

1.1 CONFERENCE COMMITTEE REPORT ON H. F. No. 3149

1.2 A bill for an act

1.3 relating to the financing and operation of state and local government; making  
1.4 policy, technical, administrative, enforcement, collection, refund, clarifying,  
1.5 and other changes to income, franchise, property, sales and use, minerals,  
1.6 wheelage, mortgage, deed, and estate taxes, and other taxes and tax-related  
1.7 provisions; providing for homestead credit state refund; providing for aids to  
1.8 local governments; providing city foreclosure and deed grants; changing and  
1.9 providing property tax exemptions and credits; modifying job opportunity  
1.10 building zone program; modifying green acre eligibility requirements; providing  
1.11 aggregate resource preservation property tax law; providing seasonal recreational  
1.12 property tax deferral program; modifying eligibility for senior citizen tax  
1.13 deferral program; modifying transit taxing district; modifying levies, property  
1.14 valuation procedures, homestead provisions, property tax classes, and class rates;  
1.15 requiring levy limits under certain contingencies; providing for and modifying  
1.16 sales tax exemptions; exempting two-wheel, motorized vehicles from wheelage  
1.17 tax; abolishing the political contribution refund; providing exclusion from  
1.18 income for certain veterans' retirement benefits; providing credits; providing  
1.19 for additional financing of metropolitan area transit and paratransit capital  
1.20 expenditures; authorizing issuance of certain obligations; modifying provision  
1.21 governing bonding for county libraries; changing and authorizing powers, duties,  
1.22 and requirements of local governments and authorities and state departments  
1.23 or agencies; modifying, extending, and authorizing certain tax increment  
1.24 financing districts; authorizing and modifying local sales taxes; prohibiting  
1.25 the imposition of new local sales taxes; providing federal updates; changing  
1.26 accelerated sales tax; creating Surplus Lines Association of Minnesota; creating  
1.27 Iron Range revitalization account; changing provisions related to data practices  
1.28 and debt collection; requiring studies; providing appointments; appropriating  
1.29 money; amending Minnesota Statutes 2006, sections 13.51, subdivision 3;  
1.30 13.585, subdivision 5; 16D.02, subdivisions 3, 6; 16D.04, subdivision 2, as  
1.31 amended; 60A.196; 163.051, subdivision 1; 168.012, subdivision 1, by adding a  
1.32 subdivision; 168.013, subdivision 1f; 168A.03, subdivision 1; 169.01, by adding  
1.33 a subdivision; 169.781, subdivision 1; 216B.1612, by adding a subdivision;  
1.34 216B.1646; 270A.03, subdivision 7; 270A.08, subdivision 1; 270B.15; 270C.33,  
1.35 subdivision 5; 270C.56, subdivisions 1, as amended, 3; 270C.85, subdivision 2;  
1.36 272.02, subdivisions 13, 20, 21, 27, 31, 38, 49, by adding subdivisions; 272.03,  
1.37 subdivision 3, by adding a subdivision; 273.11, subdivisions 1, 1a, 8, 14a, 14b,  
1.38 by adding subdivisions; 273.111, subdivisions 3, as amended, 4, 8, 9, 11, 11a,  
1.39 by adding a subdivision; 273.121, as amended; 273.124, subdivisions 1, 6, 13,  
1.40 as amended, 21; 273.128, subdivision 1, as amended; 273.13, subdivisions 23,  
1.41 as amended, 24, 25, as amended, 33, 34, as added; 273.1384, subdivisions 1, 2;  
1.42 274.01, subdivision 3; 274.014, subdivision 3; 274.14; 275.025, subdivisions

2.1 1, 2; 275.065, subdivisions 1c, 6, 8, 9, 10, by adding subdivisions; 275.70,  
2.2 by adding a subdivision; 275.71; 276.04, subdivision 2, as amended; 282.08;  
2.3 287.20, subdivisions 3a, 9, by adding a subdivision; 289A.12, by adding a  
2.4 subdivision; 289A.18, subdivision 1, as amended; 289A.19, subdivision 2, by  
2.5 adding a subdivision; 289A.20, subdivision 4, as amended; 289A.40, subdivision  
2.6 1; 289A.50, subdivision 1; 289A.55, by adding a subdivision; 289A.60,  
2.7 subdivision 15, as amended, by adding a subdivision; 290.01, subdivisions 6, 6b,  
2.8 19a, as amended, 29, by adding a subdivision; 290.06, by adding subdivisions;  
2.9 290.068, subdivisions 1, 3, by adding subdivisions; 290.07, subdivision 1;  
2.10 290.091, subdivision 2, as amended; 290.21, subdivision 4; 290.92, subdivisions  
2.11 1, 26, 31, as added; 290A.03, subdivision 13; 290A.04, subdivisions 2h, 3, 4,  
2.12 by adding subdivisions; 290B.03, subdivision 1; 290B.04, subdivisions 1, 3, 4;  
2.13 290B.05, subdivision 1; 290B.07; 291.03, subdivision 1; 295.50, subdivision 4;  
2.14 295.52, subdivision 4, as amended; 295.53, subdivision 4a; 296A.07, subdivision  
2.15 4; 296A.08, subdivision 3; 296A.16, subdivision 2; 297A.61, subdivisions 22,  
2.16 29; 297A.665, as amended; 297A.67, subdivision 7, as amended; 297A.70,  
2.17 subdivisions 2, 8; 297A.71, subdivision 23, by adding subdivisions; 297A.75;  
2.18 297A.99, subdivision 1, as amended; 297A.995, subdivision 10, by adding  
2.19 subdivisions; 297B.01, subdivision 7, by adding a subdivision; 297B.03;  
2.20 297F.01, subdivision 8; 297F.09, subdivision 10, as amended; 297F.21,  
2.21 subdivision 1; 297G.01, subdivision 9; 297G.09, subdivision 9, as amended;  
2.22 297H.09; 297I.05, subdivision 12; 298.24, subdivision 1, as amended; 298.75,  
2.23 subdivisions 1, 2, 6, 7; 365A.095; 383A.80, subdivision 4; 383A.81, subdivisions  
2.24 1, 2; 383B.80, subdivision 4; 383E.20; 429.101, subdivision 1; 469.033,  
2.25 subdivision 6; 469.040, subdivision 4; 469.174, subdivision 10b; 469.177,  
2.26 subdivision 1c, by adding a subdivision; 469.1813, subdivision 8; 469.312, by  
2.27 adding a subdivision; 469.319; 469.3201; 473.39, by adding a subdivision;  
2.28 473.446, subdivisions 2, 8; 477A.011, subdivisions 34, 36, as amended, by  
2.29 adding subdivisions; 477A.0124, subdivision 5; 477A.013, subdivisions 1, 8,  
2.30 as amended, 9, as amended; 477A.03; Minnesota Statutes 2007 Supplement,  
2.31 sections 115A.1314, subdivision 2; 268.19, subdivision 1; 273.1231, subdivision  
2.32 7, by adding a subdivision; 273.1232, subdivision 1; 273.1233, subdivisions 1,  
2.33 3; 273.1234; 273.1235, subdivisions 1, 3; 273.124, subdivision 14; 273.1393;  
2.34 275.065, subdivisions 1, 1a, 3; 290.01, subdivision 19b, as amended; 298.227;  
2.35 Laws 1991, chapter 291, article 8, section 27, subdivisions 3, as amended, 4, as  
2.36 amended; Laws 1995, chapter 264, article 5, section 46, subdivision 2; Laws  
2.37 2003, chapter 127, article 10, section 31, subdivision 1; Laws 2006, chapter 259,  
2.38 article 10, section 14, subdivision 1; Laws 2008, chapter 154, article 2, section  
2.39 11; article 3, section 7; article 9, sections 23; 24; proposing coding for new law  
2.40 in Minnesota Statutes, chapters 60A; 116J; 169; 216F; 273; 298; 373; 383C;  
2.41 383D; 383E; 469; proposing coding for new law as Minnesota Statutes, chapter  
2.42 290D; repealing Minnesota Statutes 2006, sections 10A.322, subdivision 4;  
2.43 273.11, subdivision 14; 273.111, subdivision 6; 290.06, subdivision 23; 290.191,  
2.44 subdivision 4; 290A.04, subdivisions 2, 2b; 473.4461; 477A.014, subdivision 5;  
2.45 Minnesota Statutes 2007 Supplement, section 477A.014, subdivision 4; Laws  
2.46 2005, First Special Session chapter 3, article 5, section 24; Minnesota Rules,  
2.47 parts 8031.0100, subpart 3; 8093.2100.

2.48 May 18, 2008

2.49 The Honorable Margaret Anderson Kelliher  
2.50 Speaker of the House of Representatives

2.51 The Honorable James P. Metzen  
2.52 President of the Senate

2.53 We, the undersigned conferees for H. F. No. 3149 report that we have agreed upon  
2.54 the items in dispute and recommend as follows:

3.1 That the Senate recede from its amendments and that H. F. No. 3149 be further  
 3.2 amended as follows:

3.3 Delete everything after the enacting clause and insert:

3.4 **"ARTICLE 1**  
 3.5 **HOMEOWNER PROPERTY TAX REFUND**

3.6 Section 1. Minnesota Statutes 2006, section 290A.04, subdivision 2, is amended to  
 3.7 read:

3.8 Subd. 2. **Homeowners.** A claimant whose property taxes payable are in excess  
 3.9 of the percentage of the household income stated below shall pay an amount equal to  
 3.10 the percent of income shown for the appropriate household income level along with the  
 3.11 percent to be paid by the claimant of the remaining amount of property taxes payable.  
 3.12 The state refund equals the amount of property taxes payable that remain, up to the state  
 3.13 refund amount shown below.

3.14			Percent Paid by	Maximum State
3.15	Household Income	Percent of Income	Claimant	Refund
3.16	\$0 to 1,189	1.0 percent	15 percent	<del>\$1,450</del> <u>\$1,850</u>
3.17	1,190 to 2,379	1.1 percent	15 percent	<del>\$1,450</del> <u>\$1,850</u>
3.18	2,380 to 3,589	1.2 percent	15 percent	<del>\$1,410</del> <u>\$1,800</u>
3.19	3,590 to 4,789	1.3 percent	20 percent	<del>\$1,410</del> <u>\$1,800</u>
3.20	4,790 to 5,979	1.4 percent	20 percent	<del>\$1,360</del> <u>\$1,730</u>
3.21	5,980 to 8,369	1.5 percent	20 percent	<del>\$1,360</del> <u>\$1,730</u>
3.22	8,370 to 9,559	1.6 percent	25 percent	<del>\$1,310</del> <u>\$1,670</u>
3.23	9,560 to 10,759	1.7 percent	25 percent	<del>\$1,310</del> <u>\$1,670</u>
3.24	10,760 to 11,949	1.8 percent	25 percent	<del>\$1,260</del> <u>\$1,610</u>
3.25	11,950 to 13,139	1.9 percent	30 percent	<del>\$1,260</del> <u>\$1,610</u>
3.26	13,140 to 14,349	2.0 percent	30 percent	<del>\$1,210</del> <u>\$1,540</u>
3.27	14,350 to 16,739	2.1 percent	30 percent	<del>\$1,210</del> <u>\$1,540</u>
3.28	16,740 to 17,929	2.2 percent	35 percent	<del>\$1,160</del> <u>\$1,480</u>
3.29	17,930 to 19,119	2.3 percent	35 percent	<del>\$1,160</del> <u>\$1,480</u>
3.30	19,120 to 20,319	2.4 percent	35 percent	<del>\$1,110</del> <u>\$1,420</u>
3.31	20,320 to 25,099	2.5 percent	40 percent	<del>\$1,110</del> <u>\$1,420</u>

4.1	25,100 to 28,679	2.6 percent	40 percent	<del>\$1,070</del> <u>\$1,360</u>
4.2	28,680 to 35,849	2.7 percent	40 percent	<del>\$1,070</del> <u>\$1,360</u>
4.3	35,850 to 41,819	2.8 percent	45 percent	<del>\$ 970</del> <u>\$1,240</u>
4.4	41,820 to 47,799	3.0 percent	45 percent	<del>\$ 970</del> <u>\$1,240</u>
4.5	47,800 to 53,779	3.2 percent	45 percent	<del>\$ 870</del> <u>\$1,110</u>
4.6	53,780 to 59,749	3.5 percent	50 percent	<del>\$ 780</del> <u>\$990</u>
4.7	59,750 to 65,729	<del>4.0</del> <u>3.5</u> percent	50 percent	<del>\$ 680</del> <u>\$870</u>
4.8	65,730 to 69,319	<del>4.0</del> <u>3.5</u> percent	50 percent	<del>\$ 580</del> <u>\$740</u>
4.9	69,320 to 71,719	<del>4.0</del> <u>3.5</u> percent	50 percent	<del>\$ 480</del> <u>\$610</u>
4.10	71,720 to 74,619	<del>4.0</del> <u>3.5</u> percent	50 percent	<del>\$ 390</del> <u>\$500</u>
4.11	74,620 to 77,519	<del>4.0</del> <u>3.5</u> percent	50 percent	<del>\$ 290</del> <u>\$370</u>

4.12 The payment made to a claimant shall be the amount of the state refund calculated  
 4.13 under this subdivision. No payment is allowed if the claimant's household income is  
 4.14 \$77,520 or more.

4.15 **EFFECTIVE DATE.** This section is effective beginning with refunds based on  
 4.16 property taxes payable in 2009.

4.17 **Sec. 2. TAXPAYER ASSISTANCE SERVICES; PROPERTY TAX REFUND.**

4.18 (a) \$100,000 in fiscal year 2009 is appropriated from the general fund to the  
 4.19 commissioner of revenue to make grants to one or more nonprofit organizations, qualifying  
 4.20 under section 501(c)(3) of the Internal Revenue Code of 1986, to coordinate, facilitate,  
 4.21 encourage, and aid in the provision of taxpayer assistance services. The commissioner  
 4.22 must award grants under this section so as to increase the availability of taxpayer  
 4.23 assistance services after April 15, to assist homeowners in filing claims for the property  
 4.24 tax refund, and to increase participation in the program. This appropriation is onetime and  
 4.25 is not added to the agency's base budget.

4.26 (b) "Taxpayer assistance services" means accounting and tax preparation services  
 4.27 provided by volunteers to low-income and disadvantaged Minnesota residents to help  
 4.28 them file federal and state income tax returns, Minnesota property tax refund claims, and  
 4.29 may include provision of personal representation before the Department of Revenue and  
 4.30 Internal Revenue Service.

5.1 **ARTICLE 2**

5.2 **AIDS TO LOCAL GOVERNMENTS**

5.3 Section 1. Minnesota Statutes 2006, section 477A.011, subdivision 34, is amended to  
5.4 read:

5.5 Subd. 34. **City revenue need.** (a) For a city with a population equal to or greater  
5.6 than 2,500, "city revenue need" is the sum of (1) 5.0734098 times the pre-1940 housing  
5.7 percentage; plus (2) 19.141678 times the population decline percentage; plus (3)  
5.8 2504.06334 times the road accidents factor; plus (4) 355.0547; minus (5) the metropolitan  
5.9 area factor; minus (6) 49.10638 times the household size.

5.10 (b) For a city with a population less than 2,500, "city revenue need" is the sum of  
5.11 (1) 2.387 times the pre-1940 housing percentage; plus (2) 2.67591 times the commercial  
5.12 industrial percentage; plus (3) 3.16042 times the population decline percentage; plus (4)  
5.13 1.206 times the transformed population; minus (5) 62.772.

5.14 (c) For a city with a population of 2,500 or more and a population in one of the most  
5.15 recently available five years that was less than 2,500, "city revenue need" is the sum of (1)  
5.16 its city revenue need calculated under paragraph (a) multiplied by its transition factor;  
5.17 plus (2) its city revenue need calculated under the formula in paragraph (b) multiplied  
5.18 by the difference between one and its transition factor. For purposes of this paragraph, a  
5.19 city's "transition factor" is equal to 0.2 multiplied by the number of years that the city's  
5.20 population estimate has been 2,500 or more. This provision only applies for aids payable  
5.21 in calendar years 2006 to 2008 to cities with a 2002 population of less than 2,500. It  
5.22 applies to any city for aids payable in 2009 and thereafter. The city revenue need under  
5.23 this paragraph may not be less than 285.

5.24 (d) The city revenue need cannot be less than zero.

5.25 (e) For calendar year 2005 and subsequent years, the city revenue need for a city,  
5.26 as determined in paragraphs (a) to (d), is multiplied by the ratio of the annual implicit  
5.27 price deflator for government consumption expenditures and gross investment for state  
5.28 and local governments as prepared by the United States Department of Commerce, for  
5.29 the most recently available year to the 2003 implicit price deflator for state and local  
5.30 government purchases.

5.31 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
5.32 2009 and thereafter.

5.33 Sec. 2. Minnesota Statutes 2006, section 477A.011, subdivision 36, as amended by  
5.34 Laws 2008, chapter 154, article 1, section 1, is amended to read:

6.1 Subd. 36. **City aid base.** (a) Except as otherwise provided in this subdivision,  
6.2 "city aid base" is zero.

6.3 (b) The city aid base for any city with a population less than 500 is increased by  
6.4 \$40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount  
6.5 of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also  
6.6 increased by \$40,000 for aids payable in calendar year 1995 only, provided that:

6.7 (i) the average total tax capacity rate for taxes payable in 1995 exceeds 200 percent;

6.8 (ii) the city portion of the tax capacity rate exceeds 100 percent; and

6.9 (iii) its city aid base is less than \$60 per capita.

6.10 (c) The city aid base for a city is increased by \$20,000 in 1998 and thereafter and  
6.11 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,  
6.12 paragraph (c), is also increased by \$20,000 in calendar year 1998 only, provided that:

6.13 (i) the city has a population in 1994 of 2,500 or more;

6.14 (ii) the city is located in a county, outside of the metropolitan area, which contains a  
6.15 city of the first class;

6.16 (iii) the city's net tax capacity used in calculating its 1996 aid under section  
6.17 477A.013 is less than \$400 per capita; and

6.18 (iv) at least four percent of the total net tax capacity, for taxes payable in 1996, of  
6.19 property located in the city is classified as railroad property.

6.20 (d) The city aid base for a city is increased by \$200,000 in 1999 and thereafter and  
6.21 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,  
6.22 paragraph (c), is also increased by \$200,000 in calendar year 1999 only, provided that:

6.23 (i) the city was incorporated as a statutory city after December 1, 1993;

6.24 (ii) its city aid base does not exceed \$5,600; and

6.25 (iii) the city had a population in 1996 of 5,000 or more.

6.26 ~~(e) The city aid base for a city is increased by \$450,000 in 1999 to 2008 and the~~  
6.27 ~~maximum amount of total aid it may receive under section 477A.013, subdivision 9,~~  
6.28 ~~paragraph (c), is also increased by \$450,000 in calendar year 1999 only, provided that:~~

6.29 ~~(i) the city had a population in 1996 of at least 50,000;~~

6.30 ~~(ii) its population had increased by at least 40 percent in the ten-year period ending~~  
6.31 ~~in 1996; and~~

6.32 ~~(iii) its city's net tax capacity for aids payable in 1998 is less than \$700 per capita.~~

6.33 ~~(f)~~ (e) The city aid base for a city is increased by \$150,000 for aids payable in  
6.34 2000 and thereafter, and the maximum amount of total aid it may receive under section  
6.35 477A.013, subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year  
6.36 2000 only, provided that:

7.1 (1) the city has a population that is greater than 1,000 and less than 2,500;  
7.2 (2) its commercial and industrial percentage for aids payable in 1999 is greater  
7.3 than 45 percent; and

7.4 (3) the total market value of all commercial and industrial property in the city  
7.5 for assessment year 1999 is at least 15 percent less than the total market value of all  
7.6 commercial and industrial property in the city for assessment year 1998.

7.7 ~~(g)~~ (f) The city aid base for a city is increased by \$200,000 in 2000 and thereafter,  
7.8 and the maximum amount of total aid it may receive under section 477A.013, subdivision  
7.9 9, paragraph (c), is also increased by \$200,000 in calendar year 2000 only, provided that:

7.10 (1) the city had a population in 1997 of 2,500 or more;

7.11 (2) the net tax capacity of the city used in calculating its 1999 aid under section  
7.12 477A.013 is less than \$650 per capita;

7.13 (3) the pre-1940 housing percentage of the city used in calculating 1999 aid under  
7.14 section 477A.013 is greater than 12 percent;

7.15 (4) the 1999 local government aid of the city under section 477A.013 is less than  
7.16 20 percent of the amount that the formula aid of the city would have been if the need  
7.17 increase percentage was 100 percent; and

7.18 (5) the city aid base of the city used in calculating aid under section 477A.013  
7.19 is less than \$7 per capita.

7.20 ~~(h)~~ (g) The city aid base for a city is increased by \$102,000 in 2000 and thereafter,  
7.21 and the maximum amount of total aid it may receive under section 477A.013, subdivision  
7.22 9, paragraph (c), is also increased by \$102,000 in calendar year 2000 only, provided that:

7.23 (1) the city has a population in 1997 of 2,000 or more;

7.24 (2) the net tax capacity of the city used in calculating its 1999 aid under section  
7.25 477A.013 is less than \$455 per capita;

7.26 (3) the net levy of the city used in calculating 1999 aid under section 477A.013 is  
7.27 greater than \$195 per capita; and

7.28 (4) the 1999 local government aid of the city under section 477A.013 is less than  
7.29 38 percent of the amount that the formula aid of the city would have been if the need  
7.30 increase percentage was 100 percent.

7.31 ~~(i)~~ (h) The city aid base for a city is increased by \$32,000 in 2001 and thereafter, and  
7.32 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,  
7.33 paragraph (c), is also increased by \$32,000 in calendar year 2001 only, provided that:

7.34 (1) the city has a population in 1998 that is greater than 200 but less than 500;

7.35 (2) the city's revenue need used in calculating aids payable in 2000 was greater  
7.36 than \$200 per capita;

8.1 (3) the city net tax capacity for the city used in calculating aids available in 2000  
8.2 was equal to or less than \$200 per capita;

8.3 (4) the city aid base of the city used in calculating aid under section 477A.013  
8.4 is less than \$65 per capita; and

8.5 (5) the city's formula aid for aids payable in 2000 was greater than zero.

8.6 ~~(j)~~ (i) The city aid base for a city is increased by \$7,200 in 2001 and thereafter, and  
8.7 the maximum amount of total aid it may receive under section 477A.013, subdivision 9,  
8.8 paragraph (c), is also increased by \$7,200 in calendar year 2001 only, provided that:

8.9 (1) the city had a population in 1998 that is greater than 200 but less than 500;

8.10 (2) the city's commercial industrial percentage used in calculating aids payable in  
8.11 2000 was less than ten percent;

8.12 (3) more than 25 percent of the city's population was 60 years old or older according  
8.13 to the 1990 census;

8.14 (4) the city aid base of the city used in calculating aid under section 477A.013  
8.15 is less than \$15 per capita; and

8.16 (5) the city's formula aid for aids payable in 2000 was greater than zero.

8.17 ~~(k)~~ (j) The city aid base for a city is increased by \$45,000 in 2001 and thereafter  
8.18 and by an additional \$50,000 in calendar years 2002 to 2011, and the maximum amount  
8.19 of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also  
8.20 increased by \$45,000 in calendar year 2001 only, and by \$50,000 in calendar year 2002  
8.21 only, provided that:

8.22 (1) the net tax capacity of the city used in calculating its 2000 aid under section  
8.23 477A.013 is less than \$810 per capita;

8.24 (2) the population of the city declined more than two percent between 1988 and 1998;

8.25 (3) the net levy of the city used in calculating 2000 aid under section 477A.013 is  
8.26 greater than \$240 per capita; and

8.27 (4) the city received less than \$36 per capita in aid under section 477A.013,  
8.28 subdivision 9, for aids payable in 2000.

8.29 ~~(l)~~ (k) The city aid base for a city with a population of 10,000 or more which is  
8.30 located outside of the seven-county metropolitan area is increased in 2002 and thereafter,  
8.31 and the maximum amount of total aid it may receive under section 477A.013, subdivision  
8.32 9, paragraph (b) or (c), is also increased in calendar year 2002 only, by an amount equal to  
8.33 the lesser of:

8.34 (1)(i) the total population of the city, as determined by the United States Bureau of  
8.35 the Census, in the 2000 census, (ii) minus 5,000, (iii) times 60; or

8.36 (2) \$2,500,000.



9.1 ~~(m)~~ (l) The city aid base is increased by \$50,000 in 2002 and thereafter, and the  
9.2 maximum amount of total aid it may receive under section 477A.013, subdivision 9,  
9.3 paragraph (c), is also increased by \$50,000 in calendar year 2002 only, provided that:

- 9.4 (1) the city is located in the seven-county metropolitan area;  
9.5 (2) its population in 2000 is between 10,000 and 20,000; and  
9.6 (3) its commercial industrial percentage, as calculated for city aid payable in 2001,  
9.7 was greater than 25 percent.

9.8 ~~(n)~~ (m) The city aid base for a city is increased by \$150,000 in calendar years 2002  
9.9 to 2011 and by an additional \$75,000 in calendar years 2009 to 2014 and the maximum  
9.10 amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is  
9.11 also increased by \$150,000 in calendar year 2002 only and by \$75,000 in calendar year  
9.12 2009 only, provided that:

- 9.13 (1) the city had a population of at least 3,000 but no more than 4,000 in 1999;  
9.14 (2) its home county is located within the seven-county metropolitan area;  
9.15 (3) its pre-1940 housing percentage is less than 15 percent; and  
9.16 (4) its city net tax capacity per capita for taxes payable in 2000 is less than \$900  
9.17 per capita.

9.18 ~~(o)~~ (n) The city aid base for a city is increased by \$200,000 beginning in calendar  
9.19 year 2003 and the maximum amount of total aid it may receive under section 477A.013,  
9.20 subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2003 only,  
9.21 provided that the city qualified for an increase in homestead and agricultural credit aid  
9.22 under Laws 1995, chapter 264, article 8, section 18.

9.23 ~~(p)~~ (o) The city aid base for a city is increased by \$200,000 in 2004 only and the  
9.24 maximum amount of total aid it may receive under section 477A.013, subdivision 9, is  
9.25 also increased by \$200,000 in calendar year 2004 only, if the city is the site of a nuclear  
9.26 dry cask storage facility.

9.27 ~~(q)~~ (p) The city aid base for a city is increased by \$10,000 in 2004 and thereafter  
9.28 and the maximum total aid it may receive under section 477A.013, subdivision 9, is also  
9.29 increased by \$10,000 in calendar year 2004 only, if the city was included in a federal  
9.30 major disaster designation issued on April 1, 1998, and its pre-1940 housing stock was  
9.31 decreased by more than 40 percent between 1990 and 2000.

9.32 ~~(r)~~ (q) The city aid base for a city is increased by \$30,000 in 2009 and thereafter  
9.33 and the maximum total aid it may receive under section 477A.013, subdivision 9, is also  
9.34 increased by \$25,000 in calendar year 2006 only if the city had a population in 2003  
9.35 of at least 1,000 and has a state park for which the city provides rescue services and

10.1 which comprised at least 14 percent of the total geographic area included within the  
10.2 city boundaries in 2000.

10.3 ~~(s) The city aid base for a city with a population less than 5,000 is increased in~~  
10.4 ~~2006 and thereafter and the minimum and maximum amount of total aid it may receive~~  
10.5 ~~under this section is also increased in calendar year 2006 only by an amount equal to~~  
10.6 ~~\$6 multiplied by its population.~~

10.7 ~~(t)~~ (r) The city aid base for a city is increased by \$80,000 in 2009 and thereafter and  
10.8 the minimum and maximum amount of total aid it may receive under section 477A.013,  
10.9 subdivision 9, is also increased by \$80,000 in calendar year 2009 only, if:

10.10 (1) as of May 1, 2006, at least 25 percent of the tax capacity of the city is proposed  
10.11 to be placed in trust status as tax-exempt Indian land;

10.12 (2) the placement of the land is being challenged administratively or in court; and

10.13 (3) due to the challenge, the land proposed to be placed in trust is still on the tax  
10.14 rolls as of May 1, 2006.

10.15 ~~(u)~~ (s) The city aid base for a city is increased by \$100,000 in 2007 and thereafter  
10.16 and the minimum and maximum total amount of aid it may receive under this section is  
10.17 also increased in calendar year 2007 only, provided that:

10.18 (1) the city has a 2004 estimated population greater than 200 but less than 2,000;

10.19 (2) its city net tax capacity for aids payable in 2006 was less than \$300 per capita;

10.20 (3) the ratio of its pay 2005 tax levy compared to its city net tax capacity for aids  
10.21 payable in 2006 was greater than 110 percent; and

10.22 (4) it is located in a county where at least 15,000 acres of land are classified as  
10.23 tax-exempt Indian reservations according to the 2004 abstract of tax-exempt property.

10.24 ~~(v)~~ (t) The city aid base for a city is increased by \$30,000 in 2009 only, and the  
10.25 maximum total aid it may receive under section 477A.013, subdivision 9, is also increased  
10.26 by \$30,000 in calendar year 2009, only if the city had a population in 2005 of less than  
10.27 3,000 and the city's boundaries as of 2007 were formed by the consolidation of two cities  
10.28 and one township in 2002.

10.29 (u) The city aid base for a city is increased by \$100,000 in 2009 and thereafter, and  
10.30 the maximum total aid it may receive under section 477A.013, subdivision 9, is also  
10.31 increased by \$100,000 in calendar year 2009 only, if the city had a city net tax capacity for  
10.32 aids payable in 2007 of less than \$150 per capita and the city experienced flooding on  
10.33 March 14, 2007, that resulted in evacuation of at least 40 homes.

10.34 (v) The city aid base for a city is increased by \$100,000 in 2009 to 2013, and the  
10.35 maximum total aid it may receive under section 477A.013, subdivision 9, is also increased  
10.36 by \$100,000 in calendar year 2009 only, if the city:

11.1 (1) is located outside of the Minneapolis-St. Paul standard metropolitan statistical  
11.2 area;

11.3 (2) has a 2005 population greater than 7,000 but less than 8,000; and

11.4 (3) has a 2005 net tax capacity per capita of less than \$500.

11.5 (w) The city aid base is increased by \$25,000 in calendar years 2009 to 2013 and the  
11.6 maximum amount of total aid it may receive under section 477A.013, subdivision 9, is  
11.7 increased by \$25,000 in calendar year 2009 only, provided that:

11.8 (1) the city is located in the seven-county metropolitan area;

11.9 (2) its population in 2006 is less than 200; and

11.10 (3) the percentage of its housing stock built before 1940, according to the 2000  
11.11 United States Census, is greater than 40 percent.

11.12 (x) The city aid base is increased by \$90,000 in calendar year 2009 only and the  
11.13 minimum and maximum total amount of aid it may receive under section 477A.013,  
11.14 subdivision 9, is also increased by \$90,000 in calendar year 2009 only, provided that the  
11.15 city is located in the seven-county metropolitan area, has a 2006 population between 5,000  
11.16 and 7,000 and has a 1997 population of over 7,000.

11.17 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
11.18 2009 and thereafter.

11.19 Sec. 3. Minnesota Statutes 2006, section 477A.011, is amended by adding a  
11.20 subdivision to read:

11.21 Subd. 41. **Small city aid base.** (a) "Small city aid base" for a city with a population  
11.22 less than 5,000 is equal to \$8.50 multiplied by its population. The small city aid base for  
11.23 all other cities is equal to zero.

11.24 (b) For calendar year 2010 and subsequent years, the small city aid base for a city, as  
11.25 determined in paragraph (a), is multiplied by the ratio of the appropriation under section  
11.26 477A.03, subdivision 2a, for the year in which the aid is paid to the appropriation under  
11.27 that section for aids payable in 2009.

11.28 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
11.29 2009 and thereafter.

11.30 Sec. 4. Minnesota Statutes 2006, section 477A.011, is amended by adding a  
11.31 subdivision to read:

11.32 Subd. 42. **City jobs base.** (a) "City jobs base" for a city with a population of 5,000  
11.33 or more is equal to the product of (1) \$25.20, (2) the number of jobs per capita in the  
11.34 city, and (3) its population. For cities with a population less than 5,000, the city jobs

12.1 base is equal to zero. For a city receiving aid under section 477A.011, subdivision 36,  
12.2 paragraph (l), its city jobs base is reduced by the lesser of 36 percent of the amount of  
12.3 aid received under that paragraph or \$1,000,000. No city's city jobs base may exceed  
12.4 \$4,725,000 under this paragraph.

12.5 (b) For calendar year 2010 and subsequent years, the city jobs base for a city, as  
12.6 determined in paragraph (a), is multiplied by the ratio of the appropriation under section  
12.7 477A.03, subdivision 2a, for the year in which the aid is paid to the appropriation under  
12.8 that section for aids payable in 2009.

12.9 (c) For purposes of this subdivision, "jobs per capita in the city" means (1) the  
12.10 average annual number of employees in the city based on the data from the Quarterly  
12.11 Census of Employment and Wages, as reported by the Department of Employment and  
12.12 Economic Development, for the most recent calendar year available as of May 1, 2008,  
12.13 divided by (2) the city's population for the same calendar year as the employment data.  
12.14 The commissioner of the Department of Employment and Economic Development shall  
12.15 certify to the city the average annual number of employees for each city by June 1, 2008.  
12.16 A city may challenge an estimate under this paragraph by filing its specific objection,  
12.17 including the names of employers that it feels may have misreported data, in writing with  
12.18 the commissioner by June 20, 2008. The commissioner shall make every reasonable effort  
12.19 to address the specific objection and adjust the data as necessary. The commissioner shall  
12.20 certify the estimates of the annual employment to the commissioner of revenue by July 15,  
12.21 2008, including any estimates still under objection.

12.22 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
12.23 2009 and thereafter.

12.24 Sec. 5. Minnesota Statutes 2006, section 477A.011, is amended by adding a  
12.25 subdivision to read:

12.26 Subd. 43. **Unmet need.** "Unmet need" for a city is equal to the difference between  
12.27 (1) its city revenue need multiplied by its population, and (2) its city net tax capacity  
12.28 multiplied by the tax effort rate.

12.29 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
12.30 2009 and thereafter.

12.31 Sec. 6. Minnesota Statutes 2006, section 477A.0124, subdivision 5, is amended to read:

12.32 Subd. 5. **County transition aid.** (a) ~~For 2005, a county is eligible for transition~~  
12.33 ~~aid equal to the amount, if any, by which:~~

12.34 ~~(1) the difference between:~~

13.1 ~~(i) the aid the county received under subdivision 1 in 2004, divided by the total aid~~  
13.2 ~~paid to all counties under subdivision 1, multiplied by \$205,000,000, and~~

13.3 ~~(ii) the amount of aid the county is certified to receive in 2005 under subdivisions~~  
13.4 ~~3 and 4;~~

13.5 ~~exceeds:~~

13.6 ~~(2) three percent of the county's adjusted net tax capacity.~~

13.7 ~~A county's aid under this paragraph may not be less than zero.~~

13.8 ~~(b) In 2006, a county is eligible to receive two-thirds of the transition aid it received~~  
13.9 ~~in 2005.~~

13.10 ~~(c) In 2007,~~ For 2009 and each year thereafter, a county is eligible to receive  
13.11 ~~one-third of the transition aid it received in 2005~~ 2007.

13.12 ~~(d) No county shall receive aid under this subdivision after 2007.~~

13.13 (b) In 2009 only, a county with (1) a 2006 population less than 30,000, and (2)  
13.14 an average Part I crimes per capita greater than 3.9 percent based on factors used in  
13.15 determining county program aid payable in 2008, shall receive \$100,000.

13.16 **EFFECTIVE DATE.** This section is effective for aids payable in 2009 and  
13.17 thereafter.

13.18 Sec. 7. Minnesota Statutes 2006, section 477A.013, subdivision 8, as amended by  
13.19 Laws 2008, chapter 154, article 1, section 2, is amended to read:

13.20 Subd. 8. **City formula aid.** (a) In calendar year 2009, the formula aid for a city  
13.21 is equal to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need  
13.22 increase percentage multiplied by its unmet need.

13.23 (b) In calendar year 2004 2010 and subsequent years, the formula aid for a city is  
13.24 equal to the need increase percentage multiplied by the difference between (1) the city's  
13.25 revenue need multiplied by its population, and (2) the sum of the city's net tax capacity  
13.26 multiplied by the tax effort rate. the sum of (1) its city jobs base, (2) its small city aid  
13.27 base, and (3) the need increase percentage multiplied by the average of its unmet need  
13.28 for the most recently available two years.

13.29 No city may have a formula aid amount less than zero. The need increase percentage  
13.30 must be the same for all cities.

13.31 The applicable need increase percentage must be calculated by the Department of  
13.32 Revenue so that the total of the aid under subdivision 9 equals the total amount available  
13.33 for aid under section 477A.03 ~~after the subtraction under section 477A.014, subdivisions~~  
13.34 ~~4 and 5.~~ For aids payable in 2009 only, all data used in calculating aid to cities under  
13.35 sections 477A.011 to 477A.013 will be based on the data available for calculating aid to

14.1 cities for aids payable in 2008. For aids payable in 2010 and thereafter, data used in  
14.2 calculating aids to cities under sections 477A.011 to 477A.013 shall be the most recently  
14.3 available data as of January 1 in the year in which the aid is calculated.

14.4 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
14.5 2009 and thereafter, provided that the appropriation increase for aids payable in 2009  
14.6 under section 477A.03, subdivision 2a, goes into effect.

14.7 Sec. 8. Minnesota Statutes 2006, section 477A.013, subdivision 9, as amended by  
14.8 Laws 2008, chapter 154, article 1, section 3, is amended to read:

14.9 Subd. 9. **City aid distribution.** (a) In calendar year 2009 and thereafter, each  
14.10 city shall receive an aid distribution equal to the sum of (1) the city formula aid under  
14.11 subdivision 8, and (2) its city aid base, ~~and (3) one-half of the difference between its total~~  
14.12 ~~aid in the previous year under this subdivision and its city aid base in the previous year.~~

14.13 (b) For aids payable in ~~2010 and thereafter~~, each city shall receive an aid distribution  
14.14 ~~equal to (1) the city aid formula under subdivision 8, (2) its city aid base, and (3) its~~  
14.15 ~~formula aid under subdivision 8 in the previous year, prior to any adjustments under~~  
14.16 ~~this subdivision~~ 2009 only, the total aid for any city shall not exceed the sum of (1) 35  
14.17 percent of the city's net levy for the year prior to the aid distribution, plus (2) its total  
14.18 aid in the previous year.

14.19 (c) For aids payable in ~~2009~~ 2010 and thereafter, the total aid for any city shall  
14.20 not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid  
14.21 distribution plus (2) its total aid in the previous year. For aids payable in 2009 and  
14.22 thereafter, the total aid for any city with a population of 2,500 or more may not be less than  
14.23 its total aid under this section in the previous year minus the lesser of ~~\$15~~ \$10 multiplied  
14.24 by its population, or ten percent of its net levy in the year prior to the aid distribution.

14.25 (d) For aids payable in ~~2009~~ 2010 and thereafter, the total aid for a city with a  
14.26 population less than 2,500 must not be less than the amount it was certified to receive in  
14.27 the previous year minus the lesser of ~~\$15~~ \$10 multiplied by its population, or five percent  
14.28 of its 2003 certified aid amount. For aids payable in 2009 only, the total aid for a city with  
14.29 a population less than 2,500 must not be less than what it received under this section in the  
14.30 previous year unless its total aid in calendar year 2008 was aid under section 477A.011,  
14.31 subdivision 36, paragraph (s), in which case its minimum aid is zero.

14.32 (e) A city's aid loss under this section may not exceed \$300,000 in any year in  
14.33 which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or  
14.34 greater than the appropriation under that subdivision in the previous year, unless the

15.1 city has an adjustment in its city net tax capacity under the process described in section  
15.2 469.174, subdivision 28.

15.3 (f) If a city's net tax capacity used in calculating aid under this section has decreased  
15.4 in any year by more than 25 percent from its net tax capacity in the previous year due to  
15.5 property becoming tax-exempt Indian land, the city's maximum allowed aid increase  
15.6 under paragraph (c) shall be increased by an amount equal to (1) the city's tax rate in the  
15.7 year of the aid calculation, multiplied by (2) the amount of its net tax capacity decrease  
15.8 resulting from the property becoming tax exempt.

15.9 **EFFECTIVE DATE.** This section is effective for aids payable in calendar year  
15.10 2009 and thereafter, provided that the appropriation increase for aids payable in 2009  
15.11 under section 477A.03, subdivision 2a, goes into effect.

15.12 Sec. 9. Minnesota Statutes 2006, section 477A.03, is amended to read:

15.13 **477A.03 APPROPRIATION.**

15.14 Subd. 2. **Annual appropriation.** A sum sufficient to discharge the duties imposed  
15.15 by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the  
15.16 commissioner of revenue.

15.17 Subd. 2a. **Cities.** For aids payable in ~~2004~~ 2009 and thereafter, the total ~~aids aid~~  
15.18 paid under section 477A.013, subdivision 9, are limited to \$429,000,000 is \$526,148,487,  
15.19 subject to adjustment in subdivision 5. For aids payable in 2005, the total aids paid under  
15.20 section 477A.013, subdivision 9, are limited to \$437,052,000. For aids payable in 2006  
15.21 and thereafter, the total aids paid under section 477A.013, subdivision 9, is limited to  
15.22 \$485,052,000.

15.23 Subd. 2b. **Counties.** (a) ~~For aids payable in calendar year 2005 and thereafter,~~  
15.24 ~~the total aids paid to counties under section 477A.0124, subdivision 3, are limited to~~  
15.25 ~~\$100,500,000.~~ For aids payable in 2009 and thereafter, the total aid payable under section  
15.26 477A.0124, subdivision 3, is \$111,500,000 minus one-half of the total aid amount  
15.27 determined under section 477A.0124, subdivision 5, paragraph (b), subject to adjustment  
15.28 in subdivision 5. Each calendar year, \$500,000 shall be retained by the commissioner of  
15.29 revenue to make reimbursements to the commissioner of finance for payments made  
15.30 under section 611.27. For calendar year 2004, the amount shall be in addition to the  
15.31 payments authorized under section 477A.0124, subdivision 1. For calendar year 2005  
15.32 and subsequent years, the amount shall be deducted from the appropriation under  
15.33 this paragraph. The reimbursements shall be to defray the additional costs associated  
15.34 with court-ordered counsel under section 611.27. Any retained amounts not used for

16.1 reimbursement in a year shall be included in the next distribution of county need aid  
16.2 that is certified to the county auditors for the purpose of property tax reduction for the  
16.3 next taxes payable year.

16.4 (b) For aids payable in ~~2005~~ 2009 and thereafter, the total ~~aids~~ aid under section  
16.5 477A.0124, subdivision 4, ~~are limited to \$105,000,000~~ is \$116,132,923 minus one-half  
16.6 of the total aid amount determined under section 477A.0124, subdivision 5, paragraph  
16.7 (b), subject to adjustment in subdivision 5. ~~For aids payable in 2006 and thereafter,~~  
16.8 ~~the total aid under section 477A.0124, subdivision 4, is limited to \$105,132,923.~~ The  
16.9 commissioner of finance shall bill the commissioner of revenue for the cost of preparation  
16.10 of local impact notes as required by section 3.987, not to exceed \$207,000 in fiscal year  
16.11 2004 and thereafter. The commissioner of education shall bill the commissioner of  
16.12 revenue for the cost of preparation of local impact notes for school districts as required by  
16.13 section 3.987, not to exceed \$7,000 in fiscal year 2004 and thereafter. The commissioner  
16.14 of revenue shall deduct the amounts billed under this paragraph from the appropriation  
16.15 under this paragraph. The amounts deducted are appropriated to the commissioner of  
16.16 finance and the commissioner of education for the preparation of local impact notes.

16.17 Subd. 5. Aid adjustments. For aids payable in 2010, the aid amounts contained  
16.18 in subdivisions 2a and 2b are increased by two percent. For aids payable in 2011 and  
16.19 thereafter, the aids amounts contained in subdivisions 2a and 2b are equal to 104 percent  
16.20 of the amounts for aids payable in 2010 under this section.

16.21 EFFECTIVE DATE. This section is effective for aids payable in calendar year  
16.22 2009 and thereafter.

16.23 Sec. 10. [477A.16] UTILITY VALUATION TRANSITION AID.

16.24 Subdivision 1. Definitions. (a) When used in this section, the following terms have  
16.25 the meanings indicated in this subdivision.

16.26 (b) "Local unit" means a home rule charter or statutory city, or a town.

16.27 (c) "Old rule utility net tax capacity" means the net tax capacity of all public utility  
16.28 property within the local unit's taxing jurisdiction for assessment year 2007, calculated as  
16.29 if the property were valued under valuation rules in effect prior to assessment year 2007.

16.30 (d) "New rule utility net tax capacity" means the net tax capacity of all public utility  
16.31 property within the local unit's taxing jurisdiction for assessment year 2007, calculated as  
16.32 if the property were valued under valuation rules in effect for assessment year 2007, but  
16.33 without the phase-in provisions of Minnesota Rules, part 8100.0800.

16.34 (e) "Modified net tax capacity" means the local unit's net tax capacity for taxes  
16.35 payable in 2008, modified by substituting the old rule utility net tax capacity for the actual



17.1 net tax capacity of utility property. Modified net tax capacity must be determined by the  
17.2 commissioner of revenue based on information and data available to the commissioner  
17.3 as of July 1, 2008.

17.4 (f) "Net tax capacity differential" means the positive difference, if any, by which the  
17.5 local unit's old rule utility net tax capacity exceeds its new rule utility net tax capacity.

17.6 (g) "Current year net tax capacity differential" means the positive difference, if any,  
17.7 by which the local unit's old rule utility net tax capacity exceeds its total tax capacity of  
17.8 utility property for taxes payable in the current year.

17.9 Subd. 2. **Aid eligibility; payment.** (a) If the net tax capacity differential of the  
17.10 local unit exceeds four percent of its modified net tax capacity, the local unit is eligible  
17.11 for transition aid computed under paragraphs (b) and (c).

17.12 (b) For aids payable in 2009, transition aid under this section for an eligible local  
17.13 unit equals 50 percent of (1) the net tax capacity differential, times (2) the jurisdiction's  
17.14 tax rate for taxes payable in 2008.

17.15 (c) For aids payable in 2010 and thereafter, transition aid under this section for  
17.16 an eligible local unit equals (1) the current year net tax capacity differential for taxes  
17.17 payable in the year preceding the aid distribution year, times (2) the jurisdiction's tax rate  
17.18 for taxes payable in 2008.

17.19 (c) The commissioner of revenue shall compute the amount of transition aid payable  
17.20 to each local unit under this section. On or before August 1 of each year, the commissioner  
17.21 shall certify the amount of transition aid computed for aids payable in the following year  
17.22 for each recipient local unit. The commissioner shall pay transition aid to local units  
17.23 annually at the times provided in section 477A.015.

17.24 Subd. 3. **Appropriation.** An amount sufficient to pay transition aid under this  
17.25 section is annually appropriated to the commissioner of revenue from the general fund.

17.26 **EFFECTIVE DATE.** This section is effective for aids payable in 2009 and  
17.27 thereafter.

17.28 Sec. 11. **STATE PARKS LOCATED ON LAKE VERMILION; DISTRIBUTION**  
17.29 **OF PAYMENTS IN LIEU OF TAXES.**

17.30 (a) Notwithstanding Minnesota Statutes, section 477A.14, payments in lieu of  
17.31 taxation under Minnesota Statutes, sections 477A.11 to 477A.145, for the land included  
17.32 in any state park located in whole or in part on the shores of Lake Vermilion must be  
17.33 distributed to the taxing jurisdictions containing the property as follows: one-third to the  
17.34 school district, one-third to the township, and one-third to the county. Each of those taxing  
17.35 jurisdictions may use the payments for their general purposes.

18.1 (b) Notwithstanding Minnesota Statutes, section 477A.11, the payments for all lands  
18.2 described in paragraph (a) must be made at the rate set for acquired natural resources land.

18.3 **Sec. 12. STUDY OF AIDS TO LOCAL GOVERNMENTS.**

18.4 The chairs of the senate and house of representatives committees with jurisdiction  
18.5 over taxes shall each appoint five members to a study group of the tax committees to  
18.6 examine the current system of aids to local governments and make recommendations on  
18.7 improvements to the system. Of the five members appointed by each chair, two must be  
18.8 members of the tax committee, one of whom is a majority party member and one of  
18.9 whom is a minority party member. The remaining members must represent local units of  
18.10 government. The chairs of the divisions of the tax committees having jurisdiction over  
18.11 property taxes shall also be members and shall serve as cochairs of the study group.  
18.12 The study shall include, but not be limited to, consideration of existing disparities in  
18.13 the distribution of local government aid, an analysis of current law need and capacity  
18.14 factors as well as alternative need factors, alternative analytical methods for determining  
18.15 correlations between factors and need, the formula used to calculate aid for small cities,  
18.16 and volatility in the local government aid distribution. The group must report on its  
18.17 specific recommendations to the legislature by December 15, 2010.

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

18.19 **Sec. 13. OUT-OF-HOME PLACEMENT AID.**

18.20 In calendar year 2009 only, \$500,000 shall be distributed to any county in which (1)  
18.21 the 2006 estimated population exceeds 30,000, and (2) the 2006 percentage of households  
18.22 receiving food stamps exceeds 15 percent, based on data used in computing county  
18.23 program aids for aids payable in 2008 and the 2006 estimated household count according  
18.24 to the state demographer. The aid must be used to meet the county's cost of out-of-home  
18.25 placement programs. \$500,000 is appropriated to the commissioner of revenue from  
18.26 the general fund to make the payment authorized under this section. The payment must  
18.27 be made prior to June 30, 2009.

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

18.29 **Sec. 14. REPEALER.**

18.30 Minnesota Statutes 2006, section 477A.014, subdivision 5, and Minnesota Statutes  
18.31 2007 Supplement, section 477A.014, subdivision 4, are repealed.

18.32 **EFFECTIVE DATE.** This section is effective for aid payable in 2009 and thereafter.

19.1 **ARTICLE 3**  
19.2 **LEVY LIMITS**

19.3 Section 1. Minnesota Statutes 2006, section 275.70, subdivision 5, is amended to read:

19.4 Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes  
19.5 levied by a local governmental unit for the following purposes or in the following manner:

19.6 (1) to pay the costs of the principal and interest on bonded indebtedness or to  
19.7 reimburse for the amount of liquor store revenues used to pay the principal and interest  
19.8 due on municipal liquor store bonds in the year preceding the year for which the levy  
19.9 limit is calculated;

19.10 (2) to pay the costs of principal and interest on certificates of indebtedness issued for  
19.11 any corporate purpose except for the following:

19.12 (i) tax anticipation or aid anticipation certificates of indebtedness;

19.13 (ii) certificates of indebtedness issued under sections 298.28 and 298.282;

19.14 (iii) certificates of indebtedness used to fund current expenses or to pay the costs of  
19.15 extraordinary expenditures that result from a public emergency; or

19.16 (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or  
19.17 an insufficiency in other revenue sources;

19.18 (3) to provide for the bonded indebtedness portion of payments made to another  
19.19 political subdivision of the state of Minnesota;

19.20 (4) to fund payments made to the Minnesota State Armory Building Commission  
19.21 under section 193.145, subdivision 2, to retire the principal and interest on armory  
19.22 construction bonds;

19.23 (5) property taxes approved by voters which are levied against the referendum  
19.24 market value as provided under section 275.61;

19.25 (6) to fund matching requirements needed to qualify for federal or state grants or  
19.26 programs to the extent that either (i) the matching requirement exceeds the matching  
19.27 requirement in calendar year 2001, or (ii) it is a new matching requirement that did not  
19.28 exist prior to 2002;

19.29 (7) to pay the expenses reasonably and necessarily incurred in preparing for or  
19.30 repairing the effects of natural disaster including the occurrence or threat of widespread  
19.31 or severe damage, injury, or loss of life or property resulting from natural causes, in  
19.32 accordance with standards formulated by the Emergency Services Division of the state  
19.33 Department of Public Safety, as allowed by the commissioner of revenue under section  
19.34 275.74, subdivision 2;

20.1 (8) pay amounts required to correct an error in the levy certified to the county  
20.2 auditor by a city or county in a levy year, but only to the extent that when added to the  
20.3 preceding year's levy it is not in excess of an applicable statutory, special law or charter  
20.4 limitation, or the limitation imposed on the governmental subdivision by sections 275.70  
20.5 to 275.74 in the preceding levy year;

20.6 (9) to pay an abatement under section 469.1815;

20.7 (10) to pay any costs attributable to increases in the employer contribution rates  
20.8 under chapter 353, or locally administered pension plans, that are effective after June  
20.9 30, 2001;

20.10 (11) to pay the operating or maintenance costs of a county jail as authorized in  
20.11 section 641.01 or 641.262, or of a correctional facility as defined in section 241.021,  
20.12 subdivision 1, paragraph (f), to the extent that the county can demonstrate to the  
20.13 commissioner of revenue that the amount has been included in the county budget as  
20.14 a direct result of a rule, minimum requirement, minimum standard, or directive of the  
20.15 Department of Corrections, or to pay the operating or maintenance costs of a regional jail  
20.16 as authorized in section 641.262. For purposes of this clause, a district court order is  
20.17 not a rule, minimum requirement, minimum standard, or directive of the Department of  
20.18 Corrections. If the county utilizes this special levy, except to pay operating or maintenance  
20.19 costs of a new regional jail facility under sections 641.262 to 641.264 which will not  
20.20 replace an existing jail facility, any amount levied by the county in the previous levy year  
20.21 for the purposes specified under this clause and included in the county's previous year's  
20.22 levy limitation computed under section 275.71, shall be deducted from the levy limit  
20.23 base under section 275.71, subdivision 2, when determining the county's current year  
20.24 levy limitation. The county shall provide the necessary information to the commissioner  
20.25 of revenue for making this determination;

20.26 (12) to pay for operation of a lake improvement district, as authorized under section  
20.27 103B.555. If the county utilizes this special levy, any amount levied by the county in the  
20.28 previous levy year for the purposes specified under this clause and included in the county's  
20.29 previous year's levy limitation computed under section 275.71 shall be deducted from  
20.30 the levy limit base under section 275.71, subdivision 2, when determining the county's  
20.31 current year levy limitation. The county shall provide the necessary information to the  
20.32 commissioner of revenue for making this determination;

20.33 (13) to repay a state or federal loan used to fund the direct or indirect required  
20.34 spending by the local government due to a state or federal transportation project or other  
20.35 state or federal capital project. This authority may only be used if the project is not a  
20.36 local government initiative;

21.1 (14) to pay for court administration costs as required under section 273.1398,  
21.2 subdivision 4b, less the (i) county's share of transferred fines and fees collected by the  
21.3 district courts in the county for calendar year 2001 and (ii) the aid amount certified to be  
21.4 paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes  
21.5 levied to pay for these costs in the year in which the court financing is transferred to the  
21.6 state, the amount under this clause is limited to the amount of aid the county is certified to  
21.7 receive under section 273.1398, subdivision 4a;

21.8 (15) to fund a police or firefighters relief association as required under section 69.77  
21.9 to the extent that the required amount exceeds the amount levied for this purpose in 2001;

21.10 (16) for purposes of a storm sewer improvement district under section 444.20; ~~and~~

21.11 (17) to pay for the maintenance and support of a city or county society for the  
21.12 prevention of cruelty to animals under section 343.11. If the city or county uses this  
21.13 special levy, any amount levied by the city or county in the previous levy year for the  
21.14 purposes specified in this clause and included in the city's or county's previous year's levy  
21.15 limit computed under section 275.71, must be deducted from the levy limit base under  
21.16 section 275.71, subdivision 2, in determining the city's or county's current year levy limit;

21.17 (18) for counties, to pay for the increase in their share of health and human service  
21.18 costs caused by reductions in federal health and human services grants effective after  
21.19 September 30, 2007;

21.20 (19) for a city, for the costs reasonably and necessarily incurred for securing,  
21.21 maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by  
21.22 the commissioner of revenue under section 275.74, subdivision 2. A city must have either  
21.23 (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in  
21.24 the city or in a zip code area of the city that is at least 50 percent higher than the average  
21.25 foreclosure rate in the metropolitan area, as defined in Minnesota Statutes section 473.121,  
21.26 subdivision 2, to use this special levy. For purposes of this paragraph, "foreclosure rate"  
21.27 means the number of foreclosures, as indicated by sheriff sales records, divided by the  
21.28 number of households in the city in 2007;

21.29 (20) for a city, for the unreimbursed costs of redeployed traffic control agents and  
21.30 lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified  
21.31 to the Federal Highway Administration;

21.32 (21) to pay costs attributable to wages and benefits for sheriff, police, and fire  
21.33 personnel. If a local governmental unit did not use this special levy in the previous year its  
21.34 levy limit base under section 275.71 shall be reduced by the amount equal to the amount it  
21.35 levied for the purposes specified in this clause in the previous year; and

22.1           (22) an amount equal to any reductions in the certified aids or credits payable  
22.2 under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment under  
22.3 section 16A.152. The amount of the levy allowed under this clause is equal to the amount  
22.4 unallotted in the calendar year in which the tax is levied unless the unallotment amount is  
22.5 not known by September 1 of the levy year, in which case the unallotment amount may  
22.6 be levied in the following year.

22.7           **EFFECTIVE DATE.** This section is effective for taxes levied in calendar year 2008  
22.8 and thereafter, payable in 2009 and thereafter.

22.9           Sec. 2. Minnesota Statutes 2006, section 275.70, is amended by adding a subdivision  
22.10 to read:

22.11           Subd. 6. **Levy aid base.** "Levy aid base" for a local governmental unit for a levy  
22.12 year means its total levy spread on net tax capacity, minus any amounts that would  
22.13 qualify as a special levy under section 275.70, plus the sum of (1) the total amount of  
22.14 aids and reimbursements that the local governmental unit is certified to receive under  
22.15 sections 477A.011 to 477A.014 in the same year, (2) taconite aids under sections 298.28  
22.16 and 298.282 in the same year, including any aid which was required to be placed in a  
22.17 special fund for expenditure in the next succeeding year, and (3) payments to the local  
22.18 governmental unit under section 272.029 in the same year, adjusted for any error in  
22.19 estimation in the preceding year.

22.20           **EFFECTIVE DATE.** This section is effective for levies certified in calendar year  
22.21 2008, payable in calendar year 2009 and thereafter.

22.22           Sec. 3. Minnesota Statutes 2006, section 275.71, is amended to read:

22.23           **275.71 LEVY LIMITS.**

22.24           Subdivision 1. **Limit on levies.** Notwithstanding any other provision of law or  
22.25 municipal charter to the contrary which authorize ad valorem taxes in excess of the limits  
22.26 established by sections 275.70 to 275.74, the provisions of this section apply to local  
22.27 governmental units for all purposes other than those for which special levies and special  
22.28 assessments are made.

22.29           Subd. 2. **Levy limit base.** (a) The levy limit base for a local governmental unit for  
22.30 taxes levied in 2003 is equal to its adjusted levy limit base in the previous year, subject  
22.31 to any adjustments under section 275.72, plus any aid amounts received in 2003 under  
22.32 section 273.138 or 273.166, minus the difference between its levy limit under subdivision  
22.33 5 for taxes levied in 2002 and the amount it actually levied under that subdivision in that

23.1 ~~year, and certified property tax replacement aid payable in 2003 under section 174.242.~~  
23.2 2008 is its levy aid base from the previous year, subject to any adjustments under section  
23.3 275.72. For taxes levied in 2009 and 2010, the levy limit base for a local governmental  
23.4 unit is its adjusted levy limit base in the previous year, subject to any adjustments under  
23.5 section 275.72.

23.6 ~~Subd. 3. **Adjustments for state takeovers.** (a) The levy limit base for each local~~  
23.7 ~~unit of government shall be adjusted to reflect the assumption by the state of financing for~~  
23.8 ~~certain government functions as indicated in this subdivision.~~

23.9 ~~(b) For a county in a judicial district for which financing has not been transferred~~  
23.10 ~~to the state by January 1, 2001, the levy limit base for 2001 is permanently reduced by~~  
23.11 ~~the amount of the county's 2001 budget for court administration costs, as certified under~~  
23.12 ~~section 273.1398, subdivision 4b, paragraph (b), net of the county's share of transferred~~  
23.13 ~~finances and fees collected by the district courts in the county for the same budget period.~~

23.14 ~~(c) For a governmental unit which levied a tax in 2000 under section 473.388,~~  
23.15 ~~subdivision 7, the levy limit base for 2001 is permanently reduced by an amount equal~~  
23.16 ~~to the sum of the governmental unit's taxes payable 2001 nondebt transit services levy~~  
23.17 ~~plus the portion of its 2001 homestead and agricultural credit aid under section 273.1398,~~  
23.18 ~~subdivision 2, attributable to nondebt transit services.~~

23.19 ~~(d) For counties in a judicial district in which the state assumed financing of~~  
23.20 ~~mandated services costs as defined in section 480.181, subdivision 4, on July 1, 2001, the~~  
23.21 ~~levy limit base for taxes levied in 2001 is permanently reduced by an amount equal to~~  
23.22 ~~one-half of the aid reduction under section 273.1398, subdivision 4a, paragraph (g).~~

23.23 ~~Subd. 4. **Adjusted levy limit base.** (a) For taxes levied in 2003~~ 2008 through 2010,  
23.24 ~~the adjusted levy limit base is equal to the levy limit base computed under subdivisions 2~~  
23.25 ~~and 3 subdivision 2 or section 275.72, reduced by 40 percent of the difference between~~  
23.26 ~~(1) the sum of 2003 certified aid payments, under sections 273.138, 273.1398 except for~~  
23.27 ~~amounts certified under subdivision 4a, paragraph (b), 273.166, 477A.011 to 477A.03,~~  
23.28 ~~477A.06, and 477A.07, before any reduction under Laws 2003, First Special Session~~  
23.29 ~~chapter 21, articles 5 and 6, and (2) the sum of the aids paid in 2004 under those same~~  
23.30 ~~sections, after any reductions in 2004 under Laws 2003, First Special Session chapter 21,~~  
23.31 ~~articles 5 and 6. multiplied by:~~

23.32 ~~(1) one plus the lessor of 3.9 percent or the percentage growth in the implicit price~~  
23.33 ~~deflator;~~

23.34 ~~(2) one plus a percentage equal to 50 percent of the percentage increase in the number~~  
23.35 ~~of households, if any, for the most recent 12-month period for which data is available; and~~

24.1 (3) one plus a percentage equal to 50 percent of the percentage increase in the  
24.2 taxable market value of the jurisdiction due to new construction of class 3 property, as  
24.3 defined in section 273.13, subdivision 4, except for state-assessed utility and railroad  
24.4 property, for the most recent year for which data is available.

24.5 ~~(b) For taxes levied in 2003 only, the adjusted levy limit base is increased by 60~~  
24.6 ~~percent of the difference between a jurisdiction's market value credit in 2003 before any~~  
24.7 ~~reductions under Laws 2003, First Special Session chapter 21, articles 5 and 6, and its~~  
24.8 ~~market value credit in 2004 after reductions in Laws 2003, First Special Session chapter~~  
24.9 ~~21, articles 5 and 6.~~

24.10 Subd. 5. **Property tax levy limit.** For taxes levied in ~~2003~~ 2008 through 2010, the  
24.11 property tax levy limit for a local governmental unit is equal to its adjusted levy limit  
24.12 base determined under subdivision 4 plus any additional levy authorized under section  
24.13 275.73, which is levied against net tax capacity, reduced by the sum of (i) the total amount  
24.14 of aids and reimbursements that the local governmental unit is certified to receive under  
24.15 sections 477A.011 to 477A.014, ~~except for the increases in city aid bases in calendar~~  
24.16 ~~year 2002 under section 477A.011, subdivision 36, paragraphs (l), (n), and (o), (ii)~~  
24.17 ~~homestead and agricultural aids it is certified to receive under section 273.1398, (iii) (ii)~~  
24.18 ~~taconite aids under sections 298.28 and 298.282 including any aid which was required to~~  
24.19 ~~be placed in a special fund for expenditure in the next succeeding year, (iv) temporary~~  
24.20 ~~court aid under section 273.1398, subdivision 4a, and (v) (iii) estimated payments to the~~  
24.21 ~~local governmental unit under section 272.029, adjusted for any error in estimation in the~~  
24.22 ~~preceding year, and (iv) aids under section 477A.16.~~

24.23 Subd. 6. **Levies in excess of levy limits.** If the levy made by a city or county  
24.24 exceeds the levy limit provided in sections 275.70 to 275.74, except when the excess  
24.25 levy is due to the rounding of the rate in accordance with section 275.28, the county  
24.26 auditor shall only extend the amount of taxes permitted under sections 275.70 to 275.74,  
24.27 as provided for in section 275.16.

24.28 **EFFECTIVE DATE.** This section is effective for levies certified in calendar years  
24.29 2008 through 2010, payable in 2009 through 2011.

24.30 Sec. 4. Minnesota Statutes 2006, section 275.74, subdivision 2, is amended to read:

24.31 Subd. 2. **Authorization for special levies.** (a) A local governmental unit may  
24.32 request authorization to levy for unreimbursed costs for natural disasters under section  
24.33 275.70, subdivision 5, clause (7). The local governmental unit shall submit a request to  
24.34 levy under section 275.70, subdivision 5, clause (7), to the commissioner of revenue by



25.1 September 30 of the levy year and the request must include information documenting the  
25.2 estimated unreimbursed costs. The commissioner of revenue may grant levy authority,  
25.3 up to the amount requested based on the documentation submitted. All decisions of the  
25.4 commissioner are final.

25.5 (b) A city may request authorization to levy for reasonable and necessary costs for  
25.6 securing, maintaining, or demolishing foreclosed or abandoned residential properties  
25.7 under section 275.70, subdivision 5, clause (19). The local governmental unit shall submit  
25.8 a request to levy under section 275.70, subdivision 5, clause (19), to the commissioner  
25.9 of revenue by September 30 of the levy year and the request must include information  
25.10 documenting the estimated costs. For taxes payable in 2009, the amount may include  
25.11 unanticipated costs incurred above the amount budgeted for these purposes in 2008. Costs  
25.12 of securing foreclosed or abandoned residential properties include payment for police and  
25.13 fire department services. The commissioner of revenue may grant levy authority, up to the  
25.14 lesser of (1) the amount requested based on the documentation submitted, or (2) \$3,000  
25.15 multiplied by the number of foreclosed residential properties, as defined by sheriff sales  
25.16 records, in calendar year 2007. All decisions of the commissioner are final.

25.17 **EFFECTIVE DATE.** This section is effective for levies certified in 2008 through  
25.18 2010, payable in 2009 through 2011.

25.19 Sec. 5. **[275.76] MAINTENANCE OF EFFORT AND MATCHING**  
25.20 **REQUIREMENTS SUSPENDED.**

25.21 Notwithstanding any law to the contrary, all maintenance of effort and matching  
25.22 fund requirements for counties, including, but not limited to, those under sections  
25.23 116L.872, 119B.11, 134.34, 145A.131, 145.882, 242.39, 245.4835, 245.714, 254B.02,  
25.24 254B.03, 256B.0625, 256F.10, and 256F.13, are suspended for the taxes payable years that  
25.25 levy limits are in effect.

25.26 **ARTICLE 4**  
25.27 **INCOME AND ESTATE TAXES**

25.28 Section 1. Minnesota Statutes 2006, section 289A.19, subdivision 2, is amended to  
25.29 read:

25.30 Subd. 2. **Corporate franchise and mining company taxes.** Corporations or mining  
25.31 companies shall receive an extension of seven months or the amount of time granted by  
25.32 the Internal Revenue Service, whichever is longer, for filing the return of a corporation  
25.33 subject to tax under chapter 290 or for filing the return of a mining company subject to  
25.34 tax under sections 298.01 and 298.015. Interest on any balance of tax not paid when the

26.1 regularly required return is due must be paid at the rate specified in section 270C.40,  
26.2 from the date such payment should have been made if no extension was granted, until  
26.3 the date of payment of such tax.

26.4 If a corporation or mining company does not:

26.5 (1) pay at least 90 percent of the amount of tax shown on the return on or before the  
26.6 regular due date of the return, the penalty prescribed by section 289A.60, subdivision 1,  
26.7 shall be imposed on the unpaid balance of tax; or

26.8 (2) pay the balance due shown on the regularly required return on or before the  
26.9 extended due date of the return, the penalty prescribed by section 289A.60, subdivision 1,  
26.10 shall be imposed on the unpaid balance of tax from the original due date of the return.

26.11 **EFFECTIVE DATE.** This section is effective the day following final enactment  
26.12 and applies to any federal extension that allows filing after that date.

26.13 Sec. 2. Minnesota Statutes 2006, section 289A.19, is amended by adding a subdivision  
26.14 to read:

26.15 Subd. 7. **Federal extensions.** When an extension of time to file a partnership or  
26.16 S corporation tax return is granted by the Internal Revenue Service, the commissioner  
26.17 shall grant an automatic extension to file the comparable Minnesota return for that period.  
26.18 An extension granted under this subdivision does not affect the due date for making  
26.19 payments of tax.

26.20 **EFFECTIVE DATE.** This section is effective the day following final enactment  
26.21 and applies to any federal extension that allows filing after that date.

26.22 Sec. 3. Minnesota Statutes 2006, section 290.01, subdivision 6b, is amended to read:

26.23 Subd. 6b. **Foreign operating corporation.** The term "foreign operating  
26.24 corporation," when applied to a corporation, means a domestic corporation with the  
26.25 following characteristics:

26.26 (1) it is part of a unitary business at least one member of which is taxable in this state;

26.27 (2) it is not a foreign sales corporation under section 922 of the Internal Revenue  
26.28 Code, as amended through December 31, 1999, for the taxable year;

26.29 (3) it is not an interest charge domestic international sales corporation under sections  
26.30 992, 993, 994, and 995 of the Internal Revenue Code;

26.31 (4) either (i) the average of the percentages of its property and payrolls, including  
26.32 the pro-rata share of its unitary partnerships' property and payrolls, assigned to locations  
26.33 outside the United States, where the United States includes the District of Columbia and  
26.34 excludes the commonwealth of Puerto Rico and possessions of the United States, as

27.1 ~~determined under section 290.191 or 290.20, is 80 percent or more; or (ii) it has in effect a~~  
27.2 ~~valid election under section 936 of the Internal Revenue Code; or (ii) at least 80 percent~~  
27.3 ~~of the gross income from all sources of the corporation in the tax year is active foreign~~  
27.4 ~~business income; and~~

27.5 ~~(4) it has \$1,000,000 of payroll and \$2,000,000 of property, as determined under~~  
27.6 ~~section 290.191 or 290.20, that are located outside the United States. If the domestic~~  
27.7 ~~corporation does not have payroll as determined under section 290.191 or 290.20, but it~~  
27.8 ~~or its partnerships have paid \$1,000,000 for work, performed directly for the domestic~~  
27.9 ~~corporation or the partnerships, outside the United States, then paragraph (3)(i) shall not~~  
27.10 ~~require payrolls to be included in the average calculation~~

27.11 (5) for purposes of this subdivision, active foreign business income means gross  
27.12 income that is (i) derived from sources without the United States, as defined in subtitle A,  
27.13 chapter 1, subchapter N, part 1, of the Internal Revenue Code; and (ii) attributable to the  
27.14 active conduct of a trade or business in a foreign country.

27.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
27.16 December 31, 2007.

27.17 Sec. 4. Minnesota Statutes 2007 Supplement, section 290.01, subdivision 19b, as  
27.18 amended by Laws 2008, chapter 154, article 3, section 3, is amended to read:

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

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

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

27.27 (3) the amount paid to others, less the amount used to claim the credit allowed under  
27.28 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten  
27.29 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and  
27.30 transportation of each qualifying child in attending an elementary or secondary school  
27.31 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a  
27.32 resident of this state may legally fulfill the state's compulsory attendance laws, which  
27.33 is not operated for profit, and which adheres to the provisions of the Civil Rights Act  
27.34 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or  
27.35 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,

28.1 "textbooks" includes books and other instructional materials and equipment purchased  
28.2 or leased for use in elementary and secondary schools in teaching only those subjects  
28.3 legally and commonly taught in public elementary and secondary schools in this state.  
28.4 Equipment expenses qualifying for deduction includes expenses as defined and limited in  
28.5 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional  
28.6 books and materials used in the teaching of religious tenets, doctrines, or worship, the  
28.7 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books  
28.8 or materials for, or transportation to, extracurricular activities including sporting events,  
28.9 musical or dramatic events, speech activities, driver's education, or similar programs. For  
28.10 purposes of the subtraction provided by this clause, "qualifying child" has the meaning  
28.11 given in section 32(c)(3) of the Internal Revenue Code;

28.12 (4) income as provided under section 290.0802;

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

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

28.21 (7) for taxable years beginning before January 1, 2008, the amount of the federal  
28.22 small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code  
28.23 which is included in gross income under section 87 of the Internal Revenue Code;

28.24 (8) for individuals who are allowed a federal foreign tax credit for taxes that do not  
28.25 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover  
28.26 of subnational foreign taxes for the taxable year, but not to exceed the total subnational  
28.27 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,  
28.28 "federal foreign tax credit" means the credit allowed under section 27 of the Internal  
28.29 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed  
28.30 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to  
28.31 the extent they exceed the federal foreign tax credit;

28.32 (9) in each of the five tax years immediately following the tax year in which an  
28.33 addition is required under subdivision 19a, clause (7), or 19c, clause (15), in the case  
28.34 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth  
28.35 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means  
28.36 the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or

29.1 subdivision 19c, clause (15), in the case of a shareholder of an S corporation, minus the  
29.2 positive value of any net operating loss under section 172 of the Internal Revenue Code  
29.3 generated for the tax year of the addition. The resulting delayed depreciation cannot be  
29.4 less than zero;

29.5 (10) job opportunity building zone income as provided under section 469.316;

29.6 (11) to the extent included in federal taxable income, the amount of compensation  
29.7 paid to members of the Minnesota National Guard or other reserve components of the  
29.8 United States military for active service performed in Minnesota, excluding compensation  
29.9 for services performed under the Active Guard Reserve (AGR) program. For purposes of  
29.10 this clause, "active service" means (i) state active service as defined in section 190.05,  
29.11 subdivision 5a, clause (1); (ii) federally funded state active service as defined in section  
29.12 190.05, subdivision 5b; or (iii) federal active service as defined in section 190.05,  
29.13 subdivision 5c, but "active service" excludes ~~services performed exclusively for purposes~~  
29.14 ~~of basic combat training, advanced individual training, annual training, and periodic~~  
29.15 ~~inactive duty training; special training periodically made available to reserve members;~~  
29.16 ~~and~~ service performed in accordance with section 190.08, subdivision 3;

29.17 (12) to the extent included in federal taxable income, the amount of compensation  
29.18 paid to Minnesota residents who are members of the armed forces of the United States or  
29.19 United Nations for active duty performed outside Minnesota under United States Code,  
29.20 title 10, section 101(d); United States Code, title 32, section 101(12); or the authority of  
29.21 the United Nations;

29.22 (13) an amount, not to exceed \$10,000, equal to qualified expenses related to a  
29.23 qualified donor's donation, while living, of one or more of the qualified donor's organs  
29.24 to another person for human organ transplantation. For purposes of this clause, "organ"  
29.25 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;  
29.26 "human organ transplantation" means the medical procedure by which transfer of a human  
29.27 organ is made from the body of one person to the body of another person; "qualified  
29.28 expenses" means unreimbursed expenses for both the individual and the qualified donor  
29.29 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses  
29.30 may be subtracted under this clause only once; and "qualified donor" means the individual  
29.31 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An  
29.32 individual may claim the subtraction in this clause for each instance of organ donation for  
29.33 transplantation during the taxable year in which the qualified expenses occur;

29.34 (14) in each of the five tax years immediately following the tax year in which an  
29.35 addition is required under subdivision 19a, clause (8), or 19c, clause (16), in the case of a  
29.36 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the

30.1 addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (16), in the  
30.2 case of a shareholder of a corporation that is an S corporation, minus the positive value of  
30.3 any net operating loss under section 172 of the Internal Revenue Code generated for the  
30.4 tax year of the addition. If the net operating loss exceeds the addition for the tax year, a  
30.5 subtraction is not allowed under this clause;

30.6 (15) to the extent included in federal taxable income, compensation paid to a  
30.7 ~~nonresident who is a~~ service member as defined in United States Code, title 10, section  
30.8 101(a)(5), for military service as defined in the Service Member Civil Relief Act, Public  
30.9 Law 108-189, section 101(2); ~~and~~

30.10 (16) international economic development zone income as provided under section  
30.11 469.325; and

30.12 (17) to the extent included in federal taxable income, the amount of national service  
30.13 educational awards received from the National Service Trust under United States Code,  
30.14 title 42, sections 12601 to 12604, for service in an approved Americorps National Service  
30.15 program.

30.16 **EFFECTIVE DATE.** This section is effective for tax years beginning after  
30.17 December 31, 2008, except clause (17) is effective for tax years beginning after December  
30.18 31, 2007.

30.19 Sec. 5. Minnesota Statutes 2006, section 290.01, subdivision 19c, as amended by Laws  
30.20 2008, chapter 154, article 3, section 4, is amended to read:

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

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

30.28 (2) interest not subject to federal tax upon obligations of: the United States, its  
30.29 possessions, its agencies, or its instrumentalities; the state of Minnesota or any other  
30.30 state, any of its political or governmental subdivisions, any of its municipalities, or any  
30.31 of its governmental agencies or instrumentalities; the District of Columbia; or Indian  
30.32 tribal governments;

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

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

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

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

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

31.10 (8) the exempt foreign trade income of a foreign sales corporation under sections  
31.11 921(a) and 291 of the Internal Revenue Code;

31.12 (9) the amount of percentage depletion deducted under sections 611 through 614 and  
31.13 291 of the Internal Revenue Code;

31.14 (10) for certified pollution control facilities placed in service in a taxable year  
31.15 beginning before December 31, 1986, and for which amortization deductions were elected  
31.16 under section 169 of the Internal Revenue Code of 1954, as amended through December  
31.17 31, 1985, the amount of the amortization deduction allowed in computing federal taxable  
31.18 income for those facilities;

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

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

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

31.28 (14) any increase in subpart F income, as defined in section 952(a) of the Internal  
31.29 Revenue Code, for the taxable year when subpart F income is calculated without regard  
31.30 to the provisions of section 103 of Public Law 109-222;

31.31 (15) 80 percent of the depreciation deduction allowed under section 168(k)(1)(A)  
31.32 and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if the taxpayer  
31.33 has an activity that in the taxable year generates a deduction for depreciation under  
31.34 section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable year  
31.35 that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed  
31.36 under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess of the

32.1 depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A) over the  
32.2 amount of the loss from the activity that is not allowed in the taxable year. In succeeding  
32.3 taxable years when the losses not allowed in the taxable year are allowed, the depreciation  
32.4 under section 168(k)(1)(A) and (k)(4)(A) is allowed;

32.5 (16) 80 percent of the amount by which the deduction allowed by section 179 of the  
32.6 Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal  
32.7 Revenue Code of 1986, as amended through December 31, 2003;

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

32.10 (18) the exclusion allowed under section 139A of the Internal Revenue Code for  
32.11 federal subsidies for prescription drug plans; ~~and~~

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

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

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

32.21 (ii) losses incurred, directly or indirectly, from factoring transactions or discounting  
32.22 transactions;

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

32.24 (iv) licensing fees; and

32.25 (v) other similar expenses and costs.

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

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

32.34 (21) except as already included in the taxpayer's taxable income pursuant to clause  
32.35 (20), any interest income and income generated from intangible property received or



33.1 accrued by a foreign operating corporation that is a member of the taxpayer's unitary  
33.2 group. For purposes of this clause, income generated from intangible property includes:

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

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

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

33.7 (iv) licensing fees; and

33.8 (v) other similar income.

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

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

33.16 (22) the dividends attributable to the income of a foreign operating corporation that  
33.17 is a member of the taxpayer's unitary group in an amount that is equal to the dividends  
33.18 paid deduction of a real estate investment trust under section 561(a) of the Internal  
33.19 Revenue Code for amounts paid or accrued by the real estate investment trust to the  
33.20 foreign operating corporation; and

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

33.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
33.25 December 31, 2007.

33.26 Sec. 6. Minnesota Statutes 2006, section 290.01, subdivision 19d, as amended by Laws  
33.27 2008, chapter 154, article 11, section 12, is amended to read:

33.28 Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For  
33.29 corporations, there shall be subtracted from federal taxable income after the increases  
33.30 provided in subdivision 19c:

33.31 (1) the amount of foreign dividend gross-up added to gross income for federal  
33.32 income tax purposes under section 78 of the Internal Revenue Code;

33.33 (2) the amount of salary expense not allowed for federal income tax purposes due to  
33.34 claiming the work opportunity credit under section 51 of the Internal Revenue Code;

34.1 (3) any dividend (not including any distribution in liquidation) paid within the  
34.2 taxable year by a national or state bank to the United States, or to any instrumentality of  
34.3 the United States exempt from federal income taxes, on the preferred stock of the bank  
34.4 owned by the United States or the instrumentality;

34.5 (4) amounts disallowed for intangible drilling costs due to differences between  
34.6 this chapter and the Internal Revenue Code in taxable years beginning before January  
34.7 1, 1987, as follows:

34.8 (i) to the extent the disallowed costs are represented by physical property, an amount  
34.9 equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09,  
34.10 subdivision 7, subject to the modifications contained in subdivision 19e; and

34.11 (ii) to the extent the disallowed costs are not represented by physical property, an  
34.12 amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section  
34.13 290.09, subdivision 8;

34.14 (5) the deduction for capital losses pursuant to sections 1211 and 1212 of the  
34.15 Internal Revenue Code, except that:

34.16 (i) for capital losses incurred in taxable years beginning after December 31, 1986,  
34.17 capital loss carrybacks shall not be allowed;

34.18 (ii) for capital losses incurred in taxable years beginning after December 31, 1986,  
34.19 a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be  
34.20 allowed;

34.21 (iii) for capital losses incurred in taxable years beginning before January 1, 1987, a  
34.22 capital loss carryback to each of the three taxable years preceding the loss year, subject to  
34.23 the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

34.24 (iv) for capital losses incurred in taxable years beginning before January 1, 1987,  
34.25 a capital loss carryover to each of the five taxable years succeeding the loss year to the  
34.26 extent such loss was not used in a prior taxable year and subject to the provisions of  
34.27 Minnesota Statutes 1986, section 290.16, shall be allowed;

34.28 (6) an amount for interest and expenses relating to income not taxable for federal  
34.29 income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and  
34.30 expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or  
34.31 291 of the Internal Revenue Code in computing federal taxable income;

34.32 (7) in the case of mines, oil and gas wells, other natural deposits, and timber for  
34.33 which percentage depletion was disallowed pursuant to subdivision 19c, clause (9), a  
34.34 reasonable allowance for depletion based on actual cost. In the case of leases the deduction  
34.35 must be apportioned between the lessor and lessee in accordance with rules prescribed  
34.36 by the commissioner. In the case of property held in trust, the allowable deduction must

35.1 be apportioned between the income beneficiaries and the trustee in accordance with the  
35.2 pertinent provisions of the trust, or if there is no provision in the instrument, on the basis  
35.3 of the trust's income allocable to each;

35.4 (8) for certified pollution control facilities placed in service in a taxable year  
35.5 beginning before December 31, 1986, and for which amortization deductions were elected  
35.6 under section 169 of the Internal Revenue Code of 1954, as amended through December  
35.7 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes  
35.8 1986, section 290.09, subdivision 7;

35.9 (9) amounts included in federal taxable income that are due to refunds of income,  
35.10 excise, or franchise taxes based on net income or related minimum taxes paid by the  
35.11 corporation to Minnesota, another state, a political subdivision of another state, the  
35.12 District of Columbia, or a foreign country or possession of the United States to the extent  
35.13 that the taxes were added to federal taxable income under section 290.01, subdivision 19c,  
35.14 clause (1), in a prior taxable year;

35.15 (10) 80 percent of royalties, fees, or other like income accrued or received from a  
35.16 foreign operating corporation or a foreign corporation which is part of the same unitary  
35.17 business as the receiving corporation, unless the income resulting from such payments or  
35.18 accruals is income from sources within the United States as defined in subtitle A, chapter  
35.19 1, subchapter N, part 1, of the Internal Revenue Code;

35.20 (11) income or gains from the business of mining as defined in section 290.05,  
35.21 subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

35.22 (12) the amount of disability access expenditures in the taxable year which are not  
35.23 allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

35.24 (13) the amount of qualified research expenses not allowed for federal income tax  
35.25 purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that  
35.26 the amount exceeds the amount of the credit allowed under section 290.068;

35.27 (14) the amount of salary expenses not allowed for federal income tax purposes due  
35.28 to claiming the Indian employment credit under section 45A(a) of the Internal Revenue  
35.29 Code;

35.30 (15) for taxable years beginning before January 1, 2008, the amount of the federal  
35.31 small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code  
35.32 which is included in gross income under section 87 of the Internal Revenue Code;

35.33 (16) for a corporation whose foreign sales corporation, as defined in section 922  
35.34 of the Internal Revenue Code, constituted a foreign operating corporation during any  
35.35 taxable year ending before January 1, 1995, and a return was filed by August 15, 1996,  
35.36 claiming the deduction under section 290.21, subdivision 4, for income received from

36.1 the foreign operating corporation, an amount equal to 1.23 multiplied by the amount of  
36.2 income excluded under section 114 of the Internal Revenue Code, provided the income is  
36.3 not income of a foreign operating company;

36.4 (17) any decrease in subpart F income, as defined in section 952(a) of the Internal  
36.5 Revenue Code, for the taxable year when subpart F income is calculated without regard  
36.6 to the provisions of section 103 of Public Law 109-222;

36.7 ~~(16)~~ (18) in each of the five tax years immediately following the tax year in which  
36.8 an addition is required under subdivision 19c, clause (15), an amount equal to one-fifth  
36.9 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means  
36.10 the amount of the addition made by the taxpayer under subdivision 19c, clause (15). The  
36.11 resulting delayed depreciation cannot be less than zero; and

36.12 ~~(17)~~ (19) in each of the five tax years immediately following the tax year in which an  
36.13 addition is required under subdivision 19c, clause (16), an amount equal to one-fifth of the  
36.14 amount of the addition.

36.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
36.16 December 31, 2007.

36.17 Sec. 7. Minnesota Statutes 2006, section 290.06, subdivision 33, as amended by Laws  
36.18 2008, chapter 154, article 11, section 13, is amended to read:

36.19 Subd. 33. **Bovine testing credit.** (a) An owner of cattle in Minnesota may take a  
36.20 credit against the tax due under this chapter for an amount equal to: (1) for corporate  
36.21 filers, including shareholders of an "S" corporation under section 290.9725, 25 percent  
36.22 of the expenses incurred during the taxable year to conduct tuberculosis testing on those  
36.23 cattle; and (2) for all other filers, one-half the expenses incurred during the taxable year to  
36.24 conduct tuberculosis testing on those cattle.

36.25 (b) If the amount of credit which the taxpayer is eligible to receive under this  
36.26 subdivision exceeds the taxpayer's tax liability under this chapter, the commissioner of  
36.27 revenue shall refund the excess to the taxpayer.

36.28 (c) The amount necessary to pay claims for the refund provided in this subdivision is  
36.29 appropriated from the general fund to the commissioner of revenue.

36.30 (d) Expenses incurred in a calendar year in which tuberculosis testing of cattle in  
36.31 Minnesota is not federally required are not allowed in claiming the credit under paragraph  
36.32 (a).

36.33 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
36.34 December 31, 2008.

37.1 Sec. 8. Minnesota Statutes 2006, section 290.0677, subdivision 1, as amended by Laws  
37.2 2008, chapter 154, article 3, section 5, is amended to read:

37.3 Subdivision 1. **Credit allowed; current military service.** (a) An individual is  
37.4 allowed a credit against the tax due under this chapter equal to \$59 for each month or  
37.5 portion thereof that the individual was in active military service in a designated area after  
37.6 September 11, 2001, and before January 1, 2009, while a Minnesota domiciliary.

37.7 (b) An individual is allowed a credit against the tax due under this chapter equal to  
37.8 \$120 for each month or portion thereof that the individual was in active military service in  
37.9 a designated area after December 31, 2008, while a Minnesota domiciliary.

37.10 (c) For active service performed after September 11, 2001, and before December 31,  
37.11 2006, the individual may claim the credit in the taxable year beginning after December 31,  
37.12 2005, and before January 1, 2007.

37.13 ~~(e)~~ (d) For active service performed after December 31, 2006, the individual may  
37.14 claim the credit for the taxable year in which the active service was performed.

37.15 ~~(d)~~ (e) If an individual entitled to the credit died prior to January 1, 2006, the  
37.16 individual's estate or heirs at law, if the individual's probate estate has closed or the estate  
37.17 was not probated, may claim the credit.

37.18 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
37.19 December 31, 2008.

37.20 Sec. 9. Minnesota Statutes 2006, section 290.0677, is amended by adding a subdivision  
37.21 to read:

37.22 Subd. 1a. **Credit allowed; past military service.** (a) A qualified individual is  
37.23 allowed a credit against the tax imposed under this chapter for past military service. The  
37.24 credit equals \$750. The credit allowed under this subdivision is reduced by 10 percent of  
37.25 adjusted gross income in excess of \$30,000, but in no case is the credit less than zero.

37.26 (b) For a nonresident or a part-year resident, the credit under this subdivision  
37.27 must be allocated based on the percentage calculated under section 290.06, subdivision  
37.28 2c, paragraph (e).

37.29 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
37.30 December 31, 2008.

37.31 Sec. 10. Minnesota Statutes 2006, section 290.0677, subdivision 2, is amended to read:

37.32 Subd. 2. **Definitions.** (a) For purposes of this section the following terms have  
37.33 the meanings given.

38.1 (b) "Designated area" means a:

38.2 (1) combat zone designated by Executive Order from the President of the United  
38.3 States;

38.4 (2) qualified hazardous duty area, designated in Public Law; or

38.5 (3) location certified by the U. S. Department of Defense as eligible for combat zone  
38.6 tax benefits due to the location's direct support of military operations.

38.7 (c) "Active military service" means active duty service in any of the United States  
38.8 Armed Forces, the National Guard, or reserves.

38.9 (d) "Qualified individual" means an individual who has

38.10 (1) either (i) served at least 20 years in the military or (ii) has a service-connected  
38.11 disability rating of 100 percent for a total and permanent disability; and

38.12 (2) separated from military service before the end of the taxable year.

38.13 (e) "Adjusted gross income" has the meaning given in section 61 of the Internal  
38.14 Revenue Code.

38.15 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
38.16 December 31, 2008.

38.17 Sec. 11. Minnesota Statutes 2006, section 290.0677, subdivision 3, is amended to read:

38.18 Subd. 3. **Credit refundable.** If the amount of credit which the individual is eligible  
38.19 to receive under ~~this section~~ subdivision 1 exceeds the individual's tax liability under this  
38.20 chapter, the commissioner shall refund the excess to the individual.

38.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
38.22 December 31, 2008.

38.23 Sec. 12. Minnesota Statutes 2006, section 290.091, subdivision 2, as amended by Laws  
38.24 2008, chapter 154, article 4, section 7, is amended to read:

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

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

38.29 (1) the taxpayer's federal alternative minimum taxable income as defined in section  
38.30 55(b)(2) of the Internal Revenue Code;

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

38.33 (i) the charitable contribution deduction under section 170 of the Internal Revenue  
38.34 Code;

39.1 ~~(A) for taxable years beginning before January 1, 2006, to the extent that the~~  
39.2 ~~deduction exceeds 1.0 percent of adjusted gross income;~~

39.3 ~~(B) for taxable years beginning after December 31, 2005, to the full extent of the~~  
39.4 ~~deduction.~~

39.5 ~~For purposes of this clause, "adjusted gross income" has the meaning given in~~  
39.6 ~~section 62 of the Internal Revenue Code;~~

39.7 (ii) the medical expense deduction;

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

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

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

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

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

39.21 (6) the amount of addition required by section 290.01, subdivision 19a, clauses  
39.22 (7) to (9), (11), and (12);

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

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

39.25 (2) an overpayment of state income tax as provided by section 290.01, subdivision  
39.26 19b, clause (2), to the extent included in federal alternative minimum taxable income;

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

39.31 (4) amounts subtracted from federal taxable income as provided by section 290.01,  
39.32 subdivision 19b, clauses (6) and (9) to (16).

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

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

40.1 (c) "Tentative minimum tax" equals 6.4 percent of alternative minimum taxable  
40.2 income after subtracting the exemption amount determined under subdivision 3.

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

40.6 (e) "Net minimum tax" means the minimum tax imposed by this section.

40.7 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
40.8 December 31, 2007.

40.9 Sec. 13. Minnesota Statutes 2006, section 290.191, subdivision 5, is amended to read:

40.10 Subd. 5. **Determination of sales factor.** For purposes of this section, the following  
40.11 rules apply in determining the sales factor.

40.12 (a) The sales factor includes all sales, gross earnings, or receipts received in the  
40.13 ordinary course of the business, except that the following types of income are not included  
40.14 in the sales factor:

40.15 (1) interest;

40.16 (2) dividends;

40.17 (3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

40.18 (4) sales of property used in the trade or business, except sales of leased property of  
40.19 a type which is regularly sold as well as leased;

40.20 (5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue  
40.21 Code or sales of stock; and

40.22 (6) royalties, fees, or other like income of a type which qualify for a subtraction from  
40.23 federal taxable income under section 290.01, subdivision 19d(10).

40.24 (b) Sales of tangible personal property are made within this state if the property is  
40.25 received by a purchaser at a point within this state, and the taxpayer is taxable in this state,  
40.26 regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination  
40.27 of the property.

40.28 (c) Tangible personal property delivered to a common or contract carrier or foreign  
40.29 vessel for delivery to a purchaser in another state or nation is a sale in that state or nation,  
40.30 regardless of f.o.b. point or other conditions of the sale.

40.31 (d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine,  
40.32 fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is  
40.33 licensed by a state or political subdivision to resell this property only within the state of  
40.34 ultimate destination, the sale is made in that state.



41.1 (e) Sales made by or through a corporation that is qualified as a domestic  
41.2 international sales corporation under section 992 of the Internal Revenue Code are not  
41.3 considered to have been made within this state.

41.4 (f) Sales, rents, royalties, and other income in connection with real property is  
41.5 attributed to the state in which the property is located.

41.6 (g) Receipts from the lease or rental of tangible personal property, including finance  
41.7 leases and true leases, must be attributed to this state if the property is located in this  
41.8 state and to other states if the property is not located in this state. Receipts from the  
41.9 lease or rental of moving property including, but not limited to, motor vehicles, rolling  
41.10 stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts  
41.11 factor to the extent that the property is used in this state. The extent of the use of moving  
41.12 property is determined as follows:

41.13 (1) A motor vehicle is used wholly in the state in which it is registered.

41.14 (2) The extent that rolling stock is used in this state is determined by multiplying  
41.15 the receipts from the lease or rental of the rolling stock by a fraction, the numerator of  
41.16 which is the miles traveled within this state by the leased or rented rolling stock and the  
41.17 denominator of which is the total miles traveled by the leased or rented rolling stock.

41.18 (3) The extent that an aircraft is used in this state is determined by multiplying the  
41.19 receipts from the lease or rental of the aircraft by a fraction, the numerator of which is  
41.20 the number of landings of the aircraft in this state and the denominator of which is the  
41.21 total number of landings of the aircraft.

41.22 (4) The extent that a vessel, mobile equipment, or other mobile property is used in  
41.23 the state is determined by multiplying the receipts from the lease or rental of the property  
41.24 by a fraction, the numerator of which is the number of days during the taxable year the  
41.25 property was in this state and the denominator of which is the total days in the taxable year.

41.26 (h) Royalties and other income not described in paragraph (a), clause (6), received  
41.27 for the use of or for the privilege of using intangible property, including patents,  
41.28 know-how, formulas, designs, processes, patterns, copyrights, trade names, service names,  
41.29 franchises, licenses, contracts, customer lists, or similar items, must be attributed to the  
41.30 state in which the property is used by the purchaser. If the property is used in more  
41.31 than one state, the royalties or other income must be apportioned to this state pro rata  
41.32 according to the portion of use in this state. If the portion of use in this state cannot be  
41.33 determined, the royalties or other income must be excluded from both the numerator  
41.34 and the denominator. Intangible property is used in this state if the purchaser uses the  
41.35 intangible property or the rights therein in the regular course of its business operations in  
41.36 this state, regardless of the location of the purchaser's customers.

42.1 (i) Sales of intangible property are made within the state in which the property is  
42.2 used by the purchaser. If the property is used in more than one state, the sales must be  
42.3 apportioned to this state pro rata according to the portion of use in this state. If the  
42.4 portion of use in this state cannot be determined, the sale must be excluded from both the  
42.5 numerator and the denominator of the sales factor. Intangible property is used in this  
42.6 state if the purchaser used the intangible property in the regular course of its business  
42.7 operations in this state.

42.8 (j) Receipts from the performance of services must be attributed to the state where  
42.9 the services are received. For the purposes of this section, receipts from the performance  
42.10 of services provided to a corporation, partnership, or trust may only be attributed to a state  
42.11 where it has a fixed place of doing business. If the state where the services are received is  
42.12 not readily determinable or is a state where the corporation, partnership, or trust receiving  
42.13 the service does not have a fixed place of doing business, the services shall be deemed  
42.14 to be received at the location of the office of the customer from which the services were  
42.15 ordered in the regular course of the customer's trade or business. If the ordering office  
42.16 cannot be determined, the services shall be deemed to be received at the office of the  
42.17 customer to which the services are billed.

42.18 (k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts  
42.19 from management, distribution, or administrative services performed by a corporation  
42.20 or trust for a fund of a corporation or trust regulated under United States Code, title 15,  
42.21 sections 80a-1 through 80a-64, must be attributed to the state where the shareholder of  
42.22 the fund resides. Under this paragraph, receipts for services attributed to shareholders are  
42.23 determined on the basis of the ratio of: (1) the average of the outstanding shares in the  
42.24 fund owned by shareholders residing within Minnesota at the beginning and end of each  
42.25 year; and (2) the average of the total number of outstanding shares in the fund at the  
42.26 beginning and end of each year. Residence of the shareholder, in the case of an individual,  
42.27 is determined by the mailing address furnished by the shareholder to the fund. Residence  
42.28 of the shareholder, when the shares are held by an insurance company as a depositor for  
42.29 the insurance company policyholders, is the mailing address of the policyholders. In  
42.30 the case of an insurance company holding the shares as a depositor for the insurance  
42.31 company policyholders, if the mailing address of the policyholders cannot be determined  
42.32 by the taxpayer, the receipts must be excluded from both the numerator and denominator.  
42.33 Residence of other shareholders is the mailing address of the shareholder.

42.34 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
42.35 December 31, 2009.

43.1 Sec. 14. Minnesota Statutes 2006, section 290.191, subdivision 6, is amended to read:

43.2 Subd. 6. **Determination of receipts factor for financial institutions.** (a) For  
43.3 purposes of this section, the rules in this subdivision and ~~subdivision~~ subdivisions 5,  
43.4 paragraph (k), and 8 apply in determining the receipts factor for financial institutions.

43.5 (b) "Receipts" for this purpose means gross income, including net taxable gain on  
43.6 disposition of assets, including securities and money market instruments, when derived  
43.7 from transactions and activities in the regular course of the taxpayer's trade or business.

43.8 (c) "Money market instruments" means federal funds sold and securities purchased  
43.9 under agreements to resell, commercial paper, banker's acceptances, and purchased  
43.10 certificates of deposit and similar instruments to the extent that the instruments are  
43.11 reflected as assets under generally accepted accounting principles.

43.12 (d) "Securities" means United States Treasury securities, obligations of United States  
43.13 government agencies and corporations, obligations of state and political subdivisions,  
43.14 corporate stock, bonds, and other securities, participations in securities backed by  
43.15 mortgages held by United States or state government agencies, loan-backed securities and  
43.16 similar investments to the extent the investments are reflected as assets under generally  
43.17 accepted accounting principles.

43.18 (e) Receipts from the lease or rental of real or tangible personal property, including  
43.19 both finance leases and true leases, must be attributed to this state if the property is  
43.20 located in this state. Receipts from the lease or rental of tangible personal property that is  
43.21 characteristically moving property, including, but not limited to, motor vehicles, rolling  
43.22 stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts  
43.23 factor to the extent that the property is used in this state. The extent of the use of moving  
43.24 property is determined as follows:

43.25 (1) A motor vehicle is used wholly in the state in which it is registered.

43.26 (2) The extent that rolling stock is used in this state is determined by multiplying  
43.27 the receipts from the lease or rental of the rolling stock by a fraction, the numerator of  
43.28 which is the miles traveled within this state by the leased or rented rolling stock and the  
43.29 denominator of which is the total miles traveled by the leased or rented rolling stock.

43.30 (3) The extent that an aircraft is used in this state is determined by multiplying the  
43.31 receipts from the lease or rental of the aircraft by a fraction, the numerator of which is  
43.32 the number of landings of the aircraft in this state and the denominator of which is the  
43.33 total number of landings of the aircraft.

43.34 (4) The extent that a vessel, mobile equipment, or other mobile property is used in  
43.35 the state is determined by multiplying the receipts from the lease or rental of property by a

44.1 fraction, the numerator of which is the number of days during the taxable year the property  
44.2 was in this state and the denominator of which is the total days in the taxable year.

44.3 (f) Interest income and other receipts from assets in the nature of loans that are  
44.4 secured primarily by real estate or tangible personal property must be attributed to this state  
44.5 if the security property is located in this state under the principles stated in paragraph (e).

44.6 (g) Interest income and other receipts from consumer loans not secured by real or  
44.7 tangible personal property that are made to residents of this state, whether at a place  
44.8 of business, by traveling loan officer, by mail, by telephone or other electronic means,  
44.9 must be attributed to this state.

44.10 (h) Interest income and other receipts from commercial loans and installment  
44.11 obligations that are unsecured by real or tangible personal property or secured by  
44.12 intangible property must be attributed to this state if the proceeds of the loan are to be  
44.13 applied in this state. If it cannot be determined where the funds are to be applied, the  
44.14 income and receipts are attributed to the state in which the office of the borrower from  
44.15 which the application would be made in the regular course of business is located. If this  
44.16 cannot be determined, the transaction is disregarded in the apportionment formula.

44.17 (i) Interest income and other receipts from a participating financial institution's  
44.18 portion of participation and syndication loans must be attributed under paragraphs (e) to  
44.19 (h). A participation loan is an arrangement in which a lender makes a loan to a borrower  
44.20 and then sells, assigns, or otherwise transfers all or a part of the loan to a purchasing  
44.21 financial institution. A syndication loan is a loan transaction involving multiple financial  
44.22 institutions in which all the lenders are named as parties to the loan documentation, are  
44.23 known to the borrower, and have privity of contract with the borrower.

44.24 (j) Interest income and other receipts including service charges from financial  
44.25 institution credit card and travel and entertainment credit card receivables and credit  
44.26 card holders' fees must be attributed to the state to which the card charges and fees are  
44.27 regularly billed.

44.28 (k) Merchant discount income derived from financial institution credit card holder  
44.29 transactions with a merchant must be attributed to the state in which the merchant is  
44.30 located. In the case of merchants located within and outside the state, only receipts from  
44.31 merchant discounts attributable to sales made from locations within the state are attributed  
44.32 to this state. It is presumed, subject to rebuttal, that the location of a merchant is the  
44.33 address shown on the invoice submitted by the merchant to the taxpayer.

44.34 (l) Receipts from the performance of fiduciary and other services must be attributed  
44.35 to the state in which the services are received. For the purposes of this section, services  
44.36 provided to a corporation, partnership, or trust must be attributed to a state where it has a

45.1 fixed place of doing business. If the state where the services are received is not readily  
45.2 determinable or is a state where the corporation, partnership, or trust does not have a fixed  
45.3 place of doing business, the services shall be deemed to be received at the location of the  
45.4 office of the customer from which the services were ordered in the regular course of the  
45.5 customer's trade or business. If the ordering office cannot be determined, the services shall  
45.6 be deemed to be received at the office of the customer to which the services are billed.

45.7 (m) Receipts from the issuance of travelers checks and money orders must be  
45.8 attributed to the state in which the checks and money orders are purchased.

45.9 (n) Receipts from investments of a financial institution in securities and from money  
45.10 market instruments must be apportioned to this state based on the ratio that total deposits  
45.11 from this state, its residents, including any business with an office or other place of  
45.12 business in this state, its political subdivisions, agencies, and instrumentalities bear to the  
45.13 total deposits from all states, their residents, their political subdivisions, agencies, and  
45.14 instrumentalities. In the case of an unregulated financial institution subject to this section,  
45.15 these receipts are apportioned to this state based on the ratio that its gross business income,  
45.16 excluding such receipts, earned from sources within this state bears to gross business  
45.17 income, excluding such receipts, earned from sources within all states. For purposes  
45.18 of this subdivision, deposits made by this state, its residents, its political subdivisions,  
45.19 agencies, and instrumentalities must be attributed to this state, whether or not the deposits  
45.20 are accepted or maintained by the taxpayer at locations within this state.

45.21 (o) A financial institution's interest in property described in section 290.015,  
45.22 subdivision 3, paragraph (b), is included in the receipts factor in the same manner as assets  
45.23 in the nature of securities or money market instruments are included in paragraph (n).

45.24 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
45.25 December 31, 2009.

45.26 Sec. 15. Minnesota Statutes 2006, section 291.03, subdivision 1, is amended to read:

45.27 Subdivision 1. **Tax amount.** (a) The tax imposed shall be an amount equal to the  
45.28 proportion of the maximum credit for state death taxes computed under section 2011 of  
45.29 the Internal Revenue Code, ~~as amended through December 31, 2000,~~ but using Minnesota  
45.30 adjusted taxable estate instead of federal adjusted taxable estate, as the Minnesota gross  
45.31 estate bears to the value of the federal gross estate. ~~The tax determined under this~~  
45.32 ~~paragraph shall not be greater than the amount computed by applying the rates and~~  
45.33 ~~brackets under section 2001(c) of the Internal Revenue Code to the Minnesota adjusted~~  
45.34 ~~gross estate and subtracting the federal credit allowed under section 2010 of the Internal~~  
45.35 ~~Revenue Code of 1986, as amended through December 31, 2000. For the purposes of~~

46.1 ~~this section, expenses which are deducted for federal income tax purposes under section~~  
46.2 ~~642(g) of the Internal Revenue Code as amended through December 31, 2002, are not~~  
46.3 ~~allowable in computing the tax under this chapter.~~

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

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

46.9 (A) the taxable estate, as defined under section 2051 of the Internal Revenue Code;  
46.10 plus

46.11 (B) adjusted taxable gifts, as defined in section 2001(b) of the Internal Revenue  
46.12 Code; less

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

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

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

46.18 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
46.19 December 31, 2005.

46.20 Sec. 16. Minnesota Statutes 2006, section 291.03, is amended by adding a subdivision  
46.21 to read:

46.22 Subd. 1a. **Expenses disallowed.** For the purposes of this section, expenses which  
46.23 are deducted for federal income tax purposes under section 642(g) of the Internal Revenue  
46.24 Code are not allowable in computing the tax under this chapter.

46.25 **EFFECTIVE DATE.** This section is effective for estates of decedents dying after  
46.26 December 31, 2005.

46.27 Sec. 17. Laws 2008, chapter 154, article 3, section 3, the effective date, is amended to  
46.28 read:

46.29 **EFFECTIVE DATE.** This section is effective for tax years beginning after  
46.30 December 31, 2007, except that clause (11) and the phrase "to the extent included in  
46.31 federal taxable income," added in clause (12) are effective retroactively for taxable years  
46.32 beginning after December 31, 2004.

ARTICLE 5

LOCAL DEVELOPMENT

Section 1. [116J.8732] SEED CAPITAL INVESTMENT CREDIT;  
COMMISSIONER'S RESPONSIBILITIES.

Subdivision 1. Scope. This section establishes rules that businesses must satisfy to qualify for the seed capital investment credit under section 290.06, subdivision 34, and the commissioner's responsibility for certifying the qualifying businesses.

Subd. 2. Definitions. (a) For purposes of this section and section 290.06, subdivision 34, the following terms have the meanings given.

(b) "Border city" means a city qualifying to designate a border city development zone under section 469.1731.

(c) "Pass-through entity" means a corporation that for the applicable tax year is treated as an S corporation or a general partnership, limited partnership, limited liability partnership, trust, or limited liability company and which for the applicable taxable year is not taxed as a corporation under chapter 290.

(d) "Primary sector business" means a qualified business that through the employment of knowledge or labor adds value to a product, process, or service and increases revenues to a Minnesota business generated by sales of products or services to customers outside of the state or increases revenues to a qualified business the customers of which previously were unable to acquire, or had limited availability of the product or service from a Minnesota provider.

(e) "Qualified business" means a business certified by the commissioner as meeting the requirements of subdivision 3.

Subd. 3. Qualified business. (a) The commissioner shall certify whether a business that has requested to become a qualified business meets the requirements of paragraph (b).

(b) For purposes of this section, a qualified business must be a primary sector business, other than a real estate investment trust, that:

(1) is incorporated or its satellite operation is incorporated as a for-profit corporation or is a partnership, limited partnership, limited liability company, limited liability partnership, or joint venture;

(2) is in compliance with the requirements for filings with the commissioner of commerce under the securities laws of this state;

(3) has Minnesota residents as a majority of its employees in its principal office or the satellite operation, which is located in a border city;

48.1 (4) has its principal office in a border city and has the majority of its business  
48.2 activity performed in a border city, except sales activity, or has a significant operation in  
48.3 a border city that has or is projected to have more than ten employees or \$150,000 of  
48.4 sales annually; and

48.5 (5) relies on innovation, research, or the development of new products and processes  
48.6 in its plans for growth and profitability.

48.7 (c) The commissioner shall establish the necessary forms and procedures for  
48.8 certifying qualified businesses.

48.9 (d) A qualified business may apply to the commissioner for a recertification. Only  
48.10 one recertification is available to a qualified business. The application for recertification  
48.11 must be filed with the commissioner within 90 days before the original certification  
48.12 expiration date. The recertification issued by the director must comply with the provisions  
48.13 of paragraph (e).

48.14 (e) The commissioner shall issue a certification letter to a business the commissioner  
48.15 determines is a qualified business. The certification letter must include:

48.16 (1) the certification effective date; and

48.17 (2) the certification expiration date, which may not be more than four years from the  
48.18 certification effective date.

48.19 Subd. 4. **Seed capital investment credit reporting.** Within 30 days after the date  
48.20 that an investment in a qualified business is purchased, the qualified business shall file with  
48.21 the commissioner and the commissioner of revenue and provide to the investor completed  
48.22 forms prescribed by the commissioner of revenue that show as to each investment in the  
48.23 qualified business the following:

48.24 (1) the name, address, and Social Security number of the taxpayer who made the  
48.25 investment; and

48.26 (2) the dollar amount paid for the investment by the taxpayer.

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

48.28 Sec. 2. Minnesota Statutes 2006, section 116J.993, subdivision 3, is amended to read:

48.29 Subd. 3. **Business subsidy.** "Business subsidy" or "subsidy" means a state or local  
48.30 government agency grant, contribution of personal property, real property, infrastructure,  
48.31 the principal amount of a loan at rates below those commercially available to the recipient,  
48.32 any reduction or deferral of any tax or any fee, any guarantee of any payment under any  
48.33 loan, lease, or other obligation, or any preferential use of government facilities given  
48.34 to a business.

48.35 The following forms of financial assistance are not a business subsidy:



- 49.1 (1) a business subsidy of less than ~~\$25,000~~ \$150,000;
- 49.2 (2) assistance that is generally available to all businesses or to a general class of  
49.3 similar businesses, such as a line of business, size, location, or similar general criteria;
- 49.4 (3) public improvements to buildings or lands owned by the state or local  
49.5 government that serve a public purpose and do not principally benefit a single business or  
49.6 defined group of businesses at the time the improvements are made;
- 49.7 (4) redevelopment property polluted by contaminants as defined in section 116J.552,  
49.8 subdivision 3;
- 49.9 (5) assistance provided for the sole purpose of renovating old or decaying building  
49.10 stock or bringing it up to code and assistance provided for designated historic preservation  
49.11 districts, provided that the assistance is equal to or less than 50 percent of the total cost;
- 49.12 (6) assistance to provide job readiness and training services if the sole purpose of  
49.13 the assistance is to provide those services;
- 49.14 (7) assistance for housing;
- 49.15 (8) assistance for pollution control or abatement, including assistance for a tax  
49.16 increment financing hazardous substance subdistrict as defined under section 469.174,  
49.17 subdivision 23;
- 49.18 (9) assistance for energy conservation;
- 49.19 (10) tax reductions resulting from conformity with federal tax law;
- 49.20 (11) workers' compensation and unemployment insurance;
- 49.21 (12) benefits derived from regulation;
- 49.22 (13) indirect benefits derived from assistance to educational institutions;
- 49.23 (14) funds from bonds allocated under chapter 474A, bonds issued to refund  
49.24 outstanding bonds, and bonds issued for the benefit of an organization described in section  
49.25 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
- 49.26 (15) assistance for a collaboration between a Minnesota higher education institution  
49.27 and a business;
- 49.28 (16) assistance for a tax increment financing soils condition district as defined under  
49.29 section 469.174, subdivision 19;
- 49.30 (17) redevelopment when the recipient's investment in the purchase of the site and in  
49.31 site preparation is 70 percent or more of the assessor's current year's estimated market  
49.32 value;
- 49.33 (18) general changes in tax increment financing law and other general tax law  
49.34 changes of a principally technical nature;
- 49.35 (19) federal assistance until the assistance has been repaid to, and reinvested by, the  
49.36 state or local government agency;

- 50.1 (20) funds from dock and wharf bonds issued by a seaway port authority;
- 50.2 (21) business loans and loan guarantees of ~~\$75,000~~ \$150,000 or less;
- 50.3 (22) federal loan funds provided through the United States Department of
- 50.4 Commerce, Economic Development Administration; and
- 50.5 (23) property tax abatements granted under section 469.1813 to property that is
- 50.6 subject to valuation under Minnesota Rules, chapter 8100.

50.7 Sec. 3. Minnesota Statutes 2006, section 116J.994, subdivision 2, is amended to read:

50.8 Subd. 2. **Developing a set of criteria.** A business subsidy may not be granted until

50.9 the grantor has adopted criteria after a public hearing for awarding business subsidies

50.10 that comply with this section. The criteria may not be adopted on a case-by-case basis.

50.11 The criteria must set specific minimum requirements that recipients must meet in order

50.12 to be eligible to receive business subsidies. The criteria must include a specific wage

50.13 floor for the wages to be paid for the jobs created. The wage floor may be stated as a

50.14 specific dollar amount or may be stated as a formula that will generate a specific dollar

50.15 amount. A grantor may deviate from its criteria by documenting in writing the reason

50.16 for the deviation and attaching a copy of the document to its next annual report to the

50.17 department. The commissioner of employment and economic development may assist

50.18 local government agencies in developing criteria. A copy of the criteria must be submitted

50.19 to the Department of Employment and Economic Development along with the first annual

50.20 report following the enactment of this section or with the first annual report after it has

50.21 adopted criteria, whichever is earlier. Notwithstanding section 116J.993, subdivision 3,

50.22 clauses (1) and (21), for the purpose of this subdivision, "business subsidies" as defined

50.23 under section 116J.993 includes the following forms of financial assistance:

- 50.24 (1) a business subsidy of \$25,000 or more; and
- 50.25 (2) business loans and guarantees of \$75,000 or more.

50.26 Sec. 4. Minnesota Statutes 2006, section 116J.994, subdivision 5, is amended to read:

50.27 Subd. 5. **Public notice and hearing.** (a) Before granting a business subsidy that

50.28 exceeds \$500,000 for a state government grantor and ~~\$100,000~~ \$150,000 for a local

50.29 government grantor, the grantor must provide public notice and a hearing on the subsidy.

50.30 A public hearing and notice under this subdivision is not required if a hearing and notice

50.31 on the subsidy is otherwise required by law.

50.32 (b) Public notice of a proposed business subsidy under this subdivision by a state

50.33 government grantor, other than the Iron Range Resources and Rehabilitation Board, must

50.34 be published in the State Register. Public notice of a proposed business subsidy under this

51.1 subdivision by a local government grantor or the Iron Range Resources and Rehabilitation  
51.2 Board must be published in a local newspaper of general circulation. The public notice  
51.3 must identify the location at which information about the business subsidy, including a  
51.4 summary of the terms of the subsidy, is available. Published notice should be sufficiently  
51.5 conspicuous in size and placement to distinguish the notice from the surrounding text.  
51.6 The grantor must make the information available in printed paper copies and, if possible,  
51.7 on the Internet. The government agency must provide at least a ten-day notice for the  
51.8 public hearing.

51.9 (c) The public notice must include the date, time, and place of the hearing.

51.10 (d) The public hearing by a state government grantor other than the Iron Range  
51.11 Resources and Rehabilitation Board must be held in St. Paul.

51.12 (e) If more than one nonstate grantor provides a business subsidy to the same  
51.13 recipient, the nonstate grantors may designate one nonstate grantor to hold a single  
51.14 public hearing regarding the business subsidies provided by all nonstate grantors. For  
51.15 the purposes of this paragraph, "nonstate grantor" includes the iron range resources and  
51.16 rehabilitation board.

51.17 (f) The public notice of any public meeting about a business subsidy agreement,  
51.18 including those required by this subdivision and by subdivision 4, must include notice that  
51.19 a person with residence in or the owner of taxable property in the granting jurisdiction  
51.20 may file a written complaint with the grantor if the grantor fails to comply with sections  
51.21 116J.993 to 116J.995, and that no action may be filed against the grantor for the failure to  
51.22 comply unless a written complaint is filed.

51.23 Sec. 5. Minnesota Statutes 2006, section 116J.994, subdivision 8, is amended to read:

51.24 Subd. 8. **Reports by grantors.** (a) Local government agencies of a local  
51.25 government with a population of more than 2,500 and state government agencies,  
51.26 regardless of whether or not they have awarded any business subsidies, must file a report  
51.27 by April 1 of each year with the commissioner. Local government agencies of a local  
51.28 government with a population of 2,500 or less are exempt from filing this report if they  
51.29 have not awarded a business subsidy in the past five years. The report must include a list  
51.30 of recipients that did not complete the recipient report required under subdivision 7 and a  
51.31 list of recipients that have not met their job and wage goals within two years and the steps  
51.32 being taken to bring them into compliance or to recoup the subsidy.

51.33 If the commissioner has not received the report by April 1 from an entity required  
51.34 to report, the commissioner shall issue a warning to the government agency. If the  
51.35 commissioner has still not received the report by June 1 of that same year from an entity

52.1 required to report, then that government agency may not award any business subsidies  
52.2 until the report has been filed.

52.3 (b) The report required under paragraph (a) is also required for financial assistance  
52.4 of \$25,000 and greater that is excluded from the definition of "business subsidy" by  
52.5 section 116J.993, subdivision 3, clause (1), and of \$75,000 and greater that is excluded  
52.6 from the definition of "business subsidy" by section 116J.993, subdivision 3, clause (21).  
52.7 The report for the financial assistance under this paragraph must be completed within one  
52.8 year of the granting of the financial assistance. The report required for financial assistance  
52.9 under this paragraph must include:

52.10 (1) the name of the recipient, its organizational structure, its address and contact  
52.11 information, and its industry sector;

52.12 (2) a description of the amount and use of the financial assistance and the total  
52.13 project budget, including a list of all financial assistance by all grantors for the project and  
52.14 the private sources of financial assistance;

52.15 (3) the public purpose of the financial assistance, the job goals associated with both  
52.16 the financial assistance and the total project in which the financial assistance is included,  
52.17 the hourly wage of each job created, and the cost of health insurance provided by the  
52.18 employer;

52.19 (4) the date the project will be completed;

52.20 (5) the name and address of the parent corporation of the recipient, if any; and

52.21 (6) any other information the commissioner may request.

52.22 (c) Within one year of completing a report under paragraph (b), the local government  
52.23 agency must report to the commissioner on progress in achieving the purposes and goals  
52.24 under clause (3).

52.25 (d) The commissioner of employment and economic development must provide  
52.26 information on reporting requirements to state and local government agencies.

52.27 Sec. 6. Minnesota Statutes 2007 Supplement, section 268.19, subdivision 1, as  
52.28 amended by Laws 2008, chapter 315, section 16, is amended to read:

52.29 Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered  
52.30 from any person under the administration of the Minnesota Unemployment Insurance Law  
52.31 are private data on individuals or nonpublic data not on individuals as defined in section  
52.32 13.02, subdivisions 9 and 12, and may not be disclosed except according to a district court  
52.33 order or section 13.05. A subpoena is not considered a district court order. These data  
52.34 may be disseminated to and used by the following agencies without the consent of the  
52.35 subject of the data:

- 53.1 (1) state and federal agencies specifically authorized access to the data by state  
53.2 or federal law;
- 53.3 (2) any agency of any other state or any federal agency charged with the  
53.4 administration of an unemployment insurance program;
- 53.5 (3) any agency responsible for the maintenance of a system of public employment  
53.6 offices for the purpose of assisting individuals in obtaining employment;
- 53.7 (4) the public authority responsible for child support in Minnesota or any other  
53.8 state in accordance with section 256.978;
- 53.9 (5) human rights agencies within Minnesota that have enforcement powers;
- 53.10 (6) the Department of Revenue to the extent necessary for its duties under Minnesota  
53.11 laws;
- 53.12 (7) public and private agencies responsible for administering publicly financed  
53.13 assistance programs for the purpose of monitoring the eligibility of the program's  
53.14 recipients;
- 53.15 (8) the Department of Labor and Industry and the Division of Insurance Fraud  
53.16 Prevention in the Department of Commerce for uses consistent with the administration of  
53.17 their duties under Minnesota law;
- 53.18 (9) local and state welfare agencies for monitoring the eligibility of the data subject  
53.19 for assistance programs, or for any employment or training program administered by those  
53.20 agencies, whether alone, in combination with another welfare agency, or in conjunction  
53.21 with the department or to monitor and evaluate the statewide Minnesota family investment  
53.22 program by providing data on recipients and former recipients of food stamps or food  
53.23 support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance  
53.24 under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;
- 53.25 (10) local and state welfare agencies for the purpose of identifying employment,  
53.26 wages, and other information to assist in the collection of an overpayment debt in an  
53.27 assistance program;
- 53.28 (11) local, state, and federal law enforcement agencies for the purpose of ascertaining  
53.29 the last known address and employment location of an individual who is the subject of  
53.30 a criminal investigation;
- 53.31 (12) the United States Citizenship and Immigration Services has access to data on  
53.32 specific individuals and specific employers provided the specific individual or specific  
53.33 employer is the subject of an investigation by that agency;
- 53.34 (13) the Department of Health for the purposes of epidemiologic investigations; ~~and~~

54.1 (14) the Department of Corrections for the purpose of preconfinement and  
54.2 postconfinement employment tracking of committed offenders for the purpose of case  
54.3 planning; and

54.4 (15) the state auditor to the extent necessary to conduct audits of job opportunity  
54.5 building zones as required under section 469.3201.

54.6 (b) Data on individuals and employers that are collected, maintained, or used by  
54.7 the department in an investigation under section 268.182 are confidential as to data  
54.8 on individuals and protected nonpublic data not on individuals as defined in section  
54.9 13.02, subdivisions 3 and 13, and must not be disclosed except under statute or district  
54.10 court order or to a party named in a criminal proceeding, administrative or judicial, for  
54.11 preparation of a defense.

54.12 (c) Data gathered by the department in the administration of the Minnesota  
54.13 unemployment insurance program must not be made the subject or the basis for any  
54.14 suit in any civil proceedings, administrative or judicial, unless the action is initiated by  
54.15 the department.

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

54.17 Sec. 7. Minnesota Statutes 2006, section 270B.15, is amended to read:

54.18 **270B.15 DISCLOSURE TO LEGISLATIVE AUDITOR AND STATE**  
54.19 **AUDITOR.**

54.20 (a) Returns and return information must be disclosed to the legislative auditor to the  
54.21 extent necessary for the legislative auditor to carry out sections 3.97 to 3.979.

54.22 (b) The commissioner must disclose return information, including the report  
54.23 required under section 289A.12, subdivision 15, to the state auditor to the extent necessary  
54.24 to conduct audits of job opportunity building zones as required under section 469.3201.

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

54.26 Sec. 8. Minnesota Statutes 2006, section 289A.12, is amended by adding a subdivision  
54.27 to read:

54.28 **Subd. 15. Report of job opportunity zone benefits; penalty for failure to file**  
54.29 **report.** (a) By October 15 of each year, every qualified business, as defined under section  
54.30 469.310, subdivision 11, must file with the commissioner, on a form prescribed by the  
54.31 commissioner, a report listing the tax benefits under section 469.315 received by the  
54.32 business for the previous year.

54.33 (b) The commissioner shall send notice to each business that fails to timely submit  
54.34 the report required under paragraph (a). The notice shall demand that the business submit

55.1 the report within 60 days. Where good cause exists, the commissioner may extend  
55.2 the period for submitting the report as long as a request for extension is filed by the  
55.3 business before the expiration of the 60-day period. The commissioner shall notify the  
55.4 commissioner of the Department of Employment and Economic Development and the  
55.5 appropriate job opportunity subzone administrator whenever notice is sent to a business  
55.6 under this paragraph.

55.7 (c) A business that fails to submit the report as required under paragraph (b) is no  
55.8 longer a qualified business under section 469.310, subdivision 11, and is subject to the  
55.9 repayment provisions of section 469.319.

55.10 **EFFECTIVE DATE.** This section is effective beginning with reports required to be  
55.11 filed October 15, 2008.

55.12 Sec. 9. Minnesota Statutes 2006, section 290.06, is amended by adding a subdivision  
55.13 to read:

55.14 Subd. 35. **Seed capital investment credit.** (a) An individual, estate, or trust is  
55.15 allowed a credit against the tax imposed by this chapter for investments in a qualifying  
55.16 business certified under section 116J.8732, subdivision 3. The credit equals 45 percent  
55.17 of the amount invested by the taxpayer in qualified businesses during the taxable year.  
55.18 The credit must not exceed \$112,500 for each taxable year.

55.19 (b) A pass-through entity that invests in a qualified business must be considered to  
55.20 be the taxpayer for purposes of the investment limitations in this subdivision and the  
55.21 amount of the credit allowed with respect to a pass-through entity's investment in a  
55.22 qualified business must be determined at the pass-through entity level. The amount of the  
55.23 total credit determined at the pass-through entity level must be allowed to the members in  
55.24 proportion to their respective interests in the pass-through entity.

55.25 (c) An investment made in a qualified business from the assets of a retirement  
55.26 plan is deemed to be the retirement plan participant's investment for the purpose of this  
55.27 subdivision if a separate account is maintained for the plan participant and the participant  
55.28 directly controls where the account assets are invested.

55.29 (d) The investment must be made on or after the certification effective date and  
55.30 must be at risk in the business to be eligible for the tax credit under this subdivision.  
55.31 An investment for which a credit is received under this subdivision must remain in the  
55.32 qualified business for at least three years. Investments placed in escrow do not qualify  
55.33 for the credit.

56.1           (e) The entire amount of an investment for which a credit is claimed under this  
56.2 subdivision must be expended by the qualified business for plant, equipment, research and  
56.3 development, marketing and sales activity, or working capital for the qualified business.

56.4           (f) A taxpayer who owns a controlling interest in the qualified business or who  
56.5 receives more than 50 percent of the taxpayer's gross annual income from the qualified  
56.6 business is not entitled to a credit under this subdivision. A member of the immediate  
56.7 family of a taxpayer disqualified by this subdivision is not entitled to the credit under this  
56.8 subdivision. For purposes of this subdivision, "immediate family" means the taxpayer's  
56.9 spouse, parent, sibling, or child or the spouse of any such person.

56.10          (g) The commissioner may disallow any credit otherwise allowed under this  
56.11 subdivision if any representation by a business in the application for certification as a  
56.12 qualified business proves to be false or if the taxpayer or qualified business fails to satisfy  
56.13 any conditions under this subdivision or section 116J.8732 or any conditions consistent  
56.14 with those requirements otherwise determined by the commissioner. The commissioner  
56.15 has four years after the due date of the return or after the return was filed, whichever  
56.16 period expires later, to audit the credit and assess additional tax that may be found due  
56.17 to failure to comply with the provisions of this subdivision and section 116J.8732. The  
56.18 amount of any credit disallowed by the commissioner that reduced the taxpayer's income  
56.19 tax liability for any or all applicable tax years, plus penalty and interest as provided under  
56.20 chapter 289A, must be paid by the taxpayer.

56.21          (h) If the amount of the credit under this subdivision for any taxable year exceeds  
56.22 the limitations under paragraph (a), the excess is a credit carryover to each of the four  
56.23 succeeding taxable years. The entire amount of the excess unused credit for the taxable  
56.24 year must be carried first to the earliest of the taxable years to which the credit may be  
56.25 carried. The amount of the unused credit that may be added under this paragraph may  
56.26 not exceed the taxpayer's liability for tax, less the credit for the taxable year. Each year,  
56.27 the aggregate amount of seed capital investment tax credit allowed for investments under  
56.28 this subdivision is limited to allocations that a border city has available for tax reductions  
56.29 in border city enterprise zones under section 469.169. The city must annually notify the  
56.30 commissioner of the amount of its section 469.169 allocations that it wishes to use to  
56.31 provide credits under this paragraph and the commissioner, after verifying the available  
56.32 allocation, shall implement the limit under this paragraph. If investments in qualified  
56.33 businesses reported to the commissioner exceed the limit on credits for investments  
56.34 imposed by this subdivision, the credit must be allowed to taxpayers in the chronological  
56.35 order of their investments in qualified businesses as determined from the forms filed  
56.36 under section 116J.8732.



57.1           **EFFECTIVE DATE.** This section is effective July 1, 2008, for taxable years  
57.2 beginning after December 31, 2007, and only applies to investments made after the  
57.3 qualified business has been certified by the commissioner of employment and economic  
57.4 development.

57.5           Sec. 10. Minnesota Statutes 2006, section 383E.20, is amended to read:

57.6           **383E.20 BONDING FOR COUNTY LIBRARY BUILDINGS.**

57.7           The Anoka County Board may, by resolution adopted by a four-sevenths vote,  
57.8 issue and sell general obligation bonds of the county in the manner provided in chapter  
57.9 475 to acquire, better, and construct county library buildings. The bonds shall not be  
57.10 subject to the requirements of sections 475.57 to 475.59. The maturity years and amounts  
57.11 and interest rates of each series of bonds shall be fixed so that the maximum amount of  
57.12 principal and interest to become due in any year, on the bonds of that series and of all  
57.13 outstanding series issued by or for the purposes of libraries, shall not exceed an amount  
57.14 equal to ~~the lesser of (i) .01 percent of the taxable market value of all taxable property in~~  
57.15 ~~the county, excluding any taxable property taxed by any city for the support of any free~~  
57.16 ~~public library, or (ii) \$1,250,000.~~ When the tax levy authorized in this section is collected,  
57.17 it shall be appropriated and credited to a debt service fund for the bonds. The tax levy for  
57.18 the debt service fund under section 475.61 shall be reduced by the amount available or  
57.19 reasonably anticipated to be available in the fund to make payments otherwise payable  
57.20 from the levy pursuant to section 475.61.

57.21           **EFFECTIVE DATE.** This section is effective the day after the governing body  
57.22 of Anoka County and its chief clerical officer timely complete their compliance with  
57.23 Minnesota Statutes, section 645.021, subdivisions 2 and 3.

57.24           Sec. 11. Minnesota Statutes 2006, section 469.033, subdivision 6, is amended to read:

57.25           Subd. 6. **Operation area as taxing district, special tax.** All of the territory  
57.26 included within the area of operation of any authority shall constitute a taxing district for  
57.27 the purpose of levying and collecting special benefit taxes as provided in this subdivision.  
57.28 All of the taxable property, both real and personal, within that taxing district shall be  
57.29 deemed to be benefited by projects to the extent of the special taxes levied under this  
57.30 subdivision. Subject to the consent by resolution of the governing body of the city in and  
57.31 for which it was created, an authority may levy a tax upon all taxable property within that  
57.32 taxing district. The tax shall be extended, spread, and included with and as a part of  
57.33 the general taxes for state, county, and municipal purposes by the county auditor, to be  
57.34 collected and enforced therewith, together with the penalty, interest, and costs. As the tax,

58.1 including any penalties, interest, and costs, is collected by the county treasurer it shall be  
58.2 accumulated and kept in a separate fund to be known as the "housing and redevelopment  
58.3 project fund." The money in the fund shall be turned over to the authority at the same time  
58.4 and in the same manner that the tax collections for the city are turned over to the city, and  
58.5 shall be expended only for the purposes of sections 469.001 to 469.047. It shall be paid  
58.6 out upon vouchers signed by the chair of the authority or an authorized representative.  
58.7 The amount of the levy shall be an amount approved by the governing body of the city, but  
58.8 shall not exceed ~~0.0144~~ 0.0185 percent of taxable market value ~~for the current levy year,~~  
58.9 ~~notwithstanding section 273.032.~~ The authority shall each year formulate and file a budget  
58.10 in accordance with the budget procedure of the city in the same manner as required of  
58.11 executive departments of the city or, if no budgets are required to be filed, by August 1.  
58.12 The amount of the tax levy for the following year shall be based on that budget.

58.13 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2009.

58.14 Sec. 12. Minnesota Statutes 2006, section 469.177, is amended by adding a subdivision  
58.15 to read:

58.16 **Subd. 13. Correction of errors.** (a) If the county auditor, as a result of an error  
58.17 or mistake, decertifies a district, fails to certify a district, incorrectly certifies a district,  
58.18 or otherwise fails to correctly compute the amount of increment, the county auditor may  
58.19 undertake one or more of the following actions to correct the error or mistake:

58.20 (1) certify the original tax capacity of the affected parcels at the appropriate value  
58.21 for a later taxes payable year and extend the duration of the district, in whole or in part,  
58.22 to compensate;

58.23 (2) recertify the affected parcels and extend duration of the district, in whole or in  
58.24 part, to compensate;

58.25 (3) recertify or correct the original tax capacity rate for the district;

58.26 (4) adjust the tax rates of one or more of the taxing districts imposing taxes in the tax  
58.27 increment financing districts for one or more years to recoup amounts advanced by the  
58.28 county or other entity to the authority to replace the reduced increments; or

58.29 (5) take other appropriate action so that the amount of increment compensates for or  
58.30 offsets the error or mistake and correctly reflects application of the law.

58.31 (b) At least 30 days before exercising authority under this subdivision, the county  
58.32 auditor must notify the authority and the municipality, in writing, of the intent to do so,  
58.33 including supporting information to describe reason for the proposed action. The authority  
58.34 and municipality may waive the time requirement of this paragraph. If the city or the  
58.35 authority objects before expiration of the 30-day period, the matter must be submitted to

59.1 the commissioner of revenue for a decision or resolution of the dispute. The commissioner  
59.2 of revenue shall consult with the Office of the State Auditor before making a decision.

59.3 (c) The county auditor must notify the commissioner of revenue and the Office  
59.4 of the State Auditor of corrections made under this subdivision. The notification must  
59.5 be made in the form and manner and at the time prescribed by the commissioner. The  
59.6 commissioner shall incorporate the corrections in the tax increment financing district tax  
59.7 list supplement, as appropriate.

59.8 **EFFECTIVE DATE.** This section is effective the day following final enactment  
59.9 and applies to all tax increment financing districts, regardless of when the request for  
59.10 certification was made or when the error occurred.

59.11 Sec. 13. Minnesota Statutes 2006, section 469.319, is amended to read:

59.12 **469.319 REPAYMENT OF TAX BENEFITS BY BUSINESSES THAT NO**  
59.13 **LONGER OPERATE IN A ZONE.**

59.14 Subdivision 1. **Repayment obligation.** A business must repay the ~~amount of the~~  
59.15 ~~total tax reduction benefits~~ listed in section 469.315 ~~and any refund under section 469.318~~  
59.16 ~~in excess of tax liability~~, received during the two years immediately before it (1) ~~ceased to~~  
59.17 ~~operate in the zone, if the business:~~

59.18 ~~(1) received tax reductions authorized by section 469.315; and~~

59.19 ~~(2)(i) did not meet the goals specified in an agreement entered into with the applicant~~  
59.20 ~~that states any obligation the qualified business must fulfill in order to be eligible for tax~~  
59.21 ~~benefits. The commissioner of employment and economic development may extend for~~  
59.22 ~~up to one year the period for meeting any goals provided in an agreement. The applicant~~  
59.23 ~~may extend the period for meeting other goals by documenting in writing the reason~~  
59.24 ~~for the extension and attaching a copy of the document to its next annual report to the~~  
59.25 ~~commissioner of employment and economic development; or~~

59.26 ~~(ii) ceased to operate its facility located within the job opportunity building zone~~  
59.27 ~~perform a substantial level of activities described in the business subsidy agreement, or~~  
59.28 ~~(2) otherwise ceases~~ ceased to be or is not a qualified business, other than those subject to  
59.29 the provisions of section 469.3191.

59.30 Subd. 1a. **Repayment obligation of businesses not operating in zone.** Persons  
59.31 that receive benefits without operating a business in a zone are subject to repayment  
59.32 under this section if the business for which those benefits relate is subject to repayment  
59.33 under this section. Such persons are deemed to have ceased performing in the zone on

60.1 the same day that the qualified business for which the benefits relate becomes subject to  
60.2 repayment under subdivision 1.

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

60.5 (b) "Business" means any person ~~who~~ that received tax benefits enumerated in  
60.6 section 469.315.

60.7 (c) "Commissioner" means the commissioner of revenue.

60.8 (d) "Persons that receive benefits without operating a business in a zone" means  
60.9 persons that claim benefits under section 469.316, subdivision 2 or 4, as well as persons  
60.10 that own property leased by a qualified business and are eligible for benefits under section  
60.11 272.02, subdivision 64, or 297A.68, subdivision 37, paragraph (b).

60.12 Subd. 3. **Disposition of repayment.** The repayment must be paid to the state to  
60.13 the extent it represents a state tax reduction and to the county to the extent it represents a  
60.14 property tax reduction. Any amount repaid to the state must be deposited in the general  
60.15 fund. Any amount repaid to the county for the property tax exemption must be distributed  
60.16 to the ~~local governments~~ taxing authorities with authority to levy taxes in the zone in the  
60.17 same manner provided for distribution of payment of delinquent property taxes. Any  
60.18 repayment of local sales taxes must be repaid to the commissioner for distribution to the  
60.19 city or county imposing the local sales tax.

60.20 Subd. 4. **Repayment procedures.** (a) For the repayment of taxes imposed under  
60.21 chapter 290 or 297A or local taxes collected pursuant to section 297A.99, a business must  
60.22 file an amended return with the commissioner of revenue and pay any taxes required  
60.23 to be repaid within 30 days after ~~ceasing to do business in the zone~~ becoming subject  
60.24 to repayment under this section. The amount required to be repaid is determined by  
60.25 calculating the tax for the period or periods for which repayment is required without  
60.26 regard to the exemptions and credits allowed under section 469.315.

60.27 (b) For the repayment of taxes imposed under chapter 297B, a business must pay any  
60.28 taxes required to be repaid to the motor vehicle registrar, as agent for the commissioner  
60.29 of revenue, within 30 days after ~~ceasing to do business in the zone~~ becoming subject  
60.30 to repayment under this section.

60.31 (c) For the repayment of property taxes, the county auditor shall prepare a tax  
60.32 statement for the business, applying the applicable tax extension rates for each payable  
60.33 year and provide a copy to the business and to the taxpayer of record. The business must  
60.34 pay the taxes to the county treasurer within 30 days after receipt of the tax statement.

61.1 The business or the taxpayer of record may appeal the valuation and determination of the  
61.2 property tax to the Tax Court within 30 days after receipt of the tax statement.

61.3 (d) The provisions of chapters 270C and 289A relating to the commissioner's  
61.4 authority to audit, assess, and collect the tax and to hear appeals are applicable to the  
61.5 repayment required under paragraphs (a) and (b). The commissioner may impose civil  
61.6 penalties as provided in chapter 289A, and the additional tax and penalties are subject to  
61.7 interest at the rate provided in section 270C.40, from 30 days after ~~ceasing to do business~~  
61.8 ~~in the job opportunity building zone~~ becoming subject to repayment under this section  
61.9 until the date the tax is paid.

61.10 (e) If a property tax is not repaid under paragraph (c), the county treasurer shall add  
61.11 the amount required to be repaid to the property taxes assessed against the property for  
61.12 payment in the year following the year in which the ~~treasurer discovers that the business~~  
61.13 ~~ceased to operate in the job opportunity building zone~~ auditor provided the statement  
61.14 under paragraph (c).

61.15 (f) For determining the tax required to be repaid, a ~~tax~~ reduction of a state or local  
61.16 sales or use tax is deemed to have been received on the date that the ~~tax would have~~  
61.17 ~~been due if the taxpayer had not been entitled to the exemption or on the date a refund~~  
61.18 ~~was issued for a refundable tax credit.~~ good or service was purchased or first put to a  
61.19 taxable use. In the case of an income tax or franchise tax, including the credit payable  
61.20 under section 469.318, a reduction of tax is deemed to have been received for the two  
61.21 most recent tax years that have ended prior to the date that the business became subject to  
61.22 repayment under this section. In the case of a property tax, a reduction of tax is deemed to  
61.23 have been received for the taxes payable in the year that the business became subject to  
61.24 repayment under this section and for the taxes payable in the prior year.

61.25 (g) The commissioner may assess the repayment of taxes under paragraph (d)  
61.26 any time within two years after the business ~~ceases to operate in the job opportunity~~  
61.27 ~~building zone~~ becomes subject to repayment under subdivision 1, or within any period of  
61.28 limitations for the assessment of tax under section 289A.38, whichever period is later. The  
61.29 county auditor may send the statement under paragraph (c) any time within three years  
61.30 after the business becomes subject to repayment under subdivision 1.

61.31 (h) A business is not entitled to any income tax or franchise tax benefits, including  
61.32 refundable credits, for any part of the year in which the business becomes subject to  
61.33 repayment under this section nor for any year thereafter. Property is not exempt from tax  
61.34 under section 272.02, subdivision 64, for any taxes payable in the year following the year  
61.35 in which the property became subject to repayment under this section nor for any year  
61.36 thereafter. A business is not eligible for any sales tax benefits beginning with goods

62.1 or services purchased or first put to a taxable use on the day that the business becomes  
62.2 subject to repayment under this section.

62.3 Subd. 5. **Waiver authority.** (a) The commissioner may waive all or part of a  
62.4 repayment required under subdivision 1, if the commissioner, in consultation with  
62.5 the commissioner of employment and economic development and appropriate officials  
62.6 from the local government units in which the qualified business is located, determines  
62.7 that requiring repayment of the tax is not in the best interest of the state or the local  
62.8 government units and the business ceased operating as a result of circumstances beyond  
62.9 its control including, but not limited to:

- 62.10 (1) a natural disaster;  
62.11 (2) unforeseen industry trends; or  
62.12 (3) loss of a major supplier or customer.

62.13 (b)(1) The commissioner shall waive repayment required under subdivision 1a if  
62.14 the commissioner has waived repayment by the operating business under subdivision 1,  
62.15 unless the person that received benefits without having to operate a business in the zone  
62.16 was a contributing factor in the qualified business becoming subject to repayment under  
62.17 subdivision 1;

62.18 (2) the commissioner shall waive the repayment required under subdivision 1a, even  
62.19 if the repayment has not been waived for the operating business if:

62.20 (i) the person that received benefits without having to operate a business in the zone  
62.21 and the business that operated in the zone are not related parties as defined in section  
62.22 267(b) of the Internal Revenue Code of 1986, as amended through December 31, 2007; and

62.23 (ii) actions of the person were not a contributing factor in the qualified business  
62.24 becoming subject to repayment under subdivision 1.

62.25 Subd. 6. **Reconciliation.** Where this section is inconsistent with section 116J.994,  
62.26 subdivision 3, paragraph (e), or 6, or any other provisions of sections 116J.993 to  
62.27 116J.995, this section prevails.

62.28 **EFFECTIVE DATE.** The amendment to subdivision 4, paragraph (c), of this  
62.29 section is effective the day following final enactment. The amendment to subdivision  
62.30 4, paragraph (f), is effective retroactively from January 1, 2008, and applies to all  
62.31 businesses that become subject to this section in 2008. The rest of this section is effective  
62.32 retroactively from January 1, 2004, except that for violations that occur before the day  
62.33 following final enactment, this section does not apply if the business has repaid the  
62.34 benefits or the commissioner has granted a waiver.

63.1       Sec. 14. **[469.319] BREACH OF AGREEMENTS BY BUSINESSES THAT**  
63.2 **CONTINUE TO OPERATE IN ZONE.**

63.3       (a) A "business in violation of its business subsidy agreement but not subject to  
63.4 section 469.319" means a business that is operating in violation of the business subsidy  
63.5 agreement but maintains a level of operations in the zone that does not subject it to the  
63.6 repayment provisions of section 469.319, subdivision 1, clause (1).

63.7       (b) A business described in paragraph (a) that does not sign a new or amended  
63.8 business subsidy agreement, as authorized under paragraph (h), is subject to repayment  
63.9 of benefits under section 469.319 from the day that it ceases to perform in the zone a  
63.10 substantial level of activities described in the business subsidy agreement.

63.11       (c) A business described in paragraph (a) ceases being a qualified business after the  
63.12 last day that it has to meet the goals stated in the agreement.

63.13       (d) A business is not entitled to any income tax or franchise tax benefits, including  
63.14 refundable credits, for any part of the year in which the business is no longer a qualified  
63.15 business under paragraph (c), and thereafter. A business is not eligible for sales tax  
63.16 benefits beginning with goods or services purchased or put to a taxable use on the day that  
63.17 it is no longer a qualified business under paragraph (c). Property is not exempt from tax  
63.18 under section 272.02, subdivision 64, for any taxes payable in the year following the year  
63.19 in which the business is no longer a qualified business under paragraph (c), and thereafter.

63.20       (e) A business described in paragraph (a) that wants to resume eligibility for benefits  
63.21 under section 469.315 must request that the commissioner of employment and economic  
63.22 development determine the length of time that the business is ineligible for benefits. The  
63.23 commissioner shall determine the length of ineligibility by applying the proportionate  
63.24 level of performance under the agreement to the total duration of the zone as measured  
63.25 from the date that the business subsidy agreement was executed. The length of time  
63.26 must not be less than one full year for each tax benefit listed in section 469.315. The  
63.27 commissioner of employment and economic development and the appropriate local  
63.28 government officials shall consult with the commissioner of revenue to ensure that the  
63.29 period of ineligibility includes at least one full year of benefits for each tax.

63.30       (f) The length of ineligibility determined under paragraph (e) must be applied by  
63.31 reducing the zone duration for the property by the duration of the ineligibility.

63.32       (g) The zone duration of property that has been adjusted under paragraph (f) must  
63.33 not be altered again to permit the business additional benefits under section 469.315.

63.34       (h) A business described in paragraph (a) becomes eligible for benefits available  
63.35 under section 469.315 by entering into a new or amended business subsidy agreement  
63.36 with the appropriate local government unit. The new or amended agreement must cover

64.1 a period beginning from the date of ineligibility under the original business subsidy  
64.2 agreement, through the zone duration determined by the commissioner under paragraph  
64.3 (f). No exemption of property taxes under section 272.02, subdivision 64, is available  
64.4 under the new or amended agreement for property taxes due or paid before the date of  
64.5 the final execution of the new or amended agreement, but unpaid taxes due after that  
64.6 date need not be paid.

64.7 (i) A business that violates the terms of an agreement authorized under paragraph  
64.8 (h) is permanently barred from seeking benefits under section 469.315 and is subject to  
64.9 the repayment provisions under section 469.319 effective from the day that the business  
64.10 ceases to operate as a qualified business in the zone under the second agreement.

64.11 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2004.  
64.12 For violations that occur before the day following final enactment, this section does not  
64.13 apply if the business has repaid the benefits or the commissioner has granted a waiver.

64.14 **Sec. 15. [469.3192] PROHIBITION AGAINST AMENDMENTS TO BUSINESS**  
64.15 **SUBSIDY AGREEMENT.**

64.16 Except as authorized under section 469.3191, under no circumstance shall terms  
64.17 of any agreement required as a condition for eligibility for benefits listed under section  
64.18 469.315 be amended to change job creation, job retention, or wage goals included in  
64.19 the agreement.

64.20 **EFFECTIVE DATE.** This section is effective the day following final enactment  
64.21 and applies to all agreements executed before, on, or after the effective date.

64.22 **Sec. 16. [469.3193] CERTIFICATION OF CONTINUING ELIGIBILITY FOR**  
64.23 **JOBZ BENEFITS.**

64.24 (a) By December 1 of each year, every qualified business must certify to the  
64.25 commissioner of revenue, on a form prescribed by the commissioner of revenue, whether  
64.26 it is in compliance with any agreement required as a condition for eligibility for benefits  
64.27 listed under section 469.315. A business that fails to submit the certification, or any  
64.28 business, including those still operating in the zone, that submits a certification that  
64.29 the commissioner of revenue later determines materially misrepresents the business's  
64.30 compliance with the agreement, is subject to the repayment provisions under section  
64.31 469.319 from January 1 of the year in which the report is due or the date that the business  
64.32 became subject to section 469.319, whichever is earlier. Any such business is permanently  
64.33 barred from obtaining benefits under section 469.315. For purposes of this section, the bar



65.1 applies to an entity and also applies to any individuals or entities that have an ownership  
65.2 interest of at least 20 percent of the entity.

65.3 (b) Before the sanctions under paragraph (a) apply to a business that fails to  
65.4 submit the certification, the commissioner of revenue shall send notice to the business,  
65.5 demanding that the certification be submitted within 30 days and advising the business  
65.6 of the consequences for failing to do so. The commissioner of revenue shall notify  
65.7 the commissioner of employment and economic development and the appropriate job  
65.8 opportunity subzone administrator whenever notice is sent to a business under this  
65.9 paragraph.

65.10 (c) The certification required under this section is public.

65.11 (d) The commissioner of revenue shall promptly notify the commissioner of  
65.12 employment and economic development of all businesses that certify that they are not  
65.13 in compliance with the terms of their business subsidy agreement and all businesses  
65.14 that fail to file the certification.

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

65.16 Sec. 17. Minnesota Statutes 2006, section 469.3201, is amended to read:

65.17 **469.3201 ~~JOBZ EXPENDITURE LIMITATIONS; AUDITS STATE~~**  
65.18 **AUDITOR; AUDITS OF JOB OPPORTUNITY BUILDING ZONES AND**  
65.19 **BUSINESS SUBSIDY AGREEMENTS.**

65.20 The ~~Tax Increment Financing, Investment and Finance Division~~ of the Office of the  
65.21 State Auditor must annually audit the creation and operation of all job opportunity building  
65.22 zones and business subsidy agreements entered into under Minnesota Statutes, sections  
65.23 469.310 to 469.320. To the extent necessary to perform this audit, the state auditor may  
65.24 request from the commissioner of revenue tax return information of taxpayers who are  
65.25 eligible to receive tax benefits authorized under section 469.315. To the extent necessary  
65.26 to perform this audit, the state auditor may request from the commissioner of employment  
65.27 and economic development wage detail report information required under section 268.044  
65.28 of taxpayers eligible to receive tax benefits authorized under section 469.315.

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

65.30 Sec. 18. Minnesota Statutes 2006, section 473.39, is amended by adding a subdivision  
65.31 to read:

65.32 Subd. 1n. **Obligations.** After July 1, 2008, in addition to other authority in this  
65.33 section, the council may issue certificates of indebtedness, bonds, or other obligations  
65.34 under this section in an amount not exceeding \$33,000,000 for capital expenditures as

66.1 prescribed in the council's regional transit master plan and transit capital improvement  
66.2 program and for related costs, including the costs of issuance and sale of the obligations.

66.3 **EFFECTIVE DATE.** This section is effective July 1, 2008, and applies in the  
66.4 counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

66.5 Sec. 19. Minnesota Statutes 2006, section 474A.047, subdivision 1, is amended to read:

66.6 Subdivision 1. **Eligibility.** (a) An issuer may only use the proceeds from residential  
66.7 rental bonds if the proposed project meets the following requirements:

66.8 (1) the proposed residential rental project meets the requirements of section 142(d)  
66.9 of the Internal Revenue Code regarding the incomes of the occupants of the housing; and

66.10 (2) the maximum rent for at least 20 percent of the units in the proposed residential  
66.11 rental project do not exceed the area fair market rent or exception fair market rents for  
66.12 existing housing, if applicable, as established by the federal Department of Housing and  
66.13 Urban Development. The rental rates of units in a residential rental project for which  
66.14 project-based federal assistance payments are made are deemed to be within the rent  
66.15 limitations of this clause.

66.16 (b) The proceeds from residential rental bonds may be used for a project for which  
66.17 project-based federal rental assistance payments are made only if:

66.18 (1) the owner of the project enters into a binding agreement with the Minnesota  
66.19 Housing Finance Agency under which the owner is obligated to extend any existing  
66.20 low-income affordability restrictions and any contract or agreement for rental assistance  
66.21 payments for the maximum term permitted, including any renewals thereof; and

66.22 (2) the Minnesota Housing Finance Agency certifies that project reserves will be  
66.23 maintained at closing of the bond issue and budgeted in future years at the lesser of:

66.24 (i) the level described in Minnesota Rules, part 4900.0010, subpart 7, item A,  
66.25 subitem (2), effective May 1, 1997; or

66.26 (ii) the level of project reserves available prior to the bond issue, provided that  
66.27 additional money is available to accomplish repairs and replacements needed at the time  
66.28 of bond issue.

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

66.30 Sec. 20. Laws 1995, chapter 264, article 5, section 46, subdivision 2, is amended to  
66.31 read:

66.32 Subd. 2. **Limitation on use of tax increments.** (a) All revenues derived from tax  
66.33 increments must be used in accordance with the housing replacement district plan. The  
66.34 revenues must be used solely to pay the costs of site acquisition, relocation, demolition

67.1 of existing structures, site preparation, and pollution abatement on parcels identified in  
67.2 the housing replacement district plan, as well as public improvements and administrative  
67.3 costs directly related to those parcels.

67.4 (b) Notwithstanding paragraph (a), the city of Minneapolis may use revenues  
67.5 derived from tax increments from its housing replacement district for activities related  
67.6 to parcels not identified in the housing replacement plan, but which would qualify for  
67.7 inclusion under section 45, subdivision 1, paragraph (b), clauses (1) to (3).

67.8 (c) Notwithstanding paragraph (a), or any other provisions of sections 44 to 47, the  
67.9 Crystal Economic Development Authority may use revenues derived from tax increments  
67.10 from its housing replacement districts numbers one and two as if those districts were  
67.11 housing districts under Minnesota Statutes, section 469.174, subdivision 11, provided that  
67.12 eligible activities may be located anywhere in the city without regard to the boundaries of  
67.13 housing replacement district numbers one and two or any project area.

67.14 **EFFECTIVE DATE.** This section applies to revenues from the housing replacement  
67.15 districts, regardless of when they were received, and is effective the day following final  
67.16 enactment and for the city of Minneapolis, upon compliance by the governing body of  
67.17 the city of Minneapolis with Minnesota Statutes, section 645.021, subdivision 3, and, for  
67.18 the city of Crystal, upon compliance by the governing body of the city of Crystal with  
67.19 Minnesota Statutes, section 645.021, subdivision 3.

67.20 Sec. 21. Laws 2003, chapter 127, article 10, section 31, subdivision 1, is amended to  
67.21 read:

67.22 Subdivision 1. **District extension.** (a) The governing body of the city of Hopkins  
67.23 may elect to extend the duration of its redevelopment tax increment financing district  
67.24 2-11 by up to four additional years.

67.25 (b) Notwithstanding any law to the contrary, effective upon approval of this  
67.26 subdivision, no increments may be spent on activities located outside of the area of the  
67.27 district, other than:

67.28 (1) to pay administrative expenses; or

67.29 (2) to pay the costs of housing activities, provided that expenditures under this  
67.30 clause may not exceed 20 percent of the total tax increments from the district.

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

67.32 Sec. 22. Laws 2006, chapter 259, article 10, section 14, subdivision 1, is amended to  
67.33 read:

67.34 Subdivision 1. **Definitions.** (a) "City" means the city of Minneapolis.

68.1 (b) "Homeless assistance tax increment district" means a contiguous area of the  
68.2 city that:

68.3 (1) is no larger than ~~six~~ eight acres;

68.4 (2) is located within the boundaries of a city municipal development district; and

68.5 (3) contains at least two shelters for homeless persons that have been owned or  
68.6 operated by nonprofit corporations that (i) are qualified charitable organizations under  
68.7 section 501(c)(3) of the United States Internal Revenue Code, (ii) have operated such  
68.8 homeless facilities within the district for at least five years, and (iii) have been recipients  
68.9 of emergency services grants under Minnesota Statutes, section 256E.36.

68.10 **EFFECTIVE DATE.** This section is effective upon compliance by the city of  
68.11 Minneapolis with Minnesota Statutes, section 645.021.

68.12 Sec. 23. Laws 2008, chapter 154, article 9, section 23, is amended to read:

68.13 Sec. 23. **CITY OF FRIDLEY; TAX INCREMENT FINANCING DISTRICT;**  
68.14 **SPECIAL RULES.**

68.15 (a) If the city elects upon the adoption of a tax increment financing plan for a district,  
68.16 the rules under this section apply to a redevelopment tax increment financing district  
68.17 established by the city of Fridley or the housing and redevelopment authority of the city.  
68.18 ~~The redevelopment tax increment district includes~~ city may include one or more of the  
68.19 following parcels and adjacent railroad property and in the redevelopment tax increment  
68.20 district, which shall be referred to as the Northstar Transit Station District: parcel  
68.21 numbers 223024120010, 223024120009, 223024120017, 223024120016, 223024120018,  
68.22 223024120012, 223024120011, 223024120005, 223024120004, 223024120003,  
68.23 223024120013, 223024120008, 223024120007, 223024120006, 223024130005,  
68.24 223024130010, 223024130011, 223024130003, 153024440039, 153024440037,  
68.25 153024440041, 153024440042, 223024110013, 223024110016, 223024110017,  
68.26 223024140008, 223024130002, 223024420004, 223024410002, 223024410003,  
68.27 223024110008, 223024110007, 223024110019, 223024110018, 223024110003,  
68.28 223024140003, 223024140009, 223024140002, 223024140010, and 223024410007.

68.29 (b) The requirements for qualifying a redevelopment tax increment district under  
68.30 Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcels located  
68.31 within the Northstar Transit Station District, which are deemed eligible for inclusion  
68.32 in a redevelopment tax increment district.

68.33 (c) In addition to the costs permitted by Minnesota Statutes, section 469.176,  
68.34 subdivision 4j, eligible expenditures within the Northstar Transit Station District include  
68.35 those costs necessary to provide for the construction and land acquisition for a tunnel

69.1 under the Burlington Northern Santa Fe railroad tracks to allow access to the Northstar  
69.2 Commuter Rail.

69.3 (d) Notwithstanding the provisions of Minnesota Statutes, section 469.1763,  
69.4 subdivision 2, the city of Fridley may expend increments generated from its tax increment  
69.5 financing districts Nos. 11, 12, and 13 for costs permitted by paragraph (c) and Minnesota  
69.6 Statutes, section 469.176, subdivision 4j, outside the boundaries of tax increment financing  
69.7 districts Nos. 11, 12, and 13, but only within the Northstar Transit Station District.

69.8 (e) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3,  
69.9 does not apply to the Northstar Transit Station District or to tax increment financing  
69.10 districts Nos. 11, 12, and 13.

69.11 (f) The use of revenues for decertification under Minnesota Statutes, section  
69.12 469.1763, subdivision 4, does not apply to tax increment financing districts Nos. 11,  
69.13 12, and 13.

69.14 (g) The city may establish additional tax increment financing districts consisting  
69.15 of parcels identified in paragraph (a), which it does not include in the Northstar Transit  
69.16 District, under general law. The provisions of paragraph (c) apply to these districts and the  
69.17 permitted pooling percentage for the districts under Minnesota Statutes, section 469.1763,  
69.18 subdivision 2, is increased to 30 percent. The provisions of paragraphs (b), (d), (e), and  
69.19 (f) do not apply to these districts. The authority to create districts under this authority  
69.20 expires on December 30, 2017.

69.21 **EFFECTIVE DATE.** This section is effective upon approval by the governing body  
69.22 of the city of Fridley and upon compliance by the city with Minnesota Statutes, section  
69.23 645.021, subdivision 3.

69.24 Sec. 24. Laws 2008, chapter 154, article 9, section 24, is amended to read:

69.25 Sec. 24. **CITY OF NEW BRIGHTON; TAX INCREMENT FINANCING;**  
69.26 **~~EXPENDITURES OUTSIDE DISTRICT.~~**

69.27 Subdivision 1. **Expenditures outside district.** Notwithstanding the provisions of  
69.28 Minnesota Statutes, ~~section~~ sections 469.176, subdivision 4d, and 469.1763, subdivision  
69.29 2, or any other law to the contrary, the city of New Brighton may expend increments  
69.30 generated from its tax increment financing ~~district No. 26 to facilitate eligible activities~~  
69.31 districts 9, 20, and 26. The increments may be used to pay eligible expenses as permitted  
69.32 by Minnesota Statutes, section 469.176, subdivision ~~4e~~ 4j, outside the boundaries of  
69.33 tax increment financing ~~district No. 26~~ districts 9, 20, and 26, but only within the area  
69.34 described in Laws 1998, chapter 389, article 11, section 24, subdivision 1, ~~and~~ commonly

70.1 referred to as the Northwest Quadrant. Minnesota Statutes, section 469.1763, subdivisions  
70.2 3 and 4, do not apply to expenditures permitted by this section.

70.3 Subd. 2. **District duration extension.** Notwithstanding the provisions of Minnesota  
70.4 Statutes, section 469.176, subdivision 1b, or any other law to the contrary, the duration  
70.5 limits that apply to redevelopment tax increment financing districts numbers 31 and 32  
70.6 established under Laws 1998, chapter 389, article 11, section 24, and hazardous substance  
70.7 subdistricts numbers 31A and 32A established under Minnesota Statutes, sections 469.174  
70.8 to 469.1799, are extended by four years.

70.9 **EFFECTIVE DATE.** This section is effective upon approval by the governing body  
70.10 of the city of New Brighton and upon compliance by the city with Minnesota Statutes,  
70.11 section 645.021, subdivision 3.

70.12 Sec. 25. **CITY OF AUSTIN; TAX INCREMENT FINANCING AUTHORITY.**

70.13 Notwithstanding the requirements of Minnesota Statutes, section 469.1763,  
70.14 subdivision 3, that activities must be undertaken within a five-year period from the date of  
70.15 certification of tax increment financing district and notwithstanding the provisions of any  
70.16 other law, the governing body of the city of Austin may use tax increments from its Tax  
70.17 Increment Financing District No. 9 to reimburse the city's housing and redevelopment  
70.18 authority for money spent disposing of soils and debris in the tax increment financing  
70.19 district, as required by the Minnesota Pollution Control Agency.

70.20 **EFFECTIVE DATE.** This section is effective upon compliance by the governing  
70.21 body of the city of Austin with the requirements of Minnesota Statutes, section 645.021.

70.22 Sec. 26. **BLOOMINGTON TAX INCREMENT FINANCING; FIVE-YEAR**  
70.23 **RULE.**

70.24 The requirements of Minnesota Statutes, section 469.1763, subdivision 3, that  
70.25 activities must be undertaken within a five-year period from the date of certification of a  
70.26 tax increment financing district, are increased to a ten-year period for the Port Authority  
70.27 of the City of Bloomington's Tax Increment Financing District No. 1-I, Bloomington  
70.28 Central Station.

70.29 **EFFECTIVE DATE.** This section is effective upon compliance by the governing  
70.30 body of the Port Authority of the City of Bloomington with the requirements of Minnesota  
70.31 Statutes, section 645.021.

70.32 Sec. 27. **CITY OF BLOOMINGTON; TAX INCREMENT FINANCING**  
70.33 **DISTRICT; PROJECT REQUIREMENTS.**

71.1 Subdivision 1. Addition of parcels to Tax Increment Financing District No. 1-G.

71.2 Notwithstanding the provisions of Minnesota Statutes, section 469.175, subdivision 4,  
71.3 or any other law to the contrary, the governing bodies of the Port Authority of the city  
71.4 of Bloomington and the city of Bloomington may elect to eliminate certain real property  
71.5 from Tax Increment Financing District No. 1-C within Industrial Development District  
71.6 No. 1 Airport South in the city of Bloomington, Minnesota, and expand the boundaries of  
71.7 Tax Increment Financing District No. 1-G to include real property, which is described  
71.8 as follows:

71.9 (1) PARCEL C: That part of Lindau Lane lying westerly of 24th Avenue South and  
71.10 lying easterly of State Highway No. 77; and

71.11 (2) PARCEL D: Lot 1, Block 1, MALL OF AMERICA 3RD ADDITION, according  
71.12 to the recorded plat thereof, Hennepin County, Minnesota, Except that part of said Lot 1  
71.13 described as commencing at the most easterly corner of Lot 2, said Block 1, said MALL  
71.14 OF AMERICA 3RD ADDITION; thence on an assumed bearing of South 45 degrees 00  
71.15 minutes 00 seconds West, along the southeasterly line of said Lot 2, Block 1, MALL OF  
71.16 AMERICA 3RD ADDITION, a distance of 18.58 feet to the point of beginning of the  
71.17 land to be described: thence South 45 degrees 00 minutes 29 seconds East a distance of  
71.18 30.69 feet; thence South 89 degrees 59 minutes 52 seconds East a distance of 303.62 feet;  
71.19 thence South 0 degrees 00 minutes 08 seconds West a distance of 10.00 feet; thence North  
71.20 89 degrees 57 minutes 47 seconds East a distance of 55.90 feet; thence North 0 degrees 06  
71.21 minutes 52 minutes West a distance of 10.01 feet; thence North 89 degrees 59 minutes 04  
71.22 seconds East a distance of 332.04 feet; thence North 44 degrees 57 minutes 59 seconds  
71.23 East a distance 10.55 feet to the southwesterly line of Lot 3, Block 1, said MALL OF  
71.24 AMERICA 3RD ADDITION; thence South 45 degrees 00 minutes 00 seconds East along  
71.25 said southwesterly line of Lot 3, a distance of 244.08 feet to the most southerly southwest  
71.26 corner of said Lot 3; thence on a bearing of East along the south line of said Lot 3 a  
71.27 distance of 1.37 feet; thence South 0 degrees 10 minutes 07 seconds West a distance of  
71.28 30.07 feet; thence North 89 degrees 58 minutes 07 seconds East a distance of 83.84 feet;  
71.29 thence South 0 degrees 00 minutes 40 seconds West a distance of 540.08 feet; thence  
71.30 North 89 degrees 58 minutes 39 seconds West a distance of 53.64 feet; thence South 0  
71.31 degrees 02 minutes 43 seconds West a distance of 29.71 feet to the north line of Lot 4,  
71.32 Block 1, said MALL OF AMERICA 3RD ADDITION; thence on a bearing of West  
71.33 along said north line of Lot 4 a distance of 1.13 feet to the most northerly northwest  
71.34 corner of said Lot 4; thence South 45 degrees 00 minutes 00 seconds West along the  
71.35 northwesterly line of said Lot 4 a distance of 293.65 feet; thence North 45 degrees 03  
71.36 minutes 26 seconds West a distance of 59.81 feet; thence North 89 degrees 59 minutes 24

72.1 seconds West a distance 277.25 feet; thence North 0 degrees 02 minutes 42 seconds East a  
72.2 distance of 10.21 feet; thence North 89 degrees 59 minutes 24 seconds West a distance of  
72.3 55.93 feet; thence South 0 degrees 00 minutes 36 seconds West a distance of 10.17 feet;  
72.4 thence South 89 degrees 59 minutes 32 seconds West a distance of 261.98 feet; thence  
72.5 South 45 degrees 07 minutes 13 seconds West a distance of 70.69 feet to the northeasterly  
72.6 line of Lot 5, Block 1, said MALL OF AMERICA 3RD ADDITION; thence North 45  
72.7 degrees 00 minutes 00 seconds West along said northeasterly line of Lot 5 a distance of  
72.8 363.21 feet to the most northerly northeast corner of said Lot 5; thence on a bearing of  
72.9 West along the north line of said Lot 5 a distance of 1.74 feet; thence North 0 degrees 05  
72.10 minutes 14 seconds East a distance of 30.30 feet; thence South 89 degrees 56 minutes 58  
72.11 seconds West a distance of 81.56 feet; thence North 0 degrees 00 minutes 24 seconds East  
72.12 a distance of 497.92 feet; thence South 89 degrees 58 minutes 55 seconds East a distance  
72.13 of 123.79 feet; thence North 0 degrees 01 minutes 54 seconds East a distance of 30.06 feet  
72.14 to the south line of said Lot 2, Block 1, MALL OF AMERICA 3RD ADDITION; thence  
72.15 on a bearing of East along said south line of Lot 2, Block 1, MALL OF AMERICA 3RD  
72.16 ADDITION; thence on a bearing of East along said south line of Lot 2, Block 1, MALL  
72.17 OF AMERICA 3RD ADDITION, a distance of 1.22 feet to the most southerly southeast  
72.18 corner of said Lot 2, Block 1, MALL OF AMERICA 3RD ADDITION; thence North 45  
72.19 degrees 00 minutes 00 seconds East along said southeasterly line of Lot 2, Block 1, MALL  
72.20 OF AMERICA 3RD ADDITION, a distance of 264.05 feet to the point of beginning.

72.21 Subd. 2. **Original tax capacity of Tax Increment Financing District No. 1-G.**  
72.22 Upon inclusion of the real property described above in the Tax Increment District No. 1-G,  
72.23 the Hennepin County auditor must increase the original tax capacity of Tax Increment  
72.24 District No. 1-G by \$208,000.

72.25 Subd. 3. **Use of increments.** Notwithstanding Laws 1996, chapter 464, article  
72.26 1, section 8, subdivision 3, paragraph (d), clauses (1) and (2), the tax increments,  
72.27 assessments, and other revenues derived from any portion of Tax Increment Financing  
72.28 District No. 1-G may be used:

72.29 (1) to pay debt service on revenue bonds issued under section 29;

72.30 (2) to reimburse or otherwise pay the developer for public improvements because  
72.31 of counted value resulting from investment in property in Tax Increment Financing  
72.32 District No. 1-G under section 9.2(05) of the restated contract for purchase and private  
72.33 redevelopment of land, by and among the city of Bloomington, the Port Authority of the  
72.34 city of Bloomington, and the Mall of America Company, dated May 31, 1988; and

72.35 (3) to pay the principal, premium, and interest on bonds, notes, or other obligations  
72.36 issued by the city of Bloomington or the Port Authority of the city of Bloomington to



73.1 finance capital and related costs of public improvements in Tax Increment Financing  
73.2 District No. 1-G. In sections 27 to 30, "public improvements" are limited to public  
73.3 improvements for which tax increments may be expended under the tax increment  
73.4 financing plan for Tax Increment Financing District No. 1-G as amended November  
73.5 15, 2001.

73.6 Subd. 4. **Public hearing on district modification.** When the governing bodies of  
73.7 the port authority or the city elect to exercise the authority provided in subdivision 1 to  
73.8 modify the districts, they must conduct a public hearing after published notice on the  
73.9 issue, with the meeting beginning between 6:00 p.m. and 7:00 p.m. on a weeknight.

73.10 Subd. 5. **Construction of Mall of America phase II.** (a) The governing bodies of  
73.11 the city of Bloomington and the Bloomington Port Authority, as a condition of providing  
73.12 tax increments or other financial assistance for parking facilities and other public  
73.13 improvements, must enter into an agreement with the developers of the project that ensures  
73.14 that the facility complies with the sustainable building guidelines in Minnesota Statutes,  
73.15 section 16B.325, and that it must be, to the greatest extent practicable, constructed of  
73.16 American-made steel.

73.17 (b) The agreement must prohibit any additional draw from an aquifer for the purpose  
73.18 of a man-made lake, waterpark, or similar entertainment venue.

73.19 (c) The agreement must also prohibit inclusion of an auditorium, theater, or similar  
73.20 live entertainment venue. This paragraph does not prohibit inclusion of multi-screen  
73.21 movie theaters, nightclubs, restaurants, or museums.

73.22 Subd. 6. **Living wage.** Any agreement to provide financial assistance to phase II of  
73.23 the Mall of America project must include a provision that requires payment of wages that  
73.24 meet the requirements of Minnesota Statutes, section 469.310, subdivision 11, paragraph  
73.25 (g), to persons employed on a full-time basis at the facility. This subdivision does not  
73.26 apply to seasonal or temporary employees or to internships or similar positions intended  
73.27 to provide career experience or training. This subdivision does not apply to nonprofit  
73.28 organizations, educational institutions, or businesses that employ fewer than 50 employees.

73.29 Subd. 7. **Affordable access.** To the extent determined by the governing body of  
73.30 the city or the port authority, any agreement to provide financial assistance to phase II  
73.31 of the Mall of America project must provide for affordable access to the amusement  
73.32 areas of the facility.

73.33 Subd. 8. **Labor peace.** As a condition to exercising the authority provided in  
73.34 subdivision 1, the governing bodies of the city of Bloomington and the Bloomington Port  
73.35 Authority shall require the developers of phase II of the Mall of America project to enter

74.1 into a labor peace agreement with the labor organization which is most actively engaged in  
74.2 representing and attempting to represent hotel workers in Hennepin and Ramsey Counties.  
74.3 The labor peace agreement must be an enforceable agreement and must prohibit the labor  
74.4 organization and its members from engaging in any boycott or other activity advising  
74.5 customers not to patronize any hotel that is part of Phase II for at least the first five years  
74.6 of the hotel's operation, and must cover all operations at the hotel, other than construction,  
74.7 alteration, or repair of the premises separately owned and operated, which are conducted  
74.8 by lessees or tenants or under management agreements, except retail operations, including  
74.9 gift, jewelry, and clothing shops that have annual gross revenues of less than \$250,000.

74.10 Subd. 9. **Certificate of compliance; affirmative action.** As a condition of  
74.11 exercising the authority provided in this section and sections 28 and 29, the governing  
74.12 bodies of the city of Bloomington and the Bloomington Port Authority must enter into an  
74.13 agreement with the developers of the project that requires each contractor or subcontractor  
74.14 in connection with construction of the project to comply with the requirements of  
74.15 Minnesota Statutes, section 363A.36, as if the contract were with a state agency or  
74.16 department.

74.17 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
74.18 the city of Bloomington and its chief clerical officer timely complete their compliance  
74.19 with Minnesota Statutes, section 645.021, subdivision 3, with respect to this section and  
74.20 section 30.

74.21 Sec. 28. **CITY OF BLOOMINGTON; LOCAL TAXING AUTHORITY.**

74.22 Subdivision 1. **Additional taxes authorized; use of proceeds.** Notwithstanding  
74.23 Minnesota Statutes, section 477A.016, or any other law, ordinance, or charter provision  
74.24 to the contrary, the governing body of the city of Bloomington may impose any or all of  
74.25 the taxes described in this section. The proceeds of any taxes imposed under this section  
74.26 or section 27, less refunds and the cost of collection, must be used to provide financing  
74.27 for parking facilities or other public improvements for the Mall of America phase II. The  
74.28 Port Authority of the city of Bloomington may, but is not required to, issue or cause  
74.29 the sale of bonds, a developer's note, or other obligations to finance the improvements.  
74.30 If a governmental entity other than the city of Bloomington issues the obligations used  
74.31 to finance the parking facilities and other public improvements, the city may transfer the  
74.32 funds available under this section and section 27 for financing the project to the entity  
74.33 that issued the bonds.

75.1            Subd. 2. **Sales tax.** The city of Bloomington may charter a special taxing authority,  
75.2 which is a separate political subdivision. The geographic area of the special taxing  
75.3 authority consists of Tax Increment Financing Districts No. 1-C and No. 1-G in the  
75.4 city. The city council is the governing body of the special taxing authority. The special  
75.5 taxing authority may impose, by resolution, a sales tax of not less than one-half of one  
75.6 percent and not more than one percent within its boundaries. The provisions of Minnesota  
75.7 Statutes, section 297A.99, except for subdivisions 2 and 3, govern the imposition,  
75.8 administration, collection, and enforcement of the tax authorized in this subdivision.

75.9            Subd. 3. **Lodging tax.** The city may impose, by ordinance, a tax of up to one  
75.10 percent on the gross receipts subject to the lodging tax under Minnesota Statutes, section  
75.11 469.190. This tax is in addition to any tax imposed under Minnesota Statutes, section  
75.12 469.190, and may be imposed within a tax district defined by the city council, which must  
75.13 include Tax Increment Districts No. 1-C and No. 1-G in the city of Bloomington and may  
75.14 include additional areas of the city, which are not required to be contiguous.

75.15            Subd. 4. **Admissions and recreation tax.** The city may impose, by ordinance, a tax  
75.16 of up to one percent on admissions to entertainment and recreational facilities and rental of  
75.17 recreation equipment at sites within a tax district defined by the city council, which must  
75.18 include Tax Increment Financing Districts No. 1-C and No. 1-G in the city of Bloomington  
75.19 and may include additional areas of the city, which are not required to be contiguous.

75.20            Subd. 5. **Food and beverage tax.** The city may impose, by ordinance, an additional  
75.21 sales tax of up to three percent on sales of food and beverages primarily for consumption  
75.22 on or off the premises by restaurants and places of refreshment as defined by resolution  
75.23 of the city within Tax Increment Financing Districts No. 1-C and No. 1-G in the city of  
75.24 Bloomington.

75.25            Subd. 6. **Lodging taxes.** Notwithstanding any law or ordinance, the city may  
75.26 use the unobligated proceeds of any existing city lodging tax attributable to imposition  
75.27 of the tax on lodging facilities constructed after the date of enactment of this act within  
75.28 Tax Increment Financing District No. 1-G. In this subdivision, "unobligated proceeds  
75.29 of any existing city lodging tax" means the proceeds of a lodging tax imposed by the  
75.30 city of Bloomington prior to May 1, 2008, to the extent the proceeds of the tax are not  
75.31 contractually pledged to any other specific uses. Lodging tax proceeds derived from  
75.32 lodging facilities constructed after the date of enactment of this act within Tax Increment  
75.33 Financing District No. 1-G that have been required by law to be expended for promotion  
75.34 of the metropolitan sports area or for marketing and promotion of the city by the city

76.1 convention bureau may be expended for the purposes described in subdivision 1,  
76.2 notwithstanding the dedications in those laws.

76.3 **EFFECTIVE DATE.** This section is effective the day after compliance by the  
76.4 governing body of the city of Bloomington with Minnesota Statutes, section 645.021,  
76.5 subdivision 3, with respect to this section and section 30.

76.6 Sec. 29. **MALL OF AMERICA PHASE II PARKING FACILITY REVENUE**  
76.7 **BONDS.**

76.8 Subdivision 1. **Issuing authority.** (a) The city of Bloomington may contract with  
76.9 any of the following authorities to issue and sell revenue bonds for the purposes and  
76.10 in the amounts specified in subdivision 2:

76.11 (1) the commissioner of finance, exercising the authority granted under this section  
76.12 and Minnesota Statutes, sections 16A.672 to 16A.675;

76.13 (2) the Agricultural and Economic Development Board, exercising the powers  
76.14 granted under this section and Minnesota Statutes, chapter 41A; or

76.15 (3) the Minnesota Public Facilities Authority, exercising the powers granted under  
76.16 this section and Minnesota Statutes, chapter 446A.

76.17 (b) The authority granted in this section is in addition to the statutes in paragraph  
76.18 (a) and notwithstanding any contrary provisions in them.

76.19 (c) The contract must include as a party the developer of phase II of the Mall of  
76.20 America and may include as a party any other entity deemed appropriate by the city of  
76.21 Bloomington, the issuing authority, and the developer.

76.22 Subd. 2. **Purposes and amounts.** (a) The revenue bonds may be issued in a single  
76.23 or multiple issues and sold for the following purposes:

76.24 (1) to pay the costs to design, construct, furnish, and equip parking facilities and  
76.25 related public improvements for phase II of the Mall of America;

76.26 (2) to pay the costs of issuance, debt service, and bond insurance or other credit  
76.27 enhancements, and to fund reserves; and

76.28 (3) to refund bonds issued under this section.

76.29 (b) The amount of bonds that may be issued for the purposes of paragraph (a), clause  
76.30 (1), may not exceed per issue the estimated cost from time to time of the parking facilities  
76.31 and other public improvements, including soft costs; the amount of bonds that may be  
76.32 issued for the purposes of paragraph (a), clauses (2) and (3), is not limited.

76.33 Subd. 3. **Revenue sources.** The debt service on the bonds is payable only from the  
76.34 following sources:

- 77.1 (1) the tax revenues referred to in section 28; and
- 77.2 (2) other nonstate revenues pledged to the payment of the bonds.

77.3 Subd. 4. **Sale and issuance; proceeds.** (a) The issuing authority may sell and issue  
77.4 the bonds on the terms and conditions the issuing authority determines to be in the best  
77.5 interests of the state after reviewing an agreement between the city of Bloomington and  
77.6 the developer of phase II of the Mall of America setting out the terms upon which the city  
77.7 of Bloomington will use the proceeds of the bond sales. The bonds may be sold at public  
77.8 or private sale at a price or prices the issuing authority finds appropriate. The issuing  
77.9 authority may enter any agreements or pledges the issuing authority determines necessary  
77.10 or useful to sell the bonds that are not inconsistent with this section.

77.11 (b) The city may enter into a preliminary agreement with the issuing authority under  
77.12 which the city agrees, if the revenue bonds are not issued, to pay or cause to be paid the  
77.13 costs and expenses incurred by the issuing authority relating to the proposed issuance of  
77.14 the revenue bonds.

77.15 (c) The proceeds of the bonds issued under this section must be credited to a special  
77.16 Mall of America revenue bond proceeds account with the issuing authority or a trustee  
77.17 and are appropriated to the issuing authority for payment to the city of Bloomington  
77.18 for the purposes specified in subdivision 2.

77.19 Subd. 5. **Security.** The issuing authority may irrevocably pledge and appropriate  
77.20 for payment of the revenue bonds and premium, if any, and interest thereon the revenues  
77.21 it receives from the city of Bloomington derived from tax increments and taxes the city  
77.22 is authorized to impose under section 28. By a resolution of the issuing authority or  
77.23 by an indenture of trust executed under its authority, the issuing authority may make  
77.24 any and all covenants with bondholders, or with a trustee for the bondholders, that are  
77.25 determined by the issuing authority to be necessary and proper to ensure the marketability  
77.26 of the revenue bonds and the segregation and application of the revenues pledged to the  
77.27 payment of the revenue bonds. Any tax revenues transferred to the issuing authority  
77.28 that are not required by the terms of the bonds or other obligations issued under this  
77.29 section, or related documents, to be applied to the payment of the principal, premium, or  
77.30 interest on the bonds or other obligations, the funding of reserves, or the payment of fees,  
77.31 costs, or reimbursements, must be transferred to the city of Bloomington. The revenue  
77.32 bonds are not general obligations of the issuing authority but are payable solely from the  
77.33 revenues received by the city of Bloomington and the proceeds thereof that are pledged  
77.34 to the payment of the revenue bonds. The revenue bonds must not be taken into account  
77.35 for purposes of any limitation on the principal amount of bonds of the issuing authority  
77.36 under Minnesota Statutes, section 446A.12, subdivision 1, or other law. The proceeds

78.1 of the revenue bonds to be applied to the costs of parking facilities and other public  
78.2 improvements may be made available by the issuing authority to the city of Bloomington  
78.3 for those purposes by a loan agreement or other agreement between the issuing authority  
78.4 and the city. The city may, by resolution or in a loan agreement or other instrument with  
78.5 the issuing authority, pledge to the payment of the revenue bonds issued by the authority  
78.6 all or a portion of the revenues collected from the imposition of the taxes the city is  
78.7 authorized to impose under section 28 and make any or all covenants determined by the  
78.8 city and the issuing authority to be necessary and proper for the security or marketability  
78.9 of the revenue bonds to be issued by the issuing authority and the payment of the costs and  
78.10 expenses incurred by the issuing authority relating to the revenue bonds.

78.11 Subd. 6. **Refunding bonds.** The issuing authority may issue bonds to refund  
78.12 outstanding bonds issued under subdivision 1, including the payment of any redemption  
78.13 premiums on the bonds and any interest accrued or to accrue to the first redemption date  
78.14 after delivery of the refunding bonds. The proceeds of the refunding bonds may, in the  
78.15 discretion of the issuing authority, be applied to the purchases or payment at maturity of the  
78.16 bonds to be refunded, or the redemption of the outstanding bonds on the first redemption  
78.17 date after delivery of the refunding bonds and may, until so used, be placed in escrow to  
78.18 be applied to the purchase, retirement, or redemption. Refunding bonds issued under this  
78.19 subdivision must be issued and secured in the manner provided by the issuing authority.

78.20 Subd. 7. **Not a general or moral obligation.** Bonds issued under this section  
78.21 are not general or moral obligations of the issuing authority, and the full faith, credit,  
78.22 and taxing powers of the state are not pledged for their payment. The bonds may not be  
78.23 paid directly, in whole or in part, from a tax of statewide application on any class of  
78.24 property, income, transaction, or privilege. Payment of the bonds is limited to the revenues  
78.25 explicitly authorized to be pledged under this section. The state neither makes nor has  
78.26 a moral obligation to pay the bonds if the pledged revenues and other legal security for  
78.27 them is insufficient.

78.28 Subd. 8. **Trustee.** The issuing authority may contract with and appoint a trustee  
78.29 for bond holders. The trustee has the powers and authority vested in it by the issuing  
78.30 authority under the bond and trust indentures.

78.31 Subd. 9. **Pledges.** Any pledge made of money, property, or other revenues to the  
78.32 bonds by the issuing authority is valid and binding from the time the pledge is made. The  
78.33 money or property pledged and later received by the issuing authority is immediately  
78.34 subject to the lien of the pledge without any physical delivery of the property or money or  
78.35 further act, and the lien of any pledge is valid and binding as against all parties having

79.1 claims of any kind in tort, contract, or otherwise against the issuing authority, whether or  
79.2 not those parties have notice of the lien or pledge. The resolution, indenture, agreement,  
79.3 or other instrument by which a pledge is created need not be recorded. Any tax revenues  
79.4 pledged to the issuing authority that are not required by the terms of the bonds or other  
79.5 obligations issued under this section, or related documents, to be applied to the payment  
79.6 of the principal, premium, or interest on the bonds or other obligations, the funding of  
79.7 reserves, or the payment of fees, costs, or reimbursements, must be released from the  
79.8 pledge to the bonds and other obligations in accordance with the terms of the bonds,  
79.9 other obligations, and related documents.

79.10 Subd. 10. **Bonds; purchase and cancellation.** The issuing authority, subject to  
79.11 agreements with bondholders that may then exist, may, out of any money available for  
79.12 the purpose, purchase bonds of the issuing authority at a price not exceeding (1) if the  
79.13 bonds are then redeemable, the redemption price then applicable plus accrued interest,  
79.14 or (2) if the bonds are not redeemable, the redemption price applicable on the first date  
79.15 after the purchase upon which the bonds become subject to redemption plus accrued  
79.16 interest to that date.

79.17 Subd. 11. **State pledge against impairment of contracts.** The state pledges and  
79.18 agrees with the holders of any bonds that the state will not limit or alter the rights vested in  
79.19 the issuing authority to fulfill the terms of any agreements made with the bondholders, or  
79.20 in any way impair the rights and remedies of the holders until the bonds, together with  
79.21 interest on them, with interest on any unpaid installments of interest, and all costs and  
79.22 expenses in connection with any action or proceeding by or on behalf of the bondholders,  
79.23 are fully met and discharged. The issuing authority may include this pledge and agreement  
79.24 of the state in any agreement with the holders of bonds issued under this section.

79.25 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
79.26 the city of Bloomington and its chief clerical officer timely complete their compliance  
79.27 with Minnesota Statutes, section 645.021, subdivision 3, with respect to this section and  
79.28 section 30.

79.29 Sec. 30. **STATE REVIEW; BUT-FOR DETERMINATION; DEVELOPMENT**  
79.30 **AGREEMENT.**

79.31 Subdivision 1. **Required conditions.** All of the conditions required under this  
79.32 section must be satisfied before the city and authority may contract with an issuing  
79.33 authority as provided in section 29. This section only applies if the city and authority  
79.34 contract with an issuing authority under section 29.

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

80.3            (b) "Authority" means the port authority of the city of Bloomington.

80.4            (c) "City" means the city of Bloomington.

80.5            (d) "Commissioner" means the commissioner of finance.

80.6            Subd. 3. **Required disclosure.** The authority, city, and developer shall provide to  
80.7 the commissioner on a confidential basis all of the materials and information necessary  
80.8 to carry out the commissioner's responsibilities under this section. The developer shall  
80.9 provide information or access to its financial records and books as requested by the  
80.10 commissioner on a confidential basis.

80.11           Subd. 4. **But-for determination.** The commissioner shall determine, in writing,  
80.12 whether the assistance to be funded by the provisions of sections 27 to 29 is necessary to  
80.13 make the project financially feasible. The determination must be based on full disclosure  
80.14 by the developer of all costs and other information on the project and a determination  
80.15 by the commissioner that the amount of assistance to be provided is required to permit  
80.16 a competitive market return on the investment. The commissioner shall consider an  
80.17 executed letter of intent to issue financing for the project from a licensed financial  
80.18 institution or institutions that requires the funding described in this section as a condition  
80.19 of placing the financing to be evidence of the financial necessity of such assistance and  
80.20 must subsequently affirm in writing whether assistance is necessary to make the project  
80.21 financially feasible.

80.22           Subd. 5. **Development agreement required.** The city, authority, developer, and  
80.23 commissioner must enter into a development agreement that includes, at least, the  
80.24 following provisions:

80.25           (1) the minimum private improvements that must be undertaken to qualify for  
80.26 assistance;

80.27           (2) the developer's contribution to the parking facility or facilities;

80.28           (3) the dates for commencement and completion of the facility;

80.29           (4) a requirement that the assistance will be used solely for construction of the  
80.30 parking facilities and other public improvements and to reimburse the costs of the state in  
80.31 evaluation of the development and negotiation of the development agreement;

80.32           (5) the authority is the owner of the parking facilities;

80.33           (6) construction of the parking facilities and all private improvement construction  
80.34 are subject to payment of prevailing wage as defined in Minnesota Statutes, section



81.1 177.42, subdivision 7, and construction of the parking facilities is subject to competitive  
81.2 bidding requirements, unless constructed under Minnesota Statutes, section 469.071;

81.3 (7) all costs for operation, maintenance, capital improvement and repair of the  
81.4 parking facilities must be paid by the developer; and

81.5 (8) the developer shall be allowed to utilize bond funds based on progress work in  
81.6 place for the construction of the parking facilities as design and construction progresses  
81.7 based on costs incurred and certified by the developer, port authority, and independent  
81.8 inspecting architect or engineer on a monthly basis subject to the provision of a completion  
81.9 guarantee by the developer or performance bond assuring the completion of the minimum  
81.10 parking and public improvements. The developer may assign its right to reimbursement  
81.11 under the development agreement as collateral for any loan to fund the construction.

81.12 Subd. 6. **Recovery of state costs.** The developer shall advance all of the costs of  
81.13 the commissioner to evaluate the need for the assistance and negotiate the development  
81.14 agreement as a condition of commencement of the negotiation. Notwithstanding the  
81.15 provisions of Minnesota Statutes, section 16C.095, the commissioner may contract with  
81.16 outside entities for any assistance needed in developing this development agreement.

81.17 Subd. 7. **LCPFP Review.** The commissioner shall submit the completed  
81.18 development agreement to the Legislative Commission on Planning and Fiscal Policy for  
81.19 approval. The development agreement is not effective until approved by the commission,  
81.20 provided that, if the commission has not approved or rejected the development agreement  
81.21 within 120 days of its submission by the commissioner, it will be deemed to have been  
81.22 approved.

81.23 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
81.24 the city of Bloomington and its chief clerical officer timely complete their compliance  
81.25 with Minnesota Statutes, section 645.021, subdivision 3, with respect to this section and  
81.26 section 29.

81.27 Sec. 31. **CITY OF DULUTH; EXTENSION OF TIME FOR ACTIVITY IN TAX**  
81.28 **INCREMENT FINANCING DISTRICTS.**

81.29 Subdivision 1. **District No. 20.** The requirements of Minnesota Statutes, section  
81.30 469.1763, subdivision 3, that activities must be undertaken within a five-year period from  
81.31 the date of certification of a tax increment financing district, must be considered to be met  
81.32 for Duluth Economic Development Authority Tax Increment Financing District No. 20 if  
81.33 the activities are undertaken within ten years from the date of certification of the district.

82.1            Subd. 2. **District No. 21.** The requirements of Minnesota Statutes, section  
82.2 469.1763, subdivision 3, that activities must be undertaken within a five-year period from  
82.3 the date of certification of a tax increment financing district, must be considered to be met  
82.4 for Duluth Economic Development Authority Tax Increment Financing District No. 21 if  
82.5 the activities are undertaken within ten years from the date of certification of the district.

82.6            **EFFECTIVE DATE.** This section is effective upon compliance by the governing  
82.7 body of the city of Duluth with the requirements of Minnesota Statutes, section 645.021,  
82.8 subdivision 3.

82.9            Sec. 32. **CITY OF WELLS; DISPOSITION OF TAX INCREMENT FINANCING**  
82.10 **REVENUES.**

82.11            Notwithstanding the provisions of Minnesota Statutes, section 469.174, subdivision  
82.12 25, the following are deemed not to be "increments," "tax increments," or "revenues  
82.13 derived from tax increment" for purposes of the redevelopment district in the city of  
82.14 Wells, identified as Downtown Development Program 1, for amounts received after  
82.15 decertification of the district:

82.16            (1) rents paid by private tenants for use of a building acquired in whole or in part  
82.17 with tax increments; and

82.18            (2) proceeds from the sale of the building.

82.19            **EFFECTIVE DATE.** This section is effective upon compliance by the governing  
82.20 body of the city of Wells with the requirements of Minnesota Statutes, section 645.021,  
82.21 subdivision 3.

82.22            Sec. 33. **MULTICOUNTY HOUSING AND REDEVELOPMENT AUTHORITY**  
82.23 **LEVY AUTHORITY.**

82.24            Notwithstanding Minnesota Statutes, section 469.033, subdivision 6, or any other  
82.25 law to the contrary, the governing body of the Northwest Minnesota Multicounty Housing  
82.26 and Redevelopment Authority, upon approval by a two-thirds majority of all its members,  
82.27 may levy an amount not to exceed 25 percent of the total levy permitted under Minnesota  
82.28 Statutes, section 469.033, subdivision 6, without approval of that levy by the governing  
82.29 body of the city or county within which the authority operates. The authority to levy the  
82.30 remainder of the total levy permitted under that provision remains subject to approval  
82.31 by the governing body of the city or county. For purposes of the levy authorized under  
82.32 this section only, the Northwest Minnesota Multicounty Housing and Redevelopment  
82.33 Authority is considered a special taxing jurisdiction as provided in Minnesota Statutes,  
82.34 section 275.066.

83.1 **EFFECTIVE DATE.** This section is effective for taxes levied in 2008, payable in  
83.2 2009, and is repealed effective for taxes levied in 2013, payable in 2014, and thereafter.

83.3 **Sec. 34. CITY OF OAKDALE; ORIGINAL TAX CAPACITY.**

83.4 (a) The provisions of this section apply to redevelopment tax increment financing  
83.5 districts created by the Housing and Redevelopment Authority in and for the city of  
83.6 Oakdale in the areas comprised of the parcels with the following parcel identification  
83.7 numbers: (1) 3102921320053; 3102921320054; 3102921320055; 3102921320056;  
83.8 3102921320057; 3102921320058; 3102921320062; 3102921320063; 3102921320059;  
83.9 3102921320060; and 3102921320061; and (2) 3102921330005 and 3102921330004.

83.10 (b) For a district subject to this section, the Housing and Redevelopment Authority  
83.11 may, when requesting certification of the original tax capacity of the district under  
83.12 Minnesota Statutes, section 469.177, elect to have the original tax capacity of the district  
83.13 be certified as the tax capacity of the land.

83.14 (c) The authority to request certification of a district under this section expires on  
83.15 July 1, 2013.

83.16 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective upon  
83.17 approval by the governing body of the city of Oakdale and compliance with Minnesota  
83.18 Statutes, section 645.021, subdivision 3.

83.19 **Sec. 35. DAKOTA COUNTY COMMUNITY DEVELOPMENT AUTHORITY;**  
83.20 **PLAN MODIFICATION.**

83.21 Notwithstanding Minnesota Statutes, section 469.175, subdivision 4, the Dakota  
83.22 County Community Development Authority may designate additional property to be  
83.23 acquired by the authority for a tax increment financing project without meeting the  
83.24 requirements for approval of an original tax increment financing plan if the property:

83.25 (1) consists of one or more parcels under common ownership;

83.26 (2) is acquired from a willing seller;

83.27 (3) is acquired for purposes of development as a housing project as defined in

83.28 Minnesota Statutes, section 469.174, subdivision 11; and

83.29 (4) the acquisition is approved by the governing body of the authority after holding  
83.30 a public hearing thereon after published notice in a newspaper of general circulation in  
83.31 the municipality in which the property is located at least once not less than ten days nor  
83.32 more than 30 days prior to the date of the hearing. The published notice must include a  
83.33 map depicting the property and the general area of the municipality within which the

84.1 property is located. The hearing may be held before or at the time of authority approval  
84.2 of the acquisition.

84.3 **EFFECTIVE DATE.** This section is effective upon compliance by the governing  
84.4 body of the Dakota County Community Development Authority with the requirements of  
84.5 Minnesota Statutes, section 645.021, subdivision 3.

84.6 Sec. 36. **CITY OF ST. PAUL; TAX INCREMENT FINANCING DISTRICT.**

84.7 Subdivision 1. **Authorization.** Notwithstanding the provisions of any other  
84.8 law, upon approval of the governing body of the city of St. Paul, the Housing and  
84.9 Redevelopment Authority of the city of St. Paul may establish a redevelopment tax  
84.10 increment financing district comprised of the properties included in the existing downtown  
84.11 and Seventh Place tax increment district (County #82). Notwithstanding Minnesota  
84.12 Statutes, section 469.177, subdivision 6, if certification of the district is requested by July  
84.13 31, 2008, the certification will be recognized by the county auditor in determining local  
84.14 tax rates for taxes payable in 2009 and subsequent years. The district created under this  
84.15 section terminates December 31, 2023. The city may create the district under this section  
84.16 only if it enters into an agreement with Ramsey County to pay the county annually out of  
84.17 the increment from this district an amount equal to the tax that would have been payable  
84.18 to the county on the captured tax capacity of the district had the district not been created.

84.19 Subd. 2. **Special rules.** The requirements for qualifying a redevelopment district  
84.20 under Minnesota Statutes, section 469.174, subdivision 10, do not apply to parcels located  
84.21 within the district. Minnesota Statutes, section 469.176, subdivisions 4j and 4l, do not  
84.22 apply to the district. The original tax capacity of the district is \$1,801,052.

84.23 Subd. 3. **Authorized expenditures.** Tax increment from the district may be  
84.24 expended only to pay principal and interest on bond obligations issued by the St. Paul  
84.25 Housing and Redevelopment Authority in 1996 for the convention center, including  
84.26 payment of principal and interest on any bonds issued to repay the bonds or loans. All  
84.27 such expenditures are deemed to be activities within the district under Minnesota Statutes,  
84.28 section 469.1763, subdivisions 2, 3, and 4.

84.29 Subd. 4. **Adjusted net tax capacity.** The captured tax capacity of the district must  
84.30 be included in the adjusted net tax capacity of the city, county, and school district for the  
84.31 purposes of determining local government aid, education aid, and county program aid.  
84.32 The county auditor shall report to the commissioner of revenue the amount of the captured  
84.33 tax capacity for the district at the time the assessment abstracts are filed.

85.1 **EFFECTIVE DATE.** This section is effective upon compliance with Minnesota  
85.2 Statutes, section 645.021, subdivision 3.

85.3 Sec. 37. **CITY OF MINNEAPOLIS; TAX INCREMENT FINANCING**  
85.4 **DISTRICT.**

85.5 Subdivision 1. **Authorization.** Notwithstanding the provisions of any other law,  
85.6 the city of Minneapolis may establish a redevelopment tax increment financing district  
85.7 comprised of the properties included in the existing tax increment districts in the city  
85.8 that are exempt under Minnesota Statutes, section 469.179, subdivision 1, and were not  
85.9 decertified before July 1, 2008. The district created under this section may be certified  
85.10 after January 1, 2010, and terminates no later than December 31, 2020. The city may  
85.11 create the district under this section only if it enters into an agreement with Hennepin  
85.12 County to pay the county annually out of the increment from this district an amount equal  
85.13 to the tax that would have been payable to the county on the captured tax capacity of the  
85.14 district had the district not been created.

85.15 Subd. 2. **Special rules.** The requirements for qualifying a redevelopment district  
85.16 under Minnesota Statutes, section 469.174, subdivision 10, do not apply to parcels located  
85.17 within the district. Minnesota Statutes, section 469.176, subdivisions 4j and 4l, do not  
85.18 apply to the district. The original tax capacity of the district is \$2,731,854.

85.19 Subd. 3. **Authorized expenditures.** Tax increment from the district may be  
85.20 expended only to pay principal and interest on bond obligations issued by the city of  
85.21 Minneapolis or the Minneapolis Community Development Agency for Target Center,  
85.22 including payment of principal and interest on any bonds issued to repay bonds or loans  
85.23 and for neighborhood revitalization purposes. All such expenditures are deemed to be  
85.24 activities within the district under Minnesota Statutes, section 469.1763, subdivisions 2,  
85.25 3, and 4.

85.26 Subd. 4. **Adjusted net tax capacity.** The captured tax capacity of the district must  
85.27 be included in the adjusted net tax capacity of the city, county, and school district for the  
85.28 purposes of determining local government aid, education aid, and county program aid.  
85.29 The county auditor shall report to the commissioner of revenue the amount of the captured  
85.30 tax capacity for the district at the time the assessment abstracts are filed.

85.31 **EFFECTIVE DATE.** This section is effective upon compliance with Minnesota  
85.32 Statutes, section 645.021, subdivision 3.

85.33 Sec. 38. **TEMPORARY INCREASE IN ANNUAL VOLUME CAP.**

86.1           Subdivision 1. **Applicability.** This section applies if federal tax law is amended  
86.2 after April 28, 2008, to provide a temporary increase in the annual volume cap for private  
86.3 activity bonds for housing purposes for calendar year 2008 or 2009, and applies only to the  
86.4 amount of the annual volume cap attributable to the temporary increase for those purposes.

86.5           Subd. 2. **Definitions.** As used in this section, "annual volume cap," "bonding  
86.6 authority," "commissioner," "federal tax law," and "housing pool" have the meanings given  
86.7 in Minnesota Statutes, section 474A.02. As used in this section, "agency" and "city" have  
86.8 the meanings given in Minnesota Statutes, section 474A.061, subdivision 2a, paragraph  
86.9 (c). As used in this section, "carryforward" means the ability to issue obligations in a year  
86.10 subsequent to the year in which an allocation of bonding authority was obtained under this  
86.11 section as provided in section 146(f) of federal tax law.

86.12           Subd. 3. **Allocations.** (a) The commissioner shall determine the aggregate dollar  
86.13 amount attributable to the temporary increase in the annual volume cap for housing  
86.14 purposes. Of this amount, the commissioner shall make the following allocations for 2008:

86.15           (1) 43 percent to the housing pool, of which 31 percent of the allocation is reserved  
86.16 for single-family housing programs for a period ending on the earlier of:

86.17           (i) October 31, 2008, or October 31, 2009, if the increase is made available for  
86.18 calendar year 2009; or

86.19           (ii) 180 days after the allocation by the commissioner of the temporary increase  
86.20 in the volume cap;

86.21           (2) 30 percent to the agency;

86.22           (3) 12 percent to the city of Minneapolis;

86.23           (4) nine percent to the city of St. Paul; and

86.24           (5) six percent to the Dakota County Community Development Agency for the  
86.25 county of Dakota and all political subdivisions located within the county.

86.26           (b) Allocations provided under this subdivision must be used for mortgage bonds or  
86.27 residential rental project bonds.

86.28           (c) Data on the home purchase price amount, mortgage amount, income, household  
86.29 size, and race of the households served with the proceeds of mortgage bonds and  
86.30 mortgage credit certificates using an allocation under this section in a calendar year  
86.31 must be submitted by each issuer to the agency by December 31 of the following year.  
86.32 Compliance by the agency with the provisions of Minnesota Statutes, section 462A.073,  
86.33 subdivision 5, shall be deemed to be in compliance by the agency with the reporting  
86.34 requirements of this paragraph.

86.35           (d) Any amount allocated under paragraph (a), clause (2), (3), (4), or (5), may be  
86.36 transferred as provided in Minnesota Statutes, section 474A.04, subdivision 6.

87.1            Subd. 4. **Housing pool.** Any amounts allocated to the housing pool under  
87.2 subdivision 3 that are not reserved for single-family housing programs must be allocated  
87.3 according to Minnesota Statutes, section 474A.061, subdivisions 2a and 4, subject to  
87.4 the following conditions:

87.5            (1) other amounts in the housing pool, if any, must be allocated from the housing  
87.6 pool before any allocation is made from amounts attributable to the temporary increase in  
87.7 annual volume cap;

87.8            (2) any amount of the temporary increase in the annual volume cap remaining in  
87.9 the housing pool on the last Monday of July 2008, or on the last Monday of July 2009, if  
87.10 the temporary increase in annual volume cap is made available for calendar year 2009, or  
87.11 that is allocated to the housing pool under subdivision 3, thereafter shall remain in the  
87.12 housing pool for allocation until the last Monday in November 2008, or the last Monday  
87.13 in November 2009, if the temporary increase in the annual volume is made available  
87.14 for calendar year 2009;

87.15            (3) any allocation of the temporary increase in the annual volume cap that is  
87.16 canceled under Minnesota Statutes, section 474A.061, subdivision 4, shall be returned to  
87.17 the housing pool for reallocation, unless the cancellation occurs after the last Monday in  
87.18 November 2008, or after the last Monday in November 2009, if the temporary increase in  
87.19 the annual volume is made available for calendar year 2009, in which case the canceled  
87.20 allocation is allocated to the agency; and

87.21            (4) any bonding authority attributable to the temporary increase in the annual  
87.22 volume cap that has not been allocated on December 1, 2008, or on December 1, 2009, if  
87.23 the temporary increase in the annual volume is made available for calendar year 2009, is  
87.24 allocated to the agency.

87.25            Subd. 5. **Single-family housing programs.** (a) Bonding authority reserved in the  
87.26 housing pool for single-family housing programs under subdivision 3 is available for  
87.27 single-family housing programs for cities that applied in January 2008, and received an  
87.28 allocation under Minnesota Statutes, section 474A.061, subdivision 2a, in 2008. If the  
87.29 temporary increase in the annual volume is made available for calendar year 2009, the  
87.30 bonding authority reserved in the housing pool for single-family housing programs under  
87.31 subdivision 3 is available for single-family housing programs for cities that applied in  
87.32 January 2009, and received an allocation under Minnesota Statutes, section 474A.061,  
87.33 subdivision 2a, in 2009. The agency shall receive an allocation for mortgage bonds  
87.34 pursuant to this subdivision. For a period of time determined by the agency, the agency  
87.35 may accept applications from the cities for the volume cap.





89.1 1, ~~1992~~ 1998, if a sunset clause is in effect for the current collective bargaining agreement.  
89.2 The total amount of the levy each year may not exceed \$600,000.

89.3 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and  
89.4 thereafter.

89.5 Sec. 2. Minnesota Statutes 2006, section 270C.85, subdivision 2, is amended to read:

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

89.8 (a) Confer with, advise, and give the necessary instructions and directions to local  
89.9 assessors and local boards of review throughout the state as to their duties under the  
89.10 laws of the state.

89.11 (b) Direct proceedings, actions, and prosecutions to be instituted to enforce the  
89.12 laws relating to the liability and punishment of public officers and officers and agents of  
89.13 corporations for failure or negligence to comply with the provisions of the property tax  
89.14 laws, and cause complaints to be made against local assessors, members of boards of  
89.15 equalization, members of boards of review, or any other assessing or taxing officer, to the  
89.16 proper authority, for their removal from office for misconduct or negligence of duty.

89.17 (c) Require county attorneys to assist in the commencement of prosecutions in  
89.18 actions or proceedings for removal, forfeiture, and punishment, for violation of the  
89.19 property tax laws in their respective districts or counties.

89.20 (d) Require town, city, county, and other public officers to report information as to  
89.21 the assessment of property, and such other information as may be needful in the work of  
89.22 the commissioner, in such form as the commissioner may prescribe.

89.23 (e) Transmit to the governor, on or before the third Monday in December of each  
89.24 even-numbered year, and to each member of the legislature, on or before November  
89.25 15 of each even-numbered year, the report of the department for the preceding years,  
89.26 showing all the taxable property subject to the property tax laws and the value of the  
89.27 same, in tabulated form.

89.28 (f) Inquire into the methods of assessment and taxation and ascertain whether the  
89.29 assessors faithfully discharge their duties.

89.30 (g) Assist local assessors in determining the estimated market value of industrial  
89.31 special-use property. For purposes of this paragraph, "industrial special-use property"  
89.32 means property that:

89.33 (1) is designed and equipped for a particular type of industry;

89.34 (2) is not easily adapted to some other use due to the unique nature of the facilities;

89.35 (3) has facilities totaling at least 75,000 square feet in size; and

90.1           (4) has a total estimated market value of \$10,000,000 or greater based on the  
90.2 assessor's preliminary determination.

90.3           **EFFECTIVE DATE.** This section is effective for assessment year 2009 and  
90.4 thereafter, for taxes payable in 2010 and thereafter.

90.5           Sec. 3. Minnesota Statutes 2006, section 272.02, subdivision 55, is amended to read:

90.6           Subd. 55. **Electric generation facility; personal property.** Notwithstanding  
90.7 subdivision 9, clause (a), attached machinery and other personal property which is part of  
90.8 an electric generating facility that meets the requirements of this subdivision is exempt.  
90.9 At the time of construction, the facility must (i) be designated as an innovative energy  
90.10 project as defined in section 216B.1694, (ii) be within a tax relief area as defined in  
90.11 section 273.134, (iii) have access to existing railroad infrastructure within less than three  
90.12 miles, (iv) have received by resolution approval from the governing body of the county  
90.13 and township or city in which the proposed facility is to be located for the exemption  
90.14 of personal property under this subdivision, and (v) be designed to host at least 500  
90.15 megawatts of electrical generation.

90.16           Construction of the first 500 megawatts of the facility must be commenced after  
90.17 January 1, 2006, and before January 1, ~~2010~~ 2012. Construction of up to an additional 750  
90.18 megawatts of generation must be commenced before January 1, 2015. Property eligible  
90.19 for this exemption does not include electric transmission lines and interconnections or gas  
90.20 pipelines and interconnections appurtenant to the property or the facility. To qualify for an  
90.21 exemption under this subdivision, the owner of the electric generation facility must have  
90.22 an agreement with the host county, township or city, and school district, for payment in  
90.23 lieu of personal property taxes to the host county, township or city, and school district.

90.24           Sec. 4. Minnesota Statutes 2006, section 272.02, subdivision 84, is amended to read:

90.25           Subd. 84. **Electric generation facility; personal property.** Notwithstanding  
90.26 subdivision 9, clause (a), attached machinery and other personal property which is part  
90.27 of a 10.3 megawatt run-of-the-river hydroelectric generation facility and that meets the  
90.28 requirements of this subdivision is exempt. At the time of construction, the facility must:

90.29           (1) utilize between 12 and 16 turbine generators at a dam site existing on March  
90.30 31, 1994;

90.31           (2) be located on land within 3,000 feet of a 13.8 kilovolt distribution substation; and

90.32           (3) be eligible to receive a renewable energy production incentive payment under  
90.33 section 216C.41.

91.1 Construction of the facility must be commenced after April 30, 2006, and before  
91.2 January 1, ~~2009~~ 2011. Property eligible for this exemption does not include electric  
91.3 transmission lines and interconnections or gas pipelines and interconnections appurtenant  
91.4 to the property or the facility.

91.5 Sec. 5. Minnesota Statutes 2006, section 272.02, is amended by adding a subdivision  
91.6 to read:

91.7 Subd. 88. **Fergus Falls historical zone.** (a) Property located in the area of the  
91.8 campus of the former state regional treatment center in the city of Fergus Falls, including  
91.9 the five buildings and associated land that were acquired by the city prior to January 1,  
91.10 2007, is exempt from ad valorem taxes levied under chapter 275.

91.11 (b) The exemption applies for 15 calendar years from the date specified by resolution  
91.12 of the governing body of the city of Fergus Falls. For the final three assessment years of  
91.13 the duration limit, the exemption applies to the following percentages of estimated market  
91.14 value of the property:

- 91.15 (1) for the third to the last assessment year of the duration, 75 percent;  
91.16 (2) for the second to the last assessment year of the duration, 50 percent; and  
91.17 (3) for the last assessment year of the duration, 25 percent.

91.18 **EFFECTIVE DATE.** This section is effective for property taxes payable in 2009  
91.19 and thereafter.

91.20 Sec. 6. Minnesota Statutes 2006, section 272.02, is amended by adding a subdivision  
91.21 to read:

91.22 Subd. 89. **Electric generation facility; personal property.** (a) Notwithstanding  
91.23 subdivision 9, paragraph (a), attached machinery and other personal property which is  
91.24 part of a simple-cycle combustion-turbine electric generation facility that exceeds 150  
91.25 megawatts of installed capacity and that meets the requirements of this subdivision is  
91.26 exempt. At the time of construction, the facility must:

- 91.27 (1) utilize natural gas as a primary fuel;  
91.28 (2) be owned by an electric generation and transmission cooperative;  
91.29 (3) be located within one mile of an existing 16-inch natural gas pipeline and a  
91.30 69-kilovolt and a 230-kilovolt high-voltage electric transmission line;  
91.31 (4) be designed to provide peaking, emergency backup, or contingency services;  
91.32 (5) have received a certificate of need under section 216B.243 demonstrating  
91.33 demand for its capacity; and

92.1 (6) have received by resolution the approval from the governing bodies of the county  
92.2 and the city in which the proposed facility is to be located for the exemption of personal  
92.3 property under this subdivision.

92.4 (b) Construction of the facility must be commenced after January 1, 2008, and  
92.5 before January 1, 2012. Property eligible for this exemption does not include electric  
92.6 transmission lines and interconnections or gas pipelines and interconnections appurtenant  
92.7 to the property or the facility.

92.8 **EFFECTIVE DATE.** This section is effective for the 2008 assessment payable in  
92.9 2009 and thereafter.

92.10 **Sec. 7. [272.0213] LEASED SEASONAL-RECREATIONAL LAND.**

92.11 A county board may elect, by resolution, to exempt from taxation, including the  
92.12 tax under section 273.19, qualified lands. "Qualified lands" for purposes of this section  
92.13 means property that:

92.14 (1) is owned by a county, city, town, the state, or the federal governments;

92.15 (2) is rented by the entity for noncommercial seasonal-recreational or noncommercial  
92.16 seasonal-recreational residential use; and

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

92.19 **EFFECTIVE DATE.** This section is effective beginning for taxes payable in 2009.

92.20 **Sec. 8. [273.0645] COMMISSIONER REVIEW OF LOCAL ASSESSMENT**  
92.21 **PRACTICES.**

92.22 The commissioner of revenue must review the assessment practices in a taxing  
92.23 jurisdiction if requested in writing by a qualifying number of property owners in that  
92.24 taxing jurisdiction. The request must be signed by the greater of:

92.25 (1) ten percent of the registered voters who voted in the last general election; or

92.26 (2) five property owners.

92.27 The request must identify the city, town, or county and describe why a review is  
92.28 sought for that taxing jurisdiction. The commissioner must conduct the review in a  
92.29 reasonable amount of time and report the findings to the county board of the affected  
92.30 county, to the affected city council or town board, if the review is for a specific city or  
92.31 town, and to the property owner designated in the request as the person to receive the  
92.32 report on behalf of all the property owners who signed the request. The commissioner  
92.33 must also provide the report electronically to all property owners who signed the request  
92.34 and provided an e-mail address in order to receive the report electronically.

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

93.2 Sec. 9. Minnesota Statutes 2006, section 273.11, subdivision 14a, is amended to read:

93.3 Subd. 14a. **Vacant land platted on or after August 1, 2001; located in**  
93.4 **metropolitan counties.** (a) Except as provided in subdivision 14c, all land platted on or  
93.5 after August 1, 2001, located in a metropolitan county, and not improved with a permanent  
93.6 structure, shall be assessed as provided in this subdivision. The assessor shall determine  
93.7 the market value of each individual lot based upon the highest and best use of the property  
93.8 as unplatted land. In establishing the market value of the property, the assessor shall  
93.9 consider the sale price of the unplatted land or comparable sales of unplatted land of  
93.10 similar use and similar availability of public utilities.

93.11 (b) The market value determined in paragraph (a) shall be increased as follows for  
93.12 each of the three assessment years immediately following the final approval of the plat:  
93.13 one-third of the difference between the property's unplatted market value as determined  
93.14 under paragraph (a) and the market value based upon the highest and best use of the land  
93.15 as platted property shall be added in each of the three subsequent assessment years.

93.16 (c) Any increase in market value after the first assessment year following the plat's  
93.17 final approval shall be added to the property's market value in the next assessment year.  
93.18 Notwithstanding paragraph (b), if the property is sold or transferred, or construction  
93.19 begins before the expiration of the three years in paragraph (b), that lot shall be eligible  
93.20 for revaluation in the next assessment year. The market value of a platted lot determined  
93.21 under this subdivision shall not exceed the value of that lot based upon the highest and  
93.22 best use of the property as platted land.

93.23 (d) For purposes of this section, "metropolitan county" means the counties of Anoka,  
93.24 Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

93.25 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and  
93.26 thereafter.

93.27 Sec. 10. Minnesota Statutes 2006, section 273.11, subdivision 14b, is amended to read:

93.28 Subd. 14b. **Vacant land platted on or after August 1, 2001; located in**  
93.29 **nonmetropolitan counties.** (a) All land platted on or after August 1, 2001, located in a  
93.30 nonmetropolitan county, and not improved with a permanent structure, shall be assessed  
93.31 as provided in this subdivision. The assessor shall determine the market value of each  
93.32 individual lot based upon the highest and best use of the property as unplatted land. In  
93.33 establishing the market value of the property, the assessor shall consider the sale price

94.1 of the unplatted land or comparable sales of unplatted land of similar use and similar  
94.2 availability of public utilities.

94.3 (b) The market value determined in paragraph (a) shall be increased as follows for  
94.4 each of the seven assessment years immediately following the final approval of the plat:  
94.5 one-seventh of the difference between the property's unplatted market value as determined  
94.6 under paragraph (a) and the market value based upon the highest and best use of the land  
94.7 as platted property shall be added in each of the seven subsequent assessment years.

94.8 (c) Any increase in market value after the first assessment year following the plat's  
94.9 final approval shall be added to the property's market value in the next assessment year.  
94.10 Notwithstanding paragraph (b), if the property is sold or transferred, or construction  
94.11 begins before the expiration of the seven years in paragraph (b), that lot shall be eligible  
94.12 for revaluation in the next assessment year. The market value of a platted lot determined  
94.13 under this subdivision shall not exceed the value of that lot based upon the highest and  
94.14 best use of the property as platted land.

94.15 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and  
94.16 thereafter.

94.17 Sec. 11. Minnesota Statutes 2006, section 273.11, is amended by adding a subdivision  
94.18 to read:

94.19 **Subd. 14c. Certain vacant land platted on or after August 1, 2001; located**  
94.20 **in metropolitan county.** (a) All land platted on or after August 1, 2001, located in a  
94.21 metropolitan county and not improved with a structure shall be eligible for the phase-in  
94.22 assessment schedule under this subdivision, provided the property (i) is classified  
94.23 homestead under section 273.13, subdivision 22 or 23, in the assessment year prior to the  
94.24 year the initial platting begins on the property; (ii) has been owned or part-owned by the  
94.25 same person for the ten consecutive years prior to the initial platting; and (iii) remains  
94.26 under the same ownership in the current assessment year.

94.27 (b) Based upon the assessor's records, the assessor shall obtain the estimated market  
94.28 value of each individual lot based upon the highest and best use of the property as unplatted  
94.29 land for the assessment year that the property was platted. In establishing the market value  
94.30 of the property, the assessor shall have considered the sale price of the unplatted land or  
94.31 comparable sales of unplatted land of similar use and similar availability of public utilities.

94.32 (c) To the market value determined in paragraph (b) shall be added one-seventh  
94.33 of the difference between the property's unplatted market value as determined under  
94.34 paragraph (b) and the market value based upon the highest and best use of the land as

95.1 platted property in the current year, multiplied by the number of assessment years since  
95.2 the property was platted, in each of the subsequent assessment years.

95.3 (d) Notwithstanding paragraph (c), if the property is sold or transferred, or  
95.4 construction begins before the expiration of the phase-in in paragraph (c), that lot shall  
95.5 be eligible for revaluation in the next assessment year. The market value of a platted lot  
95.6 determined under this subdivision shall not exceed the value of that lot based upon the  
95.7 highest and best use of the property as platted land.

95.8 (e) Any owner of eligible property platted before July 1, 2008, must file an  
95.9 application with the assessor in order to receive the phase-in under this subdivision for the  
95.10 remainder of the seven-year period. The application must be filed before July 1 in order  
95.11 for the property to be eligible for the current year's assessment. The commissioner shall  
95.12 prescribe a uniform application form and instructions.

95.13 (f) For purposes of this section, "metropolitan county" means the counties of Anoka,  
95.14 Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

95.15 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and  
95.16 thereafter, except that the portion of paragraph (d) referring to a lot that is sold or  
95.17 transferred is effective for taxes payable in 2010 and thereafter.

95.18 Sec. 12. Minnesota Statutes 2006, section 273.111, subdivision 3, as amended by Laws  
95.19 2008, chapter 154, article 13, section 26, is amended to read:

95.20 Subd. 3. **Requirements.** (a) Real estate consisting of ten acres or more or a nursery  
95.21 or greenhouse, and qualifying for classification as class ~~Hb, 2a, or 2b~~ under section 273.13,  
95.22 shall be entitled to valuation and tax deferral under this section ~~only~~ if it is primarily  
95.23 devoted to agricultural use, ~~and meets the qualifications in subdivision 6,~~ and either:

95.24 (1) is the homestead of the owner, or of a surviving spouse, child, or sibling of the  
95.25 owner or is real estate which is farmed with the real estate which contains the homestead  
95.26 property; or

95.27 (2) has been in possession of the applicant, the applicant's spouse, parent, or sibling,  
95.28 or any combination thereof, for a period of at least seven years prior to application for  
95.29 benefits under the provisions of this section, or is real estate which is farmed with the  
95.30 real estate which qualifies under this clause and is within four townships or cities or  
95.31 combination thereof from the qualifying real estate; or

95.32 (3) is the homestead of ~~a shareholder in a family farm corporation as defined in~~  
95.33 ~~section 500.24, notwithstanding the fact that legal title to the real estate may be held in~~  
95.34 ~~the name of the family farm corporation~~ an individual who is part of an entity described  
95.35 in paragraph (b), clause (1), (2), or (3); or

96.1 (4) is in the possession of a nursery or greenhouse or an entity owned by a proprietor,  
96.2 partnership, or corporation which also owns the nursery or greenhouse operations on the  
96.3 parcel or parcels, provided that only the acres used to produce nursery stock qualify  
96.4 for treatment under this section.

96.5 (b) Valuation of real estate under this section is limited to parcels ~~the ownership of~~  
96.6 ~~which is in noncorporate entities~~ owned by individuals except for:

96.7 (1) a family farm corporations organized pursuant to entity or authorized farm entity  
96.8 regulated under section 500.24; and

96.9 (2) a poultry entity other than a limited liability entity in which the majority of the  
96.10 members, partners, or shareholders are related and at least one of the members, partners,  
96.11 or shareholders either resides on the land or actively operates the land; and

96.12 (3) corporations that derive 80 percent or more of their gross receipts from the  
96.13 wholesale or retail sale of horticultural or nursery stock.

96.14 The terms in this paragraph have the meanings given in section 500.24, where  
96.15 applicable.

96.16 (c) Land that previously qualified for tax deferral under this section and no longer  
96.17 qualifies because it is not primarily used for agricultural purposes but would otherwise  
96.18 qualify under ~~subdivisions~~ Minnesota Statutes 2006, section 273.111, subdivision 3 and 6,  
96.19 for a period of at least three years will not be required to make payment of the previously  
96.20 deferred taxes, notwithstanding the provisions of subdivision 9. Sale of the land prior to  
96.21 the expiration of the three-year period requires payment of deferred taxes as follows: sale  
96.22 in the year the land no longer qualifies requires payment of the current year's deferred  
96.23 taxes plus payment of deferred taxes for the two prior years; sale during the second year  
96.24 the land no longer qualifies requires payment of the current year's deferred taxes plus  
96.25 payment of the deferred taxes for the prior year; and sale during the third year the land  
96.26 no longer qualifies requires payment of the current year's deferred taxes. Deferred taxes  
96.27 shall be paid even if the land qualifies pursuant to subdivision 11a. When such property is  
96.28 sold or no longer qualifies under this paragraph, or at the end of the three-year period,  
96.29 whichever comes first, all deferred special assessments plus interest are payable in equal  
96.30 installments spread over the time remaining until the last maturity date of the bonds issued  
96.31 to finance the improvement for which the assessments were levied. If the bonds have  
96.32 matured, the deferred special assessments plus interest are payable within 90 days. The  
96.33 provisions of section 429.061, subdivision 2, apply to the collection of these installments.  
96.34 Penalties are not imposed on any such special assessments if timely paid.

96.35 (d) Land that is enrolled in the reinvest in Minnesota program under sections  
96.36 103F.501 to 103F.535, the federal Conservation Reserve Program as contained in Public



97.1 Law 99-198, or a similar state or federal conservation program does not qualify for  
97.2 valuation and assessment deferral under this section. This paragraph applies to land that  
97.3 has not qualified under this section for taxes payable in 2009 or previous years.

97.4 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and  
97.5 thereafter.

97.6 Sec. 13. Minnesota Statutes 2006, section 273.111, is amended by adding a subdivision  
97.7 to read:

97.8 Subd. 3a. **Property no longer eligible for deferment.** (a) Real estate receiving  
97.9 the tax deferment under this section for assessment year 2008, but that does not qualify  
97.10 for the 2009 assessment year due to changes in qualification requirements under this act,  
97.11 shall continue to qualify until any part of the land is sold, transferred, or subdivided,  
97.12 provided that the property continues to meet the requirements of Minnesota Statutes 2006,  
97.13 section 273.111, subdivision 3.

97.14 (b) When property assessed under this subdivision is withdrawn from the program or  
97.15 becomes ineligible, the property shall be subject to additional taxes, in the amount equal  
97.16 to the average difference between the taxes determined in accordance with subdivision  
97.17 4, and the amount determined under subdivision 5, for the current year and the two  
97.18 preceding years, multiplied by (1) three, in the case of class 2a property under section  
97.19 273.13, subdivision 23, or any property withdrawn before January 2, 2009, or (2) seven, in  
97.20 the case of property withdrawn after January 2, 2009, that is not class 2a property. The  
97.21 number of years used as the multiplier must not exceed the number of years during which  
97.22 the property was subject to this section. The amount determined under subdivision 5 shall  
97.23 not be greater than it would have been had the actual bona fide sale price of the real  
97.24 property at an arm's-length transaction been used in lieu of the market value determined  
97.25 under subdivision 5. The additional taxes shall be extended against the property on the  
97.26 tax list for the current year, provided that no interest or penalties shall be levied on the  
97.27 additional taxes if timely paid.

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

97.29 Sec. 14. Minnesota Statutes 2006, section 273.111, subdivision 4, is amended to read:

97.30 Subd. 4. **Determination of value.** (a) The value of any real estate described  
97.31 in subdivision 3 shall upon timely application by the owner, in the manner provided  
97.32 in subdivision 8, be determined solely with reference to its appropriate agricultural  
97.33 classification and value notwithstanding sections 272.03, subdivision 8, and 273.11. ~~It~~  
97.34 ~~determining the value for ad valorem tax purposes, the assessor shall use sales data for~~

98.1 ~~agricultural lands located outside the seven metropolitan counties having similar soil~~  
98.2 ~~types, number of degree days, and other similar agricultural characteristics.~~ Furthermore,  
98.3 the assessor shall not consider any added values resulting from nonagricultural factors.  
98.4 In order to account for the presence of nonagricultural influences that may affect the value  
98.5 of agricultural land, the commissioner of revenue shall develop a fair and uniform method  
98.6 of determining agricultural values for each county in the state that are consistent with this  
98.7 subdivision. The commissioner shall annually assign the resulting values to each county,  
98.8 and these values shall be used as the basis for determining the agricultural value for all  
98.9 properties in the county qualifying for tax deferment under this section.

98.10 (b) In the case of property qualifying for tax deferment only under subdivision 3a,  
98.11 the value shall be based on the value in effect for assessment year 2008, multiplied by  
98.12 the ratio of the total taxable market value of all property in the county for the current  
98.13 assessment year divided by the total taxable market value of all property in the county  
98.14 for assessment year 2008.

98.15 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and  
98.16 thereafter.

98.17 Sec. 15. Minnesota Statutes 2006, section 273.111, subdivision 8, is amended to read:

98.18 Subd. 8. **Application.** Application for deferment of taxes and assessment under this  
98.19 section shall be filed by May 1 of the year prior to the year in which the taxes are payable.  
98.20 Any application filed hereunder and granted shall continue in effect for subsequent years  
98.21 until the property no longer qualifies. ~~Such~~ The application shall must be filed with the  
98.22 assessor of the taxing district in which the real property is located on ~~such~~ the form as  
98.23 ~~may be~~ prescribed by the commissioner of revenue. The assessor may require proof by  
98.24 affidavit or otherwise that the property qualifies under ~~subdivisions~~ subdivision 3 and 6  
98.25 and may require the applicant to provide a copy of the appropriate schedule or form  
98.26 showing farm income that is attested to by the applicant as having been included in the  
98.27 most recently filed federal income tax return of the applicant.

98.28 **EFFECTIVE DATE.** This section is effective for applications filed after May  
98.29 1, 2008.

98.30 Sec. 16. Minnesota Statutes 2006, section 273.111, subdivision 9, is amended to read:

98.31 Subd. 9. **Additional taxes.** When real property which is being, or has been valued  
98.32 and assessed under this section no longer qualifies under ~~subdivisions~~ subdivision 3 and 6,  
98.33 the portion no longer qualifying shall be subject to additional taxes, in the amount equal to  
98.34 the difference between the taxes determined in accordance with subdivision 4, and the

99.1 amount determined under subdivision 5. Provided, however, that the amount determined  
99.2 under subdivision 5 shall not be greater than it would have been had the actual bona fide  
99.3 sale price of the real property at an arm's-length transaction been used in lieu of the market  
99.4 value determined under subdivision 5. Such additional taxes shall be extended against  
99.5 the property on the tax list for the current year, provided, however, that no interest or  
99.6 penalties shall be levied on such additional taxes if timely paid, and provided further, that  
99.7 such additional taxes shall only be levied with respect to the last three years that the said  
99.8 property has been valued and assessed under this section.

99.9 **EFFECTIVE DATE.** This section is effective for deferred taxes payable in 2009  
99.10 and thereafter.

99.11 Sec. 17. Minnesota Statutes 2006, section 273.111, subdivision 11, is amended to read:

99.12 Subd. 11. **Special local assessments.** The payment of special local assessments  
99.13 levied after June 1, 1967, for improvements made to any real property described in  
99.14 subdivision 3 together with the interest thereon shall, on timely application as provided  
99.15 in subdivision 8, be deferred as long as such property meets the conditions contained in  
99.16 ~~subdivisions~~ subdivision 3 and 6 or 3a or is transferred to an agricultural preserve under  
99.17 sections 473H.02 to 473H.17. If special assessments against the property have been  
99.18 deferred pursuant to this subdivision, the governmental unit shall file with the county  
99.19 recorder in the county in which the property is located a certificate containing the legal  
99.20 description of the affected property and of the amount deferred. When such property  
99.21 no longer qualifies under ~~subdivisions~~ subdivision 3 and 6 or 3a, all deferred special  
99.22 assessments plus interest shall be payable in equal installments spread over the time  
99.23 remaining until the last maturity date of the bonds issued to finance the improvement  
99.24 for which the assessments were levied. If the bonds have matured, the deferred special  
99.25 assessments plus interest shall be payable within 90 days. The provisions of section  
99.26 429.061, subdivision 2, apply to the collection of these installments. Penalty shall not be  
99.27 levied on any such special assessments if timely paid.

99.28 **EFFECTIVE DATE.** This section is effective for deferred taxes payable in 2009  
99.29 and thereafter.

99.30 Sec. 18. Minnesota Statutes 2006, section 273.111, subdivision 11a, is amended to read:

99.31 Subd. 11a. **Continuation of tax treatment upon sale.** When real property  
99.32 qualifying under ~~subdivisions~~ subdivision 3 and 6 is sold, no additional taxes or deferred  
99.33 special assessments plus interest shall be extended against the property provided the

100.1 property continues to qualify pursuant to ~~subdivisions~~ subdivision 3 and 6, and provided  
100.2 the new owner files an application for continued deferment within 30 days after the sale.

100.3 ~~For purposes of meeting the income requirements of subdivision 6, the property~~  
100.4 ~~purchased shall be considered in conjunction with other qualifying property owned by~~  
100.5 ~~the purchaser.~~

100.6 **EFFECTIVE DATE.** This section is effective for deferred taxes payable in 2009  
100.7 and thereafter.

100.8 Sec. 19. Minnesota Statutes 2006, section 273.111, subdivision 14, is amended to read:

100.9 Subd. 14. **Applicability of special assessment provisions.** (a) This section shall  
100.10 apply to special local assessments levied after July 1, 1967, and payable in the years  
100.11 thereafter, but shall not apply to any special assessments levied at any time by a county  
100.12 or district court under ~~the provisions of chapter 116A~~ or by a watershed district under  
100.13 chapter 103D.

100.14 (b) For special assessments levied by a watershed district under chapter 103D before  
100.15 June 1, 2008, this section is effective only for real property initially qualifying for tax  
100.16 deferment after May 31, 2008. For special assessments by a watershed district under  
100.17 chapter 103D levied after May 31, 2008, this section is effective for all real property  
100.18 qualifying for tax deferment under this section.

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

100.20 Sec. 20. Minnesota Statutes 2006, section 273.111, is amended by adding a subdivision  
100.21 to read:

100.22 Subd. 17. **Implementation of program.** This section must be applied to eligible  
100.23 properties by all county assessors, beginning no later than assessments for taxes levied  
100.24 in 2009, payable in 2010, and thereafter, unless the commissioner of revenue determines  
100.25 that a county is unable to comply with this requirement, in which case the county must  
100.26 implement it for taxes levied in 2010, payable in 2011, and thereafter.

100.27 Sec. 21. **[273.1115] AGGREGATE RESOURCE PRESERVATION PROPERTY**  
100.28 **TAX LAW.**

100.29 Subdivision 1. **Definitions.** For purposes of this section, "commercial aggregate  
100.30 deposit" and "actively mined" have the meanings given them in section 273.13,  
100.31 subdivision 23, paragraph (l).

101.1 Subd. 2. Requirement. Real estate is entitled to valuation under this section only if  
101.2 all of the following requirements are met:

101.3 (1) the property is classified 1a, 1b, 2a, or 2b property under section 273.13,  
101.4 subdivisions 22 and 23;

101.5 (2) the property is at least ten contiguous acres, when the application is filed under  
101.6 subdivision 3;

101.7 (3) the owner has filed a completed application for deferment as specified in  
101.8 subdivision 3 with the county assessor in the county in which the property is located;

101.9 (4) there are no delinquent taxes on the property; and

101.10 (5) a covenant on the land restricts its use as provided in subdivision 3, clause (4).

101.11 Subd. 3. Application. Application for valuation deferment under this section  
101.12 must be filed by May 1 of the assessment year. Any application filed and granted  
101.13 continues in effect for subsequent years until the property no longer qualifies, provided  
101.14 that supplemental affidavits under subdivision 8 are timely filed. The application must  
101.15 be filed with the assessor of the county in which the real property is located on such  
101.16 form as may be prescribed by the commissioner of revenue. The application must be  
101.17 executed and acknowledged in the manner required by law to execute and acknowledge a  
101.18 deed and must contain at least the following information and any other information the  
101.19 commissioner deems necessary:

101.20 (1) the legal description of the area;

101.21 (2) the name and address of owner;

101.22 (3) a copy of the affidavit filed under section 273.13, subdivision 23, paragraph  
101.23 (l), when property is classified as:

101.24 (i) 1b under section 273.13, subdivision 22, paragraph (b);

101.25 (ii) 2a under section 273.13, subdivision 23;

101.26 (iii) 2b under section 273.13, subdivision 23; or

101.27 (iv) 2e under section 273.13, subdivision 23, paragraph (l).

101.28 The application must include a similar document with the same information as  
101.29 contained in the affidavit under section 273.13, subdivision 23, paragraph (l); and

101.30 (4) a statement of proof from the owner that the land contains a restrictive covenant  
101.31 limiting its use for the property's surface to that which exists on the date of the application  
101.32 and limiting its future use to the preparation and removal of the commercial aggregate  
101.33 deposit under its surface. To qualify under this clause, the covenant must be binding on  
101.34 the owner or the owner's successor or assignee, and run with the land, except as provided  
101.35 in subdivision 5 allowing for the cancellation of the covenant under certain conditions.

102.1            Subd. 4. **Determination of value.** Upon timely application by the owner as provided  
102.2 in subdivision 3, notwithstanding sections 272.03, subdivision 8, and 273.11, the value of  
102.3 any qualifying land described in subdivision 3 must be valued as if it were agricultural  
102.4 property, using a per acre valuation equal to the current assessment year's average per acre  
102.5 valuation of agricultural land in the county. The assessor shall not consider any additional  
102.6 value resulting from potential alternative and future uses of the property. The buildings  
102.7 located on the land shall be valued by the assessor in the normal manner.

102.8            Subd. 5. **Cancellation of covenant.** The covenant required under subdivision  
102.9 3 may be canceled in two ways:

102.10           (1) by the owner beginning with the next subsequent assessment year provided  
102.11 that the additional taxes as determined under subdivision 7 are paid by the owner at the  
102.12 time of cancellation; or

102.13           (2) by the city or town in which the property is located beginning with the next  
102.14 subsequent assessment year, if the city council or town board:

102.15           (i) changes the conditional use of the property;

102.16           (ii) revokes the mining permit; or

102.17           (iii) changes the zoning to disallow mining.

102.18           No additional taxes are imposed on the property under this clause.

102.19           Subd. 6. **County termination.** Within two years of the effective date of this section,  
102.20 a county may, following notice and public hearing, terminate application of this section  
102.21 in the county. The termination is effective upon adoption of a resolution of the county  
102.22 board. A county has 60 days from receipt of the first application for enrollment under  
102.23 this section to notify the applicant and any subsequent applicants of the county's intent  
102.24 to begin the process of terminating application of this section in the county. The county  
102.25 must act on the termination within six months. Upon termination by a vote of the county  
102.26 board, all applications received prior to and during notification of intent to terminate shall  
102.27 be deemed void. If the county board does not act on the termination within six months of  
102.28 notification, all applications for valuation for deferment received shall be deemed eligible  
102.29 for consideration to be enrolled under this section. Following this initial 60-day grace  
102.30 period, a termination applies prospectively and does not affect property enrolled under this  
102.31 section prior to the termination date. A county may reauthorize application of this section  
102.32 by a resolution of the county board revoking the termination.

102.33           Subd. 7. **Additional taxes.** When real property which has been valued and assessed  
102.34 under this section no longer qualifies, the portion of the land classified under subdivision  
102.35 2, clause (1), is subject to additional taxes. The additional tax amount is determined by:

103.1 (1) computing the difference between (i) the current year's taxes determined in  
103.2 accordance with subdivision 4, and (ii) an amount as determined by the assessor based  
103.3 upon the property's current year's estimated market value of like real estate at its highest  
103.4 and best use and the appropriate local tax rate; and

103.5 (2) multiplying the amount determined in clause (1) by the number of years the  
103.6 land was in the program under this section. The current year's estimated market value as  
103.7 determined by the assessor must not exceed the market value that would result if the  
103.8 property was sold in an arms-length transaction and must not be greater than it would have  
103.9 been had the actual bona fide sale price of the property been used in lieu of that market  
103.10 value. The additional taxes must be extended against the property on the tax list for the  
103.11 current year, except that interest or penalties must not be levied on these additional taxes if  
103.12 timely paid. The additional tax under this subdivision must not be imposed on that portion  
103.13 of the property which has actively been mined and has been removed from the program  
103.14 based upon the supplemental affidavits filed under subdivision 8.

103.15 Subd. 8. **Supplemental affidavits; mining activity on land.** When any portion  
103.16 of the property begins to be actively mined, the owner must file a supplemental affidavit  
103.17 within 60 days from the day any aggregate is removed stating the number of acres of the  
103.18 property that is actively being mined. The acres actively being mined shall be (1) valued  
103.19 and classified under section 273.13, subdivision 24, in the next subsequent assessment  
103.20 year, and (2) removed from the aggregate resource preservation property tax program  
103.21 under this section. The additional taxes under subdivision 7 must not be imposed on the  
103.22 acres that are actively being mined and have been removed from the program under this  
103.23 section. Copies of the original affidavit and all supplemental affidavits must be filed  
103.24 with the county assessor, the local zoning administrator, and the Department of Natural  
103.25 Resources, Division of Land and Minerals. A supplemental affidavit must be filed each  
103.26 time a subsequent portion of the property is actively mined, provided that the minimum  
103.27 acreage change is five acres, even if the actual mining activity constitutes less than five  
103.28 acres. Failure to file the affidavits timely shall result in the property losing its valuation  
103.29 deferment under this section, and additional taxes must be imposed as calculated under  
103.30 subdivision 7.

103.31 Subd. 9. **Lien.** The additional tax imposed by this section is a lien upon the property  
103.32 assessed to the same extent and for the same duration as other taxes imposed upon  
103.33 property within this state and, when collected, must be distributed in the manner provided  
103.34 by law for the collection and distribution of other property taxes.

104.1 Subd. 10. Continuation of tax treatment upon sale. When real property qualifying  
104.2 under subdivision 2 is sold, additional taxes must not be extended against the property  
104.3 if the property continues to qualify under subdivision 2, and the new owner files an  
104.4 application with the assessor for continued deferment within 30 days after the sale.

104.5 EFFECTIVE DATE. This section is effective for taxes levied in 2009, payable  
104.6 in 2010, and thereafter, except that for the 2009 assessment year, the application date  
104.7 under subdivision 5 shall be September 1, 2009, and subdivision 6 is effective the day  
104.8 following final enactment.

104.9 Sec. 22. [273.113] TAX CREDIT FOR PROPERTY IN PROPOSED BOVINE  
104.10 TUBERCULOSIS MODIFIED ACCREDITED ZONE.

104.11 Subdivision 1. Definition. For the purposes of this section, the following terms  
104.12 have the meanings given to them:

104.13 (1) "proposed bovine tuberculosis modified accredited zone" means the modified  
104.14 accredited zone proposed by the Board of Animal Health under section 35.244; and

104.15 (2) "located within" means that the herd is kept in the area for at least a part of  
104.16 calendar year 2007.

104.17 Subd. 2. Eligibility; amount of credit. Agricultural land classified under section  
104.18 273.13, subdivision 23, located within a proposed bovine tuberculosis modified accredited  
104.19 zone is eligible for a property tax credit equal to the property tax on the parcel where the  
104.20 herd had been located, excluding any tax attributable to residential structures. To begin to  
104.21 qualify for the tax credit, the owner shall file an application with the county by December  
104.22 1 of the levy year. The credit must be given for each subsequent taxes payable year until  
104.23 the credit terminates under subdivision 4. The assessor shall indicate the amount of the  
104.24 property tax reduction on the property tax statement of each taxpayer receiving a credit  
104.25 under this section. The credit paid pursuant to this section shall be deducted from the tax  
104.26 due on the property as provided in section 273.1393.

104.27 Subd. 3. Reimbursement for lost revenue. The county auditor shall certify to the  
104.28 commissioner of revenue, as part of the abstracts of tax lists required to be filed with  
104.29 the commissioner under section 275.29, the amount of tax lost to the county from the  
104.30 property tax credit under subdivision 2. Any prior year adjustments must also be certified  
104.31 in the abstracts of tax lists. The commissioner of revenue shall review the certifications to  
104.32 determine their accuracy. The commissioner may make the changes in the certification  
104.33 that are considered necessary or return a certification to the county auditor for corrections.  
104.34 The commissioner shall reimburse each taxing district for the taxes lost. The payments



105.1 must be made at the time provided in section 473H.10 for payment to taxing jurisdictions  
105.2 in the same proportion that the ad valorem tax is distributed. The amount necessary to  
105.3 make the reimbursements under this section is annually appropriated from the general  
105.4 fund to the commissioner of revenue.

105.5 Subd. 4. **Termination of credit.** The credits provided under this section cease to be  
105.6 available beginning with taxes payable in the year following the date when the Board of  
105.7 Animal Health has certified that the state is free of bovine tuberculosis.

105.8 Sec. 23. Minnesota Statutes 2006, section 273.121, as amended by Laws 2008, chapter  
105.9 154, article 13, section 28, is amended to read:

105.10 **273.121 VALUATION OF REAL PROPERTY, NOTICE.**

105.11 Subdivision 1. **Notice.** Any county assessor or city assessor having the powers of a  
105.12 county assessor, valuing or classifying taxable real property shall in each year notify those  
105.13 persons whose property is to be included on the assessment roll that year if the person's  
105.14 address is known to the assessor, otherwise the occupant of the property. The notice shall  
105.15 be in writing and shall be sent by ordinary mail at least ten days before the meeting of  
105.16 the local board of appeal and equalization under section 274.01 or the review process  
105.17 established under section 274.13, subdivision 1c. Upon written request by the owner of the  
105.18 property, the assessor may send the notice in electronic form or by electronic mail instead  
105.19 of on paper or by ordinary mail. It shall contain: (1) the market value for the current and  
105.20 prior assessment, (2) the limited market value under section 273.11, subdivision 1a, for  
105.21 the current and prior assessment, (3) the qualifying amount of any improvements under  
105.22 section 273.11, subdivision 16, for the current assessment, (4) the market value subject  
105.23 to taxation after subtracting the amount of any qualifying improvements for the current  
105.24 assessment, (5) the classification of the property for the current and prior assessment,  
105.25 (6) a note that if the property is homestead and at least 45 years old, improvements  
105.26 made to the property may be eligible for a valuation exclusion under section 273.11,  
105.27 subdivision 16, (7) the assessor's office address, and (8) the dates, places, and times set for  
105.28 the meetings of the local board of appeal and equalization, the review process established  
105.29 under section 274.13, subdivision 1c, and the county board of appeal and equalization.  
105.30 The commissioner of revenue shall specify the form of the notice. The assessor shall  
105.31 attach to the assessment roll a statement that the notices required by this section have been  
105.32 mailed. Any assessor who is not provided sufficient funds from the assessor's governing  
105.33 body to provide such notices, may make application to the commissioner of revenue  
105.34 to finance such notices. The commissioner of revenue shall conduct an investigation  
105.35 and, if satisfied that the assessor does not have the necessary funds, issue a certification

106.1 to the commissioner of finance of the amount necessary to provide such notices. The  
106.2 commissioner of finance shall issue a warrant for such amount and shall deduct such  
106.3 amount from any state payment to such county or municipality. The necessary funds to  
106.4 make such payments are hereby appropriated. Failure to receive the notice shall in no way  
106.5 affect the validity of the assessment, the resulting tax, the procedures of any board of  
106.6 review or equalization, or the enforcement of delinquent taxes by statutory means.

106.7 Subd. 2. Availability of data. The notice must state where the information on  
106.8 the property is available, the times when the information may be viewed by the public,  
106.9 and the county's Web site address.

106.10 EFFECTIVE DATE. This section is effective for notices prepared in 2009 and  
106.11 thereafter.

106.12 Sec. 24. Minnesota Statutes 2006, section 273.124, subdivision 1, is amended to read:

106.13 Subdivision 1. **General rule.** (a) Residential real estate that is occupied and used  
106.14 for the purposes of a homestead by its owner, who must be a Minnesota resident, is  
106.15 a residential homestead.

106.16 Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and  
106.17 used as a homestead by its owner, who must be a Minnesota resident, is an agricultural  
106.18 homestead.

106.19 Dates for establishment of a homestead and homestead treatment provided to  
106.20 particular types of property are as provided in this section.

106.21 Property held by a trustee under a trust is eligible for homestead classification if the  
106.22 requirements under this chapter are satisfied.

106.23 The assessor shall require proof, as provided in subdivision 13, of the facts upon  
106.24 which classification as a homestead may be determined. Notwithstanding any other law,  
106.25 the assessor may at any time require a homestead application to be filed in order to verify  
106.26 that any property classified as a homestead continues to be eligible for homestead status.  
106.27 Notwithstanding any other law to the contrary, the Department of Revenue may, upon  
106.28 request from an assessor, verify whether an individual who is requesting or receiving  
106.29 homestead classification has filed a Minnesota income tax return as a resident for the most  
106.30 recent taxable year for which the information is available.

106.31 When there is a name change or a transfer of homestead property, the assessor may  
106.32 reclassify the property in the next assessment unless a homestead application is filed to  
106.33 verify that the property continues to qualify for homestead classification.

106.34 (b) For purposes of this section, homestead property shall include property which  
106.35 is used for purposes of the homestead but is separated from the homestead by a road,

107.1 street, lot, waterway, or other similar intervening property. The term "used for purposes  
107.2 of the homestead" shall include but not be limited to uses for gardens, garages, or other  
107.3 outbuildings commonly associated with a homestead, but shall not include vacant land  
107.4 held primarily for future development. In order to receive homestead treatment for  
107.5 the noncontiguous property, the owner must use the property for the purposes of the  
107.6 homestead, and must apply to the assessor, both by the deadlines given in subdivision  
107.7 9. After initial qualification for the homestead treatment, additional applications for  
107.8 subsequent years are not required.

107.9 (c) Residential real estate that is occupied and used for purposes of a homestead by a  
107.10 relative of the owner is a homestead but only to the extent of the homestead treatment  
107.11 that would be provided if the related owner occupied the property. For purposes of this  
107.12 paragraph and paragraph (g), "relative" means a parent, stepparent, child, stepchild,  
107.13 grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship  
107.14 may be by blood or marriage. Property that has been classified as seasonal residential  
107.15 recreational property at any time during which it has been owned by the current owner or  
107.16 spouse of the current owner will not be reclassified as a homestead unless it is occupied as  
107.17 a homestead by the owner; this prohibition also applies to property that, in the absence of  
107.18 this paragraph, would have been classified as seasonal residential recreational property at  
107.19 the time when the residence was constructed. Neither the related occupant nor the owner  
107.20 of the property may claim a property tax refund under chapter 290A for a homestead  
107.21 occupied by a relative. In the case of a residence located on agricultural land, only the  
107.22 house, garage, and immediately surrounding one acre of land shall be classified as a  
107.23 homestead under this paragraph, except as provided in paragraph (d).

107.24 (d) Agricultural property that is occupied and used for purposes of a homestead by  
107.25 a relative of the owner, is a homestead, only to the extent of the homestead treatment  
107.26 that would be provided if the related owner occupied the property, and only if all of the  
107.27 following criteria are met:

107.28 (1) the relative who is occupying the agricultural property is a son, daughter, brother,  
107.29 sister, grandson, granddaughter, father, or mother of the owner of the agricultural property  
107.30 or a son, daughter, brother, sister, grandson, or granddaughter of the spouse of the owner  
107.31 of the agricultural property;

107.32 (2) the owner of the agricultural property must be a Minnesota resident;

107.33 (3) the owner of the agricultural property must not receive homestead treatment on  
107.34 any other agricultural property in Minnesota; and

107.35 (4) the owner of the agricultural property is limited to only one agricultural  
107.36 homestead per family under this paragraph.

108.1 Neither the related occupant nor the owner of the property may claim a property  
108.2 tax refund under chapter 290A for a homestead occupied by a relative qualifying under  
108.3 this paragraph. For purposes of this paragraph, "agricultural property" means the house,  
108.4 garage, other farm buildings and structures, and agricultural land.

108.5 Application must be made to the assessor by the owner of the agricultural property to  
108.6 receive homestead benefits under this paragraph. The assessor may require the necessary  
108.7 proof that the requirements under this paragraph have been met.

108.8 (e) In the case of property owned by a property owner who is married, the assessor  
108.9 must not deny homestead treatment in whole or in part if only one of the spouses occupies  
108.10 the property and the other spouse is absent due to: (1) marriage dissolution proceedings,  
108.11 (2) legal separation, (3) employment or self-employment in another location, or (4) other  
108.12 personal circumstances causing the spouses to live separately, not including an intent to  
108.13 obtain two homestead classifications for property tax purposes. To qualify under clause  
108.14 (3), the spouse's place of employment or self-employment must be at least 50 miles distant  
108.15 from the other spouse's place of employment, and the homesteads must be at least 50 miles  
108.16 distant from each other. Homestead treatment, in whole or in part, shall not be denied to  
108.17 the owner's spouse who previously occupied the residence with the owner if the absence  
108.18 of the owner is due to one of the exceptions provided in this paragraph.

108.19 (f) The assessor must not deny homestead treatment in whole or in part if:

108.20 (1) in the case of a property owner who is not married, the owner is absent due to  
108.21 residence in a nursing home, boarding care facility, or an elderly assisted living facility  
108.22 property as defined in section 273.13, subdivision 25a, and the property is not otherwise  
108.23 occupied; or

108.24 (2) in the case of a property owner who is married, the owner or the owner's spouse  
108.25 or both are absent due to residence in a nursing home, boarding care facility, or an elderly  
108.26 assisted living facility property as defined in section 273.13, subdivision 25a, and the  
108.27 property is not occupied or is occupied only by the owner's spouse.

108.28 (g) If an individual is purchasing property with the intent of claiming it as a  
108.29 homestead and is required by the terms of the financing agreement to have a relative  
108.30 shown on the deed as a co-owner, the assessor shall allow a full homestead classification.  
108.31 This provision only applies to first-time purchasers, whether married or single, or to a  
108.32 person who had previously been married and is purchasing as a single individual for the  
108.33 first time. The application for homestead benefits must be on a form prescribed by the  
108.34 commissioner and must contain the data necessary for the assessor to determine if full  
108.35 homestead benefits are warranted.

109.1 (h) If residential or agricultural real estate is occupied and used for purposes of a  
109.2 homestead by a child of a deceased owner and the property is subject to jurisdiction of  
109.3 probate court, the child shall receive relative homestead classification under paragraph (c)  
109.4 or (d) to the same extent they would be entitled to it if the owner was still living, until  
109.5 the probate is completed. For purposes of this paragraph, "child" includes a relationship  
109.6 by blood or by marriage.

109.7 (i) If a single-family home, duplex, or triplex classified as either residential  
109.8 homestead or agricultural homestead is also used to provide licensed child care, the  
109.9 portion of the property used for licensed child care must be classified as a part of the  
109.10 homestead property.

109.11 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and  
109.12 thereafter.

109.13 Sec. 25. Minnesota Statutes 2007 Supplement, section 273.124, subdivision 14, as  
109.14 amended by Laws 2008, chapter 154, article 2, section 7, is amended to read:

109.15 Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than  
109.16 ten acres that is the homestead of its owner must be classified as class 2a under section  
109.17 273.13, subdivision 23, paragraph (a), if:

109.18 (1) the parcel on which the house is located is contiguous on at least two sides to (i)  
109.19 agricultural land, (ii) land owned or administered by the United States Fish and Wildlife  
109.20 Service, or (iii) land administered by the Department of Natural Resources on which in  
109.21 lieu taxes are paid under sections 477A.11 to 477A.14;

109.22 (2) its owner also owns a noncontiguous parcel of agricultural land that is at least  
109.23 20 acres;

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

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

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

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

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

110.3 (2) the owner, the owner's spouse, the son or daughter of the owner or owner's  
110.4 spouse, the brother or sister of the owner or owner's spouse, or the grandson or  
110.5 granddaughter of the owner or the owner's spouse, is actively farming the agricultural  
110.6 property, either on the person's own behalf as an individual or on behalf of a partnership  
110.7 operating a family farm, family farm corporation, joint family farm venture, or limited  
110.8 liability company of which the person is a partner, shareholder, or member;

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

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

110.13 (5) neither the owner nor the person actively farming the property lives farther  
110.14 than four townships or cities, or a combination of four townships or cities, from the  
110.15 agricultural property, except that if the owner or the owner's spouse is required to live in  
110.16 employer-provided housing, the owner or owner's spouse, whichever is actively farming  
110.17 the agricultural property, may live more than four townships or cities, or combination of  
110.18 four townships or cities from the agricultural property.

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

110.20 (ii) Real property held by a trustee under a trust is eligible for agricultural homestead  
110.21 classification under this paragraph if the qualifications in clause (i) are met, except that  
110.22 "owner" means the grantor of the trust.

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

110.26 (c) Noncontiguous land shall be included as part of a homestead under section  
110.27 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a  
110.28 and the detached land is located in the same township or city, or not farther than four  
110.29 townships or cities or combination thereof from the homestead. Any taxpayer of these  
110.30 noncontiguous lands must notify the county assessor that the noncontiguous land is part of  
110.31 the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer  
110.32 must also notify the assessor of the other county.

110.33 (d) Agricultural land used for purposes of a homestead and actively farmed by a  
110.34 person holding a vested remainder interest in it must be classified as a homestead under  
110.35 section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a,  
110.36 any other dwellings on the land used for purposes of a homestead by persons holding

111.1 vested remainder interests who are actively engaged in farming the property, and up to  
111.2 one acre of the land surrounding each homestead and reasonably necessary for the use of  
111.3 the dwelling as a home, must also be assessed class 2a.

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

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

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

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

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

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

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

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

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

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

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

111.32 (5) the owner notifies the county assessor that the relocation was due to a March 29,  
111.33 1998, tornado, and the owner furnishes the assessor any information deemed necessary by  
111.34 the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the  
111.35 owner must notify the assessor by December 1, 1998. Further notifications to the assessor

112.1 are not required if the property continues to meet all the requirements in this paragraph  
112.2 and any dwellings on the agricultural land remain uninhabited.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

112.35 The owners and any persons who are actively farming the property must include  
112.36 the appropriate Social Security numbers, and sign and date the application. If any of the



113.1 specified information has changed since the full application was filed, the owner must  
113.2 notify the assessor, and must complete a new application to determine if the property  
113.3 continues to qualify for the special agricultural homestead. The commissioner of revenue  
113.4 shall prepare a standard reapplication form for use by the assessors.

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

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

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

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

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

113.16 (5) the owner notifies the county assessor that the relocation was due to the August  
113.17 2007 floods, and the owner furnishes the assessor any information deemed necessary by  
113.18 the assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the  
113.19 owner must notify the assessor by December 1, 2008. Further notifications to the assessor  
113.20 are not required if the property continues to meet all the requirements in this paragraph  
113.21 and any dwellings on the agricultural land remain uninhabited.

113.22 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and  
113.23 thereafter.

113.24 Sec. 26. Minnesota Statutes 2006, section 273.13, subdivision 23, as amended by Laws  
113.25 2008, chapter 154, article 2, section 12, is amended to read:

113.26 Subd. 23. **Class 2.** (a) ~~Class 2a property is agricultural land including any~~  
113.27 ~~improvements~~ An agricultural homestead consists of class 2a agricultural land that is  
113.28 homesteaded, along with any class 2b rural vacant land that is contiguous to the class  
113.29 2a land under the same ownership. The market value of the house and garage and  
113.30 immediately surrounding one acre of land has the same class rates as class 1a or 1b  
113.31 property under subdivision 22. The value of the remaining land including improvements  
113.32 up to the first tier valuation limit of agricultural homestead property has a net class rate of  
113.33 ~~0.55~~ 0.5 percent of market value. The remaining property over the first tier has a class rate  
113.34 of one percent of market value. For purposes of this subdivision, the "first tier valuation

114.1 limit of agricultural homestead property" and "first tier" means the limit certified under  
114.2 section 273.11, subdivision 23.

114.3 (b) Class 2a agricultural land consists of parcels of property, or portions thereof, that  
114.4 are agricultural land and buildings. Class 2a property has a net class rate of one percent of  
114.5 market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a  
114.6 property may contain property that would otherwise be classified as 2b, including but not  
114.7 limited to sloughs, wooded wind shelters, acreage abutting ditches, and other similar land  
114.8 impractical for the assessor to value separately from the rest of the property.

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

114.11 (c) Class 2b property is (1) rural vacant land consists of parcels of property,  
114.12 or portions thereof, that are unplatted real estate, rural in character and not used for  
114.13 agricultural purposes, including land used exclusively for growing trees for timber,  
114.14 lumber, and wood and wood products; (2) real estate, that is not improved with a structure  
114.15 and is used exclusively for growing trees for timber, lumber, and wood and wood products,  
114.16 if the owner has participated or is participating in a cost-sharing program for afforestation,  
114.17 reforestation, or timber stand improvement on that particular property, administered or  
114.18 coordinated by the commissioner of natural resources; (3) real estate that is nonhomestead  
114.19 agricultural land; or (4) a landing area or public access area of a privately owned public  
114.20 use airport. The presence of a minor, ancillary nonresidential structure as defined by the  
114.21 commissioner of revenue does not disqualify the property from classification under this  
114.22 paragraph. Any parcel of 20 acres or more improved with a structure that is not a minor,  
114.23 ancillary nonresidential structure must be split-classified, and ten acres must be assigned  
114.24 to the split parcel containing the structure. Class 2b property has a net class rate of one  
114.25 percent of market value, except that unplatted property described in clause (1) or (2) has  
114.26 a net class rate of .65 percent if it consists unless it is part of an agricultural homestead  
114.27 under paragraph (a), or qualifies as class 2c under paragraph (d).

114.28 (d) Class 2c managed forest land consists of no less than ten 20 and no more than  
114.29 1,920 acres and statewide per taxpayer that is being managed under a forest management  
114.30 plan that meets the requirements of chapter 290C, but is not enrolled in the sustainable  
114.31 forest resource management incentive program. It has a class rate of .65 percent, provided  
114.32 that the owner of the property must apply to the assessor annually to receive the reduced  
114.33 class rate and provide the information required by the assessor to verify that the property  
114.34 qualifies for the reduced rate. The commissioner of natural resources must concur that the  
114.35 land is qualified. The commissioner of natural resources shall annually provide county  
114.36 assessors verification information on a timely basis.

115.1 ~~(e)~~ (e) Agricultural land as used in this section means contiguous acreage of ten  
115.2 acres or more, used during the preceding year for agricultural purposes. "Agricultural  
115.3 purposes" as used in this section means the raising ~~or~~, cultivation, drying, or storage of  
115.4 agricultural products for sale, or the storage of machinery or equipment used in support  
115.5 of agricultural production by the same farm entity. For a property to be classified as  
115.6 agricultural based only on the drying or storage of agricultural products, the products  
115.7 being dried or stored must have been produced by the same farm entity as the entity  
115.8 operating the drying or storage facility. "Agricultural purposes" also includes enrollment  
115.9 in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal  
115.10 Conservation Reserve Program as contained in Public Law 99-198 or a similar state  
115.11 or federal conservation program if the property was classified as agricultural (i) under  
115.12 this subdivision for the assessment year 2002 or (ii) in the year prior to its enrollment.  
115.13 ~~Contiguous acreage on the same parcel, or contiguous acreage on an immediately adjacent~~  
115.14 ~~parcel under the same ownership, may also qualify as agricultural land, but only if it~~  
115.15 ~~is pasture, timber, waste, unusable wild land, or land included in state or federal farm~~  
115.16 ~~programs. Agricultural classification for property shall be determined excluding the~~  
115.17 ~~house, garage, and immediately surrounding one acre of land, and shall not be based~~  
115.18 upon the market value of any residential structures on the parcel or contiguous parcels  
115.19 under the same ownership.

115.20 ~~(d)~~ (f) Real estate of less than ten acres, excluding the house, garage, and  
115.21 immediately surrounding one acre of land, of less than ten acres which is exclusively ~~and~~  
115.22 or intensively used for raising or cultivating agricultural products, shall be considered as  
115.23 agricultural land. To qualify under this paragraph, property that includes a residential  
115.24 structure must be used intensively for one of the following purposes:

115.25 (i) for drying or storage of grain or storage of machinery or equipment used to  
115.26 support agricultural activities on other parcels of property operated by the same farming  
115.27 entity;

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

115.30 (iii) for livestock or poultry confinement, provided that land that is used only for  
115.31 pasturing and grazing does not qualify; or

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

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

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

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

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

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

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

116.15            (3) the commercial boarding of horses if the boarding is done in conjunction with  
116.16 raising or cultivating agricultural products as defined in clause (1);

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

116.19            (5) game birds and waterfowl bred and raised for use on a shooting preserve licensed  
116.20 under section 97A.115;

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

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

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

116.26            ~~(f)~~ (j) If a parcel used for agricultural purposes is also used for commercial or  
116.27 industrial purposes, including but not limited to:

116.28            (1) wholesale and retail sales;

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

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

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

116.33 the assessor shall classify the part of the parcel used for agricultural purposes as class  
116.34 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its  
116.35 use. The grading, sorting, and packaging of raw agricultural products for first sale is  
116.36 considered an agricultural purpose. A greenhouse or other building where horticultural

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

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

117.10 ~~(g)~~ (k) Class 2d airport landing area consists of a landing area or public access area  
117.11 of a privately owned public use airport. It has a class rate of one percent of market value.  
117.12 To qualify for classification under this paragraph ~~(b), clause (4)~~, a privately owned public  
117.13 use airport must be licensed as a public airport under section 360.018. For purposes of this  
117.14 paragraph ~~(b), clause (4)~~, "landing area" means that part of a privately owned public use  
117.15 airport properly cleared, regularly maintained, and made available to the public for use by  
117.16 aircraft and includes runways, taxiways, aprons, and sites upon which are situated landing  
117.17 or navigational aids. A landing area also includes land underlying both the primary surface  
117.18 and the approach surfaces that comply with all of the following:

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

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

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

117.24 The land contained in a landing area under this paragraph ~~(b), clause (4)~~, must be described  
117.25 and certified by the commissioner of transportation. The certification is effective until it  
117.26 is modified, or until the airport or landing area no longer meets the requirements of this  
117.27 paragraph ~~(b), clause (4)~~. For purposes of this paragraph ~~(b), clause (4)~~, "public access  
117.28 area" means property used as an aircraft parking ramp, apron, or storage hangar, or an  
117.29 arrival and departure building in connection with the airport.

117.30 (l) Class 2e consists of land with a commercial aggregate deposit that is not actively  
117.31 being mined and is not otherwise classified as class 2a or 2b. It has a class rate of one  
117.32 percent of market value. To qualify for classification under this paragraph, the property  
117.33 must be at least ten contiguous acres in size and the owner of the property must record with  
117.34 the county recorder of the county in which the property is located an affidavit containing:

117.35 (1) a legal description of the property;

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

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

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

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

118.13 (m) When any portion of the property under this subdivision or subdivision 22  
118.14 begins to be actively mined, the owner must file a supplemental affidavit within 60 days  
118.15 from the day any aggregate is removed stating the number of acres of the property that is  
118.16 actively being mined. The acres actively being mined must be (1) valued and classified  
118.17 under subdivision 24 in the next subsequent assessment year, and (2) removed from the  
118.18 aggregate resource preservation property tax program under section 273.1115, if the  
118.19 land was enrolled in that program. Copies of the original affidavit and all supplemental  
118.20 affidavits must be filed with the county assessor, the local zoning administrator, and the  
118.21 Department of Natural Resources, Division of Land and Minerals. A supplemental  
118.22 affidavit must be filed each time a subsequent portion of the property is actively mined,  
118.23 provided that the minimum acreage change is five acres, even if the actual mining activity  
118.24 constitutes less than five acres.

118.25 **EFFECTIVE DATE.** The portions of this section reducing the agricultural class  
118.26 rate, expanding the definition of "agricultural purposes" in paragraph (e) and "agricultural  
118.27 products" in paragraph (h), and relating to managed forest land in paragraph (d), are  
118.28 effective for taxes payable in 2009 and thereafter. The remainder of the section is effective  
118.29 for taxes payable in 2010 and thereafter.

118.30 Sec. 27. Minnesota Statutes 2006, section 273.13, subdivision 25, as amended by Laws  
118.31 2008, chapter 154, article 2, section 13, is amended to read:

118.32 Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more  
118.33 units and used or held for use by the owner or by the tenants or lessees of the owner  
118.34 as a residence for rental periods of 30 days or more, excluding property qualifying for  
118.35 class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other

119.1 than hospitals exempt under section 272.02, and contiguous property used for hospital  
119.2 purposes, without regard to whether the property has been platted or subdivided. The  
119.3 market value of class 4a property has a class rate of 1.25 percent.

119.4 (b) Class 4b includes:

119.5 (1) residential real estate containing less than four units that does not qualify as class  
119.6 4bb, other than seasonal residential recreational property;

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

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

119.10 (4) unimproved property that is classified residential as determined under subdivision  
119.11 33.

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

119.13 (c) Class 4bb includes:

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

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

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

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

119.22 (d) Class 4c property includes:

119.23 (1) except as provided in subdivision 22, paragraph (c), or subdivision 23, paragraph  
119.24 (b), clause (1), real and personal property devoted to temporary and seasonal residential  
119.25 occupancy for recreation purposes, including real and personal property devoted to  
119.26 temporary and seasonal residential occupancy for recreation purposes and not devoted to  
119.27 commercial purposes for more than 250 days in the year preceding the year of assessment.

119.28 For purposes of this clause, property is devoted to a commercial purpose on a specific  
119.29 day if any portion of the property is used for residential occupancy, and a fee is charged  
119.30 for residential occupancy. Class 4c property must contain three or more rental units. A  
119.31 "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual  
119.32 camping site equipped with water and electrical hookups for recreational vehicles. Class  
119.33 4c property must provide recreational activities such as renting ice fishing houses, boats  
119.34 and motors, snowmobiles, downhill or cross-country ski equipment; provide marina  
119.35 services, launch services, or guide services; or sell bait and fishing tackle. A camping  
119.36 pad offered for rent by a property that otherwise qualifies for class 4c is also class 4c

120.1 regardless of the term of the rental agreement, as long as the use of the camping pad  
120.2 does not exceed 250 days. In order for a property to be classified as class 4c, seasonal  
120.3 residential recreational for commercial purposes under this clause, at least 40 percent of  
120.4 the annual gross lodging receipts related to the property must be from business conducted  
120.5 during 90 consecutive days and either (i) at least 60 percent of all paid bookings by  
120.6 lodging guests during the year must be for periods of at least two consecutive nights; or  
120.7 (ii) at least 20 percent of the annual gross receipts must be from charges for rental of fish  
120.8 houses, boats and motors, snowmobiles, downhill or cross-country ski equipment, or  
120.9 charges for marina services, launch services, and guide services, or the sale of bait and  
120.10 fishing tackle. For purposes of this determination, a paid booking of five or more nights  
120.11 shall be counted as two bookings. Class 4c also includes commercial use real property  
120.12 used exclusively for recreational purposes in conjunction with class 4c property devoted  
120.13 to temporary and seasonal residential occupancy for recreational purposes, up to a total of  
120.14 two acres, provided the property is not devoted to commercial recreational use for more  
120.15 than 250 days in the year preceding the year of assessment and is located within two  
120.16 miles of the class 4c property with which it is used. Owners of real and personal property  
120.17 devoted to temporary and seasonal residential occupancy for recreation purposes and all  
120.18 or a portion of which was devoted to commercial purposes for not more than 250 days in  
120.19 the year preceding the year of assessment desiring classification as class 4c, must submit a  
120.20 declaration to the assessor designating the cabins or units occupied for 250 days or less in  
120.21 the year preceding the year of assessment by January 15 of the assessment year. Those  
120.22 cabins or units and a proportionate share of the land on which they are located must be  
120.23 designated class 4c as otherwise provided. The remainder of the cabins or units and  
120.24 a proportionate share of the land on which they are located will be designated as class  
120.25 3a. The owner of property desiring designation as class 4c property must provide guest  
120.26 registers or other records demonstrating that the units for which class 4c designation is  
120.27 sought were not occupied for more than 250 days in the year preceding the assessment if  
120.28 so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop,  
120.29 (4) conference center or meeting room, and (5) other nonresidential facility operated on a  
120.30 commercial basis not directly related to temporary and seasonal residential occupancy for  
120.31 recreation purposes does not qualify for class 4c;

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

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



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

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

121.4 (3) real property up to a maximum of three acres of land owned and used by a  
121.5 nonprofit community service oriented organization and that is not used for residential  
121.6 purposes on either a temporary or permanent basis, qualifies for class 4c provided that  
121.7 it meets either of the following:

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

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

121.14 For purposes of this clause,

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

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

121.19 (C) a "nonprofit community service oriented organization" means any corporation,  
121.20 society, association, foundation, or institution organized and operated exclusively for  
121.21 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from  
121.22 federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue  
121.23 Code of 1986, as amended through December 31, 1990; and

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

121.30 Any portion of the property qualifying under item (i) which is used for revenue-producing  
121.31 activities for more than six days in the calendar year preceding the year of assessment  
121.32 shall be assessed as class 3a. The use of the property for social events open exclusively  
121.33 to members and their guests for periods of less than 24 hours, when an admission is  
121.34 not charged nor any revenues are received by the organization shall not be considered a  
121.35 revenue-producing activity.

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

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

122.11 (5) manufactured home parks as defined in section 327.14, subdivision 3;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

123.8 (10) real property up to a maximum of three acres and operated as a restaurant  
123.9 as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake  
123.10 as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B)  
123.11 is either devoted to commercial purposes for not more than 250 consecutive days, or  
123.12 receives at least 60 percent of its annual gross receipts from business conducted during  
123.13 four consecutive months. Gross receipts from the sale of alcoholic beverages must be  
123.14 included in determining the property's qualification under subitem (B). The property's  
123.15 primary business must be as a restaurant and not as a bar. Gross receipts from gift shop  
123.16 sales located on the premises must be excluded. Owners of real property desiring 4c  
123.17 classification under this clause must submit an annual declaration to the assessor by  
123.18 February 1 of the current assessment year, based on the property's relevant information for  
123.19 the preceding assessment year.

123.20 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each  
123.21 parcel of seasonal residential recreational property not used for commercial purposes has  
123.22 the same class rates as class 4bb property, (ii) manufactured home parks assessed under  
123.23 clause (5) have the same class rate as class 4b property, (iii) commercial-use seasonal  
123.24 residential recreational property has a class rate of one percent for the first \$500,000 of  
123.25 market value, and 1.25 percent for the remaining market value, (iv) the market value of  
123.26 property described in clause (4) has a class rate of one percent, (v) the market value  
123.27 of property described in clauses (2) ~~and~~, (6), and (10) has a class rate of 1.25 percent,  
123.28 and (vi) that portion of the market value of property in clause (9) qualifying for class 4c  
123.29 property has a class rate of 1.25 percent.

123.30 (e) Class 4d property is qualifying low-income rental housing certified to the assessor  
123.31 by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion  
123.32 of the units in the building qualify as low-income rental housing units as certified under  
123.33 section 273.128, subdivision 3, only the proportion of qualifying units to the total number  
123.34 of units in the building qualify for class 4d. The remaining portion of the building shall be  
123.35 classified by the assessor based upon its use. Class 4d also includes the same proportion of  
123.36 land as the qualifying low-income rental housing units are to the total units in the building.

124.1 For all properties qualifying as class 4d, the market value determined by the assessor must  
124.2 be based on the normal approach to value using normal unrestricted rents.

124.3 Class 4d property has a class rate of 0.75 percent.

124.4 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and  
124.5 thereafter, except that for the 2008 assessment year, the declaration to the assessor shall be  
124.6 September 1, 2008.

124.7 Sec. 28. Minnesota Statutes 2006, section 273.13, subdivision 33, is amended to read:

124.8 Subd. 33. **Classification of unimproved property.** (a) All real property that is not  
124.9 improved with a structure must be classified according to its current use.

124.10 (b) Except as provided in subdivision 23, paragraph (c), real property that is not  
124.11 improved with a structure and for which there is no identifiable current use must be  
124.12 classified according to its highest and best use permitted under the local zoning ordinance.  
124.13 If the ordinance permits more than one use, the land must be classified according to the  
124.14 highest and best use permitted under the ordinance. If no such ordinance exists, the  
124.15 assessor shall consider the most likely potential use of the unimproved land based upon  
124.16 the use made of surrounding land or land in proximity to the unimproved land.

124.17 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and  
124.18 thereafter.

124.19 Sec. 29. Minnesota Statutes 2006, section 273.1384, subdivision 2, is amended to read:

124.20 Subd. 2. **Agricultural homestead market value credit.** Property classified as ~~class~~  
124.21 ~~2a~~ agricultural homestead under section 273.13, subdivision 23, paragraph (a), is eligible  
124.22 for an agricultural credit. The credit is computed using the property's agricultural credit  
124.23 market value, defined for this purpose as the property's ~~class 2a~~ market value excluding  
124.24 the market value of the house, garage, and immediately surrounding one acre of land. The  
124.25 credit is equal to 0.3 percent of the first \$115,000 of the property's agricultural credit  
124.26 market value minus .05 percent of the property's agricultural credit market value in excess  
124.27 of \$115,000, subject to a maximum reduction of \$115. In the case of property that is  
124.28 classified in ~~as~~ part as ~~class 2a~~ agricultural homestead and ~~in~~ part as ~~class 2b~~ nonhomestead  
124.29 ~~farm land~~ solely because not all the owners occupy or farm the property, not all the owners  
124.30 have qualifying relatives occupying or farming the property, or solely because not all the  
124.31 spouses of owners occupy the property, the credit must be initially computed as if that  
124.32 nonhomestead agricultural land was also classified as ~~class 2a~~ agricultural homestead and  
124.33 then prorated to the owner-occupant's percentage of ownership.

125.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and  
125.2 thereafter.

125.3 Sec. 30. Minnesota Statutes 2007 Supplement, section 273.1393, is amended to read:

125.4 **273.1393 COMPUTATION OF NET PROPERTY TAXES.**

125.5 Notwithstanding any other provisions to the contrary, "net" property taxes are  
125.6 determined by subtracting the credits in the order listed from the gross tax:

125.7 (1) disaster credit as provided in sections 273.1231 to 273.1235;

125.8 (2) powerline credit as provided in section 273.42;

125.9 (3) agricultural preserves credit as provided in section 473H.10;

125.10 (4) enterprise zone credit as provided in section 469.171;

125.11 (5) disparity reduction credit;

125.12 (6) conservation tax credit as provided in section 273.119;

125.13 (7) homestead and agricultural credits as provided in section 273.1384;

125.14 (8) taconite homestead credit as provided in section 273.135; ~~and~~

125.15 (9) supplemental homestead credit as provided in section 273.1391; and

125.16 (10) the bovine tuberculosis zone credit, as provided in section 273.113.

125.17 The combination of all property tax credits must not exceed the gross tax amount.

125.18 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and  
125.19 thereafter.

125.20 Sec. 31. Minnesota Statutes 2006, section 273.19, subdivision 1, is amended to read:

125.21 Subdivision 1. **Tax-exempt property; lease.** Except as provided in subdivision 3 or  
125.22 4, tax-exempt property held under a lease for a term of at least one year, and not taxable  
125.23 under section 272.01, subdivision 2, or under a contract for the purchase thereof, shall be  
125.24 considered, for all purposes of taxation, as the property of the person holding it. In this  
125.25 subdivision, "tax-exempt property" means property owned by the United States, the state,  
125.26 a school, or any religious, scientific, or benevolent society or institution, incorporated  
125.27 or unincorporated, or any corporation whose property is not taxed in the same manner  
125.28 as other property. This subdivision does not apply to property exempt from taxation  
125.29 under section 272.01, subdivision 2, paragraph (b), clauses (2), (3), and (4), or to property  
125.30 exempt from taxation under section 272.0213.

125.31 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and  
125.32 thereafter.

125.33 Sec. 32. Minnesota Statutes 2006, section 274.14, is amended to read:

126.1 **274.14 LENGTH OF SESSION; RECORD.**

126.2 The board may meet on any ten consecutive meeting days in June, after the second  
126.3 Friday in June. The actual meeting dates must be contained on the valuation notices  
126.4 mailed to each property owner in the county as provided in section 273.121. For this  
126.5 purpose, "meeting days" is defined as any day of the week excluding ~~Saturday and~~ Sunday.  
126.6 At the board's discretion, "meeting days" may include Saturday. No action taken by the  
126.7 county board of review after June 30 is valid, except for corrections permitted in sections  
126.8 273.01 and 274.01. The county auditor shall keep an accurate record of the proceedings  
126.9 and orders of the board. The record must be published like other proceedings of county  
126.10 commissioners. A copy of the published record must be sent to the commissioner of  
126.11 revenue, with the abstract of assessment required by section 274.16.

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

126.18 **EFFECTIVE DATE.** This section is effective for assessment year 2009 and  
126.19 thereafter.

126.20 Sec. 33. Minnesota Statutes 2006, section 275.065, is amended by adding a subdivision  
126.21 to read:

126.22 Subd. 1d. **Failure to certify proposed levy.** If a taxing authority fails to certify  
126.23 its proposed levy by the due dates specified under subdivisions 1, 1a, and 1c, the county  
126.24 auditor shall use the authority's previous year's final levy under section 275.07, subdivision  
126.25 1, for purposes of determining its proposed property tax notices and public advertisements  
126.26 under this section.

126.27 **EFFECTIVE DATE.** This section is effective for notices prepared in 2008, for  
126.28 property taxes payable in 2009 and thereafter.

126.29 Sec. 34. Minnesota Statutes 2006, section 275.065, subdivision 8, is amended to read:

126.30 Subd. 8. **Hearing.** Notwithstanding any other provision of law, Ramsey County,  
126.31 the city of St. Paul, and Independent School District No. 625 are authorized to and shall  
126.32 hold their initial public hearing jointly. The hearing must be held ~~on~~ during the week of  
126.33 the second Tuesday of December each year. The advertisement required in subdivision

127.1 5a may be a joint advertisement. The hearing is otherwise subject to the requirements  
127.2 of this section.

127.3 Ramsey County is authorized to hold an additional initial hearing or hearings as  
127.4 provided under this section, provided that any additional hearings must not conflict  
127.5 with the initial or continuation hearing dates of the other taxing districts. However, if  
127.6 Ramsey County elects not to hold such additional initial hearing or hearings, the joint  
127.7 initial hearing required by this subdivision must be held in a St. Paul location convenient  
127.8 to residents of Ramsey County.

127.9 **EFFECTIVE DATE.** This section is effective for proposed notices and hearings  
127.10 held in 2008 and thereafter.

127.11 Sec. 35. Minnesota Statutes 2006, section 282.08, is amended to read:

127.12 **282.08 APPORTIONMENT OF PROCEEDS TO TAXING DISTRICTS.**

127.13 The net proceeds from the sale or rental of any parcel of forfeited land, or from the  
127.14 sale of products from the forfeited land, must be apportioned by the county auditor to the  
127.15 taxing districts interested in the land, as follows:

127.16 (1) the portion required to pay any amounts included in the appraised value  
127.17 under section 282.01, subdivision 3, as representing increased value due to any public  
127.18 improvement made after forfeiture of the parcel to the state, but not exceeding the amount  
127.19 certified by the ~~clerk of the municipality~~ appropriate governmental authority must be  
127.20 apportioned to the ~~municipal~~ governmental subdivision entitled to it;

127.21 (2) the portion required to pay any amount included in the appraised value under  
127.22 section 282.019, subdivision 5, representing increased value due to response actions  
127.23 taken after forfeiture of the parcel to the state, but not exceeding the amount of expenses  
127.24 certified by the Pollution Control Agency or the commissioner of agriculture, must be  
127.25 apportioned to the agency or the commissioner of agriculture and deposited in the fund  
127.26 from which the expenses were paid;

127.27 (3) the portion of the remainder required to discharge any special assessment  
127.28 chargeable against the parcel for drainage or other purpose whether due or deferred at  
127.29 the time of forfeiture, must be apportioned to the ~~municipal~~ governmental subdivision  
127.30 entitled to it; and

127.31 (4) any balance must be apportioned as follows:

127.32 (i) The county board may annually by resolution set aside no more than 30 percent  
127.33 of the receipts remaining to be used for forest development on tax-forfeited land and  
127.34 dedicated memorial forests, to be expended under the supervision of the county board. It

128.1 must be expended only on projects improving the health and management of the forest  
128.2 resource.

128.3 (ii) The county board may annually by resolution set aside no more than 20 percent  
128.4 of the receipts remaining to be used for the acquisition and maintenance of county parks  
128.5 or recreational areas as defined in sections 398.31 to 398.36, to be expended under the  
128.6 supervision of the county board.

128.7 (iii) Any balance remaining must be apportioned as follows: county, 40 percent;  
128.8 town or city, 20 percent; and school district, 40 percent, provided, however, that in  
128.9 unorganized territory that portion which would have accrued to the township must be  
128.10 administered by the county board of commissioners.

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

128.12 Sec. 36. Minnesota Statutes 2006, section 298.75, subdivision 1, as amended by Laws  
128.13 2008, chapter 154, article 8, section 15, is amended to read:

128.14 Subdivision 1. **Definitions.** Except as may otherwise be provided, the following  
128.15 words, when used in this section, shall have the meanings herein ascribed to them.

128.16 (a) "Aggregate material" means:

128.17 (1) nonmetallic natural mineral aggregate including, but not limited to sand, silica  
128.18 sand, gravel, crushed rock, limestone, granite, and borrow, but only if the borrow is  
128.19 transported on a public road, street, or highway, provided that nonmetallic aggregate  
128.20 material does not include dimension stone and dimension granite; and

128.21 (2) taconite tailings, crushed rock, and architectural or dimension stone and  
128.22 dimension granite removed from a taconite mine or the site of a previously operated  
128.23 taconite mine.

128.24 Aggregate material must be measured or weighed after it has been extracted from  
128.25 the pit, quarry, or deposit.

128.26 (b) "Person" means any individual, firm, partnership, corporation, organization,  
128.27 trustee, association, or other entity.

128.28 (c) "Operator" means any person engaged in the business of removing aggregate  
128.29 material from the surface or subsurface of the soil, for the purpose of sale, either directly  
128.30 or indirectly, through the use of the aggregate material in a marketable product or service.

128.31 (d) "Extraction site" means a pit, quarry, or deposit containing aggregate material  
128.32 and any contiguous property to the pit, quarry, or deposit which is used by the operator for  
128.33 stockpiling the aggregate material.



129.1 (e) "Importer" means any person who buys aggregate material ~~produced~~ excavated  
129.2 from a county not listed in paragraph (f) or another state and causes the aggregate material  
129.3 to be imported into a county in this state which imposes a tax on aggregate material.

129.4 (f) "County" means the counties of Pope, Stearns, Benton, Sherburne, Carver, Scott,  
129.5 Dakota, Le Sueur, Kittson, Marshall, Pennington, Red Lake, Polk, Norman, Mahnomen,  
129.6 Clay, Becker, Carlton, St. Louis, Rock, Murray, Wilkin, Big Stone, Sibley, Hennepin,  
129.7 Washington, Chisago, and Ramsey. County also means any other county whose board  
129.8 has voted after a public hearing to impose the tax under this section and has notified the  
129.9 commissioner of revenue of the imposition of the tax.

129.10 (g) "Borrow" means granular borrow, consisting of durable particles of gravel and  
129.11 sand, crushed quarry or mine rock, crushed gravel or stone, or any combination thereof,  
129.12 the ratio of the portion passing the (#200) sieve divided by the portion passing the (1 inch)  
129.13 sieve may not exceed 20 percent by mass.

129.14 **EFFECTIVE DATE.** This section is effective January 1, 2009.

129.15 Sec. 37. Minnesota Statutes 2006, section 298.75, subdivision 2, is amended to read:

129.16 Subd. 2. **Tax imposed.** (a) A county that imposes the aggregate production tax shall  
129.17 impose upon every importer and operator a production tax up to ten cents of 21.5 cents per  
129.18 cubic yard or up to seven 15 cents per ton of aggregate material removed excavated in the  
129.19 county except that the county board may decide not to impose this tax if it determines  
129.20 that in the previous year operators removed less than 20,000 tons or 14,000 cubic yards of  
129.21 aggregate material from that county. The tax shall not be imposed on aggregate material  
129.22 ~~produced~~ excavated in the county ~~when~~ until the aggregate material is transported from  
129.23 the extraction site or sold, whichever occurs first. When aggregate material is stored in a  
129.24 stockpile within the state of Minnesota and a public highway, road or street is not used  
129.25 for transporting the aggregate material, the tax shall not be imposed until either when the  
129.26 aggregate material is sold, or when it is transported from the stockpile site, or when it is  
129.27 used from the stockpile, whichever occurs first.

129.28 (b) A county that imposes the aggregate production tax under paragraph (a) shall  
129.29 impose upon every importer a production tax of 21.5 cents per cubic yard or 15 cents per  
129.30 ton of aggregate material imported into the county. The tax shall be imposed when the  
129.31 aggregate material is imported from the extraction site or sold. When imported aggregate  
129.32 material is stored in a stockpile within the state of Minnesota and a public highway, road,  
129.33 or street is not used for transporting the aggregate material, the tax shall be imposed either  
129.34 when the aggregate material is sold, when it is transported from the stockpile site, or when

130.1 it is used from the stockpile, whichever occurs first. The tax shall be imposed on an  
130.2 importer when the aggregate material is imported into the county that imposes the tax.

130.3 (c) If the aggregate material is transported directly from the extraction site to a  
130.4 waterway, railway, or another mode of transportation other than a highway, road or street,  
130.5 the tax imposed by this section shall be apportioned equally between the county where the  
130.6 aggregate material is extracted and the county to which the aggregate material is originally  
130.7 transported. If that destination is not located in Minnesota, then the county where the  
130.8 aggregate material was extracted shall receive all of the proceeds of the tax.

130.9 (d) A county, city, or town that receives revenue under this section is prohibited  
130.10 from imposing any additional host community fees on aggregate production within that  
130.11 county, city, or town.

130.12 **EFFECTIVE DATE.** This section is effective January 1, 2009.

130.13 Sec. 38. Minnesota Statutes 2006, section 298.75, subdivision 6, is amended to read:

130.14 Subd. 6. **Penalties; removal of aggregate if previous tax not paid; false report.**

130.15 It is a misdemeanor for any operator or importer to remove aggregate material from a  
130.16 pit, quarry, or deposit or for any importer to import aggregate material unless all taxes  
130.17 due under this section for ~~the all~~ previous reporting period periods have been paid or  
130.18 objections thereto have been filed pursuant to subdivision 4.

130.19 It is a misdemeanor for the operator or importer who is required to file a report to file  
130.20 a false report with intent to evade the tax.

130.21 **EFFECTIVE DATE.** This section is effective January 1, 2009.

130.22 Sec. 39. Minnesota Statutes 2006, section 298.75, subdivision 7, as amended by Laws  
130.23 2008, chapter 154, article 8, section 17, is amended to read:

130.24 Subd. 7. **Proceeds of taxes.** (a) All money collected as taxes under this section  
130.25 on aggregate material as defined in subdivision 1, paragraph (a), clause (1), shall be  
130.26 deposited in the county treasury and credited as follows, for expenditure by the county  
130.27 board: according to this subdivision.

130.28 (b) The county auditor may retain an annual administrative fee of up to five percent  
130.29 of the total taxes collected in any year.

130.30 (c) The balance of the taxes, after any deduction under paragraph (b), shall be  
130.31 credited as follows:

130.32 (a) Sixty (1) 42.5 percent to the county road and bridge fund for expenditure for the  
130.33 maintenance, construction and reconstruction of roads, highways and bridges;

131.1 ~~(b) Thirty (2) 42.5 percent to the road and bridge fund of those towns as determined~~  
131.2 ~~by the county board and to the general fund or other designated fund of those cities as~~  
131.3 ~~determined by the county board~~ of the city or town in which the mine is located, or to the  
131.4 county, if the mine is located in an unorganized town, to be expended for maintenance,  
131.5 construction and reconstruction of roads, highways and bridges; and

131.6 ~~(c) Ten (3) 15 percent to a special reserve fund which is hereby established, for~~  
131.7 ~~expenditure for the restoration of abandoned pits, quarries, or deposits located upon public~~  
131.8 ~~and tax forfeited lands within the county.~~

131.9 If there are no abandoned pits, quarries or deposits located ~~upon public or tax~~  
131.10 ~~forfeited lands~~ within the county, this portion of the tax shall be ~~deposited in the county~~  
131.11 ~~road and bridge fund for expenditure for the maintenance, construction and reconstruction~~  
131.12 ~~of roads, highways and bridges~~ used for any other unmet reclamation need or for  
131.13 conservation or other environmental needs.

131.14 **EFFECTIVE DATE.** This section is effective January 1, 2009.

131.15 Sec. 40. Minnesota Statutes 2006, section 365.243, is amended by adding a subdivision  
131.16 to read:

131.17 **Subd. 3. Levy for first responder association.** A county board may annually levy  
131.18 taxes on property located within the area of unorganized territory to which a first responder  
131.19 or fire protection association provides first responder services. By July 1 of the levy year,  
131.20 the association must certify to the county board the area of the unorganized township to  
131.21 which the association will provide first responder services during the following calendar  
131.22 year. The proceeds of the levy must be distributed to the association.

131.23 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and  
131.24 thereafter.

131.25 Sec. 41. Minnesota Statutes 2006, section 365A.095, as amended by Laws 2008,  
131.26 chapter 154, article 10, section 8, is amended to read:

131.27 **365A.095 PETITION FOR REMOVAL OF DISTRICT; PROCEDURE;**  
131.28 **REFUND OF SURPLUS.**

131.29 Subdivision 1. **Petition; procedure.** A petition signed by at least 75 percent of the  
131.30 property owners in the territory of the subordinate service district requesting the removal  
131.31 of the district may be presented to the town board. Within 30 days after the town board  
131.32 receives the petition, the town clerk shall determine the validity of the signatures on  
131.33 the petition. If the requisite number of signatures are certified as valid, the town board

132.1 must hold a public hearing on the petitioned matter. Within 30 days after the end of  
132.2 the hearing, the town board must decide whether to discontinue the subordinate service  
132.3 district, continue as it is, or take some other action with respect to it.

132.4 Subd. 2. **Bonds Option to refund surplus.** ~~If obligations have been issued for the~~  
132.5 ~~benefit of the subordinate service district, the rates, charges, and tax levies, if any, continue~~  
132.6 ~~until the obligations and any obligations issued to refund them have been paid in full.~~If the  
132.7 district is removed under subdivision 1, after all outstanding obligations of the district  
132.8 have been paid in full, the town board may vote to refund any surplus tax revenue or  
132.9 service charge, or any part of it, collected from the district under section 365A.08. The  
132.10 refund must be distributed equally to the owners of any property within the discontinued  
132.11 district that were charged the extra tax or service fee during the most recent tax year for  
132.12 which the tax or service fee was imposed. Any surplus not refunded under this section  
132.13 must be transferred to the town's general fund.

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

132.15 Sec. 42. Minnesota Statutes 2006, section 429.101, subdivision 1, is amended to read:

132.16 Subdivision 1. **Ordinances.** (a) In addition to any other method authorized by  
132.17 law or charter, the governing body of any municipality may provide for the collection  
132.18 of unpaid special charges as a special assessment against the property benefited for all  
132.19 or any part of the cost of:

132.20 (1) snow, ice, or rubbish removal from sidewalks;

132.21 (2) weed elimination from streets or private property;

132.22 (3) removal or elimination of public health or safety hazards from private property,  
132.23 excluding any structure included under the provisions of sections 463.15 to 463.26;

132.24 (4) installation or repair of water service lines, street sprinkling or other dust  
132.25 treatment of streets;

132.26 (5) the trimming and care of trees and the removal of unsound trees from any street;

132.27 (6) the treatment and removal of insect infested or diseased trees on private property,  
132.28 the repair of sidewalks and alleys;

132.29 (7) the operation of a street lighting system;

132.30 (8) the operation and maintenance of a fire protection or a pedestrian skyway system;

132.31 (9) ~~reinspections which find noncompliance after the due date for compliance with~~  
132.32 ~~an order to correct~~ inspections relating to a municipal housing maintenance code violation;

132.33 (10) the recovery of any disbursements under section 504B.445, subdivision 4,  
132.34 clause (5), including disbursements for payment of utility bills and other services, even if

133.1 provided by a third party, necessary to remedy violations as described in section 504B.445,  
133.2 subdivision 4, clause (2); or

133.3 (11) [Repealed, 2004 c 275 s 5]

133.4 ~~as a special assessment against the property benefited.~~

133.5 (12) the recovery of delinquent vacant building registration fees under a municipal  
133.6 program designed to identify and register vacant buildings.

133.7 (b) The council may by ordinance adopt regulations consistent with this section to  
133.8 make this authority effective, including, at the option of the council, provisions for placing  
133.9 primary responsibility upon the property owner or occupant to do the work personally  
133.10 (except in the case of street sprinkling or other dust treatment, alley repair, tree trimming,  
133.11 care, and removal or the operation of a street lighting system) upon notice before the work  
133.12 is undertaken, and for collection from the property owner or other person served of the  
133.13 charges when due before unpaid charges are made a special assessment.

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

133.15 Sec. 43. Minnesota Statutes 2006, section 469.1813, subdivision 8, is amended to read:

133.16 Subd. 8. **Limitation on abatements.** In any year, the total amount of property  
133.17 taxes abated by a political subdivision under this section may not exceed (1) ten percent  
133.18 of the ~~current levy~~ net tax capacity of the political subdivision for the taxes payable year  
133.19 to which the abatement applies, or (2) \$200,000, whichever is greater. The limit under  
133.20 this subdivision does not apply to:

133.21 (i) an uncollected abatement from a prior year that is added to the abatement levy; or  
133.22 (ii) a taxpayer whose real and personal property is subject to valuation under  
133.23 Minnesota Rules, chapter 8100.

133.24 **EFFECTIVE DATE.** This section is effective for abatement resolutions approved  
133.25 after the day following final enactment.

133.26 Sec. 44. Laws 2008, chapter 154, article 2, section 11, the effective date, is amended to  
133.27 read:

133.28 **EFFECTIVE DATE.** The amendments of this section to paragraph (b) and to the  
133.29 class rate decrease and the market value increase of the first tier of class 1c homestead  
133.30 resorts are effective for taxes payable in 2009 and thereafter. The rest of this section is  
133.31 effective for taxes payable in 2010 and thereafter.

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

134.1 Sec. 45. Laws 2008, chapter 154, article 2, section 27, is amended to read:

134.2 **[360.0427] TAX LEVY MAY BE CERTIFIED BY AN AIRPORT**  
134.3 **AUTHORITY.**

134.4 ~~In any year in which it imposes~~ Imposition of a property tax levy under sections  
134.5 275.065 to 275.07, which requires an affirmative vote of at least two-thirds of the members  
134.6 of the authority, an airport authority must submit its proposed levy to the governing body  
134.7 of the municipality that contains the airport. The municipal governing body may approve  
134.8 or modify the amount of the levy, and, when it has determined the amount, the authority  
134.9 must certify to the auditor of the county where the airport is located the amount to be  
134.10 levied on all taxable property within the boundaries of the airport authority.

134.11 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and  
134.12 thereafter.

134.13 Sec. 46. **WHITE COMMUNITY HOSPITAL DISTRICT.**

134.14 **Subdivision 1. Authorized.** Notwithstanding the contiguity requirement in  
134.15 Minnesota Statutes, section 447.31, subdivision 2, any two or more of the following cities  
134.16 and towns in St. Louis County may establish by resolution of their respective governing  
134.17 bodies the White Community Hospital District: the cities of Aurora, Biwabik, and Hoyt  
134.18 Lakes, and the towns of Biwabik, White, and Colvin. The proposed resolution to establish  
134.19 the hospital district must be published and is subject to referendum as provided in section  
134.20 447.31, subdivision 2.

134.21 **Subd. 2. Powers; may make grants.** (a) Except as otherwise provided in this  
134.22 section, the White Community Hospital District shall be organized and have the powers  
134.23 and duties provided in Minnesota Statutes, sections 447.31, except subdivisions 2, 5, and  
134.24 6; 447.32, subdivisions 5, 7, and 9; 447.345; 447.37; and 447.38.

134.25 (b) The hospital district may levy taxes as provided in this section to provide funding  
134.26 to make grants to the White Community Hospital and any affiliated health care facility or  
134.27 provider for any purpose authorized for hospital districts in Minnesota Statutes, sections  
134.28 447.31 to 447.38, except 447.331. A grant must not be made under this section until the  
134.29 governing body of the White Community Hospital, and any of its affiliated health care  
134.30 facilities or providers receiving a grant, have entered into a written agreement with the  
134.31 hospital district board stating that the governing body will comply with and is subject to  
134.32 all provisions of the Minnesota open meeting law in Minnesota Statutes, chapter 13D.

134.33 **Subd. 3. Annexation; detachment.** Once the hospital district is established, any  
134.34 other city, town, or unorganized area in St. Louis County may join the hospital district

135.1 in the same manner provided in subdivision 1 for establishment of the hospital district.  
135.2 A city, town, or unorganized area that is a member of the hospital district may detach  
135.3 from the district in the same manner as it may join. An annexation to or detachment  
135.4 from the hospital district is effective for taxes payable in the following calendar year if  
135.5 the resolution is adopted, or in the case of an unorganized area the petition submitted  
135.6 to the county auditor, before July 1 of the levy year. A resolution adopted or petition  
135.7 submitted after July 1 of any year is effective for the taxes payable the year following  
135.8 the next levy year.

135.9 Subd. 4. **Unorganized areas.** An unorganized area in St. Louis County shall  
135.10 become a member of the hospital district if at least 51 percent of the residents of the  
135.11 unorganized area signed a petition submitted to the hospital district board and the county  
135.12 auditor requesting to participate in the hospital district.

135.13 Subd. 5. **Hospital district board.** The hospital district shall be governed by a  
135.14 hospital board composed of one member of each participating city and town's governing  
135.15 body, appointed by the governing body. If the hospital district only has two members,  
135.16 each member city or town shall appoint two board members. The hospital district board  
135.17 must appoint from among its members a chair, clerk, treasurer, and any other officers the  
135.18 board deems necessary or useful. The St. Louis County Board of Commissioners shall  
135.19 appoint a resident of any unorganized area that is participating in the hospital district. All  
135.20 board members serve at the pleasure of the respective appointing authorities.

135.21 Subd. 6. **No compensation; expenses.** Board members shall serve without  
135.22 compensation but shall be eligible for per diem and expenses provided by, and at the  
135.23 discretion of, their respective appointing authorities.

135.24 Subd. 7. **Operating tax levy.** The hospital district board may levy a tax as  
135.25 provided in Minnesota Statutes, section 447.34, except as provided in this subdivision.  
135.26 If the hospital district board levies it must be a uniform tax rate levied against the net  
135.27 tax capacity of all taxable properties located within each participating city, town, or  
135.28 unorganized area. The maximum amount that may be levied in the hospital district must  
135.29 not exceed 0.066088 percent of the fully taxable market value of all taxable properties  
135.30 located within each participating city, town, or unorganized area.

135.31 Any tax levied by the hospital district is in addition to all other taxes levied on the  
135.32 property, including taxes levied for any other hospital purpose by a participating city  
135.33 or town. The levy must be disregarded in the calculation of all other rate or per capita  
135.34 levy limitations imposed by law.

136.1 **EFFECTIVE DATE; NO LOCAL APPROVAL.** This section is effective the  
136.2 day following final enactment without local approval under Minnesota Statutes, section  
136.3 645.023, subdivision 1, paragraph (a), for taxes levied in 2008, payable in 2009, and  
136.4 thereafter.

136.5 Sec. 47. **VADNAIS LAKE AREA WATER MANAGEMENT ORGANIZATION;**  
136.6 **STORM SEWER UTILITY FEES.**

136.7 Notwithstanding any other law to the contrary and pursuant to joint powers  
136.8 agreements authorized under Minnesota Statutes, sections 103B.211 and 471.59, the  
136.9 Vadnais Lake Area Water Management Organization may certify to the county auditor any  
136.10 fees or charges imposed by the organization under Minnesota Statutes, section 103B.211  
136.11 or 444.075, and the parcels on which the charges are imposed. The county auditor shall  
136.12 extend the charges on the property tax statements. The amounts must be certified by  
136.13 November 30 to appear on statements for taxes payable in the following year. The charges,  
136.14 if not paid, become delinquent and are subject to the same penalties, the same rate of  
136.15 interest, and become a lien upon the property in the same manner, as real property taxes.  
136.16 The charges shall be paid to the Vadnais Lake Area Water Management Organization by  
136.17 the county auditor in the same manner and at the same time as property taxes. The county  
136.18 auditor may charge the Vadnais Lake Area Water Management Organization a fee in the  
136.19 amount necessary to recover the costs of administering the charges.

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

136.21 Sec. 48. **CITY OF BROOKLYN CENTER; PARTICIPATION IN CRIME-FREE**  
136.22 **MULTIHOUSING PROGRAM.**

136.23 (a) In addition to the requirements of Minnesota Statutes, section 273.128, if  
136.24 property located in the city of Brooklyn Center qualifies under paragraph (b), the owners  
136.25 or managers must complete the three phases of the city's crime-free multihousing program  
136.26 and the qualifying property must be annually certified by the police as participating  
136.27 in the program. If a qualifying property is not certified within one year after it is first  
136.28 determined to be a qualifying property under paragraph (b), or does not annually maintain  
136.29 its certification in the program, the city shall notify the property owner that the qualifying  
136.30 property must comply with the requirements of this section to maintain its classification  
136.31 as class 4d property. If a qualifying property is not in compliance within one year after  
136.32 receiving the notice from the city, the city shall issue a second notice and require the  
136.33 owners to enter into a plan to achieve compliance within one year. If, upon expiration  
136.34 of the one-year time period, the qualifying property has not been certified by the police



137.1 as completing the program, the city shall notify the commissioner of the Housing  
137.2 Finance Agency and the commissioner shall remove the property from the list of class 4d  
137.3 properties certified to the assessor under Minnesota Statutes, section 273.128, subdivision  
137.4 3. Once removed from the list, the property is not eligible for class 4d classification until  
137.5 it complies with this section and its compliance has been certified to the Housing Finance  
137.6 Agency by the city. Certification to the Housing Finance Agency must be made by May  
137.7 15 to be effective for taxes payable in the following year.

137.8 (b) A property is a qualifying property for purposes of this section's requirements if  
137.9 it satisfies each of the following requirements:

137.10 (1) the city offers a crime-free multihousing program through its city police;

137.11 (2) over the preceding three-year period, the number of police calls to the property  
137.12 exceeded the city's average number of calls for multiunit rental properties for the period  
137.13 by at least 25 percent, adjusted for the number of rental units;

137.14 (3) the police department has requested, in writing, the owners or managers of the  
137.15 property to enroll in the crime-free multihousing program and the owners or managers  
137.16 refused or failed to enroll within 60 days after the request, or failed to complete phases  
137.17 one and three within 90 days and all three phases of the program within a one-year time  
137.18 period; and

137.19 (4) the governing body of the city, by resolution, determines the property is a  
137.20 qualifying property under clauses (1) to (3).

137.21 (c) Calls for police or emergency assistance in response to domestic abuse or  
137.22 medical assistance shall not be counted toward the number of calls in paragraph (b), clause  
137.23 (2). For purposes of this section, "domestic abuse" has the meaning given in Minnesota  
137.24 Statutes, section 518B.01, subdivision 2.

137.25 (d) Low-income qualifying rental housing property classified as class 4d property  
137.26 for taxes payable in 2008 must meet the requirements of this section by May 15, 2011, in  
137.27 order to retain the classification for taxes payable in 2012.

137.28 (e) Provided that the city utilizes the crime-free multihousing program under this  
137.29 section, on or before January 1, 2017, the city shall make a report to the chairs of the house  
137.30 of representatives and senate tax committees describing the effectiveness of the program.

137.31 **EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective the day after  
137.32 compliance by the governing body of the city of Brooklyn Center and its chief clerical  
137.33 officer with Minnesota Statutes, section 645.021, subdivisions 2 and 3. This section  
137.34 expires after taxes payable in 2017.

137.35 Sec. 49. **ASSESSMENT OF PROPERTIES OF PURELY PUBLIC CHARITIES.**

138.1            Subdivision 1. **Application.** (a) To facilitate a review by the 2009 legislature of  
138.2 the property tax exemption for property of nonprofit organizations as purely public  
138.3 charities and the development of standards and criteria for the tax status of these facilities,  
138.4 this section:

138.5            (1) requires the commissioner of revenue to conduct an analysis of standards applied  
138.6 to determine the tax status of these organizations; and

138.7            (2) prohibits changes in assessment practices and policies regarding the property of  
138.8 these organizations.

138.9            (b) The purpose of this study is to allow the legislature to evaluate whether the  
138.10 judicially established rules and the assessment practices and policies in applying those  
138.11 rules to determine the tax status of these properties ensure that public benefits are, at  
138.12 least, commensurate with the costs of the exemption. The legislature does not intend, in  
138.13 requiring this study, to indicate an intention to expand or to narrow the existing rules for  
138.14 exempting institutions of purely public charity.

138.15            Subd. 2. **Report by commissioner of revenue.** (a) The commissioner of revenue  
138.16 shall survey all county assessors on:

138.17            (1) the tax status of property of institutions of purely public charity located in the  
138.18 state, including detail on the type of organization and the use of the property; and

138.19            (2) their practices and policies in determining the tax status of property of institutions  
138.20 of purely public charity, including the extent to which the assessment practices and  
138.21 policies require the institutions to provide goods or services at free or below market prices  
138.22 and on the treatment of government payments.

138.23            (b) The commissioner shall report the findings to the chairs of the house and senate  
138.24 committees with jurisdiction over taxation by February 1, 2009.

138.25            Subd. 3. **Moratorium on changes in assessment practices.** (a) An assessor  
138.26 may not change the current practices or policies used generally in assessing property  
138.27 of institutions of purely public charities.

138.28            (b) An assessor may not change the assessment of the taxable status of an existing  
138.29 property of an organization of purely public charity, unless the change is made as a result of  
138.30 a change in ownership, occupancy or use of the facility, or to correct an error. For currently  
138.31 taxable properties, the assessor may change the estimated market value of the property.

138.32            (c) This subdivision expires on the earlier of:

138.33            (1) the enactment of legislation establishing criteria for the property taxation of  
138.34 purely public charities; or

138.35            (2) adjournment of the 2009 regular legislative session to a date in calendar year  
138.36 2010.

139.1 **EFFECTIVE DATE.** This section is effective for the 2008 assessment, taxes  
139.2 payable in 2009.

139.3 Sec. 50. **FEDERAL AUDIT; SCHOOL DISTRICT LEVY.**

139.4 Subdivision 1. **Calculation.** The commissioner of education must calculate the total  
139.5 amount of revenue that each school district and intermediate school district needs to  
139.6 replace federal funds that have been disallowed resulting from the settlement of an audit  
139.7 by the federal Office of Inspector General of Local Collaborative Time Study school-based  
139.8 services claimed in Minnesota.

139.9 Subd. 2. **Levy.** A school district may levy a property tax for taxes payable in 2009,  
139.10 2010, and 2011 only, not to exceed one-third of the amount calculated in subdivision 1 in  
139.11 each year. A school district that is a member of an intermediate school district may include  
139.12 in its levy authority under this subdivision the proportionate share of the intermediate  
139.13 school district's loss calculated under subdivision. One-half of the levy for taxes payable  
139.14 in 2009 shall be recognized in fiscal year 2009.

139.15 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and  
139.16 thereafter.

139.17 Sec. 51. **COMFORT LAKE-FOREST LAKE WATERSHED DISTRICT.**

139.18 Notwithstanding any law to the contrary, the Comfort Lake-Forest Lake Watershed  
139.19 District established under Minnesota Statutes, chapter 103D, shall be considered a  
139.20 watershed management organization as defined in Minnesota Statutes, section 103B.205,  
139.21 subdivision 13. The Comfort Lake-Forest Lake Watershed District shall manage or plan  
139.22 for the management of surface water within the watershed district boundary in Chisago  
139.23 and Washington Counties as it existed on April 1, 2008, through the authorities contained  
139.24 in Minnesota Statutes, sections 103B.205 to 103B.255 and chapter 103D.

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

139.26 Sec. 52. **REPEALER.**

139.27 (a) Minnesota Statutes 2006, section 272.027, subdivision 3, is repealed.

139.28 (b) Minnesota Statutes 2006, section 273.11, subdivision 14, is repealed.

139.29 (c) Minnesota Statutes 2006, section 273.111, subdivision 6, is repealed.

139.30 **EFFECTIVE DATE.** Paragraphs (a) and (b) are effective for taxes payable in 2009  
139.31 and thereafter. Paragraph (c) is effective for taxes payable in 2010 and thereafter.

140.1 **ARTICLE 7**

140.2 **SALES AND USE TAXES**

140.3 Section 1. Minnesota Statutes 2006, section 297A.67, subdivision 28, is amended to  
140.4 read:

140.5 Subd. 28. **Ambulance supplies, parts, and equipment.** The following sales to or  
140.6 use by an ambulance service licensed under section 144E.10 are exempt:

140.7 (1) supplies and equipment used to provide medical care; and

140.8 (2) repair and replacement parts for ambulances and vehicles equipped and  
140.9 specifically intended for emergency response.

140.10 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
140.11 June 30, 2008.

140.12 Sec. 2. Minnesota Statutes 2007 Supplement, section 297A.70, subdivision 3, is  
140.13 amended to read:

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

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

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

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

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

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

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

140.33 (7) motor vehicles purchased or leased by political subdivisions of the state if the  
140.34 vehicles are exempt from registration under section 168.012, subdivision 1, paragraph (b),

141.1 exempt from taxation under section 473.448, or exempt from the motor vehicle sales tax  
141.2 under section 297B.03, clause (12);

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

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

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

141.12 (11) purchases by the Metropolitan Council or the Department of Transportation of  
141.13 vehicles and repair parts to equip operations provided for in section 174.90, including, but  
141.14 not limited to, the Northstar Corridor Rail project.

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

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

141.24 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
141.25 made after December 31, 2006.

141.26 Sec. 3. Minnesota Statutes 2006, section 297A.70, subdivision 8, is amended to read:

141.27 Subd. 8. **Regionwide public safety radio communication system; products and**  
141.28 **services.** Products and services including, but not limited to, end user equipment used  
141.29 for construction, ownership, operation, maintenance, and enhancement of the backbone  
141.30 system of the regionwide public safety radio communication system established under  
141.31 sections 403.21 to ~~403.34~~ 403.40, are exempt. For purposes of this subdivision, backbone  
141.32 system is defined in section 403.21, subdivision 9. This subdivision is effective for  
141.33 purchases, sales, storage, use, or consumption for use in the first and second phases of the  
141.34 system, as defined in section 403.21, subdivisions 3, 10, and 11, ~~and~~ that portion of the  
141.35 third phase of the system that is located in the southeast district of the State Patrol and

142.1 the counties of Benton, Sherburne, Stearns, and Wright, and that portion of the system  
142.2 that is located in Itasca County.

142.3 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
142.4 June 30, 2008.

142.5 Sec. 4. Minnesota Statutes 2006, section 297A.71, subdivision 23, is amended to read:

142.6 Subd. 23. **Construction materials for qualified low-income housing projects.** (a)  
142.7 Purchases of materials and supplies used or consumed in and equipment incorporated into  
142.8 the construction, improvement, or expansion of qualified low-income housing projects are  
142.9 exempt from the tax imposed under this chapter if the owner of the qualified low-income  
142.10 housing project is:

142.11 (1) the public housing agency or housing and redevelopment authority of a political  
142.12 subdivision;

142.13 (2) an entity exercising the powers of a housing and redevelopment authority within  
142.14 a political subdivision;

142.15 (3) a limited partnership in which the sole or managing general partner is an  
142.16 authority under clause (1) or an entity under clause (2) or (4);

142.17 (4) a nonprofit corporation subject to the provisions of chapter 317A, and qualifying  
142.18 under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended; or

142.19 (5) an owner entity, as defined in Code of Federal Regulations, title 24, part 941.604,  
142.20 for a qualified low-income housing project described in paragraph (b), clause (5).

142.21 This exemption applies regardless of whether the purchases are made by the owner  
142.22 of the facility or a contractor.

142.23 (b) For purposes of this exemption, "qualified low-income housing project" means:

142.24 (1) a housing or mixed use project in which at least 20 percent of the residential units  
142.25 are qualifying low-income rental housing units as defined in section 273.126;

142.26 (2) a federally assisted low-income housing project financed by a mortgage insured  
142.27 or held by the United States Department of Housing and Urban Development under  
142.28 United States Code, title 12, section 1701s, 1715l(d)(3), 1715l(d)(4), or 1715z-1; United  
142.29 States Code, title 42, section 1437f; the Native American Housing Assistance and  
142.30 Self-Determination Act, United States Code, title 25, section 4101 et seq.; or any similar  
142.31 successor federal low-income housing program;

142.32 (3) a qualified low-income housing project as defined in United States Code, title  
142.33 26, section 42(g), meeting all of the requirements for a low-income housing credit under  
142.34 section 42 of the Internal Revenue Code regardless of whether the project actually applies  
142.35 for or receives a low-income housing credit;

143.1 (4) a project that will be operated in compliance with Internal Revenue Service  
143.2 revenue procedure 96-32; or

143.3 (5) a housing or mixed use project in which all or a portion of the residential units  
143.4 are subject to the requirements of section 5 of the United States Housing Act of 1937.

143.5 (c) For a project, a portion of which is not used for low-income housing units,  
143.6 the amount of purchases that are exempt under this subdivision must be determined by  
143.7 multiplying the total purchases, as specified in paragraph (a), by the ratio of:

143.8 (1) the total gross square footage of units subject to the income limits under section  
143.9 273.126, the financing for the project, the federal low-income housing tax credit, revenue  
143.10 procedure 96-32, or section 5 of the United States Housing Act of 1937, as applicable  
143.11 to the project; and

143.12 (2) the total gross square footage of all units in the project.

143.13 (d) The tax must be imposed and collected as if the rate under section 297A.62,  
143.14 subdivision 1, applied, and then refunded in the manner provided in section 297A.75.

143.15 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
143.16 June 30, 2009.

143.17 Sec. 5. Minnesota Statutes 2006, section 297A.71, is amended by adding a subdivision  
143.18 to read:

143.19 **Subd. 40. Construction materials; Central Corridor light rail transit.** Materials  
143.20 and supplies used or consumed in, and equipment incorporated into, the construction  
143.21 or improvement of the Central Corridor light rail transit line and associated facilities  
143.22 including, but not limited to, stations, park-and-ride facilities, and maintenance facilities,  
143.23 are exempt. The tax must be imposed and collected as if the rate under section 297A.62,  
143.24 subdivision 1, applied and then refunded in the manner provided in section 297A.75.  
143.25 Refunds must not be applied for or issued until after July 1, 2009.

143.26 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
143.27 June 30, 2008.

143.28 Sec. 6. Minnesota Statutes 2006, section 297A.75, is amended to read:

143.29 **297A.75 REFUND; APPROPRIATION.**

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

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

- 144.1 (2) building materials for an agricultural processing facility exempt under section  
144.2 297A.71, subdivision 13;
- 144.3 (3) building materials for mineral production facilities exempt under section  
144.4 297A.71, subdivision 14;
- 144.5 (4) building materials for correctional facilities under section 297A.71, subdivision  
144.6 3;
- 144.7 (5) building materials used in a residence for disabled veterans exempt under section  
144.8 297A.71, subdivision 11;
- 144.9 (6) elevators and building materials exempt under section 297A.71, subdivision 12;
- 144.10 (7) building materials for the Long Lake Conservation Center exempt under section  
144.11 297A.71, subdivision 17;
- 144.12 (8) materials, supplies, fixtures, furnishings, and equipment for a county law  
144.13 enforcement and family service center under section 297A.71, subdivision 26;
- 144.14 (9) materials and supplies for qualified low-income housing under section 297A.71,  
144.15 subdivision 23;
- 144.16 (10) materials, supplies, and equipment for municipal electric utility facilities under  
144.17 section 297A.71, subdivision 35;
- 144.18 (11) equipment and materials used for the generation, transmission, and distribution  
144.19 of electrical energy and an aerial camera package exempt under section 297A.68,  
144.20 subdivision 37; ~~and~~
- 144.21 (12) tangible personal property and taxable services and construction materials,  
144.22 supplies, and equipment exempt under section 297A.68, subdivision 41;
- 144.23 (13) commuter rail vehicle and repair parts under section 297A.70, subdivision  
144.24 3, clause (11); and
- 144.25 (14) materials, supplies, and equipment for construction or improvement of projects  
144.26 and facilities under section 297A.71, subdivision 40.

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

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

144.31 (2) for subdivision 1, clauses (4), (7), and (8), the applicant must be the governmental  
144.32 subdivision;

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

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



145.1 (5) for subdivision 1, clause (9), the owner of the qualified low-income housing  
145.2 project;

145.3 (6) for subdivision 1, clause (10), the applicant must be a municipal electric utility or  
145.4 a joint venture of municipal electric utilities; ~~and~~

145.5 (7) for subdivision 1, clauses (11) and (12), the owner of the qualifying business; and

145.6 (8) for subdivision 1, clauses (13) and (14), the applicant must be the governmental  
145.7 entity that owns or contracts for the project or facility.

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

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

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

145.21 Subd. 4. **Interest.** Interest must be paid on the refund at the rate in section 270C.405  
145.22 from 90 days after the refund claim is filed with the commissioner for taxes paid under  
145.23 subdivision 1.

145.24 Subd. 5. **Appropriation.** The amount required to make the refunds is annually  
145.25 appropriated to the commissioner.

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

145.27 Sec. 7. Minnesota Statutes 2006, section 297A.99, subdivision 1, as amended by Laws  
145.28 2008, chapter 152, article 4, section 1, is amended to read:

145.29 Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may  
145.30 impose a general sales tax (1) under section 297A.992, (2) under section 297A.993,  
145.31 (3) if permitted by special law enacted prior to May 20, 2008, or (4) if the political  
145.32 subdivision enacted and imposed the tax before the effective date of section 477A.016 and  
145.33 its predecessor provision.

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

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

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

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

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

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

146.13 Sec. 8. Minnesota Statutes 2006, section 297B.03, is amended to read:

146.14 **297B.03 EXEMPTIONS.**

146.15 There is specifically exempted from the provisions of this chapter and from  
146.16 computation of the amount of tax imposed by it the following:

146.17 (1) purchase or use, including use under a lease purchase agreement or installment  
146.18 sales contract made pursuant to section 465.71, of any motor vehicle by the United States  
146.19 and its agencies and instrumentalities and by any person described in and subject to the  
146.20 conditions provided in section 297A.67, subdivision 11;

146.21 (2) purchase or use of any motor vehicle by any person who was a resident of  
146.22 another state or country at the time of the purchase and who subsequently becomes a  
146.23 resident of Minnesota, provided the purchase occurred more than 60 days prior to the date  
146.24 such person began residing in the state of Minnesota and the motor vehicle was registered  
146.25 in the person's name in the other state or country;

146.26 (3) purchase or use of any motor vehicle by any person making a valid election to be  
146.27 taxed under the provisions of section 297A.90;

146.28 (4) purchase or use of any motor vehicle previously registered in the state of  
146.29 Minnesota when such transfer constitutes a transfer within the meaning of section 118,  
146.30 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal  
146.31 Revenue Code of 1986, as amended through December 31, 1999;

146.32 (5) purchase or use of any vehicle owned by a resident of another state and leased  
146.33 to a Minnesota-based private or for-hire carrier for regular use in the transportation of  
146.34 persons or property in interstate commerce provided the vehicle is titled in the state of

147.1 the owner or secured party, and that state does not impose a sales tax or sales tax on  
147.2 motor vehicles used in interstate commerce;

147.3 (6) purchase or use of a motor vehicle by a private nonprofit or public educational  
147.4 institution for use as an instructional aid in automotive training programs operated by the  
147.5 institution. "Automotive training programs" includes motor vehicle body and mechanical  
147.6 repair courses but does not include driver education programs;

147.7 (7) purchase of a motor vehicle for use as an ambulance by an ambulance service  
147.8 licensed under section 144E.10;

147.9 (8) purchase of a motor vehicle by or for a public library, as defined in section  
147.10 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

147.11 (9) purchase of a ready-mixed concrete truck;

147.12 (10) purchase or use of a motor vehicle by a town for use exclusively for road  
147.13 maintenance, including snowplows and dump trucks, but not including automobiles,  
147.14 vans, or pickup trucks;

147.15 (11) purchase or use of a motor vehicle by a corporation, society, association,  
147.16 foundation, or institution organized and operated exclusively for charitable, religious,  
147.17 or educational purposes, except a public school, university, or library, but only if the  
147.18 vehicle is:

147.19 (i) a truck, as defined in section 168.011, a bus, as defined in section 168.011, or a  
147.20 passenger automobile, as defined in section 168.011, if the automobile is designed and  
147.21 used for carrying more than nine persons including the driver; and

147.22 (ii) intended to be used primarily to transport tangible personal property or  
147.23 individuals, other than employees, to whom the organization provides service in  
147.24 performing its charitable, religious, or educational purpose;

147.25 (12) purchase of a motor vehicle for use by a transit provider exclusively to provide  
147.26 transit service is exempt if the transit provider is either (i) receiving financial assistance or  
147.27 reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29,  
147.28 473.388, or 473.405;

147.29 (13) purchase or use of a motor vehicle by a qualified business, as defined in section  
147.30 469.310, located in a job opportunity building zone, if the motor vehicle is principally  
147.31 garaged in the job opportunity building zone and is primarily used as part of or in direct  
147.32 support of the person's operations carried on in the job opportunity building zone. The  
147.33 exemption under this clause applies to sales, if the purchase was made and delivery  
147.34 received during the duration of the job opportunity building zone. The exemption under  
147.35 this clause also applies to any local sales and use tax; and

148.1 (14) purchase of a leased vehicle by the lessee who was a participant in a  
148.2 lease-to-own program from a charitable organization that is:

148.3 (i) described in section 501(c)(3) of the Internal Revenue Code; and

148.4 (ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4.

148.5 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
148.6 June 30, 2008.

148.7 Sec. 9. Laws 1991, chapter 291, article 8, section 27, subdivision 3, as amended by  
148.8 Laws 1998, chapter 389, article 8, section 28, is amended to read:

148.9 Subd. 3. **Use of revenues.** Revenues received from taxes authorized by subdivisions  
148.10 1 and 2 shall be used by the city to pay the cost of collecting the tax and to pay all or a  
148.11 portion of the expenses of constructing and ~~operating~~ improving facilities as part of an  
148.12 urban revitalization project in downtown Mankato known as Riverfront 2000. Authorized  
148.13 expenses include, but are not limited to, acquiring property and paying relocation expenses  
148.14 related to the development of Riverfront 2000 and related facilities, and securing or paying  
148.15 debt service on bonds or other obligations issued to finance the construction of Riverfront  
148.16 2000 and related facilities. For purposes of this section, "Riverfront 2000 and related  
148.17 facilities" means a civic-convention center, an arena, a riverfront park, a technology center  
148.18 and related educational facilities, and all publicly owned real or personal property that  
148.19 the governing body of the city determines will be necessary to facilitate the use of these  
148.20 facilities, including but not limited to parking, skyways, pedestrian bridges, lighting, and  
148.21 landscaping. It also includes the performing arts theatre and the Southern Minnesota  
148.22 Women's Hockey Exposition Center, attached to the Mankato Civic Center for use by  
148.23 Minnesota State University, Mankato.

148.24 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
148.25 the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section  
148.26 645.021, subdivisions 2 and 3, and after compliance with section 15.

148.27 Sec. 10. Laws 1991, chapter 291, article 8, section 27, subdivision 4, as amended by  
148.28 Laws 2005, First Special Session chapter 3, article 5, section 25, is amended to read:

148.29 Subd. 4. **Expiration of taxing authority and expenditure limitation.** The  
148.30 authority granted by subdivisions 1 and 2 to the city to impose a sales tax and an excise  
148.31 tax shall expire on ~~December 31, 2015, unless sufficient revenues are not available to~~  
148.32 ~~debase any bonds or obligations issued to finance construction of Riverfront 2000 and~~  
148.33 ~~related facilities. If sufficient funds are not available to debase the bonds, the tax expires~~  
148.34 ~~December 31, 2018, but all revenues from taxes imposed after December 31, 2015, must~~

149.1 ~~be used to defease the bonds. The city may, by ordinance, terminate the tax at an earlier~~  
149.2 ~~date~~ 2022.

149.3 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
149.4 the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section  
149.5 645.021, subdivisions 2 and 3, and after compliance with section 16.

149.6 Sec. 11. Laws 1998, chapter 389, article 8, section 45, subdivision 3, is amended to  
149.7 read:

149.8 Subd. 3. **Use of revenues.** Revenues received from the taxes authorized under  
149.9 subdivision 1 must be used for sanitary sewer separation, wastewater treatment, water  
149.10 system improvements, and harbor refuge development projects.

149.11 **EFFECTIVE DATE.** This section is effective the day following final enactment,  
149.12 upon compliance by the city of Two Harbors with Minnesota Statutes, section 645.021,  
149.13 subdivision 3.

149.14 Sec. 12. Laws 1999, chapter 243, article 4, section 18, subdivision 1, is amended to  
149.15 read:

149.16 Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section  
149.17 ~~297A.48, subdivision 1a,~~ 477A.016, or any other provision of law, ordinance, or city  
149.18 charter, if approved by the city voters at the first municipal general election held after the  
149.19 date of final enactment of this act or at a special election held November 2, 1999, the city  
149.20 of Proctor may impose by ordinance a sales and use tax of up to one-half of one percent  
149.21 for the purposes specified in subdivision 3. The provisions of Minnesota Statutes, section  
149.22 ~~297A.48~~ 297A.99, govern the imposition, administration, collection, and enforcement of  
149.23 the tax authorized under this subdivision.

149.24 Sec. 13. Laws 1999, chapter 243, article 4, section 18, subdivision 3, is amended to  
149.25 read:

149.26 Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by  
149.27 subdivisions 1 and 2 must be used by the city to pay the cost of collecting the taxes and to  
149.28 pay for construction and improvement of the following city facilities:

149.29 (1) streets; and

149.30 (2) constructing and equipping the Proctor community activity center.

149.31 Authorized expenses include, but are not limited to, acquiring property, paying  
149.32 construction and operating expenses related to the development of an authorized facility,  
149.33 and paying debt service on bonds or other obligations, including lease obligations, issued

150.1 to finance the construction, expansion, or improvement of an authorized facility. The  
150.2 capital expenses for all projects authorized under this paragraph that may be paid with  
150.3 these taxes is limited to \$3,600,000, plus an amount equal to the costs related to issuance  
150.4 of the bonds.

150.5 (b) Additional revenues received from taxes authorized by subdivision 1, may be  
150.6 used by the city to pay for the following capital improvement projects: public utilities,  
150.7 including water, sanitary sewer, storm sewer, and electric; sidewalks; bikeways and trails;  
150.8 and parks and recreation.

150.9 **EFFECTIVE DATE.** This section is effective the day following final enactment,  
150.10 upon compliance by the city of Proctor with Minnesota Statutes, section 645.021,  
150.11 subdivision 3.

150.12 Sec. 14. Laws 1999, chapter 243, article 4, section 18, subdivision 4, is amended to  
150.13 read:

150.14 Subd. 4. **Bonding authority.** (a) The city may issue bonds under Minnesota  
150.15 Statutes, chapter 475, to finance the capital expenditure and improvement projects  
150.16 described in subdivision 3. An election to approve the bonds under Minnesota Statutes,  
150.17 section 475.58, is not required.

150.18 (b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes,  
150.19 sections 275.60 and ~~279.61~~ 275.61.

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

150.23 (d) For projects described in subdivision 3, paragraph (a), the aggregate principal  
150.24 amount of bonds, plus the aggregate of the taxes used directly to pay eligible capital  
150.25 expenditures and improvements, may not exceed \$3,600,000, plus an amount equal to  
150.26 the costs related to issuance of the bonds, including interest on the bonds. For projects  
150.27 described in subdivision 3, paragraph (b), the aggregate principal amount of bonds may  
150.28 not exceed \$7,200,000, plus an amount equal to the costs related to issuance of the bonds,  
150.29 including interest on the bonds.

150.30 (e) The sales and use and excise taxes authorized in this section may be pledged to  
150.31 and used for the payment of the bonds and any bonds issued to refund them only if the  
150.32 bonds and any refunding bonds are general obligations of the city.

150.33 **EFFECTIVE DATE.** This section is effective the day following final enactment,  
150.34 upon compliance by the city of Proctor with Minnesota Statutes, section 645.021,  
150.35 subdivision 3.

151.1       Sec. 15. **CITY OF MANKATO; REVERSE REFERENDUM REQUIRED.**

151.2           If the Mankato city council intends to extend the local sales tax and modify the use  
151.3 of revenues from the tax, authorized under sections 9 and 10, it shall pass a resolution  
151.4 stating the intent. The resolution must be published for two successive weeks in the  
151.5 official newspaper of the city or, if there is no official newspaper, in a newspaper of general  
151.6 circulation in the city, together with a notice fixing a date for a public hearing on the  
151.7 matter. The hearing must be held at least two weeks but not more than four weeks after the  
151.8 first publication of the resolution. Following the public hearing, the city may determine  
151.9 to take no further action or adopt a resolution confirming its intention to exercise the  
151.10 authority. That resolution must also be published in the official newspaper of the city or, if  
151.11 there is no official newspaper, in a newspaper of general circulation in the city. If within  
151.12 30 days after publication of the resolution a petition signed by voters equal in number to  
151.13 ten percent of the votes cast in the city in the last general election requesting a vote on the  
151.14 proposed resolution is filed with the county auditor, the resolution is not effective until it  
151.15 has been submitted to the voters at a general or special election and a majority of votes  
151.16 cast on the question of approving the resolution are in the affirmative. The commissioner  
151.17 of revenue shall prepare a suggested form of question to be presented at the election. This  
151.18 section applies notwithstanding any city charter provision to the contrary.

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

151.20       Sec. 16. **CITY OF MANKATO, LOCAL TAXES AUTHORIZED.**

151.21           Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota  
151.22 Statutes, section 477A.016, or any ordinance, city charter, or other provision of law, the  
151.23 city of Mankato may, by ordinance, impose a sales tax of up to one percent on the gross  
151.24 receipts on all sales of food and beverages by a restaurant or place of refreshment, as  
151.25 defined by resolution of the city, that are located within the city. For purposes of this  
151.26 section, "food and beverages" include retail on-sale of intoxicating liquor and fermented  
151.27 malt beverages.

151.28           Subd. 2. **Entertainment tax.** Notwithstanding Minnesota Statutes, section  
151.29 477A.016, or any ordinance, city charter, or other provision of law, the city of Mankato  
151.30 may, by ordinance, impose a tax of up to one percent on the gross receipts on admissions to  
151.31 an entertainment event located within the city. For purposes of this section "entertainment  
151.32 event" means any event for which persons pay money in order to be admitted to the  
151.33 premises and to be entertained including, but not limited to, theaters, concerts, and  
151.34 sporting events.

152.1            Subd. 3. **Use of proceeds from authorized taxes.** The proceeds of any tax imposed  
152.2 under subdivisions 1 and 2 shall be used by the city to pay all or a portion of the expenses  
152.3 of operation and maintenance of the Riverfront 2000 and related facilities, including a  
152.4 performing arts theatre and the Southern Minnesota Women's Hockey Exposition Center,  
152.5 attached to the Mankato Civic Center for use by Minnesota State University, Mankato.  
152.6 Authorized expenses include securing or paying debt service on bonds or other obligations  
152.7 issued to finance the construction of the facilities.

152.8            Subd. 4. **Collection, administration, and enforcement.** If the city desires, it may  
152.9 enter into an agreement with the commissioner of revenue to administer, collect, and  
152.10 enforce the taxes authorized under subdivisions 1 and 2. If the commissioner agrees  
152.11 to collect the tax, the provisions of Minnesota Statutes, section 297A.99, related to  
152.12 collection, administration, and enforcement apply.

152.13            **EFFECTIVE DATE.** This section is effective the day after the governing body of  
152.14 the city of Mankato and its chief clerical officer comply with Minnesota Statutes, section  
152.15 645.021, subdivisions 2 and 3.

152.16            Sec. 17. **COOK COUNTY; LODGING AND ADMISSIONS TAXES.**

152.17            Subdivision 1. **Lodging tax.** Notwithstanding Minnesota Statutes, section  
152.18 477A.016, or any other provision of law, ordinance, or city charter, the Board of  
152.19 Commissioners of Cook County may impose, by ordinance, a tax of up to one percent on  
152.20 the gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190.  
152.21 This tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and  
152.22 the total tax imposed under that section and this provision must not exceed four percent.

152.23            Subd. 2. **Admissions and recreation tax.** Notwithstanding Minnesota Statutes,  
152.24 section 477A.016, or any other provision of law, ordinance, or city charter, the Board of  
152.25 Commissioners of Cook County may impose, by ordinance, a tax of up to three percent on  
152.26 admissions to entertainment and recreational facilities and rental of recreation equipment.

152.27            Subd. 3. **Use of taxes.** The taxes imposed in subdivisions 1 and 2 must be used  
152.28 to fund a new Cook County Event and Visitors Bureau as established by the Board of  
152.29 Commissioners of Cook County. The Board of Commissioners of Cook County must  
152.30 annually review the budget of the Cook County Event and Visitors Bureau. The event and  
152.31 visitors bureau may not receive revenues raised from the taxes imposed in subdivisions 1  
152.32 and 2 until the board of commissioners approves the annual budget.

152.33            Subd. 4. **Termination.** The taxes imposed in subdivisions 1 and 2 terminate 15  
152.34 years after they are first imposed.



153.1 **EFFECTIVE DATE.** This section is effective for sales and purchases after June  
153.2 30, 2008.

153.3 Sec. 18. **COOK COUNTY; TAXES AUTHORIZED.**

153.4 Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section  
153.5 477A.016, or any other provision of law, ordinance, or city charter, if approved by the  
153.6 voters at a general or special election held before December 31, 2009, Cook County  
153.7 may impose by ordinance a sales and use tax of up to one percent for the purposes  
153.8 specified in subdivision 2. Except as otherwise provided in this section, the provisions  
153.9 of Minnesota Statutes, section 297A.99, govern the imposition of the tax authorized  
153.10 under this subdivision.

153.11 Subd. 2. **Use of revenues.** Revenues received from the tax authorized by  
153.12 subdivision 1 must be used by Cook County to pay the costs of collecting the tax and  
153.13 to pay for the following projects:

153.14 (1) construction and improvements to a county community center and recreation  
153.15 area, including, but not limited to, improvements and additions to the skateboard park,  
153.16 hockey rink, ball fields, community center addition, county parking area, tennis courts,  
153.17 and all associated improvements; and

153.18 (2) construction and improvements to the Grand Marais Public Library.  
153.19 Authorized expenses include, but are not limited to, paying construction expenses related  
153.20 to these improvements, and paying debt service on bonds or other obligations issued to  
153.21 finance acquisition and construction of these improvements. The total amount of revenues  
153.22 from the taxes in subdivision 1 that may be used to fund these projects is \$14,000,000  
153.23 plus any associated bond costs.

153.24 Subd. 3. **Bonding authority.** Cook County may issue bonds under Minnesota  
153.25 Statutes, chapter 475, to pay capital and administrative expenses for the projects authorized  
153.26 in subdivision 2, in an amount that does not exceed \$14,000,000. An election to approve  
153.27 the bonds under Minnesota Statutes, section 475.58, is not required. The issuance of bonds  
153.28 under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.  
153.29 The debt represented by the bonds is not included in computing any debt limitation  
153.30 applicable to the county, and any levy of taxes under Minnesota Statutes, section 475.61,  
153.31 to pay principal and interest on the bonds is not subject to any levy limitation.

153.32 Subd. 4. **Termination of tax.** The tax imposed under subdivision 1 expires at the  
153.33 later of (1) 20 years or (2) when the county board determines that the amount of revenues  
153.34 received is sufficient to pay for the principal and interest on any bonds or obligation

154.1 issued to finance the projects in subdivision 2. Any funds remaining after completion of  
154.2 the projects and retirement or redemption of the bonds may be placed in the general fund  
154.3 of the county. The tax imposed under subdivision 1 may expire at an earlier time if the  
154.4 county board so determines by ordinance.

154.5 **EFFECTIVE DATE.** This section is effective the day after the governing body of  
154.6 Cook County and its chief clerical officer timely comply with Minnesota Statutes, section  
154.7 645.021, subdivisions 2 and 3.

154.8 **Sec. 19. CITY OF CLEARWATER; TAXES AUTHORIZED.**

154.9 Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section  
154.10 477A.016, or any other provision of law, ordinance, or city charter, pursuant to the  
154.11 approval of the voters on November 7, 2006, the city of Clearwater may impose by  
154.12 ordinance a sales and use tax of up to one-half of one percent for the purposes specified in  
154.13 subdivision 2. Except as otherwise provided in this section, the provisions of Minnesota  
154.14 Statutes, section 297A.99, govern the imposition, administration, collection, and  
154.15 enforcement of the tax authorized under this subdivision.

154.16 Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section  
154.17 477A.016, or any other provision of law, ordinance, or city charter, the city of Clearwater  
154.18 may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up  
154.19 to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person  
154.20 engaged within the city in the business of selling motor vehicles at retail.

154.21 Subd. 3. **Use of revenues.** The proceeds of the tax imposed under this section shall  
154.22 be used to pay for the costs of acquisition, construction, improvement, and development  
154.23 of a pedestrian bridge, and land and buildings for a community and recreation center. The  
154.24 total amount of revenues from the taxes in subdivisions 1 and 2 that may be used to fund  
154.25 these projects is \$12,000,000 plus any associated bond costs.

154.26 Subd. 4. **Bonding authority.** The city of Clearwater may issue bonds in an amount  
154.27 not to exceed \$12,000,000 under Minnesota Statutes, chapter 475, to finance the capital  
154.28 expenditures and improvements authorized by the referendum under subdivision 1. An  
154.29 election to approve the bonds under Minnesota Statutes, section 475.59, is not required.  
154.30 The issuance of bonds under this subdivision is not subject to Minnesota Statutes, section  
154.31 275.60 or 275.61. The debt represented by the bonds must not be included in computing  
154.32 any debt limitations applicable to the city, and the levy of taxes required by Minnesota  
154.33 Statutes, section 475.61, to pay the principal or any interest on the bonds must not be  
154.34 subject to any levy limitation.

155.1           Subd. 5. **Termination of tax.** The tax authorized under subdivision 1 terminates at  
155.2 the earlier of (1) 20 years after the date of initial imposition of the tax, or (2) when the  
155.3 city council determines that sufficient funds have been raised from the tax to finance the  
155.4 capital and administrative costs of the improvements described in subdivision 3, plus the  
155.5 additional amount needed to pay the costs related to issuance of bonds under subdivision  
155.6 4, including interest on the bonds. Any funds remaining after completion of the projects  
155.7 specified in subdivision 3 and retirement or redemption of the bonds in subdivision 4 may  
155.8 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire  
155.9 at an earlier time if the city so determines by ordinance.

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

155.13           Sec. 20. **CITY OF NORTH MANKATO; TAXES AUTHORIZED.**

155.14           Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes,  
155.15 section 477A.016, or any other provision of law, ordinance, or city charter, pursuant to  
155.16 the approval of the voters on November 7, 2006, the city of North Mankato may impose  
155.17 by ordinance a sales and use tax of one-half of one percent for the purposes specified  
155.18 in subdivision 2. The provisions of Minnesota Statutes, section 297A.99, govern the  
155.19 imposition, administration, collection, and enforcement of the taxes authorized under  
155.20 this subdivision.

155.21           Subd. 2. **Use of revenues.** Revenues received from the tax authorized by  
155.22 subdivision 1 must be used to pay all or part of the capital costs of the following projects:

155.23           (1) the local share of the Trunk Highway 14/County State-Aid Highway 41  
155.24 interchange project;

155.25           (2) development of regional parks and hiking and biking trails;

155.26           (3) expansion of the North Mankato Taylor Library;

155.27           (4) riverfront redevelopment; and

155.28           (5) lake improvement projects.

155.29           The total amount of revenues from the tax in subdivision 1 that may be used to fund  
155.30 these projects is \$6,000,000 plus any associated bond costs.

155.31           Subd. 3. **Bonds.** (a) The city of North Mankato, pursuant to the approval of the  
155.32 voters at the November 7, 2006 referendum authorizing the imposition of the taxes in  
155.33 this section, may issue bonds under Minnesota Statutes, chapter 475, to pay capital and  
155.34 administrative expenses for the projects described in subdivision 2, in an amount that

156.1 does not exceed \$6,000,000. A separate election to approve the bonds under Minnesota  
156.2 Statutes, section 475.58, is not required.

156.3 (b) The debt represented by the bonds is not included in computing any debt  
156.4 limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section  
156.5 475.61, to pay principal and interest on the bonds is not subject to any levy limitation.

156.6 Subd. 4. **Termination of taxes.** The tax imposed under subdivision 1 expires  
156.7 when the city council determines that the amount of revenues received from the taxes  
156.8 to pay for the projects under subdivision 2 first equals or exceeds \$6,000,000 plus the  
156.9 additional amount needed to pay the costs related to issuance of bonds under subdivision  
156.10 3, including interest on the bonds. Any funds remaining after completion of the projects  
156.11 and retirement or redemption of the bonds shall be placed in a capital facilities and  
156.12 equipment replacement fund of the city. The tax imposed under subdivision 1 may expire  
156.13 at an earlier time if the city so determines by ordinance.

156.14 **EFFECTIVE DATE.** This section is effective the day after compliance by the  
156.15 governing body of the city of North Mankato with Minnesota Statutes, section 645.021,  
156.16 subdivision 3.

156.17 Sec. 21. **CITY OF WINONA; TAXES AUTHORIZED.**

156.18 Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section  
156.19 477A.016, or any other provision of law, ordinance, or city charter, if approved by the  
156.20 voters at a general or special election held before December 31, 2009, the city of Winona  
156.21 may impose by ordinance a sales and use tax of up to one-half of one percent for the  
156.22 purpose specified in subdivision 2. Except as otherwise provided in this section, the  
156.23 provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration,  
156.24 collection, and enforcement of the tax authorized under this subdivision.

156.25 Subd. 2. **Use of revenues.** The proceeds of the tax imposed under this section shall  
156.26 be used to pay the city-borne costs for the construction of a street connection from the city  
156.27 of Winona to Minnesota marked State Highways 61 and 43. The construction will provide  
156.28 access to the city's newly built industrial park and additional access to a hospital. The total  
156.29 amount of revenues from the tax in subdivision 1 that may be used to fund this project is  
156.30 \$8,000,000 plus any associated bond costs.

156.31 Subd. 3. **Bonding authority.** The city of Winona may issue bonds in an amount  
156.32 not to exceed \$8,000,000 under Minnesota Statutes, chapter 475, to finance the capital  
156.33 expenditures under subdivision 2. An election to approve the bonds under Minnesota  
156.34 Statutes, section 475.58, is not required. The issuance of bonds under this subdivision is

157.1 not subject to Minnesota Statutes, section 275.60 or 275.61. The debt represented by the  
157.2 bonds must not be included in computing any debt limitations applicable to the city, and  
157.3 the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal or  
157.4 any interest on the bonds must not be subject to any levy limitation.

157.5 Subd. 4. **Termination of tax.** The tax authorized under subdivision 1 terminates  
157.6 at the earlier of: (1) five years after the date of initial imposition of the tax; or (2) when  
157.7 the city council determines that sufficient funds have been raised from the tax to finance  
157.8 the capital and administrative costs of the project described in subdivision 2, plus the  
157.9 additional amount needed to pay the costs related to issuance of bonds under subdivision  
157.10 3, including interest on the bonds. Any funds remaining after completion of the project  
157.11 specified in subdivision 2 and retirement or redemption of the bonds in subdivision 3 may  
157.12 be placed in the general fund of the city. The tax imposed under subdivision 1 may expire  
157.13 at an earlier time if the city so determines by ordinance.

157.14 **EFFECTIVE DATE.** This section is effective the day after compliance by  
157.15 the governing body of the city of Winona with Minnesota Statutes, section 645.021,  
157.16 subdivisions 2 and 3.

157.17 Sec. 22. **REPEALER.**

157.18 Laws 2005, First Special Session chapter 3, article 5, section 24, is repealed.

157.19 **EFFECTIVE DATE.** This section is effective upon enactment of section 9.

## 157.20 **ARTICLE 8**

### 157.21 **JUNE ACCELERATED TAX PAYMENTS**

157.22 Section 1. Minnesota Statutes 2006, section 289A.20, subdivision 4, as amended by  
157.23 Laws 2008, chapter 154, article 6, section 1, is amended to read:

157.24 Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and  
157.25 payable to the commissioner monthly on or before the 20th day of the month following the  
157.26 month in which the taxable event occurred, or following another reporting period as the  
157.27 commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph  
157.28 (f) or (g), except that use taxes due on an annual use tax return as provided under section  
157.29 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

157.30 (b) A vendor having a liability of \$120,000 or more during a fiscal year ending June  
157.31 30 must remit the June liability for the next year in the following manner:

157.32 (1) Two business days before June 30 of the year, the vendor must remit ~~80~~ 90  
157.33 percent of the estimated June liability to the commissioner.

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

158.3 (c) A vendor having a liability of:

158.4 (1) \$20,000 or more in the fiscal year ending June 30, 2005; or

158.5 (2) \$10,000 or more in the fiscal year ending June 30, 2006, and fiscal years  
158.6 thereafter,

158.7 must remit all liabilities on returns due for periods beginning in the subsequent calendar

158.8 year by electronic means on or before the 20th day of the month following the month in

158.9 which the taxable event occurred, or on or before the 20th day of the month following the

158.10 month in which the sale is reported under section 289A.18, subdivision 4, except for ~~80~~90

158.11 percent of the estimated June liability, which is due two business days before June 30. The

158.12 remaining amount of the June liability is due on August 20.

158.13 **EFFECTIVE DATE.** This section is effective beginning with June 2009 tax  
158.14 liabilities.

158.15 Sec. 2. Minnesota Statutes 2006, section 289A.60, subdivision 15, as amended by  
158.16 Laws 2008, chapter 154, article 6, section 2, is amended to read:

158.17 Subd. 15. **Accelerated payment of June sales tax liability; penalty for**  
158.18 **underpayment.** For payments made after December 31, 2006, if a vendor is required by  
158.19 law to submit an estimation of June sales tax liabilities and ~~80~~90 percent payment by a  
158.20 certain date, the vendor shall pay a penalty equal to ten percent of the amount of actual  
158.21 June liability required to be paid in June less the amount remitted in June. The penalty  
158.22 must not be imposed, however, if the amount remitted in June equals the lesser of ~~80~~90  
158.23 percent of the preceding May's liability or ~~80~~90 percent of the average monthly liability  
158.24 for the previous calendar year.

158.25 **EFFECTIVE DATE.** This section is effective beginning with June 2009 tax  
158.26 liabilities.

158.27 Sec. 3. Minnesota Statutes 2006, section 297F.09, subdivision 10, as amended by Laws  
158.28 2008, chapter 154, article 6, section 3, is amended to read:

158.29 Subd. 10. **Accelerated tax payment; cigarette or tobacco products distributor.**  
158.30 A cigarette or tobacco products distributor having a liability of \$120,000 or more during a  
158.31 fiscal year ending June 30, shall remit the June liability for the next year in the following  
158.32 manner:

159.1 (a) Two business days before June 30 of the year, the distributor shall remit the  
159.2 actual May liability and ~~80~~ 90 percent of the estimated June liability to the commissioner  
159.3 and file the return in the form and manner prescribed by the commissioner.

159.4 (b) On or before August 18 of the year, the distributor shall submit a return showing  
159.5 the actual June liability and pay any additional amount of tax not remitted in June. A  
159.6 penalty is imposed equal to ten percent of the amount of June liability required to be paid  
159.7 in June, less the amount remitted in June. However, the penalty is not imposed if the  
159.8 amount remitted in June equals the lesser of:

159.9 (1) ~~80~~ 90 percent of the actual June liability; or

159.10 (2) ~~80~~ 90 percent of the preceding May's liability.

159.11 **EFFECTIVE DATE.** This section is effective beginning with June 2009 tax  
159.12 liabilities.

159.13 Sec. 4. Minnesota Statutes 2006, section 297G.09, subdivision 9, as amended by Laws  
159.14 2008, chapter 154, article 6, section 4, is amended to read:

159.15 Subd. 9. **Accelerated tax payment; penalty.** A person liable for tax under this  
159.16 chapter having a liability of \$120,000 or more during a fiscal year ending June 30, shall  
159.17 remit the June liability for the next year in the following manner:

159.18 (a) Two business days before June 30 of the year, the taxpayer shall remit the actual  
159.19 May liability and ~~80~~ 90 percent of the estimated June liability to the commissioner and file  
159.20 the return in the form and manner prescribed by the commissioner.

159.21 (b) On or before August 18 of the year, the taxpayer shall submit a return showing  
159.22 the actual June liability and pay any additional amount of tax not remitted in June. A  
159.23 penalty is imposed equal to ten percent of the amount of June liability required to be paid  
159.24 in June less the amount remitted in June. However, the penalty is not imposed if the  
159.25 amount remitted in June equals the lesser of:

159.26 (1) ~~80~~ 90 percent of the actual June liability; or

159.27 (2) ~~80~~ 90 percent of the preceding May liability.

159.28 **EFFECTIVE DATE.** This section is effective beginning with June 2009 tax  
159.29 liabilities.

159.30 **ARTICLE 9**  
159.31 **SPECIAL TAXES**

159.32 Section 1. Minnesota Statutes 2006, section 163.051, subdivision 1, is amended to read:

160.1 Subdivision 1. **Tax authorized.** (a) Except as provided in paragraph (b), the board  
160.2 of commissioners of each metropolitan county is authorized to levy a wheelage tax of \$5  
160.3 for the year 1972 and each subsequent year thereafter by resolution on each motor vehicle;  
160.4 ~~except motorcycles as defined in section 169.01, subdivision 4, which~~ that is kept in such  
160.5 county when not in operation and ~~which~~ that is subject to annual registration and taxation  
160.6 under chapter 168. The board may provide by resolution for collection of the wheelage  
160.7 tax by county officials or it may request that the tax be collected by the state registrar of  
160.8 motor vehicles, and the state registrar of motor vehicles shall collect such tax on behalf  
160.9 of the county if requested, as provided in subdivision 2.

160.10 (b) The following vehicles are exempt from the wheelage tax:

160.11 (1) motorcycles, as defined in section 169.01, subdivision 4;

160.12 (2) motorized bicycles, as defined in section 169.01, subdivision 4a;

160.13 (3) electric-assisted bicycles, as defined in section 169.01, subdivision 4b; and

160.14 (4) motorized foot scooters, as defined in section 169.01, subdivision 4c.

160.15 Sec. 2. Minnesota Statutes 2006, section 168.012, subdivision 1, is amended to read:

160.16 Subdivision 1. **Vehicles exempt from tax, fees, or plate display.** (a) The following  
160.17 vehicles are exempt from the provisions of this chapter requiring payment of tax and  
160.18 registration fees, except as provided in subdivision 1c:

160.19 (1) vehicles owned and used solely in the transaction of official business by the  
160.20 federal government, the state, or any political subdivision;

160.21 (2) vehicles owned and used exclusively by educational institutions and used solely  
160.22 in the transportation of pupils to and from those institutions;

160.23 (3) vehicles used solely in driver education programs at nonpublic high schools;

160.24 (4) vehicles owned by nonprofit charities and used exclusively to transport disabled  
160.25 persons for charitable, religious, or educational purposes;

160.26 (5) vehicles owned by nonprofit charities and used exclusively for disaster response  
160.27 and related activities;

160.28 ~~(5) ambulances~~ (6) vehicles owned by ambulance services licensed under section  
160.29 144E.10, ~~the general appearance of which is unmistakable~~ that are equipped and  
160.30 specifically intended for emergency response or providing ambulance services; and

160.31 ~~(6)~~ (7) vehicles owned by a commercial driving school licensed under section  
160.32 171.34, or an employee of a commercial driving school licensed under section 171.34, and  
160.33 the vehicle is used exclusively for driver education and training.



161.1 (b) Vehicles owned by the federal government, municipal fire apparatuses including  
161.2 fire-suppression support vehicles, police patrols, and ambulances, the general appearance  
161.3 of which is unmistakable, are not required to register or display number plates.

161.4 (c) Unmarked vehicles used in general police work, liquor investigations, or arson  
161.5 investigations, and passenger automobiles, pickup trucks, and buses owned or operated by  
161.6 the Department of Corrections, must be registered and must display appropriate license  
161.7 number plates, furnished by the registrar at cost. Original and renewal applications for  
161.8 these license plates authorized for use in general police work and for use by the Department  
161.9 of Corrections must be accompanied by a certification signed by the appropriate chief of  
161.10 police if issued to a police vehicle, the appropriate sheriff if issued to a sheriff's vehicle,  
161.11 the commissioner of corrections if issued to a Department of Corrections vehicle, or the  
161.12 appropriate officer in charge if issued to a vehicle of any other law enforcement agency.  
161.13 The certification must be on a form prescribed by the commissioner and state that the  
161.14 vehicle will be used exclusively for a purpose authorized by this section.

161.15 (d) Unmarked vehicles used by the Departments of Revenue and Labor and Industry,  
161.16 fraud unit, in conducting seizures or criminal investigations must be registered and must  
161.17 display passenger vehicle classification license number plates, furnished at cost by the  
161.18 registrar. Original and renewal applications for these passenger vehicle license plates  
161.19 must be accompanied by a certification signed by the commissioner of revenue or the  
161.20 commissioner of labor and industry. The certification must be on a form prescribed by  
161.21 the commissioner and state that the vehicles will be used exclusively for the purposes  
161.22 authorized by this section.

161.23 (e) Unmarked vehicles used by the Division of Disease Prevention and Control of the  
161.24 Department of Health must be registered and must display passenger vehicle classification  
161.25 license number plates. These plates must be furnished at cost by the registrar. Original  
161.26 and renewal applications for these passenger vehicle license plates must be accompanied  
161.27 by a certification signed by the commissioner of health. The certification must be on a  
161.28 form prescribed by the commissioner and state that the vehicles will be used exclusively  
161.29 for the official duties of the Division of Disease Prevention and Control.

161.30 (f) Unmarked vehicles used by staff of the Gambling Control Board in gambling  
161.31 investigations and reviews must be registered and must display passenger vehicle  
161.32 classification license number plates. These plates must be furnished at cost by the  
161.33 registrar. Original and renewal applications for these passenger vehicle license plates must  
161.34 be accompanied by a certification signed by the board chair. The certification must be on a  
161.35 form prescribed by the commissioner and state that the vehicles will be used exclusively  
161.36 for the official duties of the Gambling Control Board.

162.1 (g) All other motor vehicles must be registered and display tax-exempt number  
162.2 plates, furnished by the registrar at cost, except as provided in subdivision 1c. All  
162.3 vehicles required to display tax-exempt number plates must have the name of the state  
162.4 department or political subdivision, nonpublic high school operating a driver education  
162.5 program, or licensed commercial driving school, plainly displayed on both sides of the  
162.6 vehicle; except that each state hospital and institution for persons who are mentally ill  
162.7 and developmentally disabled may have one vehicle without the required identification  
162.8 on the sides of the vehicle, and county social service agencies may have vehicles used  
162.9 for child and vulnerable adult protective services without the required identification on  
162.10 the sides of the vehicle. This identification must be in a color giving contrast with that  
162.11 of the part of the vehicle on which it is placed and must endure throughout the term of  
162.12 the registration. The identification must not be on a removable plate or placard and must  
162.13 be kept clean and visible at all times; except that a removable plate or placard may be  
162.14 utilized on vehicles leased or loaned to a political subdivision or to a nonpublic high  
162.15 school driver education program.

162.16 Sec. 3. Minnesota Statutes 2006, section 168.012, is amended by adding a subdivision  
162.17 to read:

162.18 Subd. 2c. **Spotter trucks.** Spotter trucks, as defined in section 169.01, subdivision  
162.19 7a, must not be taxed as motor vehicles using the public streets and highways, and are  
162.20 exempt from the provisions of this chapter.

162.21 **EFFECTIVE DATE.** This section is effective the day following final enactment  
162.22 and expires June 30, 2013.

162.23 Sec. 4. Minnesota Statutes 2006, section 168.013, subdivision 1f, is amended to read:

162.24 Subd. 1f. **Bus; commuter van.** (a) On all intercity buses, the tax during each  
162.25 the first two years of vehicle life shall be based on the gross weight of the vehicle and  
162.26 graduated according to the following schedule:

Gross Weight of Vehicle	Tax
Under 6,000 lbs. ....	\$125
6,000 to 8,000 lbs., incl. ....	125
8,001 to 10,000 lbs., incl. ....	125
10,001 to 12,000 lbs., incl. ....	150
12,001 to 14,000 lbs., incl. ....	190

163.1	14,001 to 16,000 lbs., incl. ....	210
163.2	16,001 to 18,000 lbs., incl. ....	225
163.3	18,001 to 20,000 lbs., incl. ....	260
163.4	20,001 to 22,000 lbs., incl. ....	300
163.5	22,001 to 24,000 lbs., incl. ....	350
163.6	24,001 to 26,000 lbs., incl. ....	400
163.7	26,001 to 28,000 lbs., incl. ....	450
163.8	28,001 to 30,000 lbs., incl. ....	500
163.9	30,001 and over .....	550

163.10 (b) During each of the third and fourth years of vehicle life, the tax shall be 75  
 163.11 percent of the foregoing scheduled tax; during the fifth year of vehicle life, the tax shall be  
 163.12 50 percent of the foregoing scheduled tax; during the sixth year of vehicle life, the tax  
 163.13 shall be 37-1/2 percent of the foregoing scheduled tax; and during the seventh and each  
 163.14 succeeding year of vehicle life, the tax shall be 25 percent of the foregoing scheduled tax;  
 163.15 provided that the annual tax paid in any year of its life for an intercity bus shall be not less  
 163.16 than \$175 for a vehicle of over 25 passenger seating capacity and not less than \$125 for a  
 163.17 vehicle of 25 passenger and less seating capacity.

163.18 (c) On all intracity buses operated by an auto transportation company in the business  
 163.19 of transporting persons for compensation as a common carrier and operating within the  
 163.20 limits of cities ~~having populations in excess of 200,000 inhabitants~~, the tax during each  
 163.21 year of the vehicle life of each such bus shall be ~~\$40; on all of such intracity buses operated~~  
 163.22 ~~in cities having a population of less than 200,000 and more than 70,000 inhabitants, the~~  
 163.23 ~~tax during each year of vehicle life of each bus shall be \$10; and on all of such intracity~~  
 163.24 ~~buses operating in cities having a population of less than 70,000 inhabitants, the tax during~~  
 163.25 ~~each year of vehicle life of each bus shall be \$2.~~

163.26 (d) On all other buses and commuter vans, as defined in section 168.126, the tax  
 163.27 during each of the first three years of the vehicle life shall be based on the gross weight of  
 163.28 the vehicle and graduated according to the following schedule: Where the gross weight  
 163.29 of the vehicle is 6,000 pounds or less, \$25. Where the gross weight of the vehicle is  
 163.30 more than 6,000 pounds, and not more than 8,000 pounds, the tax shall be \$25 plus an  
 163.31 additional tax of \$5 per ton for the ton or major portion in excess of 6,000 pounds. Where  
 163.32 the gross weight of the vehicle is more than 8,000 pounds, and not more than 20,000  
 163.33 pounds, the tax shall be \$30 plus an additional tax of \$10 per ton for each ton or major  
 163.34 portion in excess of 8,000 pounds. Where the gross weight of the vehicle is more than

164.1 20,000 pounds and not more than 24,000 pounds, the tax shall be \$90 plus an additional  
164.2 tax of \$15 per ton for each ton or major portion in excess of 20,000 pounds. Where the  
164.3 gross weight of the vehicle is more than 24,000 pounds and not more than 28,000 pounds,  
164.4 the tax shall be \$120 plus an additional tax of \$25 per ton for each ton or major portion  
164.5 in excess of 24,000 pounds. Where the gross weight of the vehicle is more than 28,000  
164.6 pounds, the tax shall be \$170 plus an additional tax of \$30 per ton for each ton or major  
164.7 portion in excess of 28,000 pounds.

164.8 (e) During the fourth and succeeding years of vehicle life, the tax shall be 80 percent  
164.9 of the foregoing scheduled tax but in no event less than \$20 per vehicle.

164.10 Sec. 5. Minnesota Statutes 2006, section 168A.03, subdivision 1, is amended to read:

164.11 Subdivision 1. **No certificate issued.** The registrar shall not issue a certificate of  
164.12 title for:

164.13 (1) a vehicle owned by the United States;

164.14 (2) a vehicle owned by a nonresident and not required by law to be registered in  
164.15 this state;

164.16 (3) a vehicle owned by a nonresident and regularly engaged in the interstate  
164.17 transportation of persons or property for which a currently effective certificate of title  
164.18 has been issued in another state;

164.19 (4) a vehicle moved solely by animal power;

164.20 (5) an implement of husbandry;

164.21 (6) special mobile equipment;

164.22 (7) a self-propelled wheelchair or invalid tricycle;

164.23 (8) a trailer (i) having a gross weight of 4,000 pounds or less unless a secured party  
164.24 holds an interest in the trailer or a certificate of title was previously issued by this state or  
164.25 any other state or (ii) designed primarily for agricultural purposes except a recreational  
164.26 vehicle or a manufactured home, both as defined in section 168.011, subdivisions 8 and 25;

164.27 (9) a snowmobile; ~~and~~

164.28 (10) a spotter truck, as defined in section 169.01, subdivision 7a.

164.29 **EFFECTIVE DATE.** This section is effective the day following final enactment  
164.30 and expires June 30, 2013.

164.31 Sec. 6. Minnesota Statutes 2006, section 169.01, is amended by adding a subdivision  
164.32 to read:

165.1 Subd. 7a. **Spotter truck.** "Spotter truck" means a truck-tractor with a manufacturer's  
165.2 certificate of origin "not for on road use" specification, used exclusively for staging or  
165.3 shuttling trailers in the course of a truck freight operation or freight shipping operation.

165.4 **EFFECTIVE DATE.** This section is effective the day following final enactment  
165.5 and expires June 30, 2013.

165.6 Sec. 7. **[169.228] SPOTTER TRUCKS.**

165.7 Notwithstanding any other law, a spotter truck may be operated on public streets  
165.8 and highways if:

165.9 (1) the operator has the appropriate class of driver's license;

165.10 (2) the vehicle complies with the size, weight, and load restrictions under this  
165.11 chapter;

165.12 (3) the vehicle meets all inspection requirements under section 169.781; and

165.13 (4) the vehicle is operated within (i) a zone of two air miles from the truck freight  
165.14 operation or freight shipping operation where the vehicle is housed, or (ii) directly to and  
165.15 from a repair shop, service station, or fueling station for the purpose of repair, servicing,  
165.16 or refueling.

165.17 **EFFECTIVE DATE.** This section is effective the day following final enactment  
165.18 and expires June 30, 2013.

165.19 Sec. 8. Minnesota Statutes 2006, section 169.781, subdivision 1, as amended by Laws  
165.20 2008, chapter 287, article 1, section 48, is amended to read:

165.21 Subdivision 1. **Definitions.** For purposes of sections 169.781 to 169.783:

165.22 (a) "Commercial motor vehicle":

165.23 (1) means a motor vehicle or combination of motor vehicles used to transport  
165.24 passengers or property if the motor vehicle:

165.25 (i) has a gross vehicle weight of more than 26,000 pounds;

165.26 (ii) is a vehicle in a combination of more than 26,000 pounds;

165.27 (iii) is a bus; or

165.28 (iv) is of any size and is used in the transportation of hazardous materials that are  
165.29 required to be placarded under Code of Federal Regulations, title 49, parts 100-185; ~~and~~

165.30 (2) does not include (i) a school bus or Head Start bus displaying a certificate under  
165.31 section 169.451, or (ii) a bus operated by the Metropolitan Council or by a local transit  
165.32 commission created in chapter 458A; and

165.33 (3) a spotter truck.

165.34 (b) "Commissioner" means the commissioner of public safety.

166.1 (c) "Owner" means a person who owns, or has control, under a lease of more than 30  
166.2 days' duration, of one or more commercial motor vehicles.

166.3 Sec. 9. Minnesota Statutes 2006, section 169.781, subdivision 2, as amended by Laws  
166.4 2008, chapter 287, article 1, section 48, is amended to read:

166.5 Subd. 2. **Inspection required.** (a) It is unlawful for a person to operate or permit  
166.6 the operation of:

166.7 (1) a commercial motor vehicle registered in Minnesota or a spotter truck; or

166.8 (2) special mobile equipment as defined in section 168.011, subdivision 22, and  
166.9 which is self-propelled, if it is mounted on a commercial motor vehicle chassis,  
166.10 in violation of the requirements of paragraph (b).

166.11 (b) A vehicle described in paragraph (a):

166.12 (1) must display a valid safety inspection decal issued by an inspector certified  
166.13 by the commissioner; or

166.14 (2) must carry (i) proof that the vehicle complies with federal motor vehicle  
166.15 inspection requirements for vehicles in interstate commerce, and (ii) a certificate of  
166.16 compliance with federal requirements issued by the commissioner under subdivision 9.

166.17 **EFFECTIVE DATE.** This section is effective the day following final enactment  
166.18 and expires June 30, 2013.

166.19 Sec. 10. Minnesota Statutes 2006, section 383A.80, subdivision 4, is amended to read:

166.20 Subd. 4. **Expiration.** The authority to impose the tax under this section expires  
166.21 January 1, ~~2008~~ 2013.

166.22 **EFFECTIVE DATE.** This section is effective the day following final enactment  
166.23 and the tax may be imposed on or after that date.

166.24 Sec. 11. Minnesota Statutes 2006, section 383A.81, subdivision 1, is amended to read:

166.25 Subdivision 1. **Creation.** An environmental response fund is created for the  
166.26 purposes specified in this section. The taxes imposed by section 383A.80 must be  
166.27 deposited in the fund. The board of county commissioners shall administer the fund either  
166.28 as a county board, or a housing and redevelopment authority, ~~or a regional rail authority.~~

166.29 Sec. 12. Minnesota Statutes 2006, section 383A.81, subdivision 2, is amended to read:

166.30 Subd. 2. **Uses of fund.** (a) The fund created in subdivision 1 must be used for  
166.31 the following purposes:

167.1 (1) acquisition through purchase or condemnation of lands or property which are  
167.2 polluted or contaminated with hazardous substances;

167.3 (2) paying the costs associated with indemnifying or holding harmless the  
167.4 entity taking title to lands or property from any liability arising out of the ownership,  
167.5 remediation, or use of the land or property;

167.6 (3) paying for the costs of remediating the acquired land or property; or

167.7 (4) paying the costs associated with remediating lands or property which are polluted  
167.8 or contaminated with hazardous substances; or

167.9 ~~(5) paying for the costs associated with improving the property for economic~~  
167.10 ~~development, recreational, housing, transportation or rail traffic.~~

167.11 (b) No more than three percent of the fund may be used each year for the costs  
167.12 of administration.

167.13 Sec. 13. Minnesota Statutes 2006, section 383B.80, subdivision 4, is amended to read:

167.14 Subd. 4. **Expiration.** The authority to impose the tax under this section expires  
167.15 January 1, ~~2008~~ 2013.

167.16 **EFFECTIVE DATE.** This section is effective the day following final enactment  
167.17 and the tax may be imposed on or after that date.

167.18 Sec. 14. Minnesota Statutes 2006, section 383B.81, subdivision 2, is amended to read:

167.19 Subd. 2. **Uses of fund.** (a) The fund created in subdivision 1 must be used for  
167.20 the following purposes:

167.21 (1) acquisition through purchase or condemnation of lands or property which are  
167.22 polluted or contaminated with hazardous substances;

167.23 (2) paying the costs associated with indemnifying or holding harmless the  
167.24 entity taking title to lands or property from any liability arising out of the ownership,  
167.25 remediation, or use of the land or property;

167.26 (3) paying for the costs of remediating the acquired land or property;

167.27 (4) paying the costs associated with remediating lands or property which are polluted  
167.28 or contaminated with hazardous substances; or

167.29 (5) paying for the costs associated with improving the property for economic  
167.30 development, recreational, housing, transportation or rail traffic.

167.31 (b) No more than three percent of the fund may be used each year for the costs  
167.32 of administration.

168.1 **ARTICLE 10**

168.2 **MINERALS**

168.3 Section 1. Minnesota Statutes 2006, section 298.01, is amended by adding a  
168.4 subdivision to read:

168.5 Subd. 9. **Other iron bearing material.** "Other iron bearing material" means the  
168.6 material described in section 298.405.

168.7 Sec. 2. Minnesota Statutes 2006, section 298.22, subdivision 2, is amended to read:

168.8 **Subd. 2. Iron Range Resources and Rehabilitation Board.** There is hereby  
168.9 created the Iron Range Resources and Rehabilitation Board, consisting of 13 members,  
168.10 five of whom are state senators appointed by the Subcommittee on Committees of the  
168.11 Rules Committee of the senate, and five of whom are representatives, appointed by the  
168.12 speaker of the house of representatives. The remaining members shall be appointed one  
168.13 each by the senate majority leader, the speaker of the house of representatives, and the  
168.14 governor and must be nonlegislators who reside in a taconite assistance area as defined in  
168.15 section 273.1341. The members shall be appointed in January of every odd-numbered  
168.16 year, except that the initial nonlegislator members shall be appointed by July 1, 1999, and  
168.17 shall serve until January of the next odd-numbered year. Vacancies on the board shall be  
168.18 filled in the same manner as the original members were chosen. At least a majority of  
168.19 the legislative members of the board shall be elected from state senatorial or legislative  
168.20 districts in which over 50 percent of the residents reside within a taconite assistance area  
168.21 as defined in section 273.1341. All expenditures and projects made by the commissioner  
168.22 of Iron Range resources and rehabilitation shall be consistent with the priorities  
168.23 established in subdivision 8 and shall first be submitted to the Iron Range Resources and  
168.24 Rehabilitation Board for approval by a majority of the board of expenditures and projects  
168.25 for rehabilitation purposes as provided by this section, and the method, manner, and time  
168.26 of payment of all funds proposed to be disbursed shall be first approved or disapproved by  
168.27 the board. The board shall biennially make its report to the governor and the legislature on  
168.28 or before November 15 of each even-numbered year. The expenses of the board shall be  
168.29 paid by the state from the funds raised pursuant to this section. Members of the board who  
168.30 are legislators may be reimbursed for expenses in the manner provided in sections 3.099,  
168.31 subdivision 1, and 3.101, and may receive per diem payments during the interims between  
168.32 legislative sessions in the manner provided in section 3.099, subdivision 1. Members of  
168.33 the board who are not legislators may receive per diem payments and be reimbursed for  
168.34 expenses at the lowest rate provided for legislative members.



169.1 Sec. 3. Minnesota Statutes 2006, section 298.22, subdivision 5a, as added by Laws  
169.2 2008, chapter 154, article 8, section 3, is amended to read:

169.3 Subd. 5a. **Forest trust.** The commissioner, upon the affirmative vote of a majority  
169.4 of the members of the board, may purchase forest lands in the taconite assistance area  
169.5 defined in under section 273.1341 with funds specifically authorized for the purchase. The  
169.6 acquired forest lands must be held in trust for the benefit of the citizens of the taconite  
169.7 assistance area as the Iron Range Miners' Memorial Forest. The forest trust lands shall  
169.8 be managed and developed for recreation and economic development purposes. The  
169.9 commissioner, upon the affirmative vote of a majority of the members of the board, may  
169.10 sell forest lands purchased under this subdivision if the board finds that the sale advances  
169.11 the purposes of the trust. Proceeds derived from the management or sale of the lands and  
169.12 from the sale of timber or removal of gravel or other minerals from these forest lands shall  
169.13 be deposited into an Iron Range Miners' Memorial Forest account that is established within  
169.14 the state financial accounts. Funds may be expended from the account upon approval of a  
169.15 majority of the members of the board to purchase, manage, administer, convey interests  
169.16 in, and improve the forest lands. By majority vote of the members of the board, money in  
169.17 the Iron Range Miners' Memorial Forest account may be transferred into the corpus of the  
169.18 Douglas J. Johnson economic protection trust fund established under sections 298.291  
169.19 to 298.294. The property acquired under the authority granted by this subdivision and  
169.20 income derived from the property or the operation or management of the property are  
169.21 exempt from taxation by the state or its political subdivisions while held by the forest trust.

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

169.23 Sec. 4. Minnesota Statutes 2006, section 298.22, is amended by adding a subdivision  
169.24 to read:

169.25 Subd. 12. **Data classification.** Data collected by the commissioner on any  
169.26 application to determine the eligibility of an applicant for any loan or equity investment  
169.27 made from funds that are available to the commissioner under this section or otherwise  
169.28 by law, and to assess or monitor the applicant's or recipient's default risk or to collect  
169.29 payments owed are: (1) private data on individuals as defined in section 13.02, subdivision  
169.30 12; and (2) nonpublic data as defined in section 13.02, subdivision 9. The names of the  
169.31 recipients of the financial assistance and the amounts of financial assistance are public data.

169.32 Sec. 5. Minnesota Statutes 2007 Supplement, section 298.227, is amended to read:

169.33 **298.227 TACONITE ECONOMIC DEVELOPMENT FUND.**

170.1           (a) An amount equal to that distributed pursuant to each taconite producer's taxable  
170.2 production and qualifying sales under section 298.28, subdivision 9a, shall be held by  
170.3 the Iron Range Resources and Rehabilitation Board in a separate taconite economic  
170.4 development fund for each taconite and direct reduced ore producer. Money from the  
170.5 fund for each producer shall be released by the commissioner after review by a joint  
170.6 committee consisting of an equal number of representatives of the salaried employees and  
170.7 the nonsalaried production and maintenance employees of that producer. The District 11  
170.8 director of the United States Steelworkers of America, on advice of each local employee  
170.9 president, shall select the employee members. In nonorganized operations, the employee  
170.10 committee shall be elected by the nonsalaried production and maintenance employees.  
170.11 The review must be completed no later than six months after the producer presents a  
170.12 proposal for expenditure of the funds to the committee. The funds held pursuant to this  
170.13 section may be released only for workforce development and associated public facility  
170.14 improvement, or for acquisition of plant and stationary mining equipment and facilities  
170.15 for the producer or for research and development in Minnesota on new mining, or  
170.16 taconite, iron, or steel production technology, but only if the producer provides a matching  
170.17 expenditure to be used for the same purpose of at least 50 percent of the distribution  
170.18 based on 14.7 cents per ton beginning with distributions in 2002. Effective for proposals  
170.19 for expenditures of money from the fund beginning May 26, 2007, the commissioner  
170.20 may not release the funds before the next scheduled meeting of the board. If the board  
170.21 rejects a proposed expenditure, the funds must be deposited in the Taconite Environmental  
170.22 Protection Fund under sections 298.222 to 298.225. If a producer uses money which has  
170.23 been released from the fund prior to May 26, 2007 to procure haulage trucks, mobile  
170.24 equipment, or mining shovels, and the producer removes the piece of equipment from  
170.25 the taconite tax relief area defined in section 273.134 within ten years from the date of  
170.26 receipt of the money from the fund, a portion of the money granted from the fund must  
170.27 be repaid to the taconite economic development fund. The portion of the money to be  
170.28 repaid is 100 percent of the grant if the equipment is removed from the taconite tax relief  
170.29 area within 12 months after receipt of the money from the fund, declining by ten percent  
170.30 for each of the subsequent nine years during which the equipment remains within the  
170.31 taconite tax relief area. If a taconite production facility is sold after operations at the  
170.32 facility had ceased, any money remaining in the fund for the former producer may be  
170.33 released to the purchaser of the facility on the terms otherwise applicable to the former  
170.34 producer under this section. If a producer fails to provide matching funds for a proposed  
170.35 expenditure within six months after the commissioner approves release of the funds,  
170.36 the funds are available for release to another producer in proportion to the distribution

171.1 provided and under the conditions of this section. Any portion of the fund which is not  
171.2 released by the commissioner within ~~two years~~ one year of its deposit in the fund shall be  
171.3 divided between the taconite environmental protection fund created in section 298.223  
171.4 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for  
171.5 placement in their respective special accounts. Two-thirds of the unreleased funds shall be  
171.6 distributed to the taconite environmental protection fund and one-third to the Douglas J.  
171.7 Johnson economic protection trust fund.

171.8 (b) Notwithstanding the requirements of paragraph (a), setting the amount of  
171.9 distributions and the review process, an amount equal to ten cents per taxable ton of  
171.10 production in 2007, for distribution in 2008 only, that would otherwise be distributed  
171.11 under paragraph (a), may be used for a loan for the cost of construction of a biomass  
171.12 energy facility. This amount must be deducted from the distribution under paragraph  
171.13 (a) for which a matching expenditure by the producer is not required. The granting of  
171.14 the loan is subject to approval by the Iron Range Resources and Rehabilitation Board;  
171.15 interest must be payable on the loan at the rate prescribed in section 298.2213, subdivision  
171.16 3. Repayments of the loan and interest must be deposited in the northeast Minnesota  
171.17 economic development fund established in section 298.2213. If a loan is not made under  
171.18 this paragraph by July 1, 2009, the amount that had been made available for the loan under  
171.19 this paragraph must be transferred to the northeast Minnesota economic development  
171.20 fund. Money distributed in 2008 to the fund established under this section that exceeds ten  
171.21 cents per ton is available to qualifying producers under paragraph (a) on a pro rata basis.

171.22 If 2008 H.F. No. 1812 is enacted and includes a provision that amends this section  
171.23 in a manner that is different from the amendment in this section, the amendment in this  
171.24 section supersedes the amendment in 2008 H.F. No. 1812, notwithstanding section 645.26.

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

171.26 Sec. 6. Minnesota Statutes 2006, section 298.24, subdivision 1, as amended by Laws  
171.27 2008, chapter 154, article 8, section 5, is amended to read:

171.28 Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in 2001, 2002,  
171.29 and 2003, there is imposed upon taconite and iron sulphides, and upon the mining and  
171.30 quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon  
171.31 the concentrate so produced, a tax of \$2.103 per gross ton of merchantable iron ore  
171.32 concentrate produced therefrom. For concentrates produced in 2005, the tax rate is the  
171.33 same rate imposed for concentrates produced in 2004. For concentrates produced in 2009  
171.34 and subsequent years, the tax is also imposed upon other iron bearing material.

172.1 (b) For concentrates produced in 2006 and subsequent years, the tax rate shall be  
172.2 equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate  
172.3 multiplied by the percentage increase in the implicit price deflator from the fourth quarter  
172.4 of the second preceding year to the fourth quarter of the preceding year. "Implicit price  
172.5 deflator" means the implicit price deflator for the gross domestic product prepared by the  
172.6 Bureau of Economic Analysis of the United States Department of Commerce.

172.7 (c) ~~On concentrates produced in 1997 and thereafter,~~ An additional tax is imposed  
172.8 equal to three cents per gross ton of merchantable iron ore concentrate for each one  
172.9 percent that the iron content of the product exceeds 72 percent, when dried at 212 degrees  
172.10 Fahrenheit.

172.11 (d) The tax on taconite and iron sulphides shall be imposed on the average of the  
172.12 production for the current year and the previous two years. The rate of the tax imposed  
172.13 will be the current year's tax rate. This clause shall not apply in the case of the closing  
172.14 of a taconite facility if the property taxes on the facility would be higher if this clause  
172.15 and section 298.25 were not applicable. The tax on other iron bearing material shall be  
172.16 imposed on the current year production.

172.17 (e) If the tax or any part of the tax imposed by this subdivision is held to be  
172.18 unconstitutional, a tax of \$2.103 per gross ton of merchantable iron ore concentrate  
172.19 produced shall be imposed.

172.20 (f) Consistent with the intent of this subdivision to impose a tax based upon the  
172.21 weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly  
172.22 determine the weight of merchantable iron ore concentrate included in fluxed pellets by  
172.23 subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic  
172.24 flux additives included in the pellets from the weight of the pellets. For purposes of this  
172.25 paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite,  
172.26 olivine, or other basic flux additives are combined with merchantable iron ore concentrate.  
172.27 No subtraction from the weight of the pellets shall be allowed for binders, mineral and  
172.28 chemical additives other than basic flux additives, or moisture.

172.29 (g)(1) Notwithstanding any other provision of this subdivision, for the first two years  
172.30 of a plant's commercial production of direct reduced ore from ore mined in this state, no  
172.31 tax is imposed under this section. As used in this paragraph, "commercial production" is  
172.32 production of more than 50,000 tons of direct reduced ore in the current year or in any  
172.33 prior year, "noncommercial production" is production of 50,000 tons or less of direct  
172.34 reduced ore in any year, and "direct reduced ore" is ore that results in a product that has an  
172.35 iron content of at least 75 percent. For the third year of a plant's commercial production of  
172.36 direct reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate

173.1 otherwise determined under this subdivision. For the fourth commercial production year,  
173.2 the rate is 50 percent of the rate otherwise determined under this subdivision; for the fifth  
173.3 commercial production year, the rate is 75 percent of the rate otherwise determined under  
173.4 this subdivision; and for all subsequent commercial production years, the full rate is  
173.5 imposed.

173.6 (2) Subject to clause (1), production of direct reduced ore in this state is subject to  
173.7 the tax imposed by this section, but if that production is not produced by a producer of  
173.8 taconite ~~or~~<sub>2</sub> iron sulfides, or other iron bearing material, the production of taconite ~~or~~<sub>2</sub>  
173.9 iron sulfides, or other iron bearing material, that is consumed in the production of direct  
173.10 reduced iron in this state is not subject to the tax imposed by this section on taconite ~~or~~<sub>2</sub>  
173.11 iron sulfides, or other iron bearing material.

173.12 (3) Notwithstanding any other provision of this subdivision, no tax is imposed  
173.13 on direct reduced ore under this section during the facility's noncommercial production  
173.14 of direct reduced ore. The taconite or iron sulphides consumed in the noncommercial  
173.15 production of direct reduced ore is subject to the tax imposed by this section on taconite  
173.16 and iron sulphides. Three-year average production of direct reduced ore does not  
173.17 include production of direct reduced ore in any noncommercial year. Three-year average  
173.18 production for a direct reduced ore facility that has noncommercial production is the  
173.19 average of the commercial production of direct reduced ore for the current year and the  
173.20 previous two commercial years.

173.21 (4) This paragraph applies only to plants for which all environmental permits have  
173.22 been obtained and construction has begun before July 1, 2008.

173.23 **EFFECTIVE DATE.** This section is effective for production in 2009 and thereafter,  
173.24 except that the amendment to paragraph (g) is effective the day following final enactment.

173.25 Sec. 7. Minnesota Statutes 2006, section 298.25, as amended by Laws 2008, chapter  
173.26 154, article 8, section 6, is amended to read:

173.27 **298.25 TAXES ADDITIONAL TO OCCUPATION TAX; IN LIEU OF OTHER**  
173.28 **TAXES.**

173.29 The taxes imposed under section 298.24 shall be in addition to the occupation tax  
173.30 imposed upon the business of mining and producing iron ore. Except as herein otherwise  
173.31 provided, such taxes shall be in lieu of all other taxes upon ~~such~~ taconite, iron sulphides,  
173.32 ~~and~~ direct reduced ore, and other iron bearing material or the lands in which they are  
173.33 contained, or upon the mining or quarrying thereof, or the production of concentrate or  
173.34 direct reduced ore therefrom, or upon the concentrate or direct reduced ore produced,  
173.35 or upon the machinery, equipment, tools, supplies and buildings used in such mining,

174.1 quarrying or production, or upon the lands occupied by, or used in connection with, such  
174.2 mining, quarrying or production facilities. If electric or steam power for the mining,  
174.3 transportation or concentration of ~~such~~ taconite, concentrates ~~or~~ direct reduced ore, or  
174.4 other iron bearing material produced therefrom is generated in plants principally devoted  
174.5 to the generation of power for such purposes, the plants in which such power is generated  
174.6 and all machinery, equipment, tools, supplies, transmission and distribution lines used in  
174.7 the generation and distribution of such power, shall not be considered to be machinery,  
174.8 equipment, tools, supplies and buildings used in the mining, quarrying, or production of  
174.9 taconite, taconite concentrates or direct reduced ore within the meaning of this section,  
174.10 and shall be subject to general property taxation. Nothing ~~herein shall prevent in this~~  
174.11 section prevents the assessment and taxation under the general property tax law of:

174.12 (1) the surface of reserve land containing taconite or other iron bearing material  
174.13 and not occupied by such facilities or used in connection ~~therewith~~ with them at the  
174.14 value ~~thereof of the land~~ without regard to the taconite ~~or~~ iron sulphides ~~therein, nor the~~  
174.15 ~~assessment and taxation of~~, or other iron bearing materials in the land;

174.16 (2) merchantable iron ore or other minerals, or iron-bearing materials other than  
174.17 taconite or iron sulphides in ~~such~~ the lands ~~in the manner provided by law, nor the~~  
174.18 ~~assessment and taxation of~~;

174.19 (3) facilities used in producing sulphur or sulphur products from iron sulphide  
174.20 concentrates, or in refining ~~such~~ sulphur products, ~~under the general property tax laws.~~  
174.21 ~~Nothing herein shall except from general taxation or from taxation as provided by other~~  
174.22 ~~laws; or~~

174.23 (4) any property used for residential or townsite purposes, including utility services  
174.24 ~~thereto~~ to that property.

174.25 This section does not provide an exemption from general property taxation for ore  
174.26 docks even if located at the site of a taconite production facility.

174.27 **EFFECTIVE DATE.** This section is effective for production in 2009 and thereafter.

174.28 Sec. 8. Minnesota Statutes 2006, section 298.28, subdivision 3, is amended to read:

174.29 Subd. 3. **Cities; towns.** (a) 12.5 cents per taxable ton, less any amount distributed  
174.30 under subdivision 8, and paragraph (b), must be allocated to the taconite municipal aid  
174.31 account to be distributed as provided in section 298.282.

174.32 (b) An amount must be allocated to towns or cities that is annually certified by  
174.33 the county auditor of a county containing a taconite tax relief area as defined in section  
174.34 273.134, paragraph (b), within which there is (1) an organized township if, as of January  
174.35 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron

175.1 ore or (2) a city if, as of January 2, 1980, more than 75 percent of the assessed valuation  
175.2 of the city consists of iron ore.

175.3 (c) The amount allocated under paragraph (b) will be the portion of a township's or  
175.4 city's certified levy equal to the proportion of (1) the difference between 50 percent of  
175.5 January 2, 1982, assessed value in the case of a township and 50 percent of the January 2,  
175.6 1980, assessed value in the case of a city and its current assessed value to (2) the sum of  
175.7 its current assessed value plus the difference determined in (1), provided that the amount  
175.8 distributed shall not exceed \$55 per capita in the case of a township or \$75 per capita in  
175.9 the case of a city. For purposes of this limitation, population will be determined according  
175.10 to the 1980 decennial census conducted by the United States Bureau of the Census. If the  
175.11 current assessed value of the township exceeds 50 percent of the township's January 2,  
175.12 1982, assessed value, or if the current assessed value of the city exceeds 50 percent of the  
175.13 city's January 2, 1980, assessed value, this paragraph shall not apply. For purposes of this  
175.14 paragraph, "assessed value," when used in reference to years other than 1980 or 1982,  
175.15 means the appropriate net tax capacities multiplied by 10.2.

175.16 (d) In addition to other distributions under this subdivision, three cents per taxable  
175.17 ton for distributions in 2009 must be allocated for distribution to towns that are entirely  
175.18 located within the taconite tax relief area defined in section 273.134, paragraph (b).  
175.19 For distribution in 2010 and subsequent years, the three-cent amount must be annually  
175.20 increased in the same proportion as the increase in the implicit price deflator as provided  
175.21 in section 298.24, subdivision 1. The amount available under this paragraph will be  
175.22 distributed to eligible towns on a per capita basis, provided that no town may receive more  
175.23 than \$50,000 in any year under this paragraph. Any amount of the distribution that exceeds  
175.24 the \$50,000 limitation for a town under this paragraph must be redistributed on a per  
175.25 capita basis among the other eligible towns, to whose distributions do not exceed \$50,000.

175.26 **EFFECTIVE DATE.** This section is effective for distributions in 2009 and  
175.27 thereafter.

175.28 Sec. 9. Minnesota Statutes 2006, section 298.28, subdivision 9d, as added by Laws  
175.29 2008, chapter 154, article 8, section 9, is amended to read:

175.30 Subd. 9d. **Iron Range higher education account.** ~~Two~~ Five cents per taxable ton  
175.31 must be allocated to the Iron Range Resources and Rehabilitation Board to be deposited  
175.32 in an Iron Range higher education account that is hereby created, to be used for higher  
175.33 education programs conducted at educational institutions in the taconite assistance area  
175.34 defined in section 273.1341. The Iron Range Higher Education committee under section

176.1 298.2214 and the Iron Range Resources and Rehabilitation Board must approve all  
176.2 expenditures from the account.

176.3 **EFFECTIVE DATE.** This section is effective for production in 2007, distributions  
176.4 in 2008, and thereafter.

176.5 Sec. 10. Minnesota Statutes 2006, section 298.28, subdivision 12, is amended to read:

176.6 Subd. 12. **Estimates.** On or before October 10 of each calendar year each  
176.7 producer of taconite ~~or~~ iron sulphides, and other iron-bearing material subject to taxation  
176.8 under section 298.24 ~~(, hereinafter called~~ referred to as "taxpayer"), shall file with the  
176.9 commissioner of revenue an estimate of the amount of tax ~~which that~~ that would be payable by  
176.10 ~~such the~~ taxpayer under ~~said the~~ the law for ~~such the~~ the calendar year; provided ~~such that the~~  
176.11 estimate shall be in an amount not less than the amount due on the mining and production  
176.12 of concentrates up to September 30 of ~~said the~~ the year plus the amount becoming due  
176.13 because of probable production between September 30 and December 31 of ~~said the~~ the year,  
176.14 less any credit allowable as provided in subdivision 13. The commissioner of revenue  
176.15 shall annually on or before October 10 report an estimated distribution amount to each  
176.16 taxing district and the officers with whom such report is so filed shall use the amount so  
176.17 indicated as being distributable to each taxing district in computing the permissible tax  
176.18 levy of ~~such the~~ the county or city in the year in which ~~such the~~ the estimate is made, and payable  
176.19 in the next ~~ensuing~~ ensuing calendar year, except that one cent per taxable ton of the amount  
176.20 distributed under subdivision 5, paragraph (d), shall not be deducted in calculating the  
176.21 permissible levy. In any calendar year in which a general property tax levy has been  
176.22 made, if the taxes distributable to any ~~such~~ the county or city are greater than the amount  
176.23 estimated by the commissioner to be paid to ~~any such the~~ the county or city ~~in such that~~  
176.24 year, the excess of ~~such the~~ the distribution shall be held in a special fund by the county or  
176.25 city and shall not be expended until the succeeding calendar year, and shall be included  
176.26 in computing the permissible levies of ~~such the~~ the county or city payable in such year. If  
176.27 the amounts distributable to ~~any such the~~ the county or city after final determination by the  
176.28 commissioner of revenue under this section are less than the amounts by which a taxing  
176.29 district's levies were reduced pursuant to this section, ~~such the~~ the county or city may issue  
176.30 certificates of indebtedness in the amount of the shortage, and may include in its next tax  
176.31 levy an amount sufficient to pay ~~such the~~ the certificates of indebtedness and interest thereon,  
176.32 or, if no certificates were issued, an amount equal to ~~such the~~ the shortage.

176.33 **EFFECTIVE DATE.** This section is effective for production in 2009 and thereafter.



177.1 Sec. 11. Minnesota Statutes 2006, section 298.292, subdivision 2, as amended by Laws  
177.2 2008, chapter 154, article 8, section 11, is amended to read:

177.3 Subd. 2. **Use of money.** Money in the Douglas J. Johnson economic protection trust  
177.4 fund may be used for the following purposes:

177.5 (1) to provide loans, loan guarantees, interest buy-downs and other forms of  
177.6 participation with private sources of financing, but a loan to a private enterprise shall be  
177.7 for a principal amount not to exceed one-half of the cost of the project for which financing  
177.8 is sought, and the rate of interest on a loan to a private enterprise shall be no less than the  
177.9 lesser of eight percent or an interest rate three percentage points less than a full faith  
177.10 and credit obligation of the United States government of comparable maturity, at the  
177.11 time that the loan is approved;

177.12 (2) to fund reserve accounts established to secure the payment when due of the  
177.13 principal of and interest on bonds issued pursuant to section 298.2211;

177.14 (3) to pay in periodic payments or in a lump sum payment any or all of the interest  
177.15 on bonds issued pursuant to chapter 474 for the purpose of constructing, converting,  
177.16 or retrofitting heating facilities in connection with district heating systems or systems  
177.17 utilizing alternative energy sources;

177.18 (4) to invest in a venture capital fund or enterprise that will provide capital to other  
177.19 entities that are engaging in, or that will engage in, projects or programs that have the  
177.20 purposes set forth in subdivision 1. No investments may be made in a venture capital fund  
177.21 or enterprise unless at least two other unrelated investors make investments of at least  
177.22 \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas  
177.23 J. Johnson economic protection trust fund may not exceed the amount of the largest  
177.24 investment by an unrelated investor in the venture capital fund or enterprise. For purposes  
177.25 of this subdivision, an "unrelated investor" is a person or entity that is not related to  
177.26 the entity in which the investment is made or to any individual who owns more than 40  
177.27 percent of the value of the entity, in any of the following relationships: spouse, parent,  
177.28 child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of  
177.29 the value of all interests in it. For purposes of determining the limitations under this  
177.30 clause, the amount of investments made by an investor other than the Douglas J. Johnson  
177.31 economic protection trust fund is the sum of all investments made in the venture capital  
177.32 fund or enterprise during the period beginning one year before the date of the investment  
177.33 by the Douglas J. Johnson economic protection trust fund; and

177.34 (5) to purchase forest land in the taconite assistance area defined in section 273.1341  
177.35 to be held and managed as a public trust for the benefit of the area for the purposes  
177.36 authorized in section 298.22, subdivision 5a. Property purchased under this section may

178.1 be sold by the commissioner upon approval by a majority vote of the board. The net  
178.2 proceeds must be deposited in the trust fund for the purposes and uses of this section.

178.3 Money from the trust fund shall be expended only in or for the benefit of the taconite  
178.4 assistance area defined in section 273.1341.

178.5 Sec. 12. Minnesota Statutes 2006, section 298.405, subdivision 1, is amended to read:

178.6 Subdivision 1. ~~Imposition of tax~~ Definition. ~~In any year in which~~ Iron bearing  
178.7 material other than taconite and semitaconite ~~as defined by law~~, having not more than 46.5  
178.8 percent natural iron content on the average, is subject to taxation under section 298.24.

178.9 The tax under that section applies to material that is:

178.10 ~~(1) produced from any 40-acre tract or governmental lot, but not from more than~~  
178.11 ~~three such tracts or lots by an individual producer, is finer than or is ground to 90 percent~~  
178.12 ~~passing 20 mesh and is; and~~

178.13 ~~(2) treated in Minnesota for the purpose of separating the iron particles from silica,~~  
178.14 ~~alumina, or other detrimental compounds or elements unless used in a direct reduction~~  
178.15 ~~process; and is treated in Minnesota:~~

178.16 ~~(a) (i) by either electrostatic separation, roasting and magnetic separation, or~~  
178.17 ~~flotation or;~~

178.18 ~~(b) (ii) by a direct reduction process or;~~

178.19 ~~(c) (iii) by any combination of such processes; or~~

178.20 ~~(d) (iv) by any other process or method not presently employed in gravity separation~~  
178.21 ~~plants employing only crushing, screening, washing, jigging, heavy media separation,~~  
178.22 ~~spirals, cyclones, drying or any combination thereof; the production of such ore shall~~  
178.23 ~~be taxed in the manner and at the rates provided for the taxation of semitaconite under~~  
178.24 ~~section 298.35 provided that the~~

178.25 ~~amount of concentrates or final product so produced each year from any one 40-acre~~  
178.26 ~~tract or governmental lot exceeds 100,000 tons or exceeds 25,000 tons from any one~~  
178.27 ~~40-acre tract or governmental lot where the average phosphorus content exceeds .125~~  
178.28 ~~percent dry analysis or .10 percent sulphur dry analysis. Such tax shall be in addition to~~  
178.29 ~~the occupation and royalty taxes but shall be in lieu of all other taxes upon the said 40~~  
178.30 ~~acre tract or governmental lot, the iron ore contained therein, the concentrates produced,~~  
178.31 ~~and the mining and beneficiating facilities used in such production. The determination~~  
178.32 ~~as to what materials will qualify under this law will be made by the commissioner of~~  
178.33 ~~revenue who may use the services of the Ore Estimate Division of the University of~~  
178.34 ~~Minnesota, Department of Civil and Mineral Engineering, which is hereby established~~  
178.35 ~~as a technical consultant to the commissioner for the purposes of this section. The tax~~

179.1 ~~imposed shall be collected, paid, and the proceeds thereof distributed in the same manner~~  
179.2 ~~and at the same time as the tax imposed upon semitaconite by section 298.35 is collected,~~  
179.3 ~~paid, and distributed.~~

179.4 Sec. 13. Laws 2008, chapter 154, article 8, section 14, the effective date, is amended to  
179.5 read:

179.6 **EFFECTIVE DATE.** This section is effective for distributions made in ~~2008~~ 2007  
179.7 and thereafter.

179.8 Sec. 14. **ELECTRIC GENERATING PLANTS IN TACONITE TAX RELIEF**  
179.9 **AREAS.**

179.10 For purposes of definitions of "taconite tax relief area" and "taconite assistance area"  
179.11 in Minnesota Statutes, sections 273.134, 273.1341, and related laws, the elimination  
179.12 of the property tax exemption for certain electric generating plants under Laws 2008,  
179.13 chapter 154, article 8, section 6, does not change the status of any electric generating plant  
179.14 qualifying as a taconite facility.

179.15 Sec. 15. **2008 DISTRIBUTIONS ONLY.**

179.16 For distribution in 2008 only, a special fund is established to receive 11.4 cents  
179.17 per ton that otherwise would be allocated under Minnesota Statutes, section 298.28,  
179.18 subdivision 6. If sufficient funds are not available under Minnesota Statutes, section  
179.19 298.28, subdivision 6, to make the payments required under this section and under  
179.20 Minnesota Statutes, section 298.28, subdivision 6, the remaining amount needed to total  
179.21 11.4 cents per ton may be taken from funds available under Minnesota Statutes, section  
179.22 298.28, subdivision 9. If 2008 H.F. No. 1812 is enacted and includes a provision that  
179.23 distributes funds that would otherwise be allocated under Minnesota Statutes, section  
179.24 298.28, subdivision 6, in a manner different from the distribution required in this section,  
179.25 the distribution in this section supersedes the distribution set in 2008 H.F. No. 1812  
179.26 notwithstanding Minnesota Statutes, section 645.26. The following amounts are allocated  
179.27 to St. Louis County acting as the fiscal agent for the recipients for the following specified  
179.28 purposes:

179.29 (1) two cents per ton must be paid to the Hibbing Economic Development Authority  
179.30 to retire bonds and for economic development purposes;

179.31 (2) one cent per ton must be divided among and paid in equal shares to each of the  
179.32 board of St. Louis County School District No. 2142, the board of Ely School District No.  
179.33 696, the board of Mountain Iron-Buhl School District No. 712, and the board of Virginia

180.1 School District No. 706 for each to study the potential for and impact of consolidation  
180.2 and streamlining the operations of their school districts;

180.3 (3) 0.25 cent per ton must be paid to the city of Grand Rapids, for industrial park  
180.4 work;

180.5 (4) 0.65 cent per ton must be paid to the city of Aitkin, for sewer and water for  
180.6 housing projects;

180.7 (5) 0.5 cent per ton must be paid to the city of Crosby, for well and water tower  
180.8 infrastructure;

180.9 (6) 0.5 cent per ton must be paid to the city of Two Harbors, for well and water  
180.10 tower infrastructure;

180.11 (7) 1.5 cents per ton must be paid to the city of Silver Bay to pay for health and  
180.12 safety and maintenance improvements at a former elementary school building that is  
180.13 currently owned by the city, to be used for economic development purposes;

180.14 (8) 1.5 cents per ton must be paid to St. Louis County to extend water and sewer  
180.15 lines from the city of Chisholm to the St. Louis County fairgrounds;

180.16 (9) 1.5 cents per ton must be paid to the White Community Hospital for debt  
180.17 restructuring;

180.18 (10) 0.5 cent per ton must be paid to the city of Keewatin for street, sewer, and  
180.19 water improvements;

180.20 (11) 0.5 cent per ton must be paid to the city of Calumet for street, sewer, and water  
180.21 improvements; and

180.22 (12) one cent per ton must be paid to Breitung township for sewer and water  
180.23 extensions associated with the development of a state park, provided that if a new state  
180.24 park is not established in Breitung township by July 1, 2009, the money provided in  
180.25 this clause must be transferred to the northeast Minnesota economic development fund  
180.26 established in Minnesota Statutes, section 298.2213.

180.27 Sec. 16. **REPEALER.**

180.28 Minnesota Statutes 2006, section 298.405, subdivisions 2, 3, and 4, are repealed.

180.29 **ARTICLE 11**  
180.30 **FEDERAL UPDATE**

180.31 Section 1. Minnesota Statutes 2006, section 272.02, subdivision 13, is amended to read:

180.32 Subd. 13. **Emergency shelters for victims of domestic abuse.** Property used in  
180.33 a continuous program to provide emergency shelter for victims of domestic abuse is  
180.34 exempt, provided the organization that owns and sponsors the shelter is exempt from

181.1 federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code  
181.2 ~~of 1986, as amended through December 31, 1992~~, notwithstanding the fact that the  
181.3 sponsoring organization receives funding under Section 8 of the United States Housing  
181.4 Act of 1937, as amended.

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

181.6 Sec. 2. Minnesota Statutes 2006, section 272.02, subdivision 20, is amended to read:

181.7 Subd. 20. **Transitional housing facilities.** Transitional housing facilities are  
181.8 exempt. "Transitional housing facility" means a facility that meets the following  
181.9 requirements. (i) It provides temporary housing to individuals, couples, or families. (ii)  
181.10 It has the purpose of reuniting families and enabling parents or individuals to obtain  
181.11 self-sufficiency, advance their education, get job training, or become employed in jobs  
181.12 that provide a living wage. (iii) It provides support services such as child care, work  
181.13 readiness training, and career development counseling; and a self-sufficiency program  
181.14 with periodic monitoring of each resident's progress in completing the program's goals.  
181.15 (iv) It provides services to a resident of the facility for at least three months but no longer  
181.16 than three years, except residents enrolled in an educational or vocational institution or job  
181.17 training program. These residents may receive services during the time they are enrolled  
181.18 but in no event longer than four years. (v) It is owned and operated or under lease from a  
181.19 unit of government or governmental agency under a property disposition program and  
181.20 operated by one or more organizations exempt from federal income tax under section  
181.21 501(c)(3) of the Internal Revenue Code ~~of 1986, as amended through December 31,~~  
181.22 ~~1992~~. This exemption applies notwithstanding the fact that the sponsoring organization  
181.23 receives financing by a direct federal loan or federally insured loan or a loan made by the  
181.24 Minnesota Housing Finance Agency under the provisions of either Title II of the National  
181.25 Housing Act, as amended, or the Minnesota Housing Finance Agency Law of 1971,  
181.26 chapter 462A, or rules promulgated by the agency pursuant to it, and notwithstanding the  
181.27 fact that the sponsoring organization receives funding under Section 8 of the United  
181.28 States Housing Act of 1937, as amended.

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

181.30 Sec. 3. Minnesota Statutes 2006, section 272.02, subdivision 21, is amended to read:

181.31 Subd. 21. **Property used to provide computing resources to University of**  
181.32 **Minnesota.** Real and personal property, including leasehold or other personal property  
181.33 interests, is exempt if it is owned and operated by a corporation of which more than 50  
181.34 percent of the total voting power of the stock of the corporation is owned collectively by:

182.1 (i) the Board of Regents of the University of Minnesota, (ii) the University of Minnesota  
182.2 Foundation, an organization exempt from federal income taxation under section 501(c)(3)  
182.3 of the Internal Revenue Code of 1986, as amended through December 31, 1992, and (iii)  
182.4 a corporation organized under chapter 317A, which by its articles of incorporation is  
182.5 prohibited from providing pecuniary gain to any person or entity other than the regents  
182.6 of the University of Minnesota; which property is used primarily to manage or provide  
182.7 goods, services, or facilities utilizing or relating to large-scale advanced scientific  
182.8 computing resources to the regents of the University of Minnesota and others.

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

182.10 Sec. 4. Minnesota Statutes 2006, section 272.02, subdivision 27, is amended to read:

182.11 Subd. 27. **Superior National Forest; recreational property for use by disabled**  
182.12 **veterans.** Real and personal property is exempt if it is located in the Superior National  
182.13 Forest, and owned or leased and operated by a nonprofit organization that is exempt  
182.14 from federal income taxation under section 501(c)(3) of the Internal Revenue Code of  
182.15 1986, as amended through December 31, 1992, and primarily used to provide recreational  
182.16 opportunities for disabled veterans and their families.

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

182.18 Sec. 5. Minnesota Statutes 2006, section 272.02, subdivision 31, is amended to read:

182.19 Subd. 31. **Business incubator property.** Property owned by a nonprofit charitable  
182.20 organization that qualifies for tax exemption under section 501(c)(3) of the Internal  
182.21 Revenue Code of 1986, as amended through December 31, 1997, that is intended to be  
182.22 used as a business incubator in a high-unemployment county, is exempt. As used in this  
182.23 subdivision, a "business incubator" is a facility used for the development of nonretail  
182.24 businesses, offering access to equipment, space, services, and advice to the tenant  
182.25 businesses, for the purpose of encouraging economic development, diversification, and  
182.26 job creation in the area served by the organization, and "high-unemployment county" is a  
182.27 county that had an average annual unemployment rate of 7.9 percent or greater in 1997.  
182.28 Property that qualifies for the exemption under this subdivision is limited to no more than  
182.29 two contiguous parcels and structures that do not exceed in the aggregate 40,000 square  
182.30 feet. This exemption expires after taxes payable in 2011.

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

182.32 Sec. 6. Minnesota Statutes 2006, section 272.02, subdivision 49, is amended to read:

183.1 Subd. 49. **Agricultural historical society property.** Property is exempt from  
183.2 taxation if it is owned by a nonprofit charitable or educational organization that qualifies  
183.3 for exemption under section 501(c)(3) of the Internal Revenue Code of 1986, as amended  
183.4 through December 31, 2000, and meets the following criteria:

183.5 (1) the property is primarily used for storing and exhibiting tools, equipment, and  
183.6 artifacts useful in providing an understanding of local or regional agricultural history.  
183.7 Primary use is determined each year based on the number of days the property is used  
183.8 solely for storage and exhibition purposes;

183.9 (2) the property is limited to a maximum of 20 acres per owner per county, but  
183.10 includes the land and any taxable structures, fixtures, and equipment on the land;

183.11 (3) the property is not used for a revenue-producing activity for more than ten days  
183.12 in each calendar year; and

183.13 (4) the property is not used for residential purposes on either a temporary or  
183.14 permanent basis.

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

183.16 Sec. 7. Minnesota Statutes 2006, section 272.03, subdivision 3, is amended to read:

183.17 Subd. 3. **Construction of terms.** For the purposes of chapters 270 to 284, unless a  
183.18 different meaning is indicated by the context, the words, phrases, and terms defined in  
183.19 subdivisions 4 to 11 shall this section have the meanings given them.

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

183.21 Sec. 8. Minnesota Statutes 2006, section 272.03, is amended by adding a subdivision  
183.22 to read:

183.23 Subd. 13. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
183.24 Revenue Code" means the Internal Revenue Code as defined in section 289A.02,  
183.25 subdivision 7.

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

183.27 Sec. 9. **[273.105] INTERNAL REVENUE CODE.**

183.28 Unless specifically defined otherwise, for purposes of this chapter, "Internal Revenue  
183.29 Code" means the Internal Revenue Code as defined in section 289A.02, subdivision 7.

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

183.31 Sec. 10. Minnesota Statutes 2006, section 273.11, subdivision 8, is amended to read:

184.1 Subd. 8. **Limited equity cooperative apartments.** For the purposes of this  
184.2 subdivision, the terms defined in this subdivision have the meanings given them.

184.3 A "limited equity cooperative" is a corporation organized under chapter 308A or  
184.4 308B, which has as its primary purpose the provision of housing and related services to  
184.5 its members which meets one of the following criteria with respect to the income of its  
184.6 members: (1) a minimum of 75 percent of members must have incomes at or less than  
184.7 90 percent of area median income, (2) a minimum of 40 percent of members must have  
184.8 incomes at or less than 60 percent of area median income, or (3) a minimum of 20 percent  
184.9 of members must have incomes at or less than 50 percent of area median income. For  
184.10 purposes of this clause, "member income" shall mean the income of a member existing at  
184.11 the time the member acquires cooperative membership, and median income shall mean  
184.12 the St. Paul-Minneapolis metropolitan area median income as determined by the United  
184.13 States Department of Housing and Urban Development. It must also meet the following  
184.14 requirements:

184.15 (a) The articles of incorporation set the sale price of occupancy entitling cooperative  
184.16 shares or memberships at no more than a transfer value determined as provided in the  
184.17 articles. That value may not exceed the sum of the following:

184.18 (1) the consideration paid for the membership or shares by the first occupant of the  
184.19 unit, as shown in the records of the corporation;

184.20 (2) the fair market value, as shown in the records of the corporation, of any  
184.21 improvements to the real property that were installed at the sole expense of the member  
184.22 with the prior approval of the board of directors;

184.23 (3) accumulated interest, or an inflation allowance not to exceed the greater of a ten  
184.24 percent annual noncompounded increase on the consideration paid for the membership or  
184.25 share by the first occupant of the unit, or the amount that would have been paid on that  
184.26 consideration if interest had been paid on it at the rate of the percentage increase in the  
184.27 revised Consumer Price Index for All Urban Consumers for the Minneapolis-St. Paul  
184.28 metropolitan area prepared by the United States Department of Labor, provided that the  
184.29 amount determined pursuant to this clause may not exceed \$500 for each year or fraction  
184.30 of a year the membership or share was owned; plus

184.31 (4) real property capital contributions shown in the records of the corporation to  
184.32 have been paid by the transferor member and previous holders of the same membership,  
184.33 or of separate memberships that had entitled occupancy to the unit of the member  
184.34 involved. These contributions include contributions to a corporate reserve account the  
184.35 use of which is restricted to real property improvements or acquisitions, contributions to  
184.36 the corporation which are used for real property improvements or acquisitions, and the



185.1 amount of principal amortized by the corporation on its indebtedness due to the financing  
185.2 of real property acquisition or improvement or the averaging of principal paid by the  
185.3 corporation over the term of its real property-related indebtedness.

185.4 (b) The articles of incorporation require that the board of directors limit the purchase  
185.5 price of stock or membership interests for new member-occupants or resident shareholders  
185.6 to an amount which does not exceed the transfer value for the membership or stock as  
185.7 defined in clause (a).

185.8 (c) The articles of incorporation require that the total distribution out of capital to a  
185.9 member shall not exceed that transfer value.

185.10 (d) The articles of incorporation require that upon liquidation of the corporation any  
185.11 assets remaining after retirement of corporate debts and distribution to members will  
185.12 be conveyed to a charitable organization described in section 501(c)(3) of the Internal  
185.13 Revenue Code of 1986, as amended through December 31, 1992, or a public agency.

185.14 A "limited equity cooperative apartment" is a dwelling unit owned by a limited  
185.15 equity cooperative.

185.16 "Occupancy entitling cooperative share or membership" is the ownership interest  
185.17 in a cooperative organization which entitles the holder to an exclusive right to occupy a  
185.18 dwelling unit owned or leased by the cooperative.

185.19 For purposes of taxation, the assessor shall value a unit owned by a limited equity  
185.20 cooperative at the lesser of its market value or the value determined by capitalizing the net  
185.21 operating income of a comparable apartment operated on a rental basis at the capitalization  
185.22 rate used in valuing comparable buildings that are not limited equity cooperatives. If a  
185.23 cooperative fails to operate in accordance with the provisions of clauses (a) to (d), the  
185.24 property shall be subject to additional property taxes in the amount of the difference  
185.25 between the taxes determined in accordance with this subdivision for the last ten years that  
185.26 the property had been assessed pursuant to this subdivision and the amount that would  
185.27 have been paid if the provisions of this subdivision had not applied to it. The additional  
185.28 taxes, plus interest at the rate specified in section 549.09, shall be extended against the  
185.29 property on the tax list for the current year.

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

185.31 Sec. 11. Minnesota Statutes 2006, section 273.124, subdivision 6, is amended to read:

185.32 Subd. 6. **Leasehold cooperatives.** When one or more dwellings or one or more  
185.33 buildings which each contain several dwelling units is owned by a nonprofit corporation  
185.34 subject to the provisions of chapter 317A and qualifying under section 501(c)(3) or  
185.35 501(c)(4) of the Internal Revenue Code of 1986, as amended through December 31,

186.1 ~~1990~~, or a limited partnership which corporation or partnership operates the property in  
186.2 conjunction with a cooperative association, and has received public financing, homestead  
186.3 treatment may be claimed by the cooperative association on behalf of the members of  
186.4 the cooperative for each dwelling unit occupied by a member of the cooperative. The  
186.5 cooperative association must provide the assessor with the Social Security numbers of  
186.6 those members. To qualify for the treatment provided by this subdivision, the following  
186.7 conditions must be met:

186.8 (a) the cooperative association must be organized under chapter 308A or 308B and  
186.9 all voting members of the board of directors must be resident tenants of the cooperative  
186.10 and must be elected by the resident tenants of the cooperative;

186.11 (b) the cooperative association must have a lease for occupancy of the property for a  
186.12 term of at least 20 years, which permits the cooperative association, while not in default on  
186.13 the lease, to participate materially in the management of the property, including material  
186.14 participation in establishing budgets, setting rent levels, and hiring and supervising a  
186.15 management agent;

186.16 (c) to the extent permitted under state or federal law, the cooperative association  
186.17 must have a right under a written agreement with the owner to purchase the property if the  
186.18 owner proposes to sell it; if the cooperative association does not purchase the property it is  
186.19 offered for sale, the owner may not subsequently sell the property to another purchaser at  
186.20 a price lower than the price at which it was offered for sale to the cooperative association  
186.21 unless the cooperative association approves the sale;

186.22 (d) a minimum of 40 percent of the cooperative association's members must have  
186.23 incomes at or less than 60 percent of area median gross income as determined by the  
186.24 United States Secretary of Housing and Urban Development under section 142(d)(2)(B)  
186.25 of the Internal Revenue Code of 1986, as amended through December 31, 1991. For  
186.26 purposes of this clause, "member income" means the income of a member existing at the  
186.27 time the member acquires cooperative membership;

186.28 (e) if a limited partnership owns the property, it must include as the managing  
186.29 general partner a nonprofit organization operating under the provisions of chapter 317A  
186.30 and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986,  
186.31 as amended through December 31, 1990, and the limited partnership agreement must  
186.32 provide that the managing general partner have sufficient powers so that it materially  
186.33 participates in the management and control of the limited partnership;

186.34 (f) prior to becoming a member of a leasehold cooperative described in this  
186.35 subdivision, a person must have received notice that (1) describes leasehold cooperative  
186.36 property in plain language, including but not limited to the effects of classification

187.1 under this subdivision on rents, property taxes and tax credits or refunds, and operating  
187.2 expenses, and (2) states that copies of the articles of incorporation and bylaws of the  
187.3 cooperative association, the lease between the owner and the cooperative association, a  
187.4 sample sublease between the cooperative association and a tenant, and, if the owner is a  
187.5 partnership, a copy of the limited partnership agreement, can be obtained upon written  
187.6 request at no charge from the owner, and the owner must send or deliver the materials  
187.7 within seven days after receiving any request;

187.8 (g) if a dwelling unit of a building was occupied on the 60th day prior to the date on  
187.9 which the unit became leasehold cooperative property described in this subdivision, the  
187.10 notice described in paragraph (f) must have been sent by first class mail to the occupant of  
187.11 the unit at least 60 days prior to the date on which the unit became leasehold cooperative  
187.12 property. For purposes of the notice under this paragraph, the copies of the documents  
187.13 referred to in paragraph (f) may be in proposed version, provided that any subsequent  
187.14 material alteration of those documents made after the occupant has requested a copy  
187.15 shall be disclosed to any occupant who has requested a copy of the document. Copies of  
187.16 the articles of incorporation and certificate of limited partnership shall be filed with the  
187.17 secretary of state after the expiration of the 60-day period unless the change to leasehold  
187.18 cooperative status does not proceed;

187.19 (h) the county attorney of the county in which the property is located must certify to  
187.20 the assessor that the property meets the requirements of this subdivision;

187.21 (i) the public financing received must be from at least one of the following sources:

187.22 (1) tax increment financing proceeds used for the acquisition or rehabilitation of the  
187.23 building or interest rate write-downs relating to the acquisition of the building;

187.24 (2) government issued bonds exempt from taxes under section 103 of the Internal  
187.25 Revenue Code of 1986, ~~as amended through December 31, 1991~~, the proceeds of which  
187.26 are used for the acquisition or rehabilitation of the building;

187.27 (3) programs under section 221(d)(3), 202, or 236, of Title II of the National  
187.28 Housing Act;

187.29 (4) rental housing program funds under Section 8 of the United States Housing Act  
187.30 of 1937, as amended, or the market rate family graduated payment mortgage program  
187.31 funds administered by the Minnesota Housing Finance Agency that are used for the  
187.32 acquisition or rehabilitation of the building;

187.33 (5) low-income housing credit under section 42 of the Internal Revenue Code of  
187.34 ~~1986, as amended through December 31, 1991~~;

187.35 (6) public financing provided by a local government used for the acquisition or  
187.36 rehabilitation of the building, including grants or loans from (i) federal community

188.1 development block grants; (ii) HOME block grants; or (iii) residential rental bonds issued  
188.2 under chapter 474A; or

188.3 (7) other rental housing program funds provided by the Minnesota Housing Finance  
188.4 Agency for the acquisition or rehabilitation of the building;

188.5 (j) at the time of the initial request for homestead classification or of any transfer of  
188.6 ownership of the property, the governing body of the municipality in which the property is  
188.7 located must hold a public hearing and make the following findings:

188.8 (1) that the granting of the homestead treatment of the apartment's units will  
188.9 facilitate safe, clean, affordable housing for the cooperative members that would otherwise  
188.10 not be available absent the homestead designation;

188.11 (2) that the owner has presented information satisfactory to the governing body  
188.12 showing that the savings garnered from the homestead designation of the units will be  
188.13 used to reduce tenant's rents or provide a level of furnishing or maintenance not possible  
188.14 absent the designation; and

188.15 (3) that the requirements of paragraphs (b), (d), and (i) have been met.

188.16 Homestead treatment must be afforded to units occupied by members of the  
188.17 cooperative association and the units must be assessed as provided in subdivision 3,  
188.18 provided that any unit not so occupied shall be classified and assessed pursuant to the  
188.19 appropriate class. No more than three acres of land may, for assessment purposes,  
188.20 be included with each dwelling unit that qualifies for homestead treatment under this  
188.21 subdivision.

188.22 When dwelling units no longer qualify under this subdivision, the current owner  
188.23 must notify the assessor within 60 days. Failure to notify the assessor within 60 days shall  
188.24 result in the loss of benefits under this subdivision for taxes payable in the year that the  
188.25 failure is discovered. For these purposes, "benefits under this subdivision" means the  
188.26 difference in the net tax capacity of the units which no longer qualify as computed under  
188.27 this subdivision and as computed under the otherwise applicable law, times the local tax  
188.28 rate applicable to the building for that taxes payable year. Upon discovery of a failure to  
188.29 notify, the assessor shall inform the auditor of the difference in net tax capacity for the  
188.30 building or buildings in which units no longer qualify, and the auditor shall calculate the  
188.31 benefits under this subdivision. Such amount, plus a penalty equal to 100 percent of that  
188.32 amount, shall then be demanded of the building's owner. The property owner may appeal  
188.33 the county's determination by serving copies of a petition for review with county officials  
188.34 as provided in section 278.01 and filing a proof of service as provided in section 278.01  
188.35 with the Minnesota Tax Court within 60 days of the date of the notice from the county.  
188.36 The appeal shall be governed by the Tax Court procedures provided in chapter 271, for

189.1 cases relating to the tax laws as defined in section 271.01, subdivision 5; disregarding  
189.2 sections 273.125, subdivision 5, and 278.03, but including section 278.05, subdivision 2.  
189.3 If the amount of the benefits under this subdivision and penalty are not paid within 60  
189.4 days, and if no appeal has been filed, the county auditor shall certify the amount of the  
189.5 benefit and penalty to the succeeding year's tax list to be collected as part of the property  
189.6 taxes on the affected buildings.

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

189.8 Sec. 12. Minnesota Statutes 2006, section 273.128, subdivision 1, as amended by Laws  
189.9 2008, chapter 154, article 2, section 10, is amended to read:

189.10 Subdivision 1. **Requirement.** Low-income rental property classified as class 4d  
189.11 under section 273.13, subdivision 25, is entitled to valuation under this section if at least 20  
189.12 percent of the units in the rental housing property meet any of the following qualifications:

189.13 (1) the units are subject to a housing assistance payments contract under Section 8  
189.14 of the United States Housing Act of 1937, as amended;

189.15 (2) the units are rent-restricted and income-restricted units of a qualified low-income  
189.16 housing project receiving tax credits under section 42(g) of the Internal Revenue Code  
189.17 ~~of 1986, as amended;~~

189.18 (3) the units are financed by the Rural Housing Service of the United States  
189.19 Department of Agriculture and receive payments under the rental assistance program  
189.20 pursuant to section 521(a) of the Housing Act of 1949, as amended; or

189.21 (4) the units are subject to rent and income restrictions under the terms of financial  
189.22 assistance provided to the rental housing property by the federal government or the  
189.23 state of Minnesota, or a local unit of government, as evidenced by a document recorded  
189.24 against the property.

189.25 The restrictions must require assisted units to be occupied by residents whose  
189.26 household income at the time of initial occupancy does not exceed 60 percent of the  
189.27 greater of area or state median income, adjusted for family size, as determined by the  
189.28 United States Department of Housing and Urban Development. The restriction must also  
189.29 require the rents for assisted units to not exceed 30 percent of 60 percent of the greater of  
189.30 area or state median income, adjusted for family size, as determined by the United States  
189.31 Department of Housing and Urban Development.

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

189.33 Sec. 13. Minnesota Statutes 2006, section 273.13, subdivision 25, as amended by Laws  
189.34 2008, chapter 154, article 2, section 13, is amended to read:

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

190.8 (b) Class 4b includes:

190.9 (1) residential real estate containing less than four units that does not qualify as class  
190.10 4bb, other than seasonal residential recreational property;

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

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

190.14 (4) unimproved property that is classified residential as determined under subdivision  
190.15 33.

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

190.17 (c) Class 4bb includes:

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

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

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

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

190.26 (d) Class 4c property includes:

190.27 (1) except as provided in subdivision 22, paragraph (c), or subdivision 23, paragraph  
190.28 (b), clause (1), real and personal property devoted to temporary and seasonal residential  
190.29 occupancy for recreation purposes, including real and personal property devoted to  
190.30 temporary and seasonal residential occupancy for recreation purposes and not devoted to  
190.31 commercial purposes for more than 250 days in the year preceding the year of assessment.

190.32 For purposes of this clause, property is devoted to a commercial purpose on a specific  
190.33 day if any portion of the property is used for residential occupancy, and a fee is charged  
190.34 for residential occupancy. Class 4c property must contain three or more rental units. A  
190.35 "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual  
190.36 camping site equipped with water and electrical hookups for recreational vehicles. Class

191.1 4c property must provide recreational activities such as renting ice fishing houses, boats  
191.2 and motors, snowmobiles, downhill or cross-country ski equipment; provide marina  
191.3 services, launch services, or guide services; or sell bait and fishing tackle. A camping  
191.4 pad offered for rent by a property that otherwise qualifies for class 4c is also class 4c  
191.5 regardless of the term of the rental agreement, as long as the use of the camping pad  
191.6 does not exceed 250 days. In order for a property to be classified as class 4c, seasonal  
191.7 residential recreational for commercial purposes, at least 40 percent of the annual gross  
191.8 lodging receipts related to the property must be from business conducted during 90  
191.9 consecutive days and either (i) at least 60 percent of all paid bookings by lodging guests  
191.10 during the year must be for periods of at least two consecutive nights; or (ii) at least 20  
191.11 percent of the annual gross receipts must be from charges for rental of fish houses, boats  
191.12 and motors, snowmobiles, downhill or cross-country ski equipment, or charges for marina  
191.13 services, launch services, and guide services, or the sale of bait and fishing tackle. For  
191.14 purposes of this determination, a paid booking of five or more nights shall be counted as  
191.15 two bookings. Class 4c also includes commercial use real property used exclusively  
191.16 for recreational purposes in conjunction with class 4c property devoted to temporary  
191.17 and seasonal residential occupancy for recreational purposes, up to a total of two acres,  
191.18 provided the property is not devoted to commercial recreational use for more than 250  
191.19 days in the year preceding the year of assessment and is located within two miles of the  
191.20 class 4c property with which it is used. Owners of real and personal property devoted  
191.21 to temporary and seasonal residential occupancy for recreation purposes and all or a  
191.22 portion of which was devoted to commercial purposes for not more than 250 days in the  
191.23 year preceding the year of assessment desiring classification as class 4c, must submit a  
191.24 declaration to the assessor designating the cabins or units occupied for 250 days or less in  
191.25 the year preceding the year of assessment by January 15 of the assessment year. Those  
191.26 cabins or units and a proportionate share of the land on which they are located must be  
191.27 designated class 4c as otherwise provided. The remainder of the cabins or units and  
191.28 a proportionate share of the land on which they are located will be designated as class  
191.29 3a. The owner of property desiring designation as class 4c property must provide guest  
191.30 registers or other records demonstrating that the units for which class 4c designation is  
191.31 sought were not occupied for more than 250 days in the year preceding the assessment if  
191.32 so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop,  
191.33 (4) conference center or meeting room, and (5) other nonresidential facility operated on a  
191.34 commercial basis not directly related to temporary and seasonal residential occupancy for  
191.35 recreation purposes does not qualify for class 4c;  
191.36 (2) qualified property used as a golf course if:

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

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

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

192.8 (3) real property up to a maximum of three acres of land owned and used by a  
192.9 nonprofit community service oriented organization and that is not used for residential  
192.10 purposes on either a temporary or permanent basis, qualifies for class 4c provided that  
192.11 it meets either of the following:

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

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

192.18 For purposes of this clause,

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

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

192.23 (C) a "nonprofit community service oriented organization" means any corporation,  
192.24 society, association, foundation, or institution organized and operated exclusively for  
192.25 charitable, religious, fraternal, civic, or educational purposes, and which is exempt from  
192.26 federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue  
192.27 Code of 1986, as amended through December 31, 1990; and

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

192.34 Any portion of the property qualifying under item (i) which is used for revenue-producing  
192.35 activities for more than six days in the calendar year preceding the year of assessment  
192.36 shall be assessed as class 3a. The use of the property for social events open exclusively



193.1 to members and their guests for periods of less than 24 hours, when an admission is  
193.2 not charged nor any revenues are received by the organization shall not be considered a  
193.3 revenue-producing activity.

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

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

193.14 (5) manufactured home parks as defined in section 327.14, subdivision 3;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

194.10 Class 4c property has a class rate of 1.5 percent of market value, except that (i) each  
194.11 parcel of seasonal residential recreational property not used for commercial purposes has  
194.12 the same class rates as class 4bb property, (ii) manufactured home parks assessed under  
194.13 clause (5) have the same class rate as class 4b property, (iii) commercial-use seasonal  
194.14 residential recreational property has a class rate of one percent for the first \$500,000 of  
194.15 market value, and 1.25 percent for the remaining market value, (iv) the market value of  
194.16 property described in clause (4) has a class rate of one percent, (v) the market value of  
194.17 property described in clauses (2) and (6) has a class rate of 1.25 percent, and (vi) that  
194.18 portion of the market value of property in clause (9) qualifying for class 4c property  
194.19 has a class rate of 1.25 percent.

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

194.29 Class 4d property has a class rate of 0.75 percent.

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

194.31 Sec. 14. Minnesota Statutes 2006, section 287.20, subdivision 3a, is amended to read:

194.32 Subd. 3a. **Designated transfer.** "Designated transfer" means any of the following:

194.33 (1) a transfer between (i) an entity owned by a sole owner, and (ii) that sole owner;

194.34 (2) a transfer between (i) an entity in which a husband, a wife, or both are the sole  
194.35 owners, and (ii) the husband, wife, or both;

195.1 (3) a transfer between (i) an entity with multiple co-owners, and (ii) all of the  
195.2 co-owners, so long as each of the co-owners maintains the same percentage ownership  
195.3 interest in the transferred real property, whether directly or through ownership of a  
195.4 percentage of the entity;

195.5 (4) a transfer between (i) a revocable trust, and (ii) the grantor or grantors of the  
195.6 revocable trust; or

195.7 (5) a transfer of substantially all of the assets of one or more entities pursuant to a  
195.8 reorganization, as defined in section 287.20, subdivision 9.

195.9 For purposes of this definition of designated transfer, an interest in an entity that is  
195.10 owned, directly or indirectly, by or for another entity shall be considered as being owned  
195.11 proportionately by or for the owners of the other entity under provisions similar to those  
195.12 of section 267(c)(1) and (5) of the Internal Revenue Code of 1986, as amended through  
195.13 ~~December 31, 2004.~~

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

195.15 Sec. 15. Minnesota Statutes 2006, section 287.20, subdivision 9, is amended to read:

195.16 Subd. 9. **Reorganization.** "Reorganization" means the transfer of substantially all  
195.17 of the assets of a corporation, a limited liability company, or a partnership not in the usual  
195.18 or regular course of business if at the time of the transfer the transfer qualifies as: (i) a  
195.19 corporate reorganization under section 368(a) of the Internal Revenue Code of 1986, as  
195.20 ~~amended through December 31, 2004;~~ or (ii) a transfer from a partnership to another  
195.21 partnership when the transferee is treated as a continuation of the transferor under section  
195.22 708 of the Internal Revenue Code of 1986, as amended through ~~December 31, 2004.~~

195.23 Sec. 16. Minnesota Statutes 2006, section 287.20, is amended by adding a subdivision  
195.24 to read:

195.25 Subd. 10. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
195.26 Revenue Code" means the Internal Revenue Code as defined in section 289A.02,  
195.27 subdivision 7.

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

195.29 Sec. 17. Minnesota Statutes 2006, section 295.53, subdivision 4a, is amended to read:

195.30 Subd. 4a. **Credit for research.** (a) In addition to the exemptions allowed under  
195.31 subdivision 1, a hospital or health care provider may claim an annual credit against the  
195.32 total amount of tax, if any, the hospital or health care provider owes for that calendar year  
195.33 under sections 295.50 to 295.57. The credit shall equal 2.5 percent of revenues for patient

196.1 services used to fund expenditures for qualifying research conducted by an allowable  
196.2 research program. The amount of the credit shall not exceed the tax liability of the hospital  
196.3 or health care provider under sections 295.50 to 295.57.

196.4 (b) For purposes of this subdivision, the following requirements apply:

196.5 (1) expenditures must be for program costs of qualifying research conducted by  
196.6 an allowable research program;

196.7 (2) an allowable research program must be a formal program of medical and health  
196.8 care research conducted by an entity which is exempt under section 501(c)(3) of the  
196.9 Internal Revenue Code of 1986 as defined in section 289A.02, subdivision 7, or is owned  
196.10 and operated under authority of a governmental unit;

196.11 (3) qualifying research must:

196.12 (A) be approved in writing by the governing body of the hospital or health care  
196.13 provider which is taking the deduction under this subdivision;

196.14 (B) have as its purpose the development of new knowledge in basic or applied  
196.15 science relating to the diagnosis and treatment of conditions affecting the human body;

196.16 (C) be subject to review by individuals with expertise in the subject matter of the  
196.17 proposed study but who have no financial interest in the proposed study and are not  
196.18 involved in the conduct of the proposed study; and

196.19 (D) be subject to review and supervision by an institutional review board operating  
196.20 in conformity with federal regulations if the research involves human subjects or  
196.21 an institutional animal care and use committee operating in conformity with federal  
196.22 regulations if the research involves animal subjects. Research expenses are not exempt if  
196.23 the study is a routine evaluation of health care methods or products used in a particular  
196.24 setting conducted for the purpose of making a management decision. Costs of clinical  
196.25 research activities paid directly for the benefit of an individual patient are excluded from  
196.26 this exemption. Basic research in fields including biochemistry, molecular biology, and  
196.27 physiology are also included if such programs are subject to a peer review process.

196.28 (c) No credit shall be allowed under this subdivision for any revenue received by the  
196.29 hospital or health care provider in the form of a grant, gift, or otherwise, whether from a  
196.30 government or nongovernment source, on which the tax liability under section 295.52 is  
196.31 not imposed.

196.32 (d) The taxpayer shall apply for the credit under this section on the annual return  
196.33 under section 295.55, subdivision 5.

196.34 (e) Beginning September 1, 2001, if the actual or estimated amount paid under  
196.35 this section for the calendar year exceeds \$2,500,000, the commissioner of finance shall  
196.36 determine the rate of the research credit for the following calendar year to the nearest

197.1 one-half percent so that refunds paid under this section will most closely equal \$2,500,000.  
197.2 The commissioner of finance shall publish in the State Register by October 1 of each year  
197.3 the rate of the credit for the following calendar year. A determination under this section  
197.4 is not subject to the rulemaking provisions of chapter 14.

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

197.6 Sec. 18. Minnesota Statutes 2006, section 296A.16, subdivision 2, is amended to read:

197.7 Subd. 2. **Fuel used in other vehicle; claim for refund.** Any person who buys and  
197.8 uses gasoline for a qualifying purpose other than use in motor vehicles, snowmobiles  
197.9 except as provided in clause (2), or motorboats, or special fuel for a qualifying purpose  
197.10 other than use in licensed motor vehicles, and who paid the tax directly or indirectly  
197.11 through the amount of the tax being included in the price of the gasoline or special fuel, or  
197.12 otherwise, shall be reimbursed and repaid the amount of the tax paid upon filing with the  
197.13 commissioner a claim for refund in the form and manner prescribed by the commissioner,  
197.14 and containing the information the commissioner shall require. By signing any such claim  
197.15 which is false or fraudulent, the applicant shall be subject to the penalties provided in this  
197.16 chapter for knowingly making a false claim. The claim shall set forth the total amount  
197.17 of the gasoline so purchased and used by the applicant other than in motor vehicles, or  
197.18 special fuel purchased and used by the applicant other than in licensed motor vehicles,  
197.19 and shall state when and for what purpose it was used. When a claim contains an error  
197.20 in computation or preparation, the commissioner is authorized to adjust the claim in  
197.21 accordance with the evidence shown on the claim or other information available to the  
197.22 commissioner. The commissioner, on being satisfied that the claimant is entitled to the  
197.23 payments, shall approve the claim and transmit it to the commissioner of finance. The  
197.24 words "gasoline" or "special fuel" as used in this subdivision do not include aviation  
197.25 gasoline or special fuel for aircraft. Gasoline or special fuel bought and used for a  
197.26 "qualifying purpose" means:

197.27 (1) Gasoline or special fuel used in carrying on a trade or business, used on a farm  
197.28 situated in Minnesota, and used for a farming purpose. "Farm" and "farming purpose"  
197.29 have the meanings given them in section 6420(c)(2), (3), and (4) of the Internal Revenue  
197.30 Code ~~of 1986, as amended through December 31, 1997~~ as defined in section 289A.02,  
197.31 subdivision 7.

197.32 (2) Gasoline or special fuel used for off-highway business use.

197.33 (i) "Off-highway business use" means any use off the public highway by a person in  
197.34 that person's trade, business, or activity for the production of income.

198.1 (ii) Off-highway business use includes use of a passenger snowmobile off the public  
198.2 highways as part of the operations of a resort as defined in section 157.15, subdivision 11;  
198.3 and use of gasoline or special fuel to operate a power takeoff unit on a vehicle, but not  
198.4 including fuel consumed during idling time.

198.5 (iii) Off-highway business use does not include use as a fuel in a motor vehicle  
198.6 which, at the time of use, is registered or is required to be registered for highway use under  
198.7 the laws of any state or foreign country; or use of a licensed motor vehicle fuel tank in lieu  
198.8 of a separate storage tank for storing fuel to be used for a qualifying purpose, as defined in  
198.9 this section. Fuel purchased to be used for a qualifying purpose cannot be placed in the  
198.10 fuel tank of a licensed motor vehicle and must be stored in a separate supply tank.

198.11 (3) Gasoline or special fuel placed in the fuel tanks of new motor vehicles,  
198.12 manufactured in Minnesota, and shipped by interstate carrier to destinations in other  
198.13 states or foreign countries.

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

198.15 Sec. 19. Minnesota Statutes 2006, section 297A.61, subdivision 22, is amended to read:

198.16 Subd. 22. **Internal Revenue Code.** Unless specifically provided otherwise,  
198.17 "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through  
198.18 ~~December 31, 2000~~ as defined in section 289A.02, subdivision 7.

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

198.20 Sec. 20. Minnesota Statutes 2006, section 297B.01, subdivision 7, is amended to read:

198.21 Subd. 7. **Sale, sells, selling, purchase, purchased, or acquired.** (a) "Sale," "sells,"  
198.22 "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor  
198.23 vehicle, whether absolutely or conditionally, for a consideration in money or by exchange  
198.24 or barter for any purpose other than resale in the regular course of business.

198.25 (b) Any motor vehicle utilized by the owner only by leasing such vehicle to others  
198.26 or by holding it in an effort to so lease it, and which is put to no other use by the owner  
198.27 other than resale after such lease or effort to lease, shall be considered property purchased  
198.28 for resale.

198.29 (c) The terms also shall include any transfer of title or ownership of a motor vehicle  
198.30 by other means, for or without consideration, except that these terms shall not include:

198.31 (1) the acquisition of a motor vehicle by inheritance from or by bequest of, a  
198.32 decedent who owned it;

199.1 (2) the transfer of a motor vehicle which was previously licensed in the names of  
199.2 two or more joint tenants and subsequently transferred without monetary consideration to  
199.3 one or more of the joint tenants;

199.4 (3) the transfer of a motor vehicle by way of gift between individuals, or gift  
199.5 from a limited used vehicle dealer licensed under section 168.27, subdivision 4a, to an  
199.6 individual, when the transfer is with no monetary or other consideration or expectation  
199.7 of consideration and the parties to the transfer submit an affidavit to that effect at the  
199.8 time the title transfer is recorded;

199.9 (4) the voluntary or involuntary transfer of a motor vehicle between a husband and  
199.10 wife in a divorce proceeding; or

199.11 (5) the transfer of a motor vehicle by way of a gift to an organization that is exempt  
199.12 from federal income taxation under section 501(c)(3) of the Internal Revenue Code, ~~as~~  
199.13 ~~amended through December 31, 1996,~~ when the motor vehicle will be used exclusively for  
199.14 religious, charitable, or educational purposes.

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

199.16 Sec. 21. Minnesota Statutes 2006, section 297B.01, is amended by adding a  
199.17 subdivision to read:

199.18 **Subd. 10. Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
199.19 Revenue Code" means the Internal Revenue Code as defined in section 289A.02,  
199.20 subdivision 7.

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

199.22 Sec. 22. Minnesota Statutes 2006, section 297B.03, is amended to read:

199.23 **297B.03 EXEMPTIONS.**

199.24 There is specifically exempted from the provisions of this chapter and from  
199.25 computation of the amount of tax imposed by it the following:

199.26 (1) purchase or use, including use under a lease purchase agreement or installment  
199.27 sales contract made pursuant to section 465.71, of any motor vehicle by the United States  
199.28 and its agencies and instrumentalities and by any person described in and subject to the  
199.29 conditions provided in section 297A.67, subdivision 11;

199.30 (2) purchase or use of any motor vehicle by any person who was a resident of  
199.31 another state or country at the time of the purchase and who subsequently becomes a  
199.32 resident of Minnesota, provided the purchase occurred more than 60 days prior to the date  
199.33 such person began residing in the state of Minnesota and the motor vehicle was registered  
199.34 in the person's name in the other state or country;

200.1 (3) purchase or use of any motor vehicle by any person making a valid election to be  
200.2 taxed under the provisions of section 297A.90;

200.3 (4) purchase or use of any motor vehicle previously registered in the state of  
200.4 Minnesota when such transfer constitutes a transfer within the meaning of section 118,  
200.5 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal  
200.6 Revenue Code of 1986, ~~as amended through December 31, 1999;~~

200.7 (5) purchase or use of any vehicle owned by a resident of another state and leased  
200.8 to a Minnesota-based private or for-hire carrier for regular use in the transportation of  
200.9 persons or property in interstate commerce provided the vehicle is titled in the state of  
200.10 the owner or secured party, and that state does not impose a sales tax or sales tax on  
200.11 motor vehicles used in interstate commerce;

200.12 (6) purchase or use of a motor vehicle by a private nonprofit or public educational  
200.13 institution for use as an instructional aid in automotive training programs operated by the  
200.14 institution. "Automotive training programs" includes motor vehicle body and mechanical  
200.15 repair courses but does not include driver education programs;

200.16 (7) purchase of a motor vehicle for use as an ambulance by an ambulance service  
200.17 licensed under section 144E.10;

200.18 (8) purchase of a motor vehicle by or for a public library, as defined in section  
200.19 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

200.20 (9) purchase of a ready-mixed concrete truck;

200.21 (10) purchase or use of a motor vehicle by a town for use exclusively for road  
200.22 maintenance, including snowplows and dump trucks, but not including automobiles,  
200.23 vans, or pickup trucks;

200.24 (11) purchase or use of a motor vehicle by a corporation, society, association,  
200.25 foundation, or institution organized and operated exclusively for charitable, religious,  
200.26 or educational purposes, except a public school, university, or library, but only if the  
200.27 vehicle is:

200.28 (i) a truck, as defined in section 168.011, a bus, as defined in section 168.011, or a  
200.29 passenger automobile, as defined in section 168.011, if the automobile is designed and  
200.30 used for carrying more than nine persons including the driver; and

200.31 (ii) intended to be used primarily to transport tangible personal property or  
200.32 individuals, other than employees, to whom the organization provides service in  
200.33 performing its charitable, religious, or educational purpose;

200.34 (12) purchase of a motor vehicle for use by a transit provider exclusively to provide  
200.35 transit service is exempt if the transit provider is either (i) receiving financial assistance or



201.1 reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29,  
201.2 473.388, or 473.405;

201.3 (13) purchase or use of a motor vehicle by a qualified business, as defined in section  
201.4 469.310, located in a job opportunity building zone, if the motor vehicle is principally  
201.5 garaged in the job opportunity building zone and is primarily used as part of or in direct  
201.6 support of the person's operations carried on in the job opportunity building zone. The  
201.7 exemption under this clause applies to sales, if the purchase was made and delivery  
201.8 received during the duration of the job opportunity building zone. The exemption under  
201.9 this clause also applies to any local sales and use tax.

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

201.11 Sec. 23. Minnesota Statutes 2006, section 297F.01, subdivision 8, is amended to read:

201.12 Subd. 8. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
201.13 Revenue Code" means the Internal Revenue Code of 1986, as amended through December  
201.14 31, 1996 as defined in section 289A.02, subdivision 7.

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

201.16 Sec. 24. Minnesota Statutes 2006, section 297G.01, subdivision 9, is amended to read:

201.17 Subd. 9. **Internal Revenue Code.** Unless specifically defined otherwise, "Internal  
201.18 Revenue Code" means the Internal Revenue Code of 1986, as amended through December  
201.19 31, 1996 as defined in section 289A.02, subdivision 7.

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

201.21 Sec. 25. Minnesota Statutes 2006, section 297H.09, is amended to read:

201.22 **297H.09 BAD DEBTS.**

201.23 The remitter of the solid waste management tax may offset against the tax payable,  
201.24 with respect to any reporting period, the amount of tax imposed by this chapter previously  
201.25 remitted to the commissioner of revenue which qualified as a bad debt under section  
201.26 166(a) of the Internal Revenue Code, as amended through December 31, 1993 defined  
201.27 in section 289A.02, subdivision 7, during such reporting period, but only in proportion  
201.28 to the portion of such debt which became uncollectable. This section applies only to  
201.29 accrual basis remitters that remit tax before it is collected and to the extent they are  
201.30 unable to collect the tax.

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

202.1 **ARTICLE 12**

202.2 **DEPARTMENT INDIVIDUAL INCOME AND CORPORATE FRANCHISE TAXES**

202.3 Section 1. Minnesota Statutes 2006, section 289A.18, subdivision 1, as amended by  
202.4 Laws 2008, chapter 154, article 11, section 5, is amended to read:

202.5 Subdivision 1. **Individual income, fiduciary income, corporate franchise, and**  
202.6 **entertainment taxes; partnership and S corporation returns; information returns;**  
202.7 **mining company returns.** The returns required to be made under sections 289A.08 and  
202.8 289A.12 must be filed at the following times:

202.9 (1) returns made on the basis of the calendar year must be filed on April 15 following  
202.10 the close of the calendar year, except that returns of corporations must be filed on March  
202.11 15 following the close of the calendar year;

202.12 (2) returns made on the basis of the fiscal year must be filed on the 15th day of the  
202.13 fourth month following the close of the fiscal year, except that returns of corporations  
202.14 must be filed on the 15th day of the third month following the close of the fiscal year;

202.15 (3) returns for a fractional part of a year must be filed on the 15th day of the fourth  
202.16 month following the end of the month in which falls the last day of the period for which  
202.17 the return is made, except that the returns of corporations must be filed on the 15th day of  
202.18 the third month following the end of the tax year; or, in the case of a corporation which is  
202.19 a member of a unitary group, the return of the corporation must be filed on the 15th day of  
202.20 the third month following the end of the tax year of the unitary group in which falls the  
202.21 last day of the period for which the return is made;

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

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

202.27 (6) if a corporation has been divested from a unitary group and files a return for  
202.28 a fractional part of a year in which it was a member of a unitary business that files a  
202.29 combined report under section ~~290.34~~ 290.17, subdivision ~~2~~ 4, the divested corporation's  
202.30 return must be filed on the 15th day of the third month following the close of the common  
202.31 accounting period that includes the fractional year;

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

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

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

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

203.6 **EFFECTIVE DATE.** This section is effective the day following final enactment  
203.7 except that the change in clause (6) is effective for taxable years beginning after December  
203.8 31, 2007.

203.9 Sec. 2. Minnesota Statutes 2006, section 290.01, subdivision 6b, is amended to read:

203.10 Subd. 6b. **Foreign operating corporation.** The term "foreign operating  
203.11 corporation," when applied to a corporation, means a domestic corporation with the  
203.12 following characteristics:

203.13 (1) it is part of a unitary business at least one member of which is taxable in this state;

203.14 (2) it is not a foreign sales corporation under section 922 of the Internal Revenue  
203.15 Code, as amended through December 31, 1999, for the taxable year;

203.16 (3)(i) the average of the percentages of its property and payrolls, including the pro  
203.17 rata share of its unitary partnerships' property and payrolls, assigned to locations outside  
203.18 the United States, where the United States includes the District of Columbia and excludes  
203.19 the commonwealth of Puerto Rico and possessions of the United States, as determined  
203.20 under section 290.191 or 290.20, is 80 percent or more; or (ii) it has in effect a valid  
203.21 election under section 936 of the Internal Revenue Code; and

203.22 (4) it has a minimum of \$1,000,000 of payroll and \$2,000,000 of property, as  
203.23 determined under section 290.191 or 290.20, that are located outside the United States. If  
203.24 the domestic corporation does not have payroll as determined under section 290.191 or  
203.25 290.20, but it or its partnerships have paid \$1,000,000 for work, performed directly for the  
203.26 domestic corporation or the partnerships, outside the United States, then paragraph (3)(i)  
203.27 shall not require payrolls to be included in the average calculation.

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

203.29 Sec. 3. Minnesota Statutes 2006, section 290.068, subdivision 3, is amended to read:

203.30 Subd. 3. **Limitation; carryover.** (a)(1) The credit for the taxable year shall not  
203.31 exceed the liability for tax. "Liability for tax" for purposes of this section means the tax  
203.32 imposed under ~~this chapter~~ section 290.06, subdivision 1, for the taxable year reduced by  
203.33 the sum of the nonrefundable credits allowed under this chapter.

204.1 (2) In the case of a corporation which is a partner in a partnership, the credit allowed  
204.2 for the taxable year shall not exceed the lesser of the amount determined under clause (1)  
204.3 for the taxable year or an amount (separately computed with respect to the corporation's  
204.4 interest in the trade or business or entity) equal to the amount of tax attributable to that  
204.5 portion of taxable income which is allocable or apportionable to the corporation's interest  
204.6 in the trade or business or entity.

204.7 (b) If the amount of the credit determined under this section for any taxable year  
204.8 exceeds the limitation under clause (a), the excess shall be a research credit carryover to  
204.9 each of the 15 succeeding taxable years. The entire amount of the excess unused credit for  
204.10 the taxable year shall be carried first to the earliest of the taxable years to which the credit  
204.11 may be carried and then to each successive year to which the credit may be carried. The  
204.12 amount of the unused credit which may be added under this clause shall not exceed the  
204.13 taxpayer's liability for tax less the research credit for the taxable year.

204.14 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
204.15 December 31, 2007.

204.16 Sec. 4. Minnesota Statutes 2006, section 290.07, subdivision 1, is amended to read:

204.17 Subdivision 1. **Annual accounting period.** Net income and taxable net income  
204.18 shall be computed upon the basis of the taxpayer's annual accounting period. If a taxpayer  
204.19 has no annual accounting period, or has one other than a fiscal year, as heretofore defined,  
204.20 the net income and taxable net income shall be computed on the basis of the calendar year.  
204.21 Taxpayers shall employ the same accounting period on which they report, or would be  
204.22 required to report, their net income under the Internal Revenue Code. The commissioner  
204.23 shall provide by rule for the determination of the accounting period for taxpayers who  
204.24 file a combined report under section ~~290.34~~ 290.17, subdivision ~~2~~ 4, when members of  
204.25 the group use different accounting periods for federal income tax purposes. Unless the  
204.26 taxpayer changes its accounting period for federal purposes, the due date of the return  
204.27 is not changed.

204.28 A taxpayer may change accounting periods only with the consent of the  
204.29 commissioner. In case of any such change, the taxpayer shall pay a tax for the period  
204.30 not included in either the taxpayer's former or newly adopted taxable year, computed as  
204.31 provided in section 290.32.

204.32 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
204.33 December 31, 2007.

204.34 Sec. 5. Minnesota Statutes 2006, section 290.21, subdivision 4, is amended to read:

205.1           Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty percent  
205.2 of dividends received by a corporation during the taxable year from another corporation,  
205.3 in which the recipient owns 20 percent or more of the stock, by vote and value, not  
205.4 including stock described in section 1504(a)(4) of the Internal Revenue Code when the  
205.5 corporate stock with respect to which dividends are paid does not constitute the stock in  
205.6 trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not  
205.7 constitute property held by the taxpayer primarily for sale to customers in the ordinary  
205.8 course of the taxpayer's trade or business, or when the trade or business of the taxpayer  
205.9 does not consist principally of the holding of the stocks and the collection of the income  
205.10 and gains therefrom; and

205.11           (2)(i) the remaining 20 percent of dividends if the dividends received are the stock in  
205.12 an affiliated company transferred in an overall plan of reorganization and the dividend  
205.13 is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as  
205.14 amended through December 31, 1989;

205.15           (ii) the remaining 20 percent of dividends if the dividends are received from a  
205.16 corporation which is subject to tax under section 290.36 and which is a member of an  
205.17 affiliated group of corporations as defined by the Internal Revenue Code and the dividend  
205.18 is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as  
205.19 amended through December 31, 1989, or is deducted under an election under section  
205.20 243(b) of the Internal Revenue Code; or

205.21           (iii) the remaining 20 percent of the dividends if the dividends are received from a  
205.22 property and casualty insurer as defined under section 60A.60, subdivision 8, which is a  
205.23 member of an affiliated group of corporations as defined by the Internal Revenue Code  
205.24 and either: (A) the dividend is eliminated in consolidation under Treasury Regulation  
205.25 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted  
205.26 under an election under section 243(b) of the Internal Revenue Code.

205.27           (b) Seventy percent of dividends received by a corporation during the taxable year  
205.28 from another corporation in which the recipient owns less than 20 percent of the stock,  
205.29 by vote or value, not including stock described in section 1504(a)(4) of the Internal  
205.30 Revenue Code when the corporate stock with respect to which dividends are paid does not  
205.31 constitute the stock in trade of the taxpayer, or does not constitute property held by the  
205.32 taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or  
205.33 business, or when the trade or business of the taxpayer does not consist principally of the  
205.34 holding of the stocks and the collection of income and gain therefrom.

206.1 (c) The dividend deduction provided in this subdivision shall be allowed only with  
206.2 respect to dividends that are included in a corporation's Minnesota taxable net income  
206.3 for the taxable year.

206.4 The dividend deduction provided in this subdivision does not apply to a dividend  
206.5 from a corporation which, for the taxable year of the corporation in which the distribution  
206.6 is made or for the next preceding taxable year of the corporation, is a corporation exempt  
206.7 from tax under section 501 of the Internal Revenue Code.

206.8 The dividend deduction provided in this subdivision applies to the amount of  
206.9 regulated investment company dividends only to the extent determined under section  
206.10 854(b) of the Internal Revenue Code.

206.11 The dividend deduction provided in this subdivision shall not be allowed with  
206.12 respect to any dividend for which a deduction is not allowed under the provisions of  
206.13 section 246(c) of the Internal Revenue Code.

206.14 (d) If dividends received by a corporation that does not have nexus with Minnesota  
206.15 under the provisions of Public Law 86-272 are included as income on the return of  
206.16 an affiliated corporation permitted or required to file a combined report under section  
206.17 290.17, subdivision 4 or 290.34, subdivision 2, then for purposes of this subdivision the  
206.18 determination as to whether the trade or business of the corporation consists principally  
206.19 of the holding of stocks and the collection of income and gains therefrom shall be made  
206.20 with reference to the trade or business of the affiliated corporation having a nexus with  
206.21 Minnesota.

206.22 (e) The deduction provided by this subdivision does not apply if the dividends are  
206.23 paid by a FSC as defined in section 922 of the Internal Revenue Code.

206.24 (f) If one or more of the members of the unitary group whose income is included on  
206.25 the combined report received a dividend, the deduction under this subdivision for each  
206.26 member of the unitary business required to file a return under this chapter is the product  
206.27 of: (1) 100 percent of the dividends received by members of the group; (2) the percentage  
206.28 allowed pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business  
206.29 income apportionable to this state for the taxable year under section 290.191 or 290.20.

206.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
206.31 December 31, 2007.

206.32 Sec. 6. Minnesota Statutes 2006, section 290.92, subdivision 26, is amended to read:

206.33 Subd. 26. **Extension of withholding to certain payments where identifying**  
206.34 **number not furnished or inaccurate.** (a) If, in the case of any reportable payment, (1)  
206.35 the payee fails to furnish the payee's Social Security account number to the payor, ~~or~~

207.1 (2) the payee is subject to federal backup withholding on the reportable payment under  
207.2 section 3406 of the Internal Revenue Code, or (3) the commissioner notifies the payor that  
207.3 the Social Security account number furnished by the payee is incorrect, then the payor  
207.4 shall deduct and withhold from the payment a tax equal to the amount of the payment  
207.5 multiplied by the highest rate used in determining the income tax liability of an individual  
207.6 under section 290.06, subdivision 2c.

207.7 (b)(1) In the case of any failure described in clause (a)(1), clause (a) shall apply to  
207.8 any reportable payment made by the payor during the period during which the Social  
207.9 Security account number has not been furnished.

207.10 (2) In any case where there is a notification described in clause (a)~~(2)~~(3), clause (a)  
207.11 shall apply to any reportable payment made by the payor (i) after the close of the 30th  
207.12 day after the day on which the payor received the notification, and (ii) before the payee  
207.13 furnishes another Social Security account number.

207.14 (3)(i) Unless the payor elects not to have this subparagraph apply with respect to  
207.15 the payee, clause (a) shall also apply to any reportable payment made after the close of  
207.16 the period described in paragraph (1) or (2) (as the case may be) and before the 30th  
207.17 day after the close of the period.

207.18 (ii) If the payor elects the application of this subparagraph with respect to the payee,  
207.19 clause (a) shall also apply to any reportable payment made during the 30-day period  
207.20 described in paragraph (2).

207.21 (iii) The payor may elect a period shorter than the grace period set forth in  
207.22 subparagraph (i) or (ii) as the case may be.

207.23 (c) The provisions of section 3406 of the Internal Revenue Code shall apply and  
207.24 shall govern when withholding shall be required and the definition of terms. The term  
207.25 "reportable payment" shall include only those payments for personal services. No tax  
207.26 shall be deducted or withheld under this subdivision with respect to any amount for  
207.27 which withholding is otherwise required under this section. For purposes of this section,  
207.28 payments which are subject to withholding under this subdivision shall be treated as if  
207.29 they were wages paid by an employer to an employee and amounts deducted and withheld  
207.30 under this subdivision shall be treated as if deducted and withheld under subdivision 2a.

207.31 (d) Whenever the commissioner notifies a payor under this subdivision that the  
207.32 Social Security account number furnished by any payee is incorrect, the commissioner  
207.33 shall at the same time furnish a copy of the notice to the payor, and the payor shall  
207.34 promptly furnish the copy to the payee. If the commissioner notifies a payor under this  
207.35 subdivision that the Social Security account number furnished by any payee is incorrect  
207.36 and the payee subsequently furnishes another Social Security account number to the

208.1 payor, the payor shall promptly notify the commissioner of the other Social Security  
208.2 account number furnished.

208.3 **EFFECTIVE DATE.** This section is effective for payments made after December  
208.4 31, 2008.

208.5 Sec. 7. Minnesota Statutes 2006, section 290.92, subdivision 31, as added by Laws  
208.6 2008, chapter 154, article 3, section 8, is amended to read:

208.7 Subd. 31. **Payments to persons who are not employees.** (a) For purposes of this  
208.8 subdivision, "contractor" means a person carrying on a trade or business described in  
208.9 industry code numbers 23 through 238990 of the North American Industry Classification  
208.10 System.

208.11 (b) A contractor ~~or a third-party bulk filer acting on behalf of a contractor,~~ who  
208.12 makes payments to an individual, carrying on a trade or business described in paragraph  
208.13 (a) as a sole proprietorship, must deduct and withhold two percent of the payment as  
208.14 Minnesota withholding tax when the amount the contractor paid to that individual during  
208.15 the calendar year exceeds \$600.

208.16 (c) A payment subject to withholding under this subdivision must be treated as if  
208.17 the payment were a wage paid by an employer to an employee. The requirements in the  
208.18 definitions of "employee" and "employer" in subdivision 1 relating to geographic location  
208.19 apply in determining whether withholding tax applies under this subdivision, but without  
208.20 regard to whether the contractor or the individual otherwise satisfy the definition of an  
208.21 employer or an employee. Each recipient of a payment subject to withholding under this  
208.22 subdivision must furnish the contractor with a statement of the recipient's name, address,  
208.23 and Social Security account number.

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

208.25 Sec. 8. **REPEALER.**

208.26 Minnesota Rules, part 8031.0100, subpart 3, is repealed effective the day following  
208.27 final enactment.

208.28 Minnesota Rules, part 8093.2100, is repealed effective the day following final  
208.29 enactment.

208.30 **ARTICLE 13**  
208.31 **DEPARTMENT SALES AND USE TAXES**

208.32 Section 1. Minnesota Statutes 2006, section 289A.55, is amended by adding a  
208.33 subdivision to read:



209.1 Subd. 10. Relief for purchasers. A purchaser that meets the requirements of section  
209.2 297A.995, subdivision 11, is relieved from the imposition of interest on tax and penalty.

209.3 EFFECTIVE DATE. This section is effective for sales and purchases made after  
209.4 December 31, 2008.

209.5 Sec. 2. Minnesota Statutes 2006, section 289A.60, is amended by adding a subdivision  
209.6 to read:

209.7 Subd. 30. Relief for purchasers. A purchaser that meets the requirements of  
209.8 section 297A.995, subdivision 11, is relieved from the imposition of penalty.

209.9 EFFECTIVE DATE. This section is effective for sales and purchases made after  
209.10 December 31, 2008.

209.11 Sec. 3. Minnesota Statutes 2006, section 297A.61, subdivision 29, is amended to read:

209.12 Subd. 29. **State.** Unless specifically provided otherwise, "state" means any state of  
209.13 the United States, the Commonwealth of Puerto Rico, and the District of Columbia.

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

209.15 Sec. 4. Minnesota Statutes 2006, section 297A.665, as amended by Laws 2008, chapter  
209.16 154, article 12, section 20, is amended to read:

209.17 **297A.665 PRESUMPTION OF TAX; BURDEN OF PROOF.**

209.18 (a) For the purpose of the proper administration of this chapter and to prevent  
209.19 evasion of the tax, until the contrary is established, it is presumed that:

209.20 (1) all gross receipts are subject to the tax; and

209.21 (2) all retail sales for delivery in Minnesota are for storage, use, or other consumption  
209.22 in Minnesota.

209.23 (b) The burden of proving that a sale is not a taxable retail sale is on the seller.

209.24 However, a seller is relieved of liability if:

209.25 (1) the seller obtains a fully completed exemption certificate or all the relevant  
209.26 information required by section 297A.72, subdivision 2, at the time of the sale or within  
209.27 90 days after the date of the sale; or

209.28 (2) if the seller has not obtained a fully completed exemption certificate or all the  
209.29 relevant information required by section 297A.72, subdivision 2, within the time provided  
209.30 in clause (1), within 120 days after a request for substantiation by the commissioner,  
209.31 the seller either:

210.1 (i) obtains in good faith a fully completed exemption certificate or all the relevant  
210.2 information required by section 297A.72, subdivision 2, from the purchaser; or

210.3 (ii) proves by other means that the transaction was not subject to tax.

210.4 (c) Notwithstanding paragraph (b), relief from liability does not apply to a seller who:

210.5 (1) fraudulently fails to collect the tax; or

210.6 (2) solicits purchasers to participate in the unlawful claim of an exemption.

210.7 (d) A certified service provider, as defined in section 297A.995, subdivision 2, is

210.8 relieved of liability under this section to the extent a seller who is its client is relieved of  
210.9 liability.

210.10 ~~(d)~~ (e) A purchaser of tangible personal property or any items listed in section  
210.11 297A.63 that are shipped or brought to Minnesota by the purchaser has the burden  
210.12 of proving that the property was not purchased from a retailer for storage, use, or  
210.13 consumption in Minnesota.

210.14 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
210.15 made after December 31, 2007.

210.16 Sec. 5. Minnesota Statutes 2006, section 297A.67, subdivision 7, as amended by Laws  
210.17 2008, chapter 154, article 12, section 26, is amended to read:

210.18 Subd. 7. **Drugs; medical devices.** (a) Sales of the following drugs and medical  
210.19 devices for human use are exempt:

210.20 (1) drugs ~~for human use~~, including over-the-counter drugs;

210.21 (2) single-use finger-pricking devices for the extraction of blood and other single-use  
210.22 devices and single-use diagnostic agents used in diagnosing, monitoring, or treating  
210.23 diabetes;

210.24 (3) insulin and medical oxygen for human use, regardless of whether prescribed  
210.25 or sold over the counter;

210.26 (4) prosthetic devices;

210.27 (5) durable medical equipment for home use only;

210.28 (6) mobility enhancing equipment;

210.29 (7) prescription corrective eyeglasses; and

210.30 (8) kidney dialysis equipment, including repair and replacement parts.

210.31 (b) For purposes of this subdivision:

210.32 (1) "Drug" means a compound, substance, or preparation, and any component of  
210.33 a compound, substance, or preparation, other than food and food ingredients, dietary  
210.34 supplements, or alcoholic beverages that is:

211.1 (i) recognized in the official United States Pharmacopoeia, official Homeopathic  
211.2 Pharmacopoeia of the United States, or official National Formulary, and supplement  
211.3 to any of them;

211.4 (ii) intended for use in the diagnosis, cure, mitigation, treatment, or prevention  
211.5 of disease; or

211.6 (iii) intended to affect the structure or any function of the body.

211.7 (2) "Durable medical equipment" means equipment, including repair and  
211.8 replacement parts, but not including mobility enhancing equipment, that:

211.9 (i) can withstand repeated use;

211.10 (ii) is primarily and customarily used to serve a medical purpose;

211.11 (iii) generally is not useful to a person in the absence of illness or injury; and

211.12 (iv) is not worn in or on the body.

211.13 For purposes of this clause, "repair and replacement parts" includes all components  
211.14 or attachments used in conjunction with the durable medical equipment, but does not  
211.15 include repair and replacement parts which are for single patient use only.

211.16 (3) "Mobility enhancing equipment" means equipment, including repair and  
211.17 replacement parts, but not including durable medical equipment, that:

211.18 (i) is primarily and customarily used to provide or increase the ability to move from  
211.19 one place to another and that is appropriate for use either in a home or a motor vehicle;

211.20 (ii) is not generally used by persons with normal mobility; and

211.21 (iii) does not include any motor vehicle or equipment on a motor vehicle normally  
211.22 provided by a motor vehicle manufacturer.

211.23 (4) "Over-the-counter drug" means a drug that contains a label that identifies the  
211.24 product as a drug as required by Code of Federal Regulations, title 21, section 201.66. The  
211.25 label must include a "drug facts" panel or a statement of the active ingredients with a list of  
211.26 those ingredients contained in the compound, substance, or preparation. Over-the-counter  
211.27 drugs do not include grooming and hygiene products, regardless of whether they otherwise  
211.28 meet the definition. "Grooming and hygiene products" are soaps, cleaning solutions,  
211.29 shampoo, toothpaste, mouthwash, antiperspirants, and suntan lotions and sunscreens.

211.30 (5) "Prescribed" and "prescription" means a direction in the form of an order,  
211.31 formula, or recipe issued in any form of oral, written, electronic, or other means of  
211.32 transmission by a duly licensed health care professional.

211.33 (6) "Prosthetic device" means a replacement, corrective, or supportive device,  
211.34 including repair and replacement parts, worn on or in the body to:

211.35 (i) artificially replace a missing portion of the body;

211.36 (ii) prevent or correct physical deformity or malfunction; or

212.1 (iii) support a weak or deformed portion of the body.

212.2 Prosthetic device does not include corrective eyeglasses.

212.3 (7) "Kidney dialysis equipment" means equipment that:

212.4 (i) is used to remove waste products that build up in the blood when the kidneys are  
212.5 not able to do so on their own; and

212.6 (ii) can withstand repeated use, including multiple use by a single patient,  
212.7 notwithstanding the provisions of clause (2).

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

212.9 Sec. 6. Minnesota Statutes 2006, section 297A.995, subdivision 10, is amended to read:

212.10 Subd. 10. **Relief from certain liability.** (a) Notwithstanding subdivision 9, sellers  
212.11 and certified service providers are relieved from liability to the state for having charged  
212.12 and collected the incorrect amount of sales or use tax resulting from the seller or certified  
212.13 service provider (1) relying on erroneous data provided by ~~this state~~ the commissioner  
212.14 in the database files on tax rates, boundaries, or taxing jurisdiction assignments, or (2)  
212.15 relying on erroneous data provided by the state in its taxability matrix concerning the  
212.16 taxability of products and services.

212.17 (b) Notwithstanding subdivision 9, sellers and certified service providers are  
212.18 relieved from liability to the state for having charged and collected the incorrect amount  
212.19 of sales or use tax resulting from the seller or certified service provider relying on the  
212.20 certification by the commissioner as to the accuracy of a certified automated system as to  
212.21 the taxability of product categories. The relief from liability provided by this paragraph  
212.22 does not apply when the sellers or certified service providers have incorrectly classified  
212.23 an item or transaction into a product category, unless the item or transaction within a  
212.24 product category was approved by the commissioner or approved jointly by the states that  
212.25 are signatories to the agreement. The sellers and certified service providers must revise a  
212.26 classification within ten days after receipt of notice from the commissioner that an item or  
212.27 transaction within a product category is incorrectly classified as to its taxability, or they  
212.28 are not relieved from liability for the incorrect classification following the notification.

212.29 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
212.30 made after December 31, 2007.

212.31 Sec. 7. Minnesota Statutes 2006, section 297A.995, is amended by adding a  
212.32 subdivision to read:

212.33 Subd. 11. **Purchaser relief from certain liability.** (a) Notwithstanding other  
212.34 provisions in the law, a purchaser is relieved from liability resulting from having paid

213.1 the incorrect amount of sales or use tax if a purchaser, whether or not holding a direct  
213.2 pay permit, or a purchaser's seller or certified service provider relied on erroneous data  
213.3 provided by this state in the database files on tax rates, boundaries, taxing jurisdiction  
213.4 assignments, or in the taxability matrix. After providing an address-based database for  
213.5 assigning taxing jurisdictions and their associated rates, no relief for errors resulting from  
213.6 the purchaser's reliance on a database using zip codes is allowed.

213.7 (b) With respect to reliance on the taxability matrix provided by this state in  
213.8 paragraph (a), relief is limited to erroneous classifications in the taxability matrix for  
213.9 items included within the classifications as "taxable," "exempt," "included in sales  
213.10 price," "excluded from sales price," "included in the definition," and "excluded from  
213.11 the definition."

213.12 **EFFECTIVE DATE.** This section is effective for sales and purchases made after  
213.13 December 31, 2008.

213.14 Sec. 8. Minnesota Statutes 2006, section 297A.995, is amended by adding a  
213.15 subdivision to read:

213.16 Subd. 12. **Database files.** For purposes of this section, "database files on tax rates,  
213.17 boundaries, and taxing jurisdiction assignments" and the "taxability matrix" means those  
213.18 databases and the taxability matrix required under the agreement.

213.19 **EFFECTIVE DATE.** This section is effective retroactively for sales and purchases  
213.20 made after December 31, 2007.

## 213.21 **ARTICLE 14**

### 213.22 **DEPARTMENT SPECIAL TAXES AND FEES**

213.23 Section 1. Minnesota Statutes 2007 Supplement, section 115A.1314, subdivision 2,  
213.24 is amended to read:

213.25 Subd. 2. **Creation of account; appropriations.** (a) The electronic waste account  
213.26 is established in the environmental fund. The commissioner of revenue must deposit  
213.27 receipts from the fee established in subdivision 1 in the account. Any interest earned on  
213.28 the account must be credited to the account. Money from other sources may be credited to  
213.29 the account. Beginning in the second program year and continuing each program year  
213.30 thereafter, as of the last day of each program year, the commissioner of revenue shall  
213.31 determine the total amount of the variable fees that were collected. By July 15, 2009, and  
213.32 each July 15 thereafter, the commissioner of the Pollution Control Agency shall inform  
213.33 the commissioner of revenue of the amount necessary to operate the program in the new

214.1 program year. To the extent that the total fees collected by the commissioner of revenue in  
214.2 connection with this section ~~exceeds~~ exceed the amount the commissioner of the Pollution  
214.3 Control Agency determines necessary to operate the program for the new program  
214.4 year, the commissioner of revenue shall refund on a pro rata basis, to all manufacturers  
214.5 who paid any fees for the previous program year, the amount of fees collected by the  
214.6 commissioner of revenue in excess of the amount necessary to operate the program for the  
214.7 new program year. No individual refund is required of amounts of \$100 or less for a fiscal  
214.8 year. Manufacturers who report collections less than 50 percent of their obligation for the  
214.9 previous program year are not eligible for a refund. Amounts not refunded pursuant to this  
214.10 paragraph shall remain in the account. The commissioner of revenue shall issue refunds  
214.11 by August 10. In lieu of issuing a refund, the commissioner of revenue may grant credit  
214.12 against a manufacturer's variable fee due by September 1.

214.13 (b) Until June 30, 2009, money in the account is annually appropriated to the  
214.14 Pollution Control Agency:

214.15 (1) for the purpose of implementing sections 115A.1312 to 115A.1330, including  
214.16 transfer to the commissioner of revenue to carry out the department's duties under  
214.17 section 115A.1320, subdivision 2, and transfer to the commissioner of administration for  
214.18 responsibilities under section 115A.1324; and

214.19 (2) to the commissioner of the Pollution Control Agency to be distributed on a  
214.20 competitive basis through contracts with counties outside the 11-county metropolitan  
214.21 area, as defined in paragraph (c), and with private entities that collect for recycling  
214.22 covered electronic devices in counties outside the 11-county metropolitan area, where the  
214.23 collection and recycling is consistent with the respective county's solid waste plan, for  
214.24 the purpose of carrying out the activities under sections 115A.1312 to 115A.1330. In  
214.25 awarding competitive grants under this clause, the commissioner must give preference to  
214.26 counties and private entities that are working cooperatively with manufacturers to help  
214.27 them meet their recycling obligations under section 115A.1318, subdivision 1.

214.28 (c) The 11-county metropolitan area consists of the counties of Anoka, Carver,  
214.29 Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright.

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

214.31 Sec. 2. Minnesota Statutes 2006, section 270C.56, subdivision 1, as amended by Laws  
214.32 2008, chapter 154, article 15, section 7, is amended to read:

214.33 Subdivision 1. **Liability imposed.** A person who, either singly or jointly with  
214.34 others, has the control of, supervision of, or responsibility for filing returns or reports,  
214.35 paying taxes, or collecting or withholding and remitting taxes and who fails to do so, or a

215.1 person who is liable under any other law, is liable for the payment of taxes, penalties, and  
215.2 interest arising under chapters 295, 296A, 297A, 297F, and 297G, or sections 256.9658,  
215.3 290.92, and 297E.02, and, for the taxes listed in this subdivision, the applicable penalties  
215.4 for nonpayment under section 289A.60.

215.5 **EFFECTIVE DATE.** This section is effective for fees due after June 30, 2008.

215.6 Sec. 3. Minnesota Statutes 2006, section 295.50, subdivision 4, is amended to read:

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

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

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

215.14 (3) a staff model health plan company;

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

215.16 (5) a person who sells or repairs hearing aids and related equipment or prescription  
215.17 eyewear.

215.18 (b) Health care provider does not include:

215.19 (1) hospitals; medical supplies distributors, except as specified under paragraph

215.20 (a), clause (5); nursing homes licensed under chapter 144A or licensed in any other

215.21 jurisdiction; wholesale drug distributors; pharmacies; surgical centers; bus and taxicab

215.22 transportation, or any other providers of transportation services other than ambulance

215.23 services required to be licensed; supervised living facilities for persons with developmental

215.24 disabilities, licensed under Minnesota Rules, parts 4665.0100 to 4665.9900; housing

215.25 with services establishments required to be registered under chapter 144D; board

215.26 and lodging establishments providing only custodial services that are licensed under

215.27 chapter 157 and registered under section 157.17 to provide supportive services or health

215.28 supervision services; adult foster homes as defined in Minnesota Rules, part 9555.5105;

215.29 day training and habilitation services for adults with developmental disabilities as defined

215.30 in section 252.41, subdivision 3; boarding care homes, as defined in Minnesota Rules, part

215.31 4655.0100; and adult day care centers as defined in Minnesota Rules, part 9555.9600;

215.32 (2) home health agencies as defined in Minnesota Rules, part 9505.0175, subpart

215.33 15; a person providing personal care services and supervision of personal care services

215.34 as defined in Minnesota Rules, part 9505.0335; a person providing private duty nursing

216.1 services as defined in Minnesota Rules, part 9505.0360; and home care providers required  
216.2 to be licensed under chapter 144A;

216.3 (3) a person who employs health care providers solely for the purpose of providing  
216.4 patient services to its employees; ~~and~~

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

216.8 (5) a person who receives all payments for patient services from health care  
216.9 providers, surgical centers, or hospitals for goods and services that are taxable to the  
216.10 paying health care providers, surgical centers, or hospitals, as provided under section  
216.11 295.53, subdivision 1, clause (3) or (4), or from a source of funds that is exempt from tax  
216.12 under this chapter.

216.13 **EFFECTIVE DATE.** Paragraph (b), clause (1), is effective the day following  
216.14 final enactment. Paragraph (b), clause (5), is effective for payments received after June  
216.15 30, 2008.

216.16 Sec. 4. Minnesota Statutes 2006, section 295.52, subdivision 4, as amended by Laws  
216.17 2008, chapter 154, article 14, section 5, is amended to read:

216.18 Subd. 4. **Use tax; prescription legend drugs.** (a) A person that receives  
216.19 prescription legend drugs for resale or use in Minnesota, other than from a wholesale drug  
216.20 distributor that is subject to tax under subdivision 3, is subject to a tax equal to the price  
216.21 paid ~~to the wholesale drug distributor~~ for the legend drugs multiplied by the tax percentage  
216.22 specified in this section. Liability for the tax is incurred when prescription legend drugs  
216.23 are received or delivered in Minnesota by the person.

216.24 (b) A tax imposed under this subdivision does not apply to purchases by an  
216.25 individual for personal consumption.

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

216.27 Sec. 5. Minnesota Statutes 2006, section 296A.07, subdivision 4, is amended to read:

216.28 Subd. 4. **Exemptions.** The provisions of subdivision 1 do not apply to gasoline or  
216.29 denatured ethanol purchased by:

216.30 (1) a transit system or transit provider receiving financial assistance or  
216.31 reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384; ~~or~~

216.32 (2) an ambulance service licensed under chapter 144E; or

216.33 (3) a licensed distributor to be delivered to a terminal for use in blending.



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

217.2 Sec. 6. Minnesota Statutes 2006, section 296A.08, subdivision 3, is amended to read:

217.3 Subd. 3. **Exemptions.** The provisions of subdivisions 1 and 2 do not apply to  
217.4 special fuel or alternative fuels purchased by:

217.5 (1) a transit system or transit provider receiving financial assistance or  
217.6 reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384; ~~or~~

217.7 (2) an ambulance service licensed under chapter 144E; or

217.8 (3) a licensed distributor to be delivered to a terminal for use in blending.

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

217.10 Sec. 7. Minnesota Statutes 2006, section 297F.21, subdivision 1, is amended to read:

217.11 Subdivision 1. **Contraband defined.** The following are declared to be contraband  
217.12 and therefore subject to civil and criminal penalties under this chapter:

217.13 (a) Cigarette packages which do not have stamps affixed to them as provided in this  
217.14 chapter, including but not limited to (i) packages with illegible stamps and packages with  
217.15 stamps that are not complete or whole even if the stamps are legible, and (ii) all devices  
217.16 for the vending of cigarettes in which packages as defined in item (i) are found, including  
217.17 all contents contained within the devices.

217.18 (b) A device for the vending of cigarettes and all packages of cigarettes, where the  
217.19 device does not afford at least partial visibility of contents. Where any package exposed  
217.20 to view does not carry the stamp required by this chapter, it shall be presumed that all  
217.21 packages contained in the device are unstamped and contraband.

217.22 (c) A device for the vending of cigarettes to which the commissioner or authorized  
217.23 agents have been denied access for the inspection of contents. In lieu of seizure, the  
217.24 commissioner or an agent may seal the device to prevent its use until inspection of  
217.25 contents is permitted.

217.26 (d) A device for the vending of cigarettes which does not carry the name and address  
217.27 of the owner, plainly marked and visible from the front of the machine.

217.28 (e) A device including, but not limited to, motor vehicles, trailers, snowmobiles,  
217.29 airplanes, and boats used with the knowledge of the owner or of a person operating with  
217.30 the consent of the owner for the storage or transportation of more than 5,000 cigarettes  
217.31 which are contraband under this subdivision. When cigarettes are being transported in  
217.32 the course of interstate commerce, or are in movement from either a public warehouse to  
217.33 a distributor upon orders from a manufacturer or distributor, or from one distributor to  
217.34 another, the cigarettes are not contraband, notwithstanding the provisions of clause (a).

218.1 (f) A device including, but not limited to, motor vehicles, trailers, snowmobiles,  
218.2 airplanes, and boats used with the knowledge of the owner, or of a person operating with  
218.3 the consent of the owner, for the storage or transportation of untaxed tobacco products  
218.4 intended for sale in Minnesota other than those in the possession of a licensed distributor  
218.5 on or before the due date for payment of the tax under section 297F.09, subdivision 2.

218.6 (g) Cigarette packages or tobacco products obtained from an unlicensed seller.

218.7 (h) Cigarette packages offered for sale or held as inventory in violation of section  
218.8 297F.20, subdivision 7.

218.9 (i) Tobacco products on which the tax has not been paid by a licensed distributor.

218.10 (j) Any cigarette packages or tobacco products offered for sale or held as inventory  
218.11 for which there is not an invoice from a licensed seller as required under section 297F.13,  
218.12 subdivision 4.

218.13 (k) Cigarette packages which have been imported into the United States in violation  
218.14 of United States Code, title 26, section 5754. All cigarettes held in violation of that section  
218.15 shall be presumed to have entered the United States after December 31, 1999, in the  
218.16 absence of proof to the contrary.

218.17 (l) Cigarettes subject to forfeiture under section 299F.854, subdivision 5, and  
218.18 cigarette packaging and markings, including the cigarettes contained therein, which do not  
218.19 meet the requirements under section 299F.853, paragraph (a).

218.20 **EFFECTIVE DATE.** Property added in paragraph (l) of this section is contraband  
218.21 effective December 1, 2008.

218.22 Sec. 8. Minnesota Statutes 2006, section 297I.05, subdivision 12, is amended to read:

218.23 Subd. 12. **Other entities.** (a) A tax is imposed equal to two percent of:

218.24 (1) gross premiums less return premiums written for risks resident or located in  
218.25 Minnesota by a risk retention group;

218.26 (2) gross premiums less return premiums received by an attorney in fact acting  
218.27 in accordance with chapter 71A;

218.28 (3) gross premiums less return premiums received pursuant to assigned risk policies  
218.29 and contracts of coverage under chapter 79;

218.30 (4) the direct funded premium received by the reinsurance association under section  
218.31 79.34 from self-insurers approved under section 176.181 and political subdivisions that  
218.32 self-insure; and

218.33 ~~(5) gross premiums less return premiums received by a nonprofit health service plan~~  
218.34 ~~corporation authorized under chapter 62C; and~~

219.1 ~~(6)~~ gross premiums less return premiums paid to an insurer other than a licensed  
219.2 insurance company or a surplus lines licensee for coverage of risks resident or located in  
219.3 Minnesota by a purchasing group or any members of the purchasing group to a broker or  
219.4 agent for the purchasing group.

219.5 (b) A tax is imposed on a joint self-insurance plan operating under chapter 60F. The  
219.6 rate of tax is equal to two percent of the total amount of claims paid during the fund year,  
219.7 with no deduction for claims wholly or partially reimbursed through stop-loss insurance.

219.8 (c) A tax is imposed on a joint self-insurance plan operating under chapter 62H.  
219.9 The rate of tax is equal to two percent of the total amount of claims paid during the  
219.10 fund's fiscal year, with no deduction for claims wholly or partially reimbursed through  
219.11 stop-loss insurance.

219.12 (d) A tax is imposed equal to the tax imposed under section 297I.05, subdivision 5,  
219.13 on the gross premiums less return premiums on all coverages received by an accountable  
219.14 provider network or agents of an accountable provider network in Minnesota, in cash or  
219.15 otherwise, during the year.

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

## 219.17 **ARTICLE 15**

### 219.18 **DEPARTMENT PROPERTY TAXES AND AIDS**

219.19 Section 1. Minnesota Statutes 2006, section 13.51, subdivision 3, is amended to read:

219.20 Subd. 3. **Data on income of individuals.** Income information on individuals  
219.21 collected and maintained by political subdivisions to determine eligibility of property for  
219.22 class 4d under ~~section 273.126~~ sections 273.128 and 273.13, is private data on individuals  
219.23 as defined in section 13.02, subdivision 12.

219.24 **EFFECTIVE DATE.** This section is effective for data collected or maintained by  
219.25 political subdivisions beginning the day following final enactment.

219.26 Sec. 2. Minnesota Statutes 2006, section 13.585, subdivision 5, is amended to read:

219.27 Subd. 5. **Private data on individuals.** Income information on individuals collected  
219.28 and maintained by a housing agency to determine eligibility of property for class 4d  
219.29 under sections ~~273.126~~ 273.128 and 273.13, is private data on individuals as defined in  
219.30 section 13.02, subdivision 12. The data may be disclosed to the county and local assessors  
219.31 responsible for determining eligibility of the property for classification 4d.

219.32 **EFFECTIVE DATE.** This section is effective for data collected or maintained by a  
219.33 housing agency beginning the day following final enactment.

220.1 Sec. 3. Minnesota Statutes 2006, section 272.02, subdivision 38, is amended to read:

220.2 Subd. 38. **Conversion to exempt or taxable uses.** (a) Any property, except  
220.3 property taxed as personal property under section 273.125, that is exempt from taxation on  
220.4 January 2 of any year which, due to sale or other reason, loses its exemption prior to July 1  
220.5 of any year, shall be placed on the current assessment rolls for that year.

220.6 The valuation shall be determined with respect to its value on January 2 of such  
220.7 year. The classification shall be based upon the use to which the property was put by the  
220.8 purchaser, or in the event the purchaser has not utilized the property by July 1, the intended  
220.9 use of the property, determined by the county assessor, based upon all relevant facts.

220.10 (b) Property, except property taxed as personal property under section 273.125, that  
220.11 is subject to tax on January 2 that is acquired before July 1 of the year is exempt for that  
220.12 assessment year if the property is to be used for an exempt purpose under subdivisions 2  
220.13 to 8.

220.14 (c) Property which forfeits to the state for nonpayment of real estate taxes on or  
220.15 before December 31 in an assessment year, shall be removed from the assessment rolls for  
220.16 that assessment year. Forfeited property that is repurchased, or sold at a public or private  
220.17 sale, on or before December 31 of an assessment year shall be placed on the assessment  
220.18 rolls for that year's assessment.

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

220.20 Sec. 4. Minnesota Statutes 2007 Supplement, section 273.1231, subdivision 7, is  
220.21 amended to read:

220.22 Subd. 7. **Reassessed market value.** "Reassessed market value" means the taxable  
220.23 market value of the property established for the January 2 assessment in the year that the  
220.24 disaster or destruction occurs, as adjusted by the county assessor or the commissioner of  
220.25 revenue to reflect the loss in market value caused by the damage. ~~As soon as practical, the~~  
220.26 ~~assessor or commissioner shall report the reassessed value to the county auditor.~~

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

220.28 Sec. 5. Minnesota Statutes 2007 Supplement, section 273.1231, is amended by adding  
220.29 a subdivision to read:

220.30 Subd. 8. **Utility property.** "Utility property" means property appraised and  
220.31 classified for tax purposes by the commissioner of revenue under sections 273.33 to  
220.32 273.3711.

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

221.1 Sec. 6. Minnesota Statutes 2007 Supplement, section 273.1232, subdivision 1, is  
221.2 amended to read:

221.3 Subdivision 1. **Reassessments required.** For the purposes of sections 273.1231  
221.4 to 273.1235, the county assessor must reassess all damaged property in a disaster or  
221.5 emergency area, ~~and the county assessor or~~ except that the commissioner of revenue  
221.6 ~~as appropriate~~ shall reassess all property for which an application is submitted to the  
221.7 commissioner under section 273.1233 or 273.1235. As soon as practical, the assessor or  
221.8 commissioner of revenue must report the reassessed value to the county auditor.

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

221.10 Sec. 7. Minnesota Statutes 2007 Supplement, section 273.1233, subdivision 1, is  
221.11 amended to read:

221.12 Subdivision 1. **Abatement authorization.** (a) Notwithstanding section 375.192,  
221.13 a county board may grant an abatement of net tax for homestead and nonhomestead  
221.14 property under the provisions of this paragraph for taxes payable in the year in which  
221.15 the destruction occurs if:

221.16 (1) the owner submits a written application to the county assessor as soon as  
221.17 practical after the damage has occurred;

221.18 (2) the owner submits a written application to the county board as soon as practical  
221.19 after the damage has occurred; and

221.20 (3) the county assessor determines that 50 percent or more of a homestead dwelling  
221.21 or other building has been (i) unintentionally or accidentally destroyed, or (ii) destroyed  
221.22 by arson or vandalism by someone other than the owner.

221.23 Abatements granted under this paragraph are not subject to approval by the  
221.24 commissioner of revenue.

221.25 (b) Notwithstanding sections 270C.86 and 375.192, the commissioner of revenue  
221.26 may grant an abatement of net tax for utility property ~~that the commissioner is required by~~  
221.27 ~~law to appraise~~ for taxes payable in the year in which the destruction occurs if:

221.28 (1) the owner submits a written application to the commissioner as soon as practical  
221.29 after the damage has occurred;

221.30 (2) the owner forwards a copy of the written application to the county board as soon  
221.31 as practical after the damage has occurred; and

221.32 (3) the commissioner determines that 50 percent or more of the property has been  
221.33 (i) unintentionally or accidentally destroyed, or (ii) destroyed by arson or vandalism by  
221.34 someone other than the owner.

222.1 Abatements granted under this paragraph are not subject to approval by the county  
222.2 board of the county where the property is located.

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

222.4 Sec. 8. Minnesota Statutes 2007 Supplement, section 273.1233, subdivision 3, is  
222.5 amended to read:

222.6 Subd. 3. **Reimbursement, levy, and appropriation.** (a) If the destruction occurs as  
222.7 a result of a disaster or emergency and the property is located in a disaster or emergency  
222.8 area, the county auditor shall certify the abatements granted under this section to the  
222.9 commissioner of revenue for reimbursement to each taxing jurisdiction in which the  
222.10 damaged property is located. The commissioner shall make the payments to the taxing  
222.11 jurisdictions containing the property, other than school districts and the state, at the time  
222.12 distributions are made under section 473H.10, subdivision 3. Reimbursements to school  
222.13 districts shall be made as provided in section 273.1392. No reimbursement is to be paid  
222.14 to the state treasury.

222.15 (b) Local taxing authorities may levy in the following year the amount of  
222.16 unreimbursed tax dollars lost as a result of the reductions granted pursuant to this  
222.17 ~~subdivision~~ section and sections 273.1234 and 273.1235 outside of any statutory  
222.18 restriction as to levy amount or tax rate.

222.19 (c) There is annually appropriated from the general fund to the commissioner of  
222.20 revenue an amount necessary to make the payments required by this section.

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

222.22 Sec. 9. Minnesota Statutes 2007 Supplement, section 273.1234, is amended to read:

222.23 **273.1234 TAX RELIEF FOR DESTROYED PROPERTY; HOMESTEAD**  
222.24 **AND DISASTER CREDITS.**

222.25 Subdivision 1. **Credit provided.** The county auditor shall compute a credit for taxes  
222.26 payable in the year following the year in which the damage or destruction occurred for  
222.27 each reassessed homestead property within the county that is located within a disaster  
222.28 or emergency area. The credit is equal to the difference in the net tax on the property  
222.29 computed using the market value of the property established for the January 2 assessment  
222.30 in the year in which the damage occurred and as computed using the reassessed value.

222.31 Subd. 2. **Credit reimbursements.** The county auditor shall certify the credits  
222.32 granted under this section to the commissioner of revenue for reimbursement to each  
222.33 taxing jurisdiction in which the damaged property is located. The commissioner shall

223.1 make the payments to the taxing jurisdictions containing the property, other than  
223.2 school districts and the state, at the time distributions are made under section 473H.10,  
223.3 subdivision 3. Reimbursements to school districts shall be made as provided in section  
223.4 273.1392. ~~No reimbursement is to be paid to the state treasury.~~

223.5 Subd. 3. **Appropriation.** There is annually appropriated from the general fund  
223.6 to the commissioner of revenue an amount necessary to make the payments required  
223.7 by this section.

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

223.9 Sec. 10. Minnesota Statutes 2007 Supplement, section 273.1235, subdivision 1,  
223.10 is amended to read:

223.11 Subdivision 1. **Credit provided.** The county board may grant a credit for taxes  
223.12 payable in the year following the year in which the damage or destruction occurred  
223.13 for: (1) homestead ~~properties~~ property that meets all the requirements under section  
223.14 273.1233, subdivision 1, paragraph (a), but that ~~it~~ does not qualify for a credit under  
223.15 section 273.1234, except that an application need only be submitted by the end of the  
223.16 year in which the damage occurred; and (2) nonhomestead and utility property meeting  
223.17 the requirements that meets all the requirements under section 273.1233, subdivision 1,  
223.18 paragraph (b), except that an application need only be submitted by the end of the year  
223.19 in which the damage occurred.

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

223.21 Sec. 11. Minnesota Statutes 2007 Supplement, section 273.1235, subdivision 3,  
223.22 is amended to read:

223.23 Subd. 3. **Credit reimbursements.** The county auditor shall certify the credits  
223.24 granted under this section for property within a disaster or emergency area to the  
223.25 commissioner of revenue for reimbursement to each taxing jurisdiction in which the  
223.26 damaged property is located. The commissioner shall make the payments to the taxing  
223.27 jurisdictions containing the property, other than school districts and the state, at the time  
223.28 distributions are made under section 473H.10, subdivision 3. Reimbursements to school  
223.29 districts shall be made as provided in section 273.1392. ~~No reimbursement is to be paid~~  
223.30 ~~to the state treasury.~~ No reimbursement is to be made for credits to property not located  
223.31 in a disaster or emergency area.

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

224.1 Sec. 12. Minnesota Statutes 2006, section 273.124, subdivision 13, as amended by  
224.2 Laws 2008, chapter 154, article 13, section 29, is amended to read:

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

224.6 (b) The format and contents of a uniform homestead application shall be prescribed  
224.7 by the commissioner of revenue. The application must clearly inform the taxpayer that  
224.8 this application must be signed by all owners who occupy the property or by the qualifying  
224.9 relative and returned to the county assessor in order for the property to receive homestead  
224.10 treatment.

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

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

224.22 Owners or spouses occupying residences owned by their spouses and previously  
224.23 occupied with the other spouse, either of whom fail to include the other spouse's name  
224.24 and Social Security number on the homestead application or provide the affidavits or  
224.25 other proof requested, will be deemed to have elected to receive only partial homestead  
224.26 treatment of their residence. The remainder of the residence will be classified as  
224.27 nonhomestead residential. When an owner or spouse's name and Social Security number  
224.28 appear on homestead applications for two separate residences and only one application is  
224.29 signed, the owner or spouse will be deemed to have elected to homestead the residence for  
224.30 which the application was signed.

224.31 The Social Security numbers, state or federal tax returns or tax return information,  
224.32 including the federal income tax schedule F required by this section, or affidavits or other  
224.33 proofs of the property owners and spouses, ~~and the federal income tax schedule F required~~  
224.34 ~~by this section,~~ submitted under this or another section to support a claim for a property  
224.35 tax homestead classification are private data on individuals as defined by section 13.02,  
224.36 subdivision 12, but, notwithstanding that section, the private data may be disclosed to the



225.1 commissioner of revenue, or, for purposes of proceeding under the Revenue Recapture  
225.2 Act to recover personal property taxes owing, to the county treasurer.

225.3 (d) If residential real estate is occupied and used for purposes of a homestead by a  
225.4 relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in  
225.5 order for the property to receive homestead status, a homestead application must be filed  
225.6 with the assessor. The Social Security number of each relative and spouse of a relative  
225.7 occupying the property shall be required on the homestead application filed under this  
225.8 subdivision. If a different relative of the owner subsequently occupies the property, the  
225.9 owner of the property must notify the assessor within 30 days of the change in occupancy.  
225.10 The Social Security number of a relative or relative's spouse occupying the property  
225.11 is private data on individuals as defined by section 13.02, subdivision 12, but may be  
225.12 disclosed to the commissioner of revenue, or, for the purposes of proceeding under the  
225.13 Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

225.14 (e) The homestead application shall also notify the property owners that the  
225.15 application filed under this section will not be mailed annually and that if the property  
225.16 is granted homestead status for any assessment year, that same property shall remain  
225.17 classified as homestead until the property is sold or transferred to another person, or  
225.18 the owners, the spouse of the owner, or the relatives no longer use the property as their  
225.19 homestead. Upon the sale or transfer of the homestead property, a certificate of value must  
225.20 be timely filed with the county auditor as provided under section 272.115. Failure to  
225.21 notify the assessor within 30 days that the property has been sold, transferred, or that the  
225.22 owner, the spouse of the owner, or the relative is no longer occupying the property as a  
225.23 homestead, shall result in the penalty provided under this subdivision and the property  
225.24 will lose its current homestead status.

225.25 (f) If the homestead application is not returned within 30 days, the county will send a  
225.26 second application to the present owners of record. The notice of proposed property taxes  
225.27 prepared under section 275.065, subdivision 3, shall reflect the property's classification. If  
225.28 a homestead application has not been filed with the county by December 15, the assessor  
225.29 shall classify the property as nonhomestead for the current assessment year for taxes  
225.30 payable in the following year, provided that the owner may be entitled to receive the  
225.31 homestead classification by proper application under section 375.192.

225.32 (g) At the request of the commissioner, each county must give the commissioner a  
225.33 list that includes the name and Social Security number of each occupant of homestead  
225.34 property who is the property owner, property owner's spouse, qualifying relative of a  
225.35 property owner, or a spouse of a qualifying relative. The commissioner shall use the

226.1 information provided on the lists as appropriate under the law, including for the detection  
226.2 of improper claims by owners, or relatives of owners, under chapter 290A.

226.3 (h) If the commissioner finds that a property owner may be claiming a fraudulent  
226.4 homestead, the commissioner shall notify the appropriate counties. Within 90 days of  
226.5 the notification, the county assessor shall investigate to determine if the homestead  
226.6 classification was properly claimed. If the property owner does not qualify, the county  
226.7 assessor shall notify the county auditor who will determine the amount of homestead  
226.8 benefits that had been improperly allowed. For the purpose of this section, "homestead  
226.9 benefits" means the tax reduction resulting from the classification as a homestead under  
226.10 section 273.13, the taconite homestead credit under section 273.135, the residential  
226.11 homestead and agricultural homestead credits under section 273.1384, and the  
226.12 supplemental homestead credit under section 273.1391.

226.13 The county auditor shall send a notice to the person who owned the affected property  
226.14 at the time the homestead application related to the improper homestead was filed,  
226.15 demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent  
226.16 of the homestead benefits. The person notified may appeal the county's determination  
226.17 by serving copies of a petition for review with county officials as provided in section  
226.18 278.01 and filing proof of service as provided in section 278.01 with the Minnesota Tax  
226.19 Court within 60 days of the date of the notice from the county. Procedurally, the appeal  
226.20 is governed by the provisions in chapter 271 which apply to the appeal of a property tax  
226.21 assessment or levy, but without requiring any prepayment of the amount in controversy. If  
226.22 the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal  
226.23 has been filed, the county auditor shall certify the amount of taxes and penalty to the county  
226.24 treasurer. The county treasurer will add interest to the unpaid homestead benefits and  
226.25 penalty amounts at the rate provided in section 279.03 for real property taxes becoming  
226.26 delinquent in the calendar year during which the amount remains unpaid. Interest may be  
226.27 assessed for the period beginning 60 days after demand for payment was made.

226.28 If the person notified is the current owner of the property, the treasurer may add the  
226.29 total amount of homestead benefits, penalty, interest, and costs to the ad valorem taxes  
226.30 otherwise payable on the property by including the amounts on the property tax statements  
226.31 under section 276.04, subdivision 3. The amounts added under this paragraph to the ad  
226.32 valorem taxes shall include interest accrued through December 31 of the year preceding  
226.33 the taxes payable year for which the amounts are first added. These amounts, when added  
226.34 to the property tax statement, become subject to all the laws for the enforcement of real or  
226.35 personal property taxes for that year, and for any subsequent year.

227.1 If the person notified is not the current owner of the property, the treasurer may  
227.2 collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of  
227.3 the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment  
227.4 of the homestead benefits, penalty, interest, and costs, as if those amounts were delinquent  
227.5 tax obligations of the person who owned the property at the time the application related  
227.6 to the improperly allowed homestead was filed. The treasurer may relieve a prior owner  
227.7 of personal liability for the homestead benefits, penalty, interest, and costs, and instead  
227.8 extend those amounts on the tax lists against the property as provided in this paragraph  
227.9 to the extent that the current owner agrees in writing. On all demands, billings, property  
227.10 tax statements, and related correspondence, the county must list and state separately the  
227.11 amounts of homestead benefits, penalty, interest and costs being demanded, billed or  
227.12 assessed.

227.13 (i) Any amount of homestead benefits recovered by the county from the property  
227.14 owner shall be distributed to the county, city or town, and school district where the  
227.15 property is located in the same proportion that each taxing district's levy was to the total  
227.16 of the three taxing districts' levy for the current year. Any amount recovered attributable  
227.17 to taconite homestead credit shall be transmitted to the St. Louis County auditor to be  
227.18 deposited in the taconite property tax relief account. Any amount recovered that is  
227.19 attributable to supplemental homestead credit is to be transmitted to the commissioner of  
227.20 revenue for deposit in the general fund of the state treasury. The total amount of penalty  
227.21 collected must be deposited in the county general fund.

227.22 (j) If a property owner has applied for more than one homestead and the county  
227.23 assessors cannot determine which property should be classified as homestead, the county  
227.24 assessors will refer the information to the commissioner. The commissioner shall make  
227.25 the determination and notify the counties within 60 days.

227.26 (k) In addition to lists of homestead properties, the commissioner may ask the  
227.27 counties to furnish lists of all properties and the record owners. The Social Security  
227.28 numbers and federal identification numbers that are maintained by a county or city  
227.29 assessor for property tax administration purposes, and that may appear on the lists retain  
227.30 their classification as private or nonpublic data; but may be viewed, accessed, and used by  
227.31 the county auditor or treasurer of the same county for the limited purpose of assisting the  
227.32 commissioner in the preparation of microdata samples under section 270C.12.

227.33 (l) On or before April 30 each year beginning in 2007, each county must provide the  
227.34 commissioner with the following data for each parcel of homestead property by electronic  
227.35 means as defined in section 289A.02, subdivision 8:

- 228.1 (i) the property identification number assigned to the parcel for purposes of taxes  
228.2 payable in the current year;
- 228.3 (ii) the name and Social Security number of each occupant of homestead property  
228.4 who is the property owner, property owner's spouse, qualifying relative of a property  
228.5 owner, or spouse of a qualifying relative;
- 228.6 (iii) the classification of the property under section 273.13 for taxes payable in the  
228.7 current year and in the prior year;
- 228.8 (iv) an indication of whether the property was classified as a homestead for taxes  
228.9 payable in the current year because of occupancy by a relative of the owner or by a  
228.10 spouse of a relative;
- 228.11 (v) the property taxes payable as defined in section 290A.03, subdivision 13, for the  
228.12 current year and the prior year;
- 228.13 (vi) the market value of improvements to the property first assessed for tax purposes  
228.14 for taxes payable in the current year;
- 228.15 (vii) the assessor's estimated market value assigned to the property for taxes payable  
228.16 in the current year and the prior year;
- 228.17 (viii) the taxable market value assigned to the property for taxes payable in the  
228.18 current year and the prior year;
- 228.19 (ix) whether there are delinquent property taxes owing on the homestead;
- 228.20 (x) the unique taxing district in which the property is located; and
- 228.21 (xi) such other information as the commissioner decides is necessary.
- 228.22 The commissioner shall use the information provided on the lists as appropriate  
228.23 under the law, including for the detection of improper claims by owners, or relatives  
228.24 of owners, under chapter 290A.

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

228.26 Sec. 13. Minnesota Statutes 2006, section 273.124, subdivision 21, is amended to read:

228.27 Subd. 21. **Trust property; homestead.** Real property held by a trustee under a trust  
228.28 is eligible for classification as homestead property if:

228.29 (1) the grantor or surviving spouse of the grantor of the trust occupies and uses the  
228.30 property as a homestead;

228.31 (2) a relative or surviving relative of the grantor who meets the requirements of  
228.32 subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1,  
228.33 paragraph (d), in the case of agricultural property, occupies and uses the property as  
228.34 a homestead;

229.1 (3) a family farm corporation, joint farm venture, limited liability company, or  
229.2 partnership operating a family farm in which the grantor or the grantor's surviving spouse  
229.3 is a shareholder, member, or partner rents the property held by a trustee under a trust, and  
229.4 ~~the grantor, the spouse of the grantor, or the son or daughter of the grantor, who is also a~~  
229.5 shareholder, member, or partner of the corporation, joint farm venture, limited liability  
229.6 company, or partnership occupies and uses the property as a homestead, or is actively  
229.7 farming at least 40 acres, including undivided government lots and correctional 40's the  
229.8 property on behalf of the corporation, joint farm venture, limited liability company, or  
229.9 partnership; or

229.10 (4) a person who has received homestead classification for property taxes payable in  
229.11 2000 on the basis of an unqualified legal right under the terms of the trust agreement to  
229.12 occupy the property as that person's homestead and who continues to use the property as  
229.13 a homestead or a person who received the homestead classification for taxes payable in  
229.14 2005 under clause (3) who does not qualify under clause (3) for taxes payable in 2006  
229.15 or thereafter but who continues to qualify under clause (3) as it existed for taxes payable  
229.16 in 2005.

229.17 For purposes of this subdivision, "grantor" is defined as the person creating or  
229.18 establishing a testamentary, inter Vivos, revocable or irrevocable trust by written  
229.19 instrument or through the exercise of a power of appointment.

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

229.21 Sec. 14. Minnesota Statutes 2006, section 273.13, subdivision 22, as amended by Laws  
229.22 2008, chapter 154, article 2, section 11, is amended to read:

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

229.28 The first \$500,000 of market value of class 1a property has a net class rate of  
229.29 one percent of its market value; and the market value of class 1a property that exceeds  
229.30 \$500,000 has a class rate of 1.25 percent of its market value.

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

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

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

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

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

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

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

230.18 (c) Class 1c property is commercial use real and personal property that abuts public  
230.19 water as defined in section 103G.005, subdivision 15, and is devoted to temporary and  
230.20 seasonal residential occupancy for recreational purposes but not devoted to commercial  
230.21 purposes for more than 250 days in the year preceding the year of assessment, and that  
230.22 includes a portion used as a homestead by the owner, which includes a dwelling occupied  
230.23 as a homestead by a shareholder of a corporation that owns the resort, a partner in a  
230.24 partnership that owns the resort, or a member of a limited liability company that owns  
230.25 the resort even if the title to the homestead is held by the corporation, partnership, or  
230.26 limited liability company. For purposes of this clause, property is devoted to a commercial  
230.27 purpose on a specific day if any portion of the property, excluding the portion used  
230.28 exclusively as a homestead, is used for residential occupancy and a fee is charged for  
230.29 residential occupancy. Class 1c property must contain three or more rental units. A  
230.30 "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual  
230.31 camping site equipped with water and electrical hookups for recreational vehicles. Class  
230.32 1c property must provide recreational activities such as the rental of ice fishing houses,  
230.33 boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina  
230.34 services, launch services, or guide services; or sell bait and fishing tackle. Any unit in  
230.35 which the right to use the property is transferred to an individual or entity by deeded  
230.36 interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may

231.1 remain available for rent. A camping pad offered for rent by a property that otherwise  
231.2 qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as long  
231.3 as the use of the camping pad does not exceed 250 days. The portion of the property used  
231.4 as a homestead is class 1a property under paragraph (a). The remainder of the property is  
231.5 classified as follows: the first \$600,000 of market value is tier I, the next \$1,700,000 of  
231.6 market value is tier II, and any remaining market value is tier III. The class rates for class  
231.7 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and  
231.8 personal property devoted to temporary and seasonal residential occupancy for recreation  
231.9 purposes in which all or a portion of the property was devoted to commercial purposes for  
231.10 not more than 250 days in the year preceding the year of assessment desiring classification  
231.11 as class 1c, must submit a declaration to the assessor designating the cabins or units  
231.12 occupied for 250 days or less in the year preceding the year of assessment by January 15 of  
231.13 the assessment year. Those cabins or units and a proportionate share of the land on which  
231.14 they are located must be designated as class 1c as otherwise provided. The remainder of  
231.15 the cabins or units and a proportionate share of the land on which they are located must be  
231.16 designated as class 3a commercial. The owner of property desiring designation as class  
231.17 1c property must provide guest registers or other records demonstrating that the units for  
231.18 which class 1c designation is sought were not occupied for more than 250 days in the  
231.19 year preceding the assessment if so requested. The portion of a property operated as a  
231.20 (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other  
231.21 nonresidential facility operated on a commercial basis not directly related to temporary  
231.22 and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

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

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

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

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

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

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

232.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2009 and  
232.2 thereafter.

232.3 Sec. 15. Minnesota Statutes 2006, section 273.13, subdivision 34, as added by Laws  
232.4 2008, chapter 154, article 2, section 14, is amended to read:

232.5 Subd. 34. **Homestead of disabled veteran.** (a) All or a portion of the market value  
232.6 of property owned by a veteran or by the veteran and the veteran's spouse qualifying  
232.7 for homestead classification under subdivision 22 or 23 is excluded in determining the  
232.8 property's taxable market value if it serves as the homestead of a military veteran, as  
232.9 defined in section 197.447, who has a service-connected disability of 70 percent or more.  
232.10 To qualify for exclusion under this subdivision, the veteran must have been honorably  
232.11 discharged from the United States armed forces, as indicated by United States Government  
232.12 Form DD214 or other official military discharge papers, and must be certified by the  
232.13 United States Veterans Administration as having a service-connected disability.

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

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

232.18 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b),  
232.19 clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the  
232.20 spouse holds the legal or beneficial title to the homestead and permanently resides there,  
232.21 the exclusion shall carry over to the benefit of the veteran's spouse for one additional  
232.22 assessment year or until such time as the spouse sells, transfers, or otherwise disposes of  
232.23 the property, whichever comes first.

232.24 (d) In the case of an agricultural homestead, only the portion of the property  
232.25 consisting of the house and garage and immediately surrounding one acre of land qualifies  
232.26 for the valuation exclusion under this subdivision.

232.27 (e) A property qualifying for a valuation exclusion under this subdivision is not  
232.28 eligible for the credit under section 273.1384, subdivision 1, or classification under  
232.29 subdivision 22, paragraph (b).

232.30 (f) To qualify for a valuation exclusion under this subdivision a property owner must  
232.31 apply to the assessor by July 1 of each assessment year, except that an annual reapplication  
232.32 is not required once a property has been accepted for a valuation exclusion under paragraph  
232.33 (b), clause (2), and the property continues to qualify until there is a change in ownership.



233.1 **EFFECTIVE DATE.** This section is effective for assessment year 2008 and  
233.2 thereafter, for taxes payable in 2009 and thereafter, except that the application date in  
233.3 paragraph (f) for the 2008 assessment year is extended to September 1, 2008.

233.4 Sec. 16. Minnesota Statutes 2006, section 274.014, subdivision 3, is amended to read:

233.5 Subd. 3. **Proof of compliance; transfer of duties.** (a) Any city or town that  
233.6 conducts local boards of appeal and equalization meetings must provide proof to the  
233.7 county assessor by December 1, 2006, and each year thereafter, that it is in compliance  
233.8 with the requirements of subdivision 2. Beginning in 2006, this notice must also verify  
233.9 that there was a quorum of voting members at each meeting of the board of appeal  
233.10 and equalization in the current year. A city or town that does not comply with these  
233.11 requirements is deemed to have transferred its board of appeal and equalization powers  
233.12 to the county beginning with the following year's assessment and continuing unless the  
233.13 powers are reinstated under paragraph (c).

233.14 (b) The county shall notify the taxpayers when the board of appeal and equalization  
233.15 for a city or town has been transferred to the county under this subdivision and, prior to  
233.16 the meeting time of the county board of equalization, the county shall make available to  
233.17 those taxpayers a procedure for a review of the assessments, including, but not limited to,  
233.18 open book meetings. This alternate review process shall take place in April and May.

233.19 (c) A local board whose powers are transferred to the county under this subdivision  
233.20 may be reinstated by resolution of the governing body of the city or town and upon proof  
233.21 of compliance with the requirements of subdivision 2. The resolution and proofs must be  
233.22 provided to the county assessor by December 1 in order to be effective for the following  
233.23 year's assessment.

233.24 (d) A local board whose powers are transferred to the county under this subdivision  
233.25 may continue to employ a local assessor and is not deemed to have transferred its powers  
233.26 to make assessments.

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

233.28 Sec. 17. Minnesota Statutes 2006, section 276.04, subdivision 2, as amended by Laws  
233.29 2008, chapter 154, article 2, section 19, is amended to read:

233.30 Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the  
233.31 printing of the tax statements. The commissioner of revenue shall prescribe the form  
233.32 of the property tax statement and its contents. The statement must contain a tabulated  
233.33 statement of the dollar amount due to each taxing authority and the amount of the state  
233.34 tax from the parcel of real property for which a particular tax statement is prepared. The

234.1 dollar amounts attributable to the county, the state tax, the voter approved school tax, the  
234.2 other local school tax, the township or municipality, and the total of the metropolitan  
234.3 special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), must  
234.4 be separately stated. The amounts due all other special taxing districts, if any, may be  
234.5 aggregated except that any levies made by the regional rail authorities in the county of  
234.6 Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A  
234.7 shall be listed on a separate line directly under the appropriate county's levy. If the county  
234.8 levy under this paragraph includes an amount for a lake improvement district as defined  
234.9 under sections 103B.501 to 103B.581, the amount attributable for that purpose must be  
234.10 separately stated from the remaining county levy amount. In the case of Ramsey County,  
234.11 if the county levy under this paragraph includes an amount for public library service  
234.12 under section 134.07, the amount attributable for that purpose may be separated from the  
234.13 remaining county levy amount. The amount of the tax on homesteads qualifying under the  
234.14 senior citizens' property tax deferral program under chapter 290B is the total amount of  
234.15 property tax before subtraction of the deferred property tax amount. The amount of the  
234.16 tax on contamination value imposed under sections 270.91 to 270.98, if any, must also  
234.17 be separately stated. The dollar amounts, including the dollar amount of any special  
234.18 assessments, may be rounded to the nearest even whole dollar. For purposes of this section  
234.19 whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar.  
234.20 The amount of market value excluded under section 273.11, subdivision 16, if any, must  
234.21 also be listed on the tax statement.

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

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

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

234.30 (2) the property's taxable market value after reductions under section 273.11,  
234.31 subdivisions 1a and 16;

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

234.33 (4) for homestead residential and agricultural properties, the credits under section  
234.34 273.1384;

234.35 (5) any credits received under sections 273.119; ~~273.123~~ 273.1234 or 273.1235;  
234.36 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the

235.1 amount of credit received under section 273.135 must be separately stated and identified  
235.2 as "taconite tax relief"; and

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

235.4 (d) If the county uses envelopes for mailing property tax statements and if the county  
235.5 agrees, a taxing district may include a notice with the property tax statement notifying  
235.6 taxpayers when the taxing district will begin its budget deliberations for the current  
235.7 year, and encouraging taxpayers to attend the hearings. If the county allows notices to  
235.8 be included in the envelope containing the property tax statement, and if more than  
235.9 one taxing district relative to a given property decides to include a notice with the tax  
235.10 statement, the county treasurer or auditor must coordinate the process and may combine  
235.11 the information on a single announcement.

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

235.13 Sec. 18. Minnesota Statutes 2006, section 290B.04, subdivision 1, is amended to read:

235.14 Subdivision 1. **Initial application.** (a) A taxpayer meeting the program  
235.15 qualifications under section 290B.03 may apply to the commissioner of revenue for the  
235.16 deferral of taxes. Applications are due on or before July 1 for deferral of any of the  
235.17 following year's property taxes. A taxpayer may apply in the year in which the taxpayer  
235.18 becomes 65 years old, provided that no deferral of property taxes will be made until the  
235.19 calendar year after the taxpayer becomes 65 years old. The application, which shall be  
235.20 prescribed by the commissioner of revenue, shall include the following items and any  
235.21 other information which the commissioner deems necessary:

235.22 (1) the name, address, and Social Security number of the owner or owners;

235.23 (2) a copy of the property tax statement for the current payable year for the  
235.24 homesteaded property;

235.25 (3) the initial year of ownership and occupancy as a homestead;

235.26 (4) the owner's household income for the previous calendar year; and

235.27 (5) information on any mortgage loans or other amounts secured by mortgages or  
235.28 other liens against the property, for which purpose the commissioner may require the  
235.29 applicant to provide a copy of the mortgage note, the mortgage, or a statement of the  
235.30 balance owing on the mortgage loan provided by the mortgage holder. The commissioner  
235.31 may require the appropriate documents in connection with obtaining and confirming  
235.32 information on unpaid amounts secured by other liens.

235.33 The application must state that program participation is voluntary. The application  
235.34 must also state that the deferred amount depends directly on the applicant's household  
235.35 income, and that program participation includes authorization for the annual deferred

236.1 amount, the cumulative deferral and interest that appear on each year's notice prepared by  
236.2 the county under subdivision 6, is public data.

236.3 The application must state that program participants may claim the property tax  
236.4 refund based on the full amount of property taxes eligible for the refund, including any  
236.5 deferred amounts. The application must also state that property tax refunds will be used to  
236.6 offset any deferral and interest under this program, and that any other amounts subject to  
236.7 revenue recapture under section 270A.03, subdivision 7, will also be used to offset any  
236.8 deferral and interest under this program.

236.9 (b) As part of the initial application process, the commissioner may require the  
236.10 applicant to obtain at the applicant's own cost and submit:

236.11 (1) if the property is registered property under chapter 508 or 508A, a copy of the  
236.12 original certificate of title in the possession of the county registrar of titles (sometimes  
236.13 referred to as "condition of register"); or

236.14 (2) if the property is abstract property, a report prepared by a licensed abstracter  
236.15 showing the last deed and any unsatisfied mortgages, liens, judgments, and state and  
236.16 federal tax lien notices which were recorded on or after the date of that last deed with  
236.17 respect to the property or to the applicant.

236.18 The certificate or report under clauses (1) and (2) need not include references to  
236.19 any documents filed or recorded more than 40 years prior to the date of the certification  
236.20 or report. The certification or report must be as of a date not more than 30 days prior  
236.21 to submission of the application.

236.22 The commissioner may also require the county recorder or county registrar of the  
236.23 county where the property is located to provide copies of recorded documents related to  
236.24 the applicant or the property, for which the recorder or registrar shall not charge a fee. The  
236.25 commissioner may use any information available to determine or verify eligibility under  
236.26 this section. The household income from the application is private data on individuals as  
236.27 defined in section 13.02, subdivision 12.

236.28 **EFFECTIVE DATE.** This section is effective for data collected or maintained by  
236.29 the commissioner of revenue beginning the day following final enactment.

236.30 Sec. 19. Minnesota Statutes 2006, section 469.040, subdivision 4, is amended to read:

236.31 Subd. 4. **Facilities funded from multiple sources.** In the metropolitan area, as  
236.32 defined in section 473.121, subdivision 2, the tax treatment provided in subdivision 3  
236.33 applies to that portion of any multifamily rental housing facility represented by the ratio of  
236.34 (1) the number of units in the facility that are subject to the requirements of Section 5 of

237.1 the United States Housing Act of 1937, as the result of the implementation of a federal  
237.2 court order or consent decree to (2) the total number of units within the facility.

237.3 The housing and redevelopment authority for the city in which the facility is located,  
237.4 any public entity exercising the powers of such housing and redevelopment authority, or  
237.5 the county housing and redevelopment authority for the county in which the facility is  
237.6 located, shall annually certify to the assessor responsible for assessing the facility, at the  
237.7 time and in the manner required by the assessor, the number of units in the facility that are  
237.8 subject to the requirements of Section 5 of the United States Housing Act of 1937.

237.9 Nothing in this subdivision shall prevent that portion of the facility not subject to  
237.10 this subdivision from meeting the requirements of section ~~273.126~~ 273.128, and for that  
237.11 purpose the total number of units in the facility must be taken into account.

237.12 **EFFECTIVE DATE.** This section is effective retroactively for taxes payable in  
237.13 2006 and thereafter.

237.14 Sec. 20. Minnesota Statutes 2006, section 469.174, subdivision 10b, is amended to  
237.15 read:

237.16 Subd. 10b. **Qualified disaster area.** A "qualified disaster area" is an area that  
237.17 meets the following requirements:

237.18 (1) parcels consisting of 70 percent of the area of the district were occupied by  
237.19 buildings, streets, utilities, paved or gravel parking lots, or other similar structures  
237.20 immediately before the disaster or emergency;

237.21 (2) the area of the district was subject to a disaster or emergency, as defined in  
237.22 section ~~273.123, subdivision 1~~ 273.1231, subdivision 2, within the 18-month period  
237.23 ending on the day the request for certification of the district is made; and

237.24 (3) 50 percent or more of the buildings in the area have suffered substantial damage  
237.25 as a result of the disaster or emergency.

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

237.27 Sec. 21. Minnesota Statutes 2006, section 469.177, subdivision 1c, is amended to read:

237.28 Subd. 1c. **Original net tax capacity adjustments; presidential disaster area.** (a)  
237.29 The provisions of this subdivision apply to a district located in a disaster area, as described  
237.30 in section ~~273.123, subdivision 1, paragraph (b)~~ 273.1231, subdivision 3, paragraph (a),  
237.31 clause (1), and are effective for taxes payable in the first calendar year beginning at least  
237.32 four months after the date of the determination.

237.33 (b) For a district certified before the date of the disaster area determination as  
237.34 provided in section ~~273.123, subdivision 1, paragraph (b)~~ 273.1231, subdivision 3,

238.1 paragraph (a), clause (1), upon the request of the municipality, the county auditor shall  
238.2 reduce the original net tax capacity of the district by the reduction in the net tax capacity  
238.3 of properties in the district that is attributable to the physical effects of the disaster, but not  
238.4 below zero. The assessor shall determine the amount of the reduction in market value that  
238.5 is attributable to the physical effects of the disaster to be used by the county auditor in  
238.6 computing the reduction in net tax capacity.

238.7 (c) For a district that does not qualify under paragraph (b) and for which the request  
238.8 for certification is made in the same calendar year as the disaster area determination,  
238.9 upon the request of the municipality, the assessor shall determine the reduction in market  
238.10 value of properties in the district that is attributable to the physical effects of the disaster.  
238.11 The county auditor shall use the reduced market value in certifying the original net tax  
238.12 capacity of the district.

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

238.14 **ARTICLE 16**  
238.15 **DEPARTMENT MISCELLANEOUS**

238.16 Section 1. Minnesota Statutes 2006, section 16D.02, subdivision 3, is amended to read:

238.17 Subd. 3. **Debt.** "Debt" means an amount owed to the state directly, or through a  
238.18 state agency, on account of a fee, duty, lease, direct loan, loan insured or guaranteed by  
238.19 the state, rent, service, sale of real or personal property, overpayment, fine, assessment,  
238.20 penalty, restitution, damages, interest, tax, bail bond, forfeiture, reimbursement, liability  
238.21 owed, an assignment to the state including assignments under section 256.741, the Social  
238.22 Security Act, or other state or federal law, recovery of costs incurred by the state, or any  
238.23 other source of indebtedness to the state. Debt also includes amounts owed to individuals  
238.24 as a result of civil, criminal, or administrative action brought by the state or a state agency  
238.25 pursuant to its statutory authority or for which the state or state agency acts in a fiduciary  
238.26 capacity in providing collection services in accordance with the regulations adopted under  
238.27 the Social Security Act at Code of Federal Regulations, title 45, section 302.33. When the  
238.28 commissioner provides collection services pursuant to a debt qualification plan, debt also  
238.29 includes an amount owed to the courts, local government units, Minnesota state colleges  
238.30 and universities governed by the Board of Trustees of the Minnesota State Colleges and  
238.31 Universities, or University of Minnesota for which the commissioner provides collection  
238.32 services pursuant to contract.

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

238.34 Sec. 2. Minnesota Statutes 2006, section 16D.02, subdivision 6, is amended to read:

239.1 Subd. 6. **Referring agency.** "Referring agency" means a state agency, local  
239.2 government unit, Minnesota state colleges and universities governed by the Board of  
239.3 Trustees of the Minnesota State Colleges and Universities, University of Minnesota, or  
239.4 a court, that has entered into a debt qualification plan with the commissioner to refer  
239.5 debts to the commissioner for collection.

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

239.7 Sec. 3. Minnesota Statutes 2006, section 16D.04, subdivision 2, as amended by Laws  
239.8 2008, chapter 154, article 15, section 2, is amended to read:

239.9 Subd. 2. **Agency participation.** (a) A referring agency must refer, by electronic  
239.10 means, debts to the commissioner for collection. ~~Responsibility for the debt, including the~~  
239.11 ~~reporting of the debt to the commissioner of finance and the decision with regard to the~~  
239.12 ~~continuing collection and uncollectibility of the debt, remains with the referring agency.~~  
239.13 Decisions with regard to continuing collection and the uncollectibility of referred debts  
239.14 shall be made by the commissioner who shall then notify the commissioner of finance and  
239.15 the referring agency. A decision by the commissioner that a referred debt is uncollectible  
239.16 does not prevent the referring agency from taking additional collection action.

239.17 (b) Before a debt becomes 121 days past due, a referring agency may refer the  
239.18 debt to the commissioner for collection at any time after a debt becomes delinquent and  
239.19 uncontested and the debtor has no further administrative appeal of the amount of the debt.  
239.20 When a debt owed to a referring agency becomes 121 days past due, the referring agency  
239.21 must refer the debt to the commissioner for collection. This requirement does not apply if  
239.22 there is a dispute over the amount or validity of the debt, if the debt is the subject of legal  
239.23 action or administrative proceedings, or the agency determines that the debtor is adhering  
239.24 to acceptable payment arrangements. The commissioner may provide that certain types of  
239.25 debt need not be referred to the commissioner for collection under this paragraph. Methods  
239.26 and procedures for referral must follow internal guidelines prepared by the commissioner.

239.27 (c) If the referring agency is a court, the court must furnish a debtor's Social Security  
239.28 number to the commissioner when the court refers the debt.

239.29 **EFFECTIVE DATE.** This section is effective for debts referred after December  
239.30 31, 2008.

239.31 Sec. 4. Minnesota Statutes 2006, section 270A.08, subdivision 1, is amended to read:

239.32 Subdivision 1. **Notice to debtor.** (a) Not later than five days after the claimant  
239.33 agency has sent notification to the department pursuant to section 270A.07, subdivision 1,  
239.34 the claimant agency shall send a written notification to the debtor asserting the right of the

240.1 claimant agency to the refund or any part thereof. If the notice is returned to the claimant  
240.2 agency as undeliverable, or the claimant agency has reason to believe the debtor did not  
240.3 receive the notice, the claimant agency shall obtain the ~~current~~ last known address of the  
240.4 debtor from the commissioner and resend the corrected notice.

240.5 (b) If a debt has been referred to the commissioner for collection under chapter 16D,  
240.6 and the referring agency meets the definition of claimant agency under this chapter, the  
240.7 commissioner must notify the debtor prior to using revenue recapture under this chapter  
240.8 for collection of the debt. The notice must be sent by United States mail or personal  
240.9 delivery to the last known address of the debtor.

240.10 **EFFECTIVE DATE.** This section is effective for debts referred after December  
240.11 31, 2008.

240.12 Sec. 5. Minnesota Statutes 2006, section 270C.33, subdivision 5, is amended to read:

240.13 Subd. 5. **Prohibition against collection during appeal period of an order.** No  
240.14 collection action can be taken on an order of assessment, or any other order imposing a  
240.15 liability, including the filing of liens under section 270C.63, and no late payment penalties  
240.16 may be imposed when a return has been filed for the tax type and period upon which the  
240.17 order is based, during the appeal period of an order. The appeal period of an order ends:  
240.18 (1) 60 days after the order has been mailed to the taxpayer by the commissioner; (2) if an  
240.19 administrative appeal is filed under section 270C.35, 60 days after determination of the  
240.20 administrative appeal; (3) if an appeal to Tax Court is filed under chapter 271, when the  
240.21 decision of the Tax Court is made; or (4) if an appeal to Tax Court is filed and the appeal is  
240.22 based upon a constitutional challenge to the tax, 60 days after final determination of the  
240.23 appeal. This subdivision does not apply to a jeopardy assessment under section 270C.36,  
240.24 or a jeopardy collection under section 270C.36.

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

240.26 **ARTICLE 17**  
240.27 **MISCELLANEOUS**

240.28 Section 1. Minnesota Statutes 2006, section 60A.196, is amended to read:

240.29 **60A.196 DEFINITIONS.**

240.30 Unless the context otherwise requires, the following terms have the meanings given  
240.31 them for the purposes of sections 60A.195 to 60A.209:



241.1 (a) "Surplus lines insurance" means insurance placed with an insurer permitted  
241.2 to transact the business of insurance in this state only pursuant to sections 60A.195 to  
241.3 60A.209.

241.4 (b) "Eligible surplus lines insurer" means an insurer recognized as eligible to write  
241.5 insurance business under sections 60A.195 to 60A.209 but not licensed by any other  
241.6 Minnesota law to transact the business of insurance.

241.7 (c) "Ineligible surplus lines insurer" means an insurer not recognized as an eligible  
241.8 surplus lines insurer pursuant to sections 60A.195 to 60A.209 and not licensed by any  
241.9 other Minnesota law to transact the business of insurance. "Ineligible surplus lines  
241.10 insurer" includes a risk retention group as defined under the Liability Risk Retention  
241.11 Act, Public Law 99-563.

241.12 (d) "Surplus lines licensee" or "licensee" means a person licensed under sections  
241.13 60A.195 to 60A.209 to place insurance with an eligible or ineligible surplus lines insurer.

241.14 (e) "Association" means an association registered under section 60A.208.

241.15 (f) "Alien insurer" means any insurer which is incorporated or otherwise organized  
241.16 outside of the United States.

241.17 (g) "Insurance laws" means chapters 60 to 79 inclusive.

241.18 (h) "Stamping" means electronically assigning a unique identifying number that is  
241.19 specific to a submitted policy, contract, or insurance document.

241.20 **EFFECTIVE DATE.** This section is effective the day following final enactment  
241.21 and applies to policies written or renewed on or after that date.

241.22 **Sec. 2. [60A.2085] SURPLUS LINES ASSOCIATION OF MINNESOTA.**

241.23 Subdivision 1. **Association created; duties.** There is hereby created a nonprofit  
241.24 association to be known as the Surplus Lines Association of Minnesota. All surplus lines  
241.25 licensees are members of this association. Section 60A.208, subdivision 5, does not apply  
241.26 to the provisions of this section. The association shall perform its functions under the  
241.27 plan of operation established under subdivision 3 and must exercise its powers through a  
241.28 board of directors established under subdivision 2. The association shall be authorized  
241.29 and have the duty to:

241.30 (1) receive, record, and stamp all surplus lines insurance documents that surplus  
241.31 lines licensees are required to file with the association;

241.32 (2) prepare and deliver monthly to the commissioners of revenue and commerce a  
241.33 report regarding surplus lines business. The report must include a list of all the business  
241.34 procured during the preceding month, in the form the commissioners prescribe;

242.1 (3) educate its members regarding the surplus lines law of this state including  
242.2 insurance tax responsibilities and the rules and regulations of the commissioners of  
242.3 revenue and commerce relative to surplus lines insurance;

242.4 (4) communicate with organizations of agents, brokers, and admitted insurers with  
242.5 respect to the proper use of the surplus lines market;

242.6 (5) employ and retain persons necessary to carry out the duties of the association;

242.7 (6) borrow money necessary to effect the purposes of the association;

242.8 (7) enter contracts necessary to effect the purposes of the association;

242.9 (8) provide other services to its members that are incidental or related to the  
242.10 purposes of the association; and

242.11 (9) take other actions reasonably required to implement the provisions of this section.

242.12 Subd. 2. **Board of directors.** (a) The commissioner shall appoint an interim board  
242.13 of five directors within 30 days of enactment of this section. The interim board must:

242.14 (1) establish a plan of operation within 60 days after the appointment of the interim  
242.15 board;

242.16 (2) create a stamping office that is operational no later than December 31, 2008; and

242.17 (3) conduct an election for a board of directors by the membership after December  
242.18 31, 2008, and no later than one year after the appointment of the interim board.

242.19 (b) Once the responsibilities of the interim board in paragraph (a) are fulfilled, the  
242.20 association shall function through a board of directors composed of the following:

242.21 (1) one director appointed by the commissioner of revenue;

242.22 (2) one director appointed by the commissioner of commerce; and

242.23 (3) at least five but no more than seven directors elected by the members. The  
242.24 elected directors must be members of the association.

242.25 Directors may serve until their successors are appointed or elected and their terms  
242.26 are completed as outlined in the plan of operation.

242.27 Subd. 3. **Plan of operation.** (a) The plan of operation shall provide for the  
242.28 formation, operation, and governance of the association. The plan of operation must  
242.29 provide for the election of a board of directors by the members of the association. The  
242.30 board of directors shall elect officers as provided for in the plan of operation. The plan  
242.31 of operation shall establish the manner of voting and may weigh each member's vote to  
242.32 reflect the annual surplus lines insurance premium written by the member. Members  
242.33 employed by the same or affiliated employers may consolidate their premiums written  
242.34 and delegate an individual officer or partner to represent the member in the exercise of  
242.35 association affairs, including service on the board of directors.

243.1 (b) The plan of operation shall provide for an independent audit once each year of all  
243.2 the books and records of the association and a report of such independent audit shall be  
243.3 made to the board of directors, the commissioner of revenue, and the commissioner of  
243.4 commerce, with a copy made available to each member to review at the association office.

243.5 (c) The plan of operation and any amendments to the plan of operation shall be  
243.6 submitted to the commissioner and shall be effective upon approval in writing by the  
243.7 commissioner. The association and all members shall comply with the plan of operation or  
243.8 any amendments to it. Failure to comply with the plan of operation or any amendments  
243.9 shall constitute a violation for which the commissioner may issue an order requiring  
243.10 discontinuance of the violation.

243.11 (d) If the interim board of directors fails to submit a suitable plan of operation  
243.12 within 60 days following the creation of the interim board, or if at any time thereafter the  
243.13 association fails to submit required amendments to the plan, the commissioner may submit  
243.14 to the association a plan of operation or amendments to the plan, which the association  
243.15 must follow. The plan of operation or amendments submitted by the commissioner shall  
243.16 continue in force until amended by the commissioner or superseded by a plan of operation  
243.17 or amendment submitted by the association and approved by the commissioner. A plan  
243.18 of operation or an amendment submitted by the commissioner constitutes an order of  
243.19 the commissioner.

243.20 Subd. 4. **Reporting requirement.** The association shall file with the commissioner:

243.21 (1) a copy of its plan of operation and any amendments to it;

243.22 (2) a current list of its members revised at least annually; and

243.23 (3) the name and address of a member of the board residing in this state upon

243.24 whom notices or orders of the commissioner or processes issued at the direction of the  
243.25 commissioner may be served.

243.26 Subd. 5. **Examination.** The commissioner shall, at such times as deemed necessary,  
243.27 make or cause to be made an examination of the association. The officers, managers,  
243.28 agents, and employees of the association may be examined at any time, under oath, and  
243.29 shall exhibit all books, records, accounts, documents, or agreements governing its method  
243.30 of operation. The commissioner shall furnish a copy of the examination report to the  
243.31 association. If the commissioner finds the association to be in violation of this section, the  
243.32 commissioner may issue an order requiring the discontinuance of the violation.

243.33 Subd. 6. **Immunity.** There shall be no liability on the part of and no causes of action  
243.34 of any nature shall arise against the association, its directors, officers, agents, or employees

244.1 for any action taken or omitted by them in the performance of their powers and duties  
244.2 under this section, absent gross negligence or willful misconduct.

244.3 Subd. 7. **Stamping fee.** The services performed by the association shall be  
244.4 funded by a stamping fee assessed for each premium-bearing document submitted to  
244.5 the association. The stamping fee shall be established by the board of directors of the  
244.6 association from time to time. The stamping fee shall be paid by the insured to the surplus  
244.7 lines licensee and remitted electronically to the association by the surplus lines licensee.

244.8 Subd. 8. **Data classification.** Unless otherwise classified by statute, a temporary  
244.9 classification under section 13.06, or federal law, information obtained by the  
244.10 commissioner from the association is public, except that any data identifying insureds is  
244.11 private data on individuals or nonpublic data as defined in section 13.02, subdivisions  
244.12 9 and 12.

244.13 **EFFECTIVE DATE.** This section is effective the day following final enactment  
244.14 and applies to policies written or renewed on or after that date.

244.15 Sec. 3. **[60A.2086] LICENSEE'S DUTY TO SUBMIT DOCUMENTS; PENALTY.**

244.16 Subdivision 1. **Submission of documents to the Surplus Lines Association**  
244.17 **of Minnesota; certification.** (a) A surplus lines licensee shall submit every insurance  
244.18 policy or contract issued under the licensee's license to the Surplus Lines Association of  
244.19 Minnesota for recording and stamping. The submission and stamping must be effected  
244.20 through electronic means. The submission must include:

- 244.21 (1) the name of the insured;  
244.22 (2) a description and location of the insured property or risk;  
244.23 (3) the amount insured;  
244.24 (4) the gross premiums charged or returned;  
244.25 (5) the name of the surplus lines insurer from whom coverage has been procured;  
244.26 (6) the kind or kinds of insurance procured; and  
244.27 (7) the amount of premium subject to tax.

244.28 (b) The submission of insurance policies or contracts to the Surplus Lines  
244.29 Association of Minnesota constitutes a certification by the surplus lines licensee, or by the  
244.30 insurance producer who presented the risk to the surplus lines licensee for placement as a  
244.31 surplus lines risk, that the insurance policies or contracts were procured in accordance  
244.32 with sections 60A.195 to 60A.209.

244.33 Subd. 2. **Stamping requirement; penalty.** (a) It shall be unlawful for an insurance  
244.34 agent, broker, or surplus lines licensee to deliver in this state any surplus lines insurance

245.1 policy or contract unless the insurance document is stamped by the association. A  
245.2 licensee's failure to comply with the requirements of this subdivision shall not affect the  
245.3 validity of the coverage.

245.4 (b) Any insurance agent, broker, or surplus lines licensee who delivers in this state  
245.5 any insurance policy or contract that has not been stamped by the association shall be  
245.6 subject to a penalty payable to the commissioner as follows:

245.7 (1) \$50 for delivery of the first unstamped policy;

245.8 (2) \$250 for delivery of a second unstamped policy; and

245.9 (3) \$1,000 per policy for delivery of any additional unstamped policies.

245.10 **EFFECTIVE DATE.** This section is effective January 1, 2009, and applies to  
245.11 policies written or renewed after December 31, 2008.

245.12 Sec. 4. **[62U.071] HEALTH INSURANCE CREDIT.**

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

245.15 (b) "Commissioner" means the commissioner of commerce.

245.16 (c) "Employee" means an employee currently on an employer's payroll other than a  
245.17 retiree or disabled former employee.

245.18 (d) "Employer" means a person, firm, corporation, partnership, association, business  
245.19 trust, or other entity employing one or more persons, including a political subdivision of  
245.20 the state, filing payroll tax information on such employed person or persons.

245.21 (e) "Section 125 plan" means a cafeteria or premium-only plan under section 125 of  
245.22 the Internal Revenue Code that allows employees to pay for health insurance premiums  
245.23 with pretax dollars.

245.24 (f) "Small employer" means an employer with two to 50 employees.

245.25 Subd. 2. **Tax credits allowed; generally.** (a) Upon application, the commissioner  
245.26 shall allow tax credits to eligible small employers as incentives for the employers to  
245.27 provide section 125 plans or to encourage their employees to participate in existing section  
245.28 125 plans. The applications for the credits must be made in the form and manner and at  
245.29 the times prescribed by the commissioner.

245.30 (b) The credits allowed under this section must not exceed the liability for tax paid  
245.31 by the employer. The liability for tax includes tax paid by the employer under chapter  
245.32 290, ad valorem property tax on property used in the conduct of their trade or business,  
245.33 and the insurance premiums tax under chapter 297I. The commissioner must verify that  
245.34 the amount of the credit paid under this section does not exceed the employer's liability  
245.35 for tax paid in the previous calendar year.

246.1            Subd. 3. **Establishment credit.** (a) The commissioner shall pay a tax credit to  
246.2 eligible small employers that establish section 125 plans to the extent that credit authority  
246.3 is available under subdivision 5 for the fiscal year. An eligible small employer is eligible  
246.4 for a credit under this subdivision only once.

246.5            (b) To be eligible for a credit, a small employer must:

246.6            (1) not have offered health insurance to employees through a group health insurance  
246.7 plan, as defined in section 62A.10, or through a self-insured plan, as defined in section  
246.8 62E.02, in the 12 months before applying for a tax credit under this subdivision;

246.9            (2) have established a section 125 plan within 90 days before applying for a tax  
246.10 credit under this subdivision, and must not have offered a section 125 plan to employees  
246.11 for at least a nine-month period before the establishment of the section 125 plan under  
246.12 this subdivision; and

246.13            (3) certify to the commissioner that the employer has established a section 125 plan  
246.14 and meets the requirements of 2008 S.F. 3780, article 4, section 10, subdivisions 2 and  
246.15 3, if enacted.

246.16            (c) The amount of the credit under this subdivision equals the lesser of:

246.17            (1) the employer's actual cost to establish the section 125 plan; or

246.18            (2) \$350.

246.19            Subd. 4. **Participation credit.** (a) The commissioner shall pay a tax credit to  
246.20 eligible small employers with section 125 plans. The amount of the credit equals the  
246.21 least of the following amounts:

246.22            (1) 50 percent of the amount the employer spends during the calendar year for  
246.23 incentives to encourage participation by the employer's nonparticipating employees in  
246.24 the employer's section 125 plan;

246.25            (2) \$200 for each nonparticipating employee who begins participating in the  
246.26 employer's section 125 plan; or

246.27            (3) the amount of credit certificates the employer received for the calendar year.

246.28            (b) An eligible employer is a small employer that:

246.29            (1) offers a section 125 plan to its employees;

246.30            (2) has five percent or more of its employees not participating in the section 125 plan  
246.31 during the quarter prior to the application for the tax credit; and

246.32            (3) pays average compensation to its nonparticipating employees of no more  
246.33 than the maximum annual income of an individual who is eligible to participate in the  
246.34 MinnesotaCare program under chapter 256L.

246.35            (c) For purposes of this subdivision, "incentives to encourage participation" includes  
246.36 paying an increased employer share of the premium or other costs of the insurance,

247.1 contributing to the employee's health savings account, or taking other measures that the  
247.2 commissioner considers likely to foster higher rates of participation; and "nonparticipating  
247.3 employee" means an employee who is not participating in the section 125 plan, and who is  
247.4 not otherwise covered by health insurance other than MinnesotaCare.

247.5 Subd. 5. **Credits and credit certificates.** (a) The commissioner may transfer  
247.6 all or part of the appropriation provided in 2008 S.F. 3780, article 4, section 10,  
247.7 subdivision 4, if enacted, to provide tax credits under subdivision 3. The commissioner  
247.8 shall allow tax credits under subdivision 3 to applicants on a first-come-first-served  
247.9 basis and the maximum amount of credits allowed for each fiscal year is limited to the  
247.10 amount transferred from the appropriation provided in S.F. 3780, article 4, section 10,  
247.11 subdivision 4, if enacted. If applications for credits exceed the allowance for the fiscal  
247.12 year, the commissioner shall hold the applications and award the credits from the amount  
247.13 appropriated for that purpose in the next fiscal year. If the commissioner does not transfer  
247.14 any of the appropriation provided in 2008 S.F. 3780, article 4, section 10, subdivision 4, if  
247.15 enacted, no tax credits are allowed under subdivision 3.

247.16 (b) Upon application, the commissioner shall award credit certificates to eligible  
247.17 employers for credits under subdivision 4. The maximum amount of credit certificates  
247.18 is limited to \$730,000 per fiscal year. The commissioner shall award the certificates to  
247.19 eligible employers on a first-come-first-served basis, and certificates will apply to the  
247.20 calendar year in which the employer intends to provide incentives for nonparticipating  
247.21 employees to begin participating in the employer's section 125 plan. No employer may be  
247.22 awarded more than \$5,000 in credit certificates. Following the close of the calendar year,  
247.23 employers who have been awarded certificates must report to the commissioner on the  
247.24 amount spent for incentives to encourage participation by nonparticipating employees,  
247.25 and the number of nonparticipating employees who became participating employees, and  
247.26 the commissioner must allow the appropriate credit amount as provided in subdivision 4,  
247.27 paragraph (a).

247.28 (c) The commissioner may transfer credit authority between the authorizations in  
247.29 paragraphs (a) and (b) based on the applications for the credits under subdivisions 3 and 4  
247.30 or on other factors so that in the commissioner's opinion the allocation between the two  
247.31 credits will provide a more effective incentive to expand health care coverage.

247.32 Subd. 6. **Appropriation.** The amount necessary to award credits under subdivision  
247.33 5, paragraph (b), is appropriated from the general fund to the commissioner of commerce  
247.34 in fiscal year 2009.

247.35 **EFFECTIVE DATE.** This section is effective for fiscal year 2009.

248.1 Sec. 5. Laws 2006, chapter 269, section 2, is amended to read:

248.2 Sec. 2. **DEDICATION FEE.**

248.3 The Minneapolis Park and Recreation Board and the Minneapolis City Council  
248.4 may jointly exercise the powers conferred under Minnesota Statutes, section 462.358,  
248.5 with respect to requiring that a reasonable portion of land be dedicated to the public  
248.6 or imposing a dedication fee on new housing units and new commercial and industrial  
248.7 development in the city, wherever located, for public parks, playgrounds, recreational  
248.8 facilities, wetlands, trails, or open space. The dedication of land or dedication fee must  
248.9 be imposed by an ordinance jointly enacted by the park board and the city council. The  
248.10 ordinance may exclude senior housing and affordable housing from paying the fee or the  
248.11 dedication of land. The provisions of Minnesota Statutes, section 462.358, subdivisions  
248.12 2b, paragraph (b), and 2c, apply to the imposition, application, and use of the dedication of  
248.13 land or the dedication fee.

248.14 **EFFECTIVE DATE.** This section is effective upon compliance by the Minneapolis  
248.15 Park and Recreation Board and the Minneapolis City Council with Minnesota Statutes,  
248.16 section 645.021, subdivision 3.

248.17 Sec. 6. **DATA UPDATE.**

248.18 The commissioner of revenue must continue to maintain, update, and make available  
248.19 the information required under Laws 1987, chapter 268, article 7, section 1, subdivision  
248.20 6, paragraph (b). The commissioner must provide the most complete and current data  
248.21 available, when requested, to the chairs of the senate and house of representatives  
248.22 committees on taxes.

248.23 Sec. 7. **APPROPRIATIONS.**

248.24 Subdivision 1. **Department of Revenue; assessment assistance.** \$100,000 is  
248.25 appropriated to the commissioner of revenue from the general fund for fiscal year 2009 to  
248.26 assist local assessors in valuing industrial special-use industrial properties.

248.27 Subd. 2. **Department of Revenue; onetime appropriations.** (a) \$15,000 is  
248.28 appropriated to the commissioner of revenue to administer the study of the property tax  
248.29 exemption for institutions of purely public charity.

248.30 (b) \$200,000 is appropriated to the commissioner of revenue to prepare the database  
248.31 required in section 5 matching homeowners' property, property tax, income, and income  
248.32 tax information.

248.33 (c) The appropriations under this subdivision are onetime appropriations from the  
248.34 general fund for fiscal year 2009 and are not added to the agency's base budget.





250.1 subdivision; 290.01, subdivisions 6b, 19c, as amended, 19d, as amended; 290.06,  
250.2 subdivision 33, as amended, by adding a subdivision; 290.0677, subdivisions  
250.3 1, as amended, 2, 3, by adding a subdivision; 290.068, subdivision 3; 290.07,  
250.4 subdivision 1; 290.091, subdivision 2, as amended; 290.191, subdivisions 5,  
250.5 6; 290.21, subdivision 4; 290.92, subdivisions 26, 31, as added; 290A.04,  
250.6 subdivision 2; 290B.04, subdivision 1; 291.03, subdivision 1, by adding a  
250.7 subdivision; 295.50, subdivision 4; 295.52, subdivision 4, as amended; 295.53,  
250.8 subdivision 4a; 296A.07, subdivision 4; 296A.08, subdivision 3; 296A.16,  
250.9 subdivision 2; 297A.61, subdivisions 22, 29; 297A.665, as amended; 297A.67,  
250.10 subdivisions 7, as amended, 28; 297A.70, subdivision 8; 297A.71, subdivision  
250.11 23, by adding a subdivision; 297A.75; 297A.99, subdivision 1, as amended;  
250.12 297A.995, subdivision 10, by adding subdivisions; 297B.01, subdivision 7, by  
250.13 adding a subdivision; 297B.03; 297F.01, subdivision 8; 297F.09, subdivision  
250.14 10, as amended; 297F.21, subdivision 1; 297G.01, subdivision 9; 297G.09,  
250.15 subdivision 9, as amended; 297H.09; 297I.05, subdivision 12; 298.01, by adding  
250.16 a subdivision; 298.22, subdivisions 2, 5a, as added, by adding a subdivision;  
250.17 298.24, subdivision 1, as amended; 298.25, as amended; 298.28, subdivisions  
250.18 3, 9d, as added, 12; 298.292, subdivision 2, as amended; 298.405, subdivision  
250.19 1; 298.75, subdivisions 1, as amended, 2, 6, 7, as amended; 365.243, by adding  
250.20 a subdivision; 365A.095, as amended; 383A.80, subdivision 4; 383A.81,  
250.21 subdivisions 1, 2; 383B.80, subdivision 4; 383B.81, subdivision 2; 383E.20;  
250.22 429.101, subdivision 1; 469.033, subdivision 6; 469.040, subdivision 4;  
250.23 469.174, subdivision 10b; 469.177, subdivision 1c, by adding a subdivision;  
250.24 469.1813, subdivision 8; 469.319; 469.3201; 473.39, by adding a subdivision;  
250.25 474A.047, subdivision 1; 477A.011, subdivisions 34, 36, as amended, by  
250.26 adding subdivisions; 477A.0124, subdivision 5; 477A.013, subdivisions 8,  
250.27 as amended, 9, as amended; 477A.03; Minnesota Statutes 2007 Supplement,  
250.28 sections 115A.1314, subdivision 2; 268.19, subdivision 1, as amended;  
250.29 273.1231, subdivision 7, by adding a subdivision; 273.1232, subdivision 1;  
250.30 273.1233, subdivisions 1, 3; 273.1234; 273.1235, subdivisions 1, 3; 273.124,  
250.31 subdivision 14, as amended; 273.1393; 290.01, subdivision 19b, as amended;  
250.32 297A.70, subdivision 3; 298.227; Laws 1991, chapter 291, article 8, section 27,  
250.33 subdivisions 3, as amended, 4, as amended; Laws 1995, chapter 264, article  
250.34 5, section 46, subdivision 2; Laws 1998, chapter 389, article 8, section 45,  
250.35 subdivision 3; Laws 1999, chapter 243, article 4, section 18, subdivisions 1, 3,  
250.36 4; Laws 2003, chapter 127, article 10, section 31, subdivision 1; Laws 2006,  
250.37 chapter 259, article 10, section 14, subdivision 1; Laws 2006, chapter 269,  
250.38 section 2; Laws 2008, chapter 154, article 2, sections 11; 27; article 3, section  
250.39 3; article 8, section 14; article 9, sections 23; 24; proposing coding for new law  
250.40 in Minnesota Statutes, chapters 60A; 116J; 169; 272; 273; 275; 469; 477A;  
250.41 proposing coding for new law as Minnesota Statutes, chapter 62U; repealing  
250.42 Minnesota Statutes 2006, sections 272.027, subdivision 3; 273.11, subdivision  
250.43 14; 273.111, subdivision 6; 298.405, subdivisions 2, 3, 4; 477A.014, subdivision  
250.44 5; Minnesota Statutes 2007 Supplement, section 477A.014, subdivision 4; Laws  
250.45 2005, First Special Session chapter 3, article 5, section 24; Minnesota Rules,  
250.46 parts 8031.0100, subpart 3; 8093.2100."

251.1 We request the adoption of this report and repassage of the bill.

251.2 House Conferees: (Signed)

251.3 .....  
251.4 Ann Lenczewski Paul Marquart

251.5 .....  
251.6 Jim Davnie Debra Hilstrom

251.7 .....  
251.8 Lyle Koenen

251.9 Senate Conferees: (Signed)

251.10 .....  
251.11 Thomas M. Bakk Rod Skoe

251.12 .....  
251.13 Dan Larson D. Scott Dibble

251.14 .....  
251.15 Mee Moua