,  
 137.22 subdivision 1; 290.081; 290.091, subdivision 2; 290.191, subdivisions 2, 3;  
 137.23 290A.03, subdivisions 11, 13, 15, as amended; 290A.04, subdivisions 2, 2a,  
 137.24 4, by adding a subdivision; 291.005, subdivision 1; 291.03, subdivision 1, by  
 137.25 adding subdivisions; 297A.61, subdivision 3; 297A.62, by adding a subdivision;  
 137.26 297A.63, by adding a subdivision; 297A.668, subdivision 7, by adding a  
 137.27 subdivision; 297A.68, by adding a subdivision; 297A.70, subdivisions 1, 2, 3, 8;  
 137.28 297A.75, subdivisions 1, 2, 3; 297A.82, subdivision 4; 297A.99, subdivisions  
 137.29 1, 3; 298.001, by adding a subdivision; 298.01, subdivisions 3, 3a; 298.015,  
 137.30 subdivisions 1, 2; 298.016, subdivision 4; 298.225, subdivision 1; 298.24,  
 137.31 subdivision 1; 298.28, subdivision 3; 469.176, subdivisions 4c, 4m; 469.1763,  
 137.32 subdivision 2; 473.757, subdivision 11; 477A.011, subdivision 20, by adding  
 137.33 a subdivision; 477A.0124, by adding a subdivision; 477A.013, subdivisions  
 137.34 8, 9, by adding a subdivision; 477A.03; 477A.11, subdivision 1; 477A.12,  
 137.35 subdivision 1; 477A.14, subdivision 1; 477A.17; Laws 1996, chapter 471, article  
 137.36 2, section 29, subdivision 1, as amended; Laws 1998, chapter 389, article 8,  
 137.37 section 43, subdivisions 3, as amended, 4, as amended, 5, as amended; Laws  
 137.38 2008, chapter 366, article 7, section 19, subdivision 3; Laws 2010, chapter 389,  
 137.39 article 5, section 6, subdivision 1; article 7, section 22; proposing coding for  
 137.40 new law in Minnesota Statutes, chapters 116W; 275; 373; repealing Minnesota  
 137.41 Statutes 2010, sections 10A.322, subdivision 4; 13.4967, subdivisions 2, 2b;  
 137.42 273.1384, subdivisions 1, 6; 275.025; 275.295; 289A.60, subdivision 31; 290.06,  
 137.43 subdivision 23; 290C.01; 290C.02; 290C.03; 290C.04; 290C.05; 290C.055;  
 137.44 290C.06; 290C.07; 290C.08; 290C.09; 290C.10; 290C.11; 290C.12; 290C.13;  
 137.45 298.017; 298.28, subdivisions 8, 9c; 298.285; 477A.145."

138.1 We request the adoption of this report and repassage of the bill.

138.2 House Conferees:

138.3 .....  
138.4 Greg Davids Sarah Anderson

138.5 .....  
138.6 Jenifer Loon Linda Runbeck

138.7 .....  
138.8 Ann Lenczewski

138.9 Senate Conferees:

138.10 .....  
138.11 Julianne E. Ortman David H. Senjem

138.12 .....  
138.13 Warren Limmer Roger C. Chamberlain

138.14 .....  
138.15 Julie A. Rosen